IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR (2) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR).

IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities described therein, investors must be either (1) QIBs or (2) purchasing such securities in an offshore transaction outside the United States in reliance on Regulation S; provided that investors resident in a Member State of the European Economic Area are qualified investors (within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measure in each Member State of the European Economic Area). The Offering Memorandum is being sent at your request. By accepting the e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such Offering Memorandum by electronic transmission, and

(2) either:

  (a) you and any customers you represent are QIBs, or

  (b) the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia, and

  (c) if you are resident in a Member State of the European Economic Area, you are a qualified investor.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the initial purchasers, nor any person who controls the initial purchasers, nor any of its directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

OFFERING MEMORANDUM | **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

Picard Bondco S.A.

€300,000,000 9% Senior Notes due 2018

Picard Bondco S.A. (the "Issuer") offered (the "Offering") €300 million aggregate principal amount of 9% Senior Notes due 2018 (the "Notes"), as part of the financing for the proposed acquisition of Picard Groupe S.A. (the "Company"). The Issuer will pay interest on the Notes semiannually on each April 1 and October 1, commencing April 1, 2011. The Notes will mature on October 1, 2018.

The Issuer may redeem some or all of the Notes on or after October 1, 2014, at the redemption prices set forth in this offering memorandum. Prior to October 1, 2014, the Issuer may redeem, at its option, some or all of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable "make whole" premium, as described in this offering memorandum. Prior to October 1, 2013, the Issuer may also redeem up to 35% of the aggregate principal amount of the Notes using the proceeds from certain equity offerings at the redemption price of 109% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, if at least 65% of the originally issued aggregate principal amount of the Notes remains outstanding. Additionally, the Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

The Acquisition (as defined herein) was consummated on October 14, 2010. Pending the consummation of the Acquisition, the initial purchasers deposited the gross proceeds from the Offering into an escrow account in the name of the Issuer but controlled by, and pledged in favor of, the Trustee on behalf of the holders of the Notes. The release of the escrow proceeds was subject to the satisfaction of certain conditions, including the closing of the Acquisition. Consummation of the Acquisition was subject only to regulatory approval. If the Acquisition had not been consummated by November 15, 2010 (the "Acquisition Longstop Date"), or upon the occurrence of certain other events, the Notes would have been subject to a special mandatory redemption. The special mandatory redemption price would have been a price equal to 100% of the initial issue price of the Notes, plus accrued and unpaid interest and additional amounts, if any, from the Issue Date (as defined below) to the payment date of such mandatory redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*".

The Notes are the Issuer's senior obligations and, since the release of the escrow proceeds to the Issuer (the date of such release and the completion of the Acquisition, the "Completion Date"), are guaranteed on a senior subordinated basis by Lion Polaris II S.A.S. and Lion Polaris S.A.S. (together, the "Guarantors"). As of the Completion Date, the Notes and the guarantees are secured on a first-ranking basis by a pledge over (i) the Issuer's rights under a loan in an amount equal to the aggregate principal amount of the Notes issued in the Offering from the Issuer to Lion/Polaris Lux 3 S.A. (the "LuxCo 3 Proceeds Loan") and (ii) the bank accounts of the Issuer. As of the Completion Date, the Notes, the guarantees and the LuxCo 3 Proceeds Loan are also secured on a second-ranking basis (or shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement (as defined below)) by pledges over the bank accounts, ordinary shares, preferred equity certificates and intercompany loans of certain subsidiaries of the Issuer.

There is currently no public market for the Notes. Application will be made for listing particulars to be approved by the Irish Stock Exchange, and for the Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market thereof. This offering memorandum constitutes "Listing Particulars" for such application. There is no assurance that the Notes will be listed and admitted to trading on the Global Exchange Market.

Investing in the Notes involves a high degree of risk. Please see "*Risk Factors*" beginning on page 23.

Price: 100% plus accrued interest, if any, from October 6, 2010.

The Notes and the guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S Securities Act"), or the laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the Offering is being made only to "qualified institutional buyers" ("QIBs"), as defined in Rule 144A under the U.S. Securities Act ("Rule 144A"), in compliance with Rule 144A. You are hereby notified that the initial purchasers of the Notes may be relying on the exemption from certain provisions of the U.S. Securities Act provided by Rule 144A. Outside the United States, the Offering is being made in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). Please see "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

The Notes will be issued in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on issue by one or more global notes, which will be delivered through Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") on or about October 6, 2010.

Joint Bookrunners

Credit Suisse **Citi** **Morgan Stanley** **Crédit Agricole CIB**

Co-Manager

Société Générale Corporate & Investment Banking

The date of this offering memorandum is November 4, 2010.

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You should rely only on the information contained in this offering memorandum. Neither the Issuer, the Guarantors nor any of the initial purchasers has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. Neither the Issuer, the Guarantors nor any of the initial purchasers is making an offer of the Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

IMPORTANT INFORMATION

The Issuer offered the Notes, and the Guarantors issued the guarantees, in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes and the guarantees have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC") or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offence in the United States.

This offering memorandum has been prepared by us solely for use in connection with the Offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized, and any disclosure of any of the contents of this offering memorandum, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision regarding the Notes, prospective investors must rely on their own examination of our business and the terms of the Offering, including the merits and risks involved. In addition, neither the Issuer nor the initial purchasers nor any of their representatives are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals; neither we nor the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

The Issuer accepts responsibility for the information contained in this offering memorandum. To the best of the knowledge and belief of the Issuer, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set out under the headings "*Exchange Rates*", "*Summary*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarization of such information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof. In addition, this offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. However, as far as the Issuer is aware, no information or data has been omitted which would render reproduced information inaccurate or misleading.

By receiving this offering memorandum, you acknowledge that you have had an opportunity to request from us for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on the initial purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

We reserve the right to withdraw the Offering at any time, and we and the initial purchasers reserve the right to reject all or a part of any offer to purchase the Notes, for any reason. We and the initial purchasers also reserve the right to sell less than all of the Notes offered by this offering memorandum or to sell to any purchaser less than the amount of Notes it has offered to purchase.

The distribution of this offering memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum or any of the Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. See "*Transfer Restrictions*" and "*Plan of Distribution*".

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. The Issuer and the initial purchasers are not responsible for your compliance with these legal requirements.

The Notes are subject to restrictions on resale and transfer as described under "*Transfer Restrictions*" and "*Plan of Distribution*". By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this offering memorandum. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this offering memorandum will be issued in the form of one or more global notes in registered form without interest coupons attached, which will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the common depositary. Beneficial interests in the global notes will be shown on, and transfers of the global notes will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, and their respective participants. After the initial issuance of the global notes, Notes in certificated form will be issued in exchange for the global notes only as set forth in the Indenture. See "*Book-Entry; Delivery and Form*".

The information set out in relation to sections of this offering memorandum describing clearing arrangements, including the section entitled *"Book-Entry; Delivery and Form"*, is subject to any changes in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, Luxembourg, we accept no further responsibility in respect of such information. Notwithstanding the foregoing, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by Euroclear and Clearstream, no facts have been omitted which would render the reproduced information inaccurate or misleading.

STABILIZATION

IN CONNECTION WITH THE OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (OR PERSONS ACTING ON BEHALF OF CREDIT SUISSE SECURITIES (EUROPE) LIMITED) (THE "STABILIZING MANAGER") MAY OVER-ALLOT NOTES (PROVIDED THAT THE AGGREGATE PRINCIPAL AMOUNT OF NOTES ALLOTTED DOES NOT EXCEED 105% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES THAT ARE THE SUBJECT OF THE OFFERING) OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. NOTWITHSTANDING, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN 30 DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE OFFERING, OR NO LATER THAN 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES, WHICHEVER IS THE EARLIER.

NOTICE TO INVESTORS

NOTICE TO U.S. INVESTORS

Each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this offering memorandum under "*Transfer Restrictions*".

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*".

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTE TO THE PUBLIC.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN FRANCE

The Notes have not been and will not be offered or sold to the public in the Republic of France, and no offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in the Republic of France.

The Notes may only be offered or sold in the Republic of France pursuant to article L. 411-2-II of the French *Code monétaire et financier* to (i) providers of third-party portfolio management investment services, (ii) qualified investors (*investisseurs qualifiés*) acting for their own account and/or (iii) a limited group of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in and in accordance with articles L. 411-1, L. 411-2 and D. 411-1 to D. 411-4 of the French *Code monétaire et financier*.

Prospective investors are informed that:

(i) this offering memorandum has not been submitted for clearance to the French financial market authority (*Autorité des marchés financiers*);

(ii) individuals or entities referred to in article L. 411-2-II-2 of the *French Code monétaire et financier* may participate in the Offering for their own account, as provided under articles D 411-1, D 411-2, D 744-1, D 754-1 and D 764-1 of the *French Code monétaire et financier*; and

(iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the *French Code monétaire et financier*.

NOTICE TO INVESTORS IN THE GRAND DUCHY OF LUXEMBOURG

In relation to the Grand Duchy of Luxembourg ("Luxembourg"), which has implemented the Prospectus Directive by the law of July 10, 2005 *relative aux prospectus pour valeurs mobilières* (the "Prospectus Law"), the Notes may not be offered to the public in Luxembourg, other than:

(a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; or

(b) to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Law), subject to obtaining the prior consent of the Joint Bookrunners; or

(d) any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 5 of the Prospectus Law.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in Luxembourg means the communication in any form and by any means of sufficient information on the terms of the Offering and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes, the expression "Prospectus Directive" means Directive 2003/71/EC.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This offering memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of the Notes in any Member State of the European Economic Area ("EEA") which has implemented Directive 2003/71/EC (the "Prospectus Directive") (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make any offer in that Relevant Member State of Notes which are the subject of the Offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Issuer or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the initial purchasers has authorized, nor do they authorize, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer or the initial purchasers to publish or supplement a prospectus for such offer.

In relation to each Relevant Member State, each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of Notes which are the subject of the Offering contemplated by this offering memorandum to the public in that Relevant Member State other than:

(a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to fewer than 100 natural or legal persons (other than qualified investors as defined in Article 2(1)(e) of the Prospectus Directive);

(c) to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of the Notes shall require the Issuer or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

AVAILABLE INFORMATION

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and the Issuer is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, it will furnish to any holder or beneficial owner of Notes, or to any prospective purchaser designated by any such registered holder, upon the written request of any such person, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to the holders of the Notes. See "*Description of the Notes—Reports*". The Company will also make available all reports required by the covenant described under "*Description of the Notes—Reports*" (i) on the Company's website and (ii) if and so long as the Notes are listed on the Global Exchange Market, at the specified office of the Paying Agent in Dublin.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements, including statements about our markets and our strategy, future operations, industry forecasts, expected investments and target levels of leverage and indebtedness. Forward-looking statements provide our current expectations, intentions or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as "anticipate", "believe", "continue", "ongoing", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "project", "target", "seek" or similar words or phrases, or the negatives of those words or phrases, may identify forward- looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements for many reasons, including the factors described in the section entitled "*Risk Factors*" in this offering memorandum. For example, factors that could cause our actual results to vary from projected future results include, but are not limited to:

- our strategy, outlook and growth prospects;
- fluctuations in the price and availability of food ingredients and packaging material;
- our exposure to product liability claims;
- our dependence on third-party suppliers;
- the efficiency of our supply chain and information technology system;
- the competitive environment in which we operate;
- our dependence on key executives and highly qualified managers;
- the impact of regulations on us and our operations;
- the fact that interests of our principal shareholder may be inconsistent with interests of holders of Notes;
- our significant leverage, which may make it difficult to operate our businesses;
- the covenants contained in the Indenture and our Senior Credit Agreement, which limit our operating and financial flexibility; and
- other factors discussed under "*Risk Factors*".

Accordingly, prospective investors should not rely on these forward-looking statements, which speak only as of the date of this offering memorandum or as otherwise indicated. We do not have any obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of such forward-looking statement or to reflect the occurrence of unanticipated events.

In addition, from time to time we and our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing. These forward-looking statements may be included in, but are not limited to, press releases (including on our website), reports to our securityholders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The risks described in the "*Risk Factors*" section of this offering memorandum are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not place undue reliance on forward-looking statements as a prediction of actual results.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS

Presentation of Financial Information

Financial statements presented

The Issuer was formed on August 9, 2010 for the purposes of facilitating the Acquisition and issuing the Notes offered hereby. It has no material assets or liabilities and it has not engaged in any activities other than those related to its formation in preparation for the Acquisition and the other Transactions, including the Offering. The Issuer is a holding company, which, from the Completion Date, will indirectly hold all the outstanding shares of the Company. Because of the limited historical financial information available for the Issuer, all historical financial information included in this offering memorandum is that of Picard.

Consolidated Financial Statements of Picard

This offering memorandum contains the audited consolidated financial statements of Picard prepared in accordance with generally accepted accounting principles in France ("French GAAP"), as of and for the years ended March 31, 2008, 2009 and 2010 (the "Consolidated Annual French GAAP Financial Statements"), and the unaudited consolidated interim financial statements of Picard prepared in accordance with French GAAP, as of and for the three months ended June 30, 2010 (the "Consolidated Q1 French GAAP Financial Statements"). This offering memorandum also contains the audited consolidated financial statements of Picard prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU"), as of and for the year ended March 31, 2010 (the "Consolidated Annual IFRS-EU Financial Statements"), and the unaudited consolidated interim financial statements of Picard prepared in accordance with IAS 34, as of and for the three months ended June 30, 2010 (the "Consolidated Q1 IFRS-EU Financial Statements").

The Consolidated Q1 French GAAP Financial Statements also include consolidated financial information as of and for the three months ended June 30, 2009. The Consolidated Annual IFRS-EU Financial Statements also include consolidated financial information as of and for the year ended March 31, 2009 and the Consolidated Q1 IFRS-EU Financial Statements also include consolidated financial information as of and for the three months ended June 30, 2009.

French GAAP differs in significant respects from IFRS-EU.

The primary differences, as they relate to Picard, include:

(i) the absence of amortization of goodwill in lieu of amortizing goodwill over 20 years under French GAAP;

(ii) valuing property at its fair value as of the date of our adoption of IFRS-EU, or April 1, 2008, in lieu of valuing property at its historical value under French GAAP;

(iii) qualifying certain lease contracts, which were not consolidated under French GAAP, as financial leases for both land and constructions;

(iv) evaluating all financial liabilities and derivatives at fair value and as such, adjustments have been made for financing fees and the classification of convertible bond options in equity and accounting for derivatives, which were treated as off-balance sheet items under French GAAP; and

(v) other adjustments relating to inventories and employee benefits.

For a more detailed discussion of certain material differences between French GAAP and IFRS-EU as they relate to Picard, see notes 2.1 and 4 to the Consolidated Annual IFRS-EU Financial Statements included elsewhere in this offering memorandum.

Under French GAAP and IFRS-EU, consolidation of related entities is based on the level of control Picard exercises over a particular company. The companies in which Picard exercises considerable influence, without exercising sole control, are accounted for under the equity method. We account for Primex under the equity method. However, Primex does not prepare interim financial statements. As a result, the financial information for Primex included in Picard's consolidated accounts must be estimated for all interim periods, including the three months ended June 30, 2009 and 2010.

CVAE Presentation

As from January 1, 2010, the CVAE *(Cotisation sur la valeur ajoutée des entreprises)*, a French business value added levy calculated on the basis of profits generated by a company, partially replaced the former local business tax (*taxe professionnelle*). Under IFRS-EU, Picard has elected to record the CVAE in corporate income tax, an option not available under French GAAP. This generates a presentation difference with regard to operating profit and corporate income tax under French GAAP and IFRS-EU.

Rounding Adjustments

Rounding adjustments have been made in calculating some of the financial and other information included in this offering memorandum. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Purchase Accounting

The consolidated financial statements in this offering memorandum have not been adjusted to reflect the impact of any changes to the income statements, balance sheets or cash flow statements that might occur as a result of purchase accounting adjustments to be applied as a result of the Transactions. We will apply purchase accounting adjustments in connection with the Transactions to our financial statements for accounting periods subsequent to the Completion Date. The application of purchase accounting could result in different carrying values for existing assets and assets we may add to our balance sheet, which may include intangible assets, such as goodwill, leasehold rights and software, and different amortization and depreciation expenses. Due to these and other potential adjustments, our financial statements could be materially different once the adjustments are made.

Other Financial Measures

The following are the primary EBITDA-based financial measures that are presented in this offering memorandum:

EBITDA, which represents operating profit before depreciation, amortization and provisions allowances, adjusted for the portion of depreciation, amortization and provisions allowances which relates to operating expenditures (i.e., inventory net depreciation, employee litigation net provisions and Italian retirement indemnity provisions) and, in the case of the three-month period ended June 30, 2010, non-recurring professional services fees incurred primarily as a result of the conversion to IFRS-EU. This measure is derived from income statement account items calculated in accordance with IFRS-EU.

EBITDAR, which represents EBITDA plus rent expense. This measure is derived from income statement account items calculated in accordance with IFRS-EU.

We also present like-for-like sales growth, which represents the change in sales from our stores in France that have been open for more than 12 months. For the purpose of like-for-like calculations, a store will be included (i) on the first day of the twelfth month following its opening date if it was opened between the first and the fifteenth day of any given month and (ii) on the first day of the thirteenth month following its opening date in all other cases. Like-for-like sales growth is presented because we believe it is frequently used by investors and other interested parties in evaluating companies in the retail sector. However, other companies may define like-for-like sales growth in a different manner than we do.

These measures, along with EBITDA margin, EBITDAR margin, net debt and pro forma net debt as presented in this offering memorandum are not measurements of financial performance under IFRS-EU or French GAAP and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS-EU or French GAAP. For a reconciliation of EBITDA to operating profit under IFRS-EU, see "*Summary Historical Financial Information and Other Data*".

In the "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" section of this offering memorandum, we also present EBITDA derived from French GAAP financial measures. This measure is derived from consolidated income statement account items calculated in accordance with French GAAP and is used by management as an indicator of operating performance. EBITDA derived from French GAAP financial measures represents EBE (*Excédent brut d'exploitation*) less other expenses (*autres charges*), adjusted for the portion of depreciation, amortization and provisions which relates to operating expenditures (*i.e.*, inventory net depreciation, employee litigation net provisions and Italian retirement indemnity provisions). In addition, in the case of the year ended March 31, 2008, the portion of the fish tax (*taxe poisson*) borne by Picard and originally accounted for as a non-recurring expense has been deducted from EBE. For a reconciliation of EBITDA derived from French GAAP financial measures to EBE, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

The other financial measures contained in this offering memorandum are unaudited and have not been prepared in accordance with SEC requirements, IFRS-EU, French GAAP or the accounting standards of any other jurisdiction. The financial information included in this offering memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC.

In making an investment decision, investors should rely upon their own examination of the terms of the Offering and the financial information contained in this offering memorandum.

Definitions

Unless indicated otherwise in this offering memorandum or the context requires otherwise, all references to:

- "AcquiCo" are to Lion Polaris S.A.S.;
- "AcquiCo Proceeds Loan" are to the intercompany loan made by LuxCo 4 to AcquiCo on the Completion Date in a principal amount equal to the aggregate principal amount of the Notes issued in the Offering (received by LuxCo 4 under the LuxCo 4 Proceeds Loan);
- the "Acquisition" are to the acquisition, directly or indirectly, of all the issued and outstanding capital stock of the Company, the Existing Bonds and the Existing Warrants, as further described in "*The Transactions*";
- the "Collateral" are to the rights, property and assets that will secure the Notes and the guarantees, as further described in "*Description of the Notes—Security*";
- the "Company" are to Picard Groupe S.A.S.;
- "Completion Date" are to the completion of the Acquisition;
- "CRM" are to a customer relationship management program that we plan to implement in order to gather additional information on our customer base;
- "Debtor" are to French TopCo, AcquiCo and any person which becomes a party to the Intercreditor Agreement as a debtor;
- "EBE" are to *Excédent brut d'exploitation*, a French GAAP income statement measure equal to value added less taxes (excluding corporate income tax), wages and salaries and payroll charges;
- "Equity Investment" are to the investment by Lion Capital in the Issuer's parent, LuxCo 1, and the reinvestment by management shareholders of the Issuer, as described in "*Principal Shareholder*", in an amount estimated to be €654 million;
- "Equity Investors" are to Lion Capital and the existing management of Picard;
- "EU" are to the European Union;
- "euro", "euros", "€" or "EUR" are to the single currency of the member states of the European Union participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
- "Existing Bonds" are to (i) 2,669,377 *obligations convertibles en actions* convertible into shares of OBO 6, a wholly-owned subsidiary of the Company and a *société anonyme*, whose registered office is at 54 avenue Marceau, 75008 Paris, registered under number RCS Paris 435 355 631, issued by the Company pursuant to resolutions adopted at a shareholders' meeting on December 3, 2004 in accordance with the terms of an agreement entitled *Termes et conditions des obligations convertibles en actions OBO 6* entered into on December 3, 2004 (the "Convertible Bonds") and (ii) 25,230,623 *obligations* issued by the Company pursuant to resolutions adopted at a board of directors' meeting on December 3, 2004 (the "Ordinary Bonds");

- "Existing Picard Indebtedness" are to (i) outstanding indebtedness under the €790,000,000 facilities agreement dated June 22, 2007, entered into between the Company, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon) as mandated lead arranger, the lenders (as defined therein) and Crédit Agricole Corporate and Investment Bank as facility agent and as security agent, (the "Existing Senior Facilities Agreement") and (ii) the liabilities under each of (v) the interest rate collar transaction entered into between Société Générale and the Company on July 28, 2008 for a notional amount of €245,000,000, (w) the interest rate swap transaction entered into between Société Générale and the Company on September 8, 2009 for a notional amount of €140,000,000, (x) the interest rate swap transaction entered into between Société Générale and the Company on September 8, 2009 for a notional amount of €265,000,000, (y) the interest rate cap transaction entered into between Crédit Agricole Corporate and Investment Bank and the Company on July 25, 2008 for a notional amount of €195,000,000, and (z) the interest rate swap transaction entered into between Crédit Agricole Corporate and Investment Bank and the Company on September 8, 2009 for a notional amount of €265,000,000 (for a further discussion of (ii), see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Hedging Policy*");

- "Existing Warrants" are to (i) the 600,300 *bons de souscription d'actions* granting rights to new shares of the Company, issued by the Company pursuant to resolutions adopted at a shareholders' meeting on December 3, 2004 in accordance with the terms of an agreement entitled Mezzanine OBSA Bonds Subscription Agreement entered into on October 22, 2004 and amended and restated on December 3, 2004, previously forming part of 1,380 *obligations à bons de souscription d'actions* which have been fully repaid and (ii) 128,040 *bons de souscription d'actions* granting rights to new shares of the Company, issued by the Company pursuant to resolutions adopted at a shareholders' meeting on December 3, 2004 in accordance with the terms of an agreement entitled Junior Mezzanine Bonds Subscription Agreement entered into on October 22, 2004 and amended and restated on December 3, 2004, previously forming part of 220 *obligations à bons de souscription d'actions* which have been fully repaid;

- "French TopCo" are to Lion Polaris II S.A.S.;

- "French TopCo Equity Proceeds Loan" are to an intercompany loan made by LuxCo 4 to French TopCo on the Completion Date in a principal amount equal to the amount contributed by LuxCo 3 to LuxCo 4 in exchange for the LuxCo 4 PECs;

- "Home Service" are to our home delivery service which allows customers to order our products by telephone or over the internet;

- "Indenture" are to the indenture governing the Notes as described in *"Description of the Notes"*;

- "Intercreditor Agreement" are to the intercreditor agreement dated the Issue Date among, *inter alia*, the Issuer, the other Intra-Group Lenders, the Debtors, the lenders under the Senior Credit Facilities, the Trustee, the Security Agent and the Security Trustee under the Senior Credit Facilities;

- "Intra-Group Lender" are to the Issuer, LuxCo 3, LuxCo 4, French TopCo and AcquiCo and any person which becomes a party to the Intercreditor Agreement as an intra-group lender;

- "Irrevocable Letter of Credit" are to the letter of credit by the Royal Bank of Scotland, which is rated Aa3 by Moody's Investors Services Inc. ("Moody's"), A+ by Standard & Poor's Ratings Services, a division of McGraw Hill, Inc. ("S&P") and AA− by Fitch, Inc. ("Fitch"), dated the Issue Date, on the instructions and on behalf of the Issuer for the amount of interest accruing under the Notes from the Issue Date until the seventh business day after the Acquisition Longstop Date;

- "Issue Date" are to the date of the issuance of the Notes in the Offering;

- "Issuer" are to Picard Bondco S.A., and not to any of its subsidiaries;

- "Issuer Group" are to the Issuer and each company directly and indirectly controlled by it within the meaning of article L.233-3 I and II of the French *Code de Commerce*, from time to time;

- "Lion Capital" are to Lion Capital LLP or funds advised and managed by Lion Capital LLP;

- "LuxCo 1" are to Lion/Polaris Lux 1 S.à r.l.;

- "LuxCo 3" are to Lion/Polaris Lux 3 S.A.;
- "LuxCo 3 PECs" are to the preferred equity certificates of LuxCo 3 subscribed for by the Issuer on the Completion Date for an amount estimated to be €392.4 million;
- "LuxCo 3 Proceeds Loan" are to an intercompany loan made by the Issuer to LuxCo 3 on the Completion date in a principal amount equal to the aggregate principal amount of the Notes issued in the Offering;
- "LuxCo 4" are to Lion/Polaris Lux 4 S.A.;
- "LuxCo 4 PECs" are to the preferred equity certificates of LuxCo 4 subscribed for by LuxCo 3 on the Completion Date for an amount equal to the amount contributed by the Issuer to LuxCo 3 in exchange for the LuxCo 3 PECs;
- "LuxCo 4 Proceeds Loan" are to the intercompany loan made by LuxCo 3 to LuxCo 4 on the Completion Date in a principal amount equal to the aggregate principal amount of the Notes issued in the Offering (received by LuxCo 3 under the LuxCo 3 Proceeds Loan);
- "Picard" and "Picard Group" are to the Company and its subsidiaries;
- "Picard Surgelés" are to Picard Surgelés S.A.;
- "Picard Surgelati" are to Picard I Surgelati S.p.A.;
- "Primex" are to Primex International S.A.;
- "Senior Credit Agreement" or "Senior Credit Facilities" are to the term and revolving credit facilities available pursuant to a senior term and revolving facilities agreement, entered into on September 14, 2010, as subsequently amended, supplemented, varied, novated, extended or replaced from time to time, among, *inter alia*, the Issuer, certain subsidiaries of the Issuer and certain lenders;
- "SKUs" are to stock keeping units;
- "Transactions" are to the Acquisition and related transactions, including the borrowings under the Senior Credit Facilities, the refinancing of the Existing Picard Indebtedness and the Offering, as further described in "*The Transactions*";
- "United States" or "U.S." are to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
- "U.S. dollars", "dollars", "U.S.$" or "$" are to the lawful currency of the United States; and
- "we", the "group", "our" or "us" are to the Issuer and its subsidiaries after taking into account the Transactions, unless the context suggests otherwise.

Terms may be defined differently for purposes of the Indenture and this Description of the Notes than elsewhere in this offering memorandum.

Historical and Current Market and Industry Data

Historical and current market data used throughout this offering memorandum were obtained from internal Picard analyses and industry publications. In particular, certain information has been provided by Roland Berger. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in industry publications is not guaranteed. We have not independently verified this market data. While we are not aware of any misstatements regarding any industry or similar data presented herein, our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "*Risk Factors*" section in this offering memorandum.

Internal estimates with respect to our industry, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor any of the initial purchasers make any representation as to the accuracy of such information.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods set forth below, the period end, average, high and low exchange rates as published by Bloomberg, expressed as dollars per €1.00.

	U.S. dollars per €1.00			
Year	**High**	**Low**	**Average(1)**	**Period End**
2005	1.3476	1.1667	1.2449	1.1842
2006	1.3327	1.1860	1.2563	1.3197
2007	1.4862	1.2904	1.3705	1.4603
2008	1.6010	1.2446	1.4726	1.3919
2009	1.5100	1.2557	1.3936	1.4332

Month	**High**	**Low**	**Average(2)**	**Period End**
March 2010	1.3769	1.3273	1.3574	1.3510
April 2010	1.3653	1.3175	1.3428	1.3294
May 2010	1.3195	1.2178	1.2535	1.2306
June 2010	1.2389	1.1923	1.2212	1.2238
July 2010	1.3079	1.2527	1.2803	1.3052
August 2010	1.3280	1.2627	1.2898	1.2680
September 2010 (through September 21, 2010)	1.3264	1.2679	1.2902	1.3264

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates for each business day during the relevant period.

The exchange rate of the euro on September 21, 2010 was U.S.$1.3264 = €1.00.

Our inclusion of these exchange rates is not meant to suggest that the euro amounts actually represent such dollar amounts or that such amounts could have been converted into dollars at any particular rate, if at all.

SUMMARY

This summary highlights information from this offering memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read this offering memorandum carefully in its entirety, including the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*" and "*Business*", as well as the financial statements and the notes to those financial statements included herein.

Our Company

We are the leading retailer of frozen food products in France, and we are a pioneer in the sector. In 2009, according to Roland Berger, we had a 17.1% market share (including ice cream products) of the approximately € 6.4 billion French frozen food market, which was over three times larger than the market share of the next largest specialist frozen food retail competitor. We offer our customers approximately 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full-range of ready-made starters, main courses, desserts and ice cream at various price points. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food.

We sell under our own Picard brands (98% of our sales), as well as a few national brands, such as Häagen-Dazs and Ben & Jerry's. Our Picard products are sold exclusively through our network of over 800 company-operated stores and through Home Service, which mainly operates in major French cities. Our store network is one of the largest food retail store networks in France. We have successfully expanded this network over the years, and we opened an average of 36 stores per year from 1994 to 2005 and an average of 46 new stores per year over the last five years. As of June 30, 2010, we operated 821 stores in France and 30 stores in Italy. Most of our stores are located in or near city centers and metropolitan areas.

We outsource the manufacturing of all of our products to approximately 145 different suppliers, allowing us to concentrate on quality control and new product research, development and innovation. We continuously review our product offering and introduce on average over 200 new SKUs a year. Many of our products are unique to us and are not offered by other food retailers, which we believe attracts customers to our stores and allows us to price such products without reference to our competitors.

We have successfully increased our sales over the last seven years from €749.5 million for the year ended March 31, 2004 to € 1,149.1 million for the year ended March 31, 2010, representing a compound annual growth rate ("CAGR") of 7.4%. Over the same period, we generated a like-for-like sale CAGR of 3.3%. For the year ended March 31, 2010, sales in our retail network in France and Home Service accounted for 98.6% of our total sales, with sales in Italy accounting for the balance.

Picard is a French *société anonyme* and conducts its principal operations through two operating companies: Picard Surgelés in France and Picard Surgelati in Italy. In addition, we own a minority interest in Primex, a French import company. Our headquarters are located at 17-19, place de la Résistance, 92446 Issy-les-Moulineaux Cedex, France. Our registered address is 37B, rue Royale, 77300 Fontainebleau, France.

Our Competitive Strengths

We believe that our unique position in the frozen food market as both a developer of premium-quality products and a retailer results from the following key strengths:

Strong, well-recognized brand

Picard is the leading brand in the French frozen food market and among the most widely recognized retail brands in France. In September 2010, the consulting firm OC&C released the results of a 2,500 consumer panel study whereby French consumers ranked Picard as their favorite retail concept in France (ahead of IKEA and Sephora). In another independent survey in 2008 on frozen food product prompted brand awareness, Picard ranked first in Paris/Ile de France (with 98% awareness) and second in France (with 88% awareness). We believe that our leading brand position results from a combination of factors, including: our reputation for quality and convenience, the range and diversity of our products and our national footprint of stores situated in high traffic areas. In addition, we constantly seek to innovate and maintain the relevance of our product range. For example, in recent years, we have increasingly focused on healthier, natural and low-fat products, such as the "*Plus d'équilibre*" line of low-fat meals. Our strong brand recognition and the fact that consumers associate our food with nutrition, authenticity and taste are key drivers of consumer interest in our products, visits to our stores and our ability to generate high sales volumes and attractive margins. Our strong brand recognition also provides us with a solid platform to further expand both our retail network of stores and Home Service.

Wide range of premium quality products

We offer customers over 1,100 quality frozen food SKUs ranging from unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream. We believe we offer the best value for money in comparison to our competitors. We provide a large selection of products at a variety of price points within each of our product categories, enabling us to capture a broader spectrum of consumers. We believe that the breadth of our product range constitutes a significant barrier to entry. Our range is 1.6 times that of the frozen food range generally stocked by multiple grocers and 10 times that of the range generally stocked by convenience stores and hard discounters. Many of our products are unique to Picard and are not offered by other food retailers, which we believe attracts customers to our stores and allows us to price such products without reference to our competitors. In addition, our R&D staff benefits from close relationships with suppliers, who frequently propose new products to us on an exclusive basis, enabling us to maintain a competitive edge. We introduce on average over 200 SKUs a year, and we continuously review, update and replace our products to ensure that we always offer our customers innovative and interesting choices. Our experience leads us to believe, that our commitment to innovation, our expertise and our ability to create new products each year is unmatched.

Leading market position and extensive store network

We have been the leading retailer of frozen food products in France since 1999. In 2009, we had an approximately 17% market share (including ice cream), which is almost double our market share of approximately 9% in 2000. In 2009, according to Roland Berger, our market share of frozen food products was 1.6 times larger than Carrefour and 3.1 times larger than Toupargel, our nearest specialist frozen food competitor. Our market position is supported by our extensive store network, which consists of 821 stores in France as of June 30, 2010 (five times larger than the network of stores belonging to the next largest specialist frozen food retail competitor and close to the 987 Carrefour Market stores as of December 31, 2009). We believe that our extensive, high-quality network of retail stores positions us favorably relative to our competitors that do not have such an extensive network and also represents a high barrier to entry to other competitors.

Flexible business model

We develop most of our products internally but outsource the manufacturing of all our products to approximately 145 different suppliers, and there are on average two to three suppliers who are able to supply our product lines. Accordingly, we can typically shift production from one supplier to another with little disruption and are generally not dependent on any one supplier. None of our suppliers represents more than 7% of our total purchases. In addition, part of our logistics, including seven of our nine warehouses, is outsourced, and as of June 30, 2010, 706 of our 821 stores were leased pursuant to nine-year “commercial leases”, which grant significant rights under French law to lessees compared to leases in many other jurisdictions. We believe that our business model grants us flexibility to expand, particularly given the modest capital expenditures required to expand our store network, allowing management to focus on the higher value-added aspects of our business, such as reviewing our product range, and keeping operating costs low.

Cash generative and high margin business

Over the last three years, we have experienced an average gross margin of more than 41%, which we believe is among the highest in the retail food industry. Our business also benefits from relatively low capital expenditure requirements, which is supported by our standardized store format allowing for cost-efficient store openings and maintenance. Over the last three years, our total annual capital expenditure has averaged approximately 3.2% of sales, of which more than 50% related to new store openings. In addition, our working capital is structurally negative, meaning that our working capital requirements tend to generate a cash inflow as we grow the business. Our strong margins, favorable working capital structure and low capital expenditure requirements has allowed us to generate significant cash flow even during the recent economic downturn and resulted in an average annual EBITDA-to-cash flow conversion rate of 84% for the last three fiscal years.

Attractive and promising market

The French frozen food market grew steadily at a 1.6% CAGR from 1991 to 2009 and was valued at €6.4 billion in 2009, according to Roland Berger. In 2009, the French frozen food segment boasted growth of 0.5%, outperforming all other retail segments, versus a decline of 2.6% in French GDP. We believe future market growth will be aided by favorable demographic and sociological trends, such as increases in single-parent families and single-person households, decreases in the amount of time allocated each day to the preparation of meals and an increasing focus on healthy food.

In addition, our target market extends beyond the frozen food segment into the much larger packaged and chilled foods sectors, as we also compete against alternatives, such as fresh products from farmers' markets, traditional bakeries and butcher shops and upscale delicatessens. We believe that French consumers increasingly accept frozen food made from quality ingredients as a healthy, tasty and convenient alternative to fresh food products.

Experienced senior management team with strong track record

We have a senior management team composed of ten experienced retail executives with an aggregate tenure of more than 90 years at Picard. The team is led by our Chief Executive Officer Philippe Pauze. Philippe joined our team in April 2009 and brings with him 36 years of experience in the retail food industry. Philippe is supported by Christine Declercq, who has been our Chief Financial Officer for five years, and by the other members of our senior management team, some of whom have been with us for more than 20 years. We believe that the collective industry knowledge and leadership of our senior management team and their record of accomplishment in responding to challenging economic conditions and achieving profitable sales growth will enable us to continue to deliver strong financial results in the future.

Our Strategy

The key components of our strategy are to:

Increase our like-for-like sales growth

We plan to increase our like-for-like sales growth through the implementation of various operational initiatives, including continued product innovations, incentivization programs at the store level, further enhancement of our brand awareness and expansion of our store network. This will allow us to fine-tune pricing and develop targeted marketing and promotional campaigns, as well as allowing more sophisticated in-store merchandizing tailored to local consumption and purchasing patterns. By improving like-for-like sales growth, we should be able to maintain or grow our profit margins.

We intend to expand into new product categories in order to support growth while increasing the amount of information we possess regarding our customers. We believe that the introduction of a CRM program will provide us with a comprehensive understanding of our customers. We believe this will supply us with the information necessary to develop new products that are responsive to current trends and evolving consumer preferences which in turn will increase sales.

Strengthen our leading market position

We intend to continue to strengthen our position as the leading retailer of frozen food products in France. In order to do so, we will maintain our commitment to offering customers a wide range of premium quality products at a variety of price points while developing innovative and unique products. We also plan to continue investing in our internal research capabilities and our staff, developing long-term partnerships with leading suppliers and, when necessary, remodeling our stores to ensure that we provide our customers with a superior retail shopping experience. We believe that the strength of our brand is one of the most significant factors that contributes to our competitive position in the French frozen food sector. We will continue to strengthen our market position by promoting our brand, products, stores and services.

Continue to selectively expand our retail store network

We believe that, over time, there is the potential to continue our successful expansion strategy both within and outside France. We think we can grow our current network from over 800 retail stores to approximately 1,100 without meaningful adverse effects on our average sales per store. In France, we believe that the geographical footprint of our existing network does not currently cover several consumer catchment areas with strong retail trading potential and, as a result, that there are opportunities to grow profitably in those regions. Our management team identifies sites based on demographics, proximity to locations of our existing stores, availability of suitable retail space, local economic conditions and other factors that we believe are relevant to the successful expansion of our store network and which should enable us to capitalize on the increased traffic and volumes of our new stores. We believe that our new stores will benefit from strong brand awareness and existing marketing campaigns, and consequently require only limited incremental marketing support.

Reposition our Italian operations

We are fully committed to both strengthening our operating performance and increasing the scale of our operations in Italy. We recently adapted our products to align them with Italian consumer preferences, notably by focusing on unprocessed fish and seafood products (this category alone represented 38% of our sales in Italy in 2009).

We have also implemented a more homogeneous pricing policy in Italy, which is consistent with the relative price positioning of the brand in France. In addition, we have restructured our network in Italy and closed stores that were unprofitable, poorly located, had low revenues or limited potential for growth. We recently opened two new stores in targeted areas in Northern Italy, which have both performed in line with stores in France.

Develop our online platform and Home Service

Although Home Service historically has been a telephone-based business, we believe that the Internet provides us with an opportunity for future growth into a distribution channel that is complementary to our network of stores. Increasing online sales will enable us to capture an additional segment of the market and supplement visits to our stores by offering consumers an additional element of convenience. Currently, over 70% of our online customers continue to shop in our stores.

The Transactions

Overview

On September 14, 2010, AcquiCo, an indirect wholly-owned subsidiary of the Issuer, entered into a securities purchase agreement (the "Securities Purchase Agreement") to acquire, directly or indirectly, all the issued and outstanding capital stock of the Company, the Existing Bonds and the Existing Warrants. On October 14, 2010, the Acquisition was consummated, and the purchase price for the Acquisition was approximately €1.6 billion, which includes a combination of equity consideration, refinancing of existing debt and payment of transaction fees and other related expenses. The consummation of the Acquisition was subject only to regulatory approval. If the Acquisition had not closed by November 15, 2010 the Securities Purchase Agreement would have terminated, unless otherwise extended by the parties thereto.

Prior to the consummation of the Acquisition, the initial purchasers deposited the gross proceeds from the Offering into an escrow account in the name of the Issuer but controlled by, and pledged in favor of, the Trustee on behalf of the holders of the Notes. The release of the escrow proceeds was be subject to the satisfaction of certain conditions, including the closing of the Acquisition. Upon the closing of the Acquisition, the proceeds were released from the escrow account.

Financing

We financed the Acquisition and the refinancing of the Existing Picard Indebtedness with (i) the proceeds from the Offering, (ii) borrowings under the Senior Credit Agreement and (iii) the Equity Investment. Consequently, none of the proceeds from the Offering, the Senior Credit Agreement (except for amounts available under the revolving credit facility thereunder) or the Equity Investment will be available to be invested in our business.

Sources and Uses

The estimated sources and uses of the funds necessary to consummate the Acquisition and the refinancing of the Existing Picard Indebtedness are shown in the table below. Actual amounts may vary from estimated amounts based on several factors, including differences from our estimate of available cash on hand at Picard, the estimated level of working capital at Picard on the Completion Date, our estimates of the cost of repaying the Existing Picard Indebtedness, differences from our estimates of fees and expenses and the actual Completion Date. Any changes in these amounts may affect the amount of the Equity Investment or amounts drawn, if any, under the revolving credit facility under the Senior Credit Agreement.

Sources	**(in € millions)**	**Uses**	**(in € millions)**
Borrowings under the Senior Credit Agreement[1]			
Term Loan A	225	Acquisition consideration[3]	1,513
Term Loan B.............	400	Transaction fees and expenses[4]	66
Notes offered hereby	300		
Equity Investment[2]..........	654		
Total sources.....................	1,579	Total uses	1,579

(1) The Senior Credit Agreement includes a revolving credit facility. The revolving credit facility has a total available commitment of €50 million until September 30, 2012 (at the latest) and €30 million thereafter. A portion of the revolving credit facility may be drawn on the Completion Date depending on the estimated level of working capital at Picard at the Completion Date.

(2) Subject to adjustment. Represents the investment by Lion Capital and the reinvestment by the management shareholders of Picard in the Issuer's parent, LuxCo 1.

(3) Subject to adjustment. Reflects the €1 billion equity purchase price and repayment of the Existing Picard Indebtedness outstanding on the Completion Date (estimated to be €639 million) less cash on hand at Picard (estimated to be €122 million) less the estimated cash to be received by the Company in the Acquisition in respect of the shares held by the Company in its historical management holding companies.

(4) Estimated fees and expenses associated with the Acquisition, including commitment, placement, financial advisory, professional and initial purchasers' fees and other transaction costs.

Our Principal Shareholder

Upon the completion of the Acquisition, Lion Capital indirectly became the principal shareholder of Picard through its investment management funds. Lion Capital was founded in 2004 by Lyndon Lea, Neil Richardson and Robert Darwent. Lion Capital is a consumer-retail oriented investment firm that seeks to make control investments in mid- and large-sized, consumer-oriented brands in Europe and North America. One of Lion Capital's key portfolio holdings is Findus Group, Europe's second largest frozen food group and one of Europe's leading overall food manufacturers with a portfolio of leading brands in the United Kingdom, the Nordic region and France. Lion Capital acquired Findus in 2008 for approximately €1.5 billion. Another Lion Capital-owned branded consumer business is HEMA, an international retailer with a network of over 530 stores in the Benelux, Germany and France that Lion Capital acquired from Maxeda BV in 2007 for approximately € 1.1 billion. HEMA is the leading general merchandise retailer in the Netherlands, where it has operated for over 85 years.

Within Lion Capital's partnership are long-standing professional relationships that extend back over 17 years in some cases, and certain of the Lion Capital partners have been making investments in Europe since the early 1990s. Over this time, Lion Capital's partners have led the investment of over €4.5 billion in companies representing €17 billion of enterprise value.

Lion Capital's two active pools of investment capital are Lion Capital Fund I (formed in 2004) and Lion Capital Fund II (formed in 2007), which combined give Lion Capital over €2.8 billion of assets under management. Lion Capital is in the process of raising its third fund with a target of €2.0 billion.

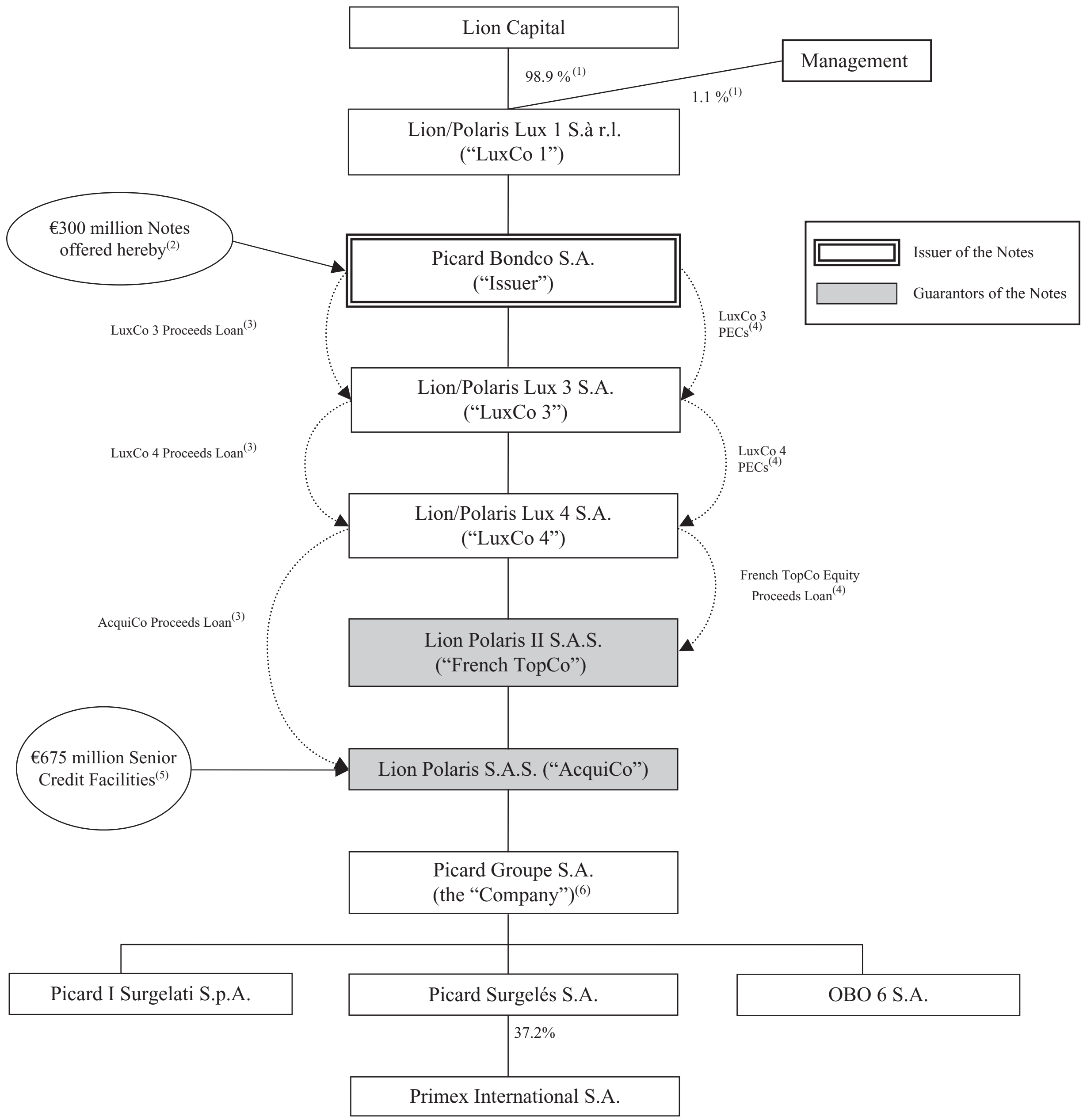
The Issuer

The Issuer was formed under the laws of Luxembourg on August 9, 2010, as a *société anonyme*, for the purposes of facilitating the Acquisition and the Offering. The Issuer, which is registered with the Luxembourg Trade and Companies Register under number B 154 899, is wholly-owned by LuxCo 1, a *société à responsabilité limitée* incorporated and existing under the laws of Luxembourg. Prior to the date hereof, the Issuer has not engaged in any business other than in preparation for the Acquisition and the other Transactions, including the Offering.

The Issuer's registered office is located at 13-15, avenue de la Liberté, L-1931 Luxembourg.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Transactions, which include the issuance and sale of the Notes offered hereby, the Acquisition, the refinancing of Existing Picard Indebtedness, borrowings under the Senior Credit Facilities and several internal restructuring transactions to merge the historical holding companies of the Company with AcquiCo or the Company, which are expected to occur shortly following the Acquisition. In addition, it is expected that between April and June 2011, AcquiCo will merge with the Company, with AcquiCo as the surviving entity. All entities shown below are 100% wholly-owned unless otherwise indicated. Please refer to "*Description of the Notes*" and "*Description of Other Indebtedness and Preferred Shares*" for more information.



(1) The Equity Investment was contributed to LuxCo 1 by funds advised or managed by Lion Capital and as a reinvestment by the management shareholders of Picard. The proceeds of the foregoing were ultimately contributed to AcquiCo as ordinary equity through LuxCo 1's subsidiaries for use in the Acquisition.

(2) On the Completion Date, the proceeds of the Offering were released from escrow in order to fund a portion of the purchase price of the Acquisition. As of the Completion Date, the Notes are guaranteed on a senior subordinated basis by French TopCo and AcquiCo. As of the Completion Date, the Notes are secured by (i) pledges of the following assets of the Issuer: the LuxCo 3 Proceeds Loan and the bank accounts of the Issuer (each, on a first-ranking basis) and the LuxCo 3 PECs and the ordinary shares of LuxCo 3 (each, on a second-ranking basis), (ii) pledges of the following assets of LuxCo 3: the LuxCo 4 Proceeds Loan, the LuxCo 4 PECs, the ordinary shares of LuxCo 4 and the bank accounts of LuxCo 3 (each, on a second-ranking basis), (iii) pledges of the following assets of LuxCo 4: the AcquiCo Proceeds Loan, the French TopCo Equity Proceeds Loan and the ordinary shares of French TopCo (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and the bank accounts of LuxCo 4 (on a second-ranking basis), (iv) pledges of the following assets of French TopCo: the ordinary shares of AcquiCo, an intercompany loan from French TopCo to AcquiCo and the bank accounts of French TopCo (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and (v) pledges of the following assets of AcquiCo: the ordinary shares of the Company and the historical management holding companies of the Company, an intercompany loan from AcquiCo to the Company and a single share of Picard Surgelés (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement). Since the Completion Date, the guarantees by French TopCo of the Notes and the LuxCo 3 Proceeds Loan are secured by pledges of the assets in clause (iv) above and the guarantees by AcquiCo of the Notes and the LuxCo 3 Proceeds Loan are secured by pledges over the assets in clause (v) above, in each case on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement. On the Completion Date, the assets in clauses (ii), (iii) (other than the bank accounts of LuxCo 4), (iv) and (v) above were also pledged to secure the LuxCo 3 Proceeds Loan on a second-ranking basis (or shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement). See "*Description of the Notes—Security*".

(3) As of the Completion Date, LuxCo 3 is the obligor on the LuxCo 3 Proceeds Loan. LuxCo 3 on-lent the proceeds of the LuxCo 3 Proceeds Loan to LuxCo 4 through the LuxCo 4 Proceeds Loan. LuxCo 4, in turn, on-lent such proceeds to AcquiCo through the AcquiCo Proceeds Loan for use in the Acquisition. The LuxCo 3 Proceeds Loan will not be pledged to lenders under the Senior Credit Facilities. The LuxCo 4 Proceeds Loan and the AcquiCo Proceeds Loan are pledged on a first-priority basis to secure obligations under the Senior Credit Facilities and on a second-priority basis (or shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) to secure the Notes and the LuxCo 3 Proceeds Loan.

(4) As of the Completion Date, French TopCo is the obligor under the French TopCo Equity Proceeds Loan. The LuxCo 3 PECs, the LuxCo 4 PECs and the French TopCo Equity Proceeds Loan are pledged on a first-priority basis to secure obligations under the Senior Credit Facilities and on a second-priority basis (or shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) to secure obligations under the Notes and the LuxCo 3 Proceeds Loan. On the Completion Date, the Issuer subscribed to the LuxCo 3 PECs and LuxCo 3 subscribed to the LuxCo 4 PECs.

(5) The Senior Credit Facilities of €675 million include a €225 million term A loan facility, a €400 million term B loan facility and a revolving credit facility. The revolving credit facility has a total available commitment of €50 million until September 30, 2012 (at the latest) and €30 million thereafter. As of the Completion Date, obligations under the Senior Credit Facilities are also secured by pledges of shares and certain other assets and guaranteed on senior basis by each of French TopCo, AcquiCo and the Company. For a more detailed description of the Senior Credit Agreement, see "*Description of Other Indebtedness and Preferred Shares—Senior Credit Facilities*".

(6) It is expected that the Company will be merged with AcquiCo before June 30, 2011, with retroactive effect from April 1, 2011, and with AcquiCo as the surviving entity. AcquiCo will remain a Guarantor following the merger. Following such merger, all of the shares of Picard Surgelés will be pledged on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement, to secure the Notes and the LuxCo 3 Proceeds Loan. There is no assurance, however, that the merger between the Company and AcquiCo will take place before June 30, 2011, or at all.

THE OFFERING

The following overview of the Offering contains basic information about the Notes, the guarantees and the Collateral. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, the guarantees and the Collateral, including certain definitions of terms used in this overview, please see "Description of the Notes".

Issuer .... Picard Bondco S.A.

Notes Offered .... €300 million aggregate principal amount of 9% Senior Notes due 2018 (the "Notes").

Issue Date .... October 6, 2010.

Maturity Date .... October 1, 2018.

Interest Rate and Interest Payment Dates .... The interest rate on the Notes will be 9% payable semiannually in arrears on April 1 and October 1 of each year, commencing on April 1, 2011. Interest on the Notes will accrue from the Issue Date.

Denominations .... Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.

Issue Price .... 100% plus accrued interest, if any, from the Issue Date.

Escrow; Special Mandatory Redemption .... Pursuant to the terms of an Escrow Agreement, the initial purchasers deposited the gross proceeds of the Offering into an escrow account pending satisfaction of the conditions to release such proceeds from escrow. The Issuer provided an Irrevocable Letter of Credit from the Royal Bank of Scotland, which is rated Aa3 by Moody's, A+ by S&P and AA− by Fitch, in an amount equal to the interest that would have accrued between the Issue Date and the seventh business day after the Acquisition Longstop Date and which would have been drawn in the event of a special mandatory redemption. The escrow account was in the name of the Issuer but controlled by, and pledged in favor of, the Trustee on behalf of the holders of the Notes. Upon delivery to the Escrow Agent of an officer's certificate stating that the conditions to the release of the proceeds from escrow were satisfied, as well as certain legal opinions and other documents, the escrowed funds were released and utilized as described in "*The Transactions*", "*Use of Proceeds*" and "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*".

In the event that (a) the Completion Date did not take place on or prior to the Acquisition Longstop Date, (b) at any time prior to the Acquisition Longstop Date, Lion Capital and management shareholders ceased to beneficially own and control 100% of the issued and outstanding shares of the Issuer, (c) at any time prior to the Acquisition Longstop Date, any conditions to the release of the proceeds from escrow could not reasonably be deemed by the Company to be capable of being satisfied on or prior to the Acquisition Longstop Date or (d) at any time prior to the Acquisition Longstop Date, the Securities Purchase Agreement terminated, the Notes would have been subject to a special mandatory redemption. The special mandatory redemption price of the Notes would have been equal to 100% of the initial issue price of the Notes plus accrued and unpaid interest and additional amounts, if any, from the Issue Date. The escrow funds and the proceeds of the Irrevocable Letter of Credit would have been applied to pay for any such special mandatory redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*".

Ranking of the Notes .... The Notes:

- are general obligations of the Issuer;
- are *pari passu* in right of payment with any future indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- are senior in right of payment to any future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- as of the Completion Date, are guaranteed on a senior subordinated basis by the Guarantors;
- as of the Completion Date, are secured by the Collateral; and
- are effectively subordinated to all obligations of the Issuer's subsidiaries that are not Guarantors.

Guarantees .... As of the Completion Date, the Issuer's obligations under the Notes and the Indenture and the LuxCo 3 Proceeds Loan are guaranteed on a senior subordinated basis by French TopCo and AcquiCo.

Ranking of the Guarantees...... The guarantee of each Guarantor:

- is general obligation of that Guarantor;
- as of the Completion Date, is respectively secured by the Collateral owned by the

relevant Guarantor;

- is subordinated in right of payment to all existing and future senior debt of that Guarantor; and
- is *pari passu* in right of payment to any future subordinated indebtedness of that Guarantor.

Security .... As of the Completion Date, the Notes are secured by (i) pledges of the following assets of the Issuer: the LuxCo 3 Proceeds Loan and the bank accounts of the Issuer (each, on a first-ranking basis) and the LuxCo 3 PECs and the ordinary shares of LuxCo 3 (each, on a second-ranking basis), (ii) pledges of the following assets of LuxCo 3: the LuxCo 4 Proceeds Loan, the LuxCo 4 PECs, the ordinary shares of LuxCo 4 and the bank accounts of LuxCo 3 (each, on a second-ranking basis), (iii) pledges of the following assets of LuxCo 4: the AcquiCo Proceeds Loan, the French TopCo Equity Proceeds Loan and the ordinary shares of French TopCo (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and the bank accounts of LuxCo 4 (on a second-ranking basis), (iv) pledges of the following assets of French TopCo: the ordinary shares of AcquiCo, an intercompany loan from French TopCo to AcquiCo and the bank accounts of French TopCo (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and (v) pledges of the following assets of AcquiCo: the ordinary shares of the Company and the historical management holding companies of the Company, an intercompany loan from AcquiCo to the Company and a single share of Picard Surgelés (each, on a shared first-ranking basis subject to contractual subordination under the Intercreditor Agreement). On the Completion Date, the assets in clauses (ii), (iii) (other than the bank accounts of LuxCo 4), (iv) and (v) above were also be pledged to secure the LuxCo 3 Proceeds Loan on a second-ranking basis (or shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement).

As of the Completion Date, the guarantee by French TopCo is secured by the ordinary shares of AcquiCo, an intercompany loan from French TopCo to AcquiCo and the bank accounts of French TopCo (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and the guarantee by AcquiCo is secured by the ordinary shares of the Company and the historical management holding companies of the Company, an intercompany loan from AcquiCo to the Company and a single share of Picard Surgelés (each, on a shared first-ranking basis subject to contractual subordination under the Intercreditor Agreement). It is expected that the Company will be merged with AcquiCo before June 30, 2011, with retroactive effect from April 1, 2011, and with AcquiCo as the surviving entity. AcquiCo will remain a Guarantor following the merger. Following such merger, all of the shares of Picard Surgelés will be pledged on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement, to secure the Notes and the LuxCo 3 Proceeds Loan.

Optional Redemption .... The Issuer may redeem all or part of the Notes on or after October 1, 2014 at the redemption prices as described under "*Description of the Notes—Optional Redemption*".

Prior to October 1, 2014, the Issuer may redeem all or part of the Notes by paying a "make whole" premium as described under "*Description of the Notes—Optional Redemption*".

Prior to October 1, 2013, the Issuer may on one or more occasions use the proceeds of specified equity offerings to redeem up to 35% of the aggregate principal amount of the Notes at a redemption price equal to 109% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; provided that at least 65% of the original aggregate principal amount of the Notes remains outstanding after the redemption.

Change of Control .... If the Issuer experiences a change of control, it will be required to offer to repurchase the Notes at 101% of their aggregate principal amount plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control*".

Redemption for Taxation Reasons .... If certain changes in the law of any relevant taxing jurisdiction become effective after the issuance of the Notes that would impose withholding taxes or other deductions on the payments on the Notes, we may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Changes in Taxes*".

Additional Amounts .... Any payments made by the Issuer with respect to the Notes or any Guarantor with respect to its guarantee will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If withholding or deduction for such taxes is required to be made with respect to a payment on the Notes or the guarantees, subject to certain exceptions, the Issuer or the Guarantors, as the case may be, will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See "*Description of the Notes—Additional Amounts*".

Certain Covenants .... The Indenture limits, among other things, the ability of the Issuer and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- change its Luxembourg holding company structure; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to a number of important limitations and exceptions as described under "*Description of the Notes—Certain Covenants*".

Transfer Restrictions .... The Notes and the guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).

Use of Proceeds .... The gross proceeds from the sale of the Notes were deposited in an escrow account in the name of the Issuer but controlled by, and pledged in favor of, the Trustee on behalf of the holders of the Notes under the Indenture pending satisfaction of the conditions to release of such proceeds. Upon release from escrow, the proceeds from the sale of the Notes were used to (i) fund a portion of the purchase price for the Acquisition, (ii) repay amounts outstanding under the Existing Picard Indebtedness and (iii) pay fees and expenses related to the Acquisition. See "*The Transactions*" and "*Use of Proceeds*".

No Established Market .... The Notes are new securities for which there is currently no established trading market. Although the initial purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.

Listing .... Application will be made for listing particulars to be approved by the Irish Stock Exchange and for the Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market.

Governing Law .... The Indenture, the Notes, the guarantees and the escrow agreement will be governed by the laws of the State of New York. The Intercreditor Agreement will be governed by English law. The security documents will be governed by the laws of France and Luxembourg, as applicable.

Trustee and Escrow Agent ...... Citibank, N.A., London Branch.

Security Agent........................... Citibank, N.A., London Branch.

Principal Paying Agent and Transfer Agent...................... Citibank, N.A., London Branch.

Irish Paying Agent.................... Citibank Europe, plc.

Registrar .... Citigroup Global Markets Deutschland AG.

Irish Stock Exchange Listing Agent .... The Bank of New York Mellon (Ireland) Limited.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The Issuer was formed for the purposes of facilitating the Acquisition and issuing the Notes offered hereby and has not engaged in any activities other than those related to its formation in preparation for the Acquisition and the Offering. The Issuer is a holding company which, upon completion of the Acquisition, indirectly holds all of the outstanding shares of Picard. Because of the limited historical financial information available for the Issuer, all historical financial information included in this offering memorandum is that of Picard.

The following tables present summary historical consolidated financial information and other data for Picard. The French GAAP financial data for Picard as of and for each of the years ended March 31, 2008, 2009 and 2010 included within the summary consolidated financial information (the "French GAAP Annual Financial Information") have been derived from the Consolidated Annual French GAAP Financial Statements, the French GAAP financial data for Picard as of and for the three months ended June 30, 2009 and 2010 (the "French GAAP Q1 Financial Information") have been derived from the Consolidated Q1 French GAAP Financial Statements, the IFRS-EU summary consolidated financial information of Picard as of and for each of the years ended March 31, 2009 and 2010 (the "IFRS-EU Annual Financial Information") have been derived from the Consolidated Annual IFRS-EU Financial Statements and the IFRS-EU financial data for Picard as of and for the three months ended June 30, 2009 and 2010 (the "IFRS-EU Q1 Financial Information") have been derived from the Consolidated Q1 IFRS-EU Financial Statements, in each case included elsewhere in this offering memorandum.

The summary unaudited French GAAP consolidated financial data for the twelve months ended June 30, 2010 (the "French GAAP LTMs") set forth below were derived by adding the French GAAP Annual Financial information as of and for the year ended March 31, 2010 to the French GAAP Q1 Financial Information as of and for the three months ended June 30, 2010 and subtracting the French GAAP Q1 Financial Information as of and for the three months ended June 30, 2009. The summary unaudited IFRS-EU consolidated financial data for the twelve months ended June 30, 2010 (the "IFRS-EU LTMs") set forth below were derived by adding the IFRS-EU Annual Financial Information as of and for the year ended March 31, 2010 to the IFRS-EU Q1 Financial Information as of and for the three months ended June 30, 2010 and subtracting the IFRS-EU Q1 Financial Information as of and for the three months ended June 30, 2009. Both the French GAAP LTMs and the IFRS-EU LTMs, respectively, have been prepared for illustrative purposes only and are not necessarily representative of our results of operations for any future period or our financial condition at any future date: such compilation has not been audited or reviewed.

The following tables combine the presentation of our financial information under French GAAP and IFRS-EU. As a result, certain line items may not be comparable. Our financial results prepared in accordance with French GAAP would have been different if they had been prepared in accordance with IFRS-EU and, accordingly, our results under French GAAP are not comparable with our results under IFRS-EU. French GAAP differs in significant respects from IFRS-EU.

The primary differences as they relate to Picard include:

(i) the absence of amortization of goodwill in lieu of amortizing goodwill over 20 years under French GAAP;

(ii) valuing property at its fair value as of the date of our adoption of IFRS-EU, or April 1, 2008, in lieu of valuing property at its historical value under French GAAP;

(iii) qualifying certain lease contracts, which were not consolidated under French GAAP, as financial leases for both land and constructions;

(iv) evaluating all financial liabilities and derivatives at fair value and as such, adjustments have been made for financing fees and the classification of convertible bond options in equity and accounting for derivatives, which were treated as off-balance sheet items under French GAAP; and

(v) other adjustments relating to inventories and employee benefits.

For a more detailed discussion of certain material differences between French GAAP and IFRS-EU as they relate to Picard, see notes 2.1 and 4 to the Consolidated Annual IFRS-EU Financial Statements included elsewhere in this offering memorandum.

The following tables should be read in conjunction with "*Use of Proceeds*", "*Capitalization*", "*Selected Historical Consolidated Financial Information", "Management's Discussion and Analysis of Financial Condition and*

Results of Operations", "*Description of the Notes*" and our financial statements and related notes included elsewhere in this offering memorandum.

Consolidated Income Statement Data (French GAAP)

	Years ended March 31,			Three months ended June 30,		Twelve months ended June 30,
	2008	2009	2010	2009 (unaudited)	2010 (unaudited)	2010 (unaudited)
				(millions of euros)		
Sales of goods	1,060.6	1,108.2	1,149.1	258.3	271.7	1,162.5
Purchases of goods	(626.7)	(647.7)	(667.2)	(150.5)	(156.4)	(673.0)
Gross margin	433.9	460.5	481.9	107.8	115.3	489.5
Other purchases and external expenses	(144.8)	(154.6)	(167.3)	(39.5)	(40.4)	(168.2)
Own work capitalized	0.2	0.1	0.5	0.1	0.4	0.9
Miscellaneous revenue	0.7	0.6	0.9	0.2	0.1	0.8
Taxes other than on income	(12.1)	(21.3)	(21.8)	(4.9)	(5.6)	(22.5)
Wages and salaries	(89.5)	(95.3)	(100.7)	(23.8)	(25.9)	(102.8)
Payroll charges	(28.4)	(30.5)	(33.8)	(7.9)	(9.1)	(35.0)
Depreciation, amortization and provisions	(23.9)	(26.0)	(27.4)	(6.6)	(6.6)	(27.5)
Reversal of provisions and expense transfers	0.8	1.5	1.9	0.1	0.3	2.1
Other expenses	(1.1)	(1.5)	(1.6)	(0.3)	(0.5)	(1.9)
Financial expenses	(68.9)	(86.1)	(59.5)	(15.7)	(12.5)	(56.2)
Financial income	14.5	32.7	0.9	0.3	0.2	0.8
Non-recurring expenses	(3.9)	(3.9)	(2.5)	(0.2)	(1.0)	(3.4)
Non-recurring income	1.6	0.9	1.3	0.1	0.4	1.6
Corporate income tax and deferred taxes	(27.2)	(26.7)	(25.1)	(3.5)	(5.3)	(27.0)
Deferred tax related to previous years	6.2	—	—	—	—	—
Share of profit of associates	0.8	0.6	0.9	0.2	0.2	0.9
Net income before amortization of goodwill attributable to owners of the Company	58.8	50.9	48.5	6.5	10.0	52.0
Goodwill amortization	(59.2)	(59.2)	(59.1)	(14.8)	(14.8)	(59.2)
Net loss	**(0.3)**	**(8.2)**	**(10.6)**	**(8.3)**	**(4.8)**	**(7.1)**

Consolidated Balance Sheet Data (French GAAP)

	As at March 31,			As at June 30,
	2008	2009	2010	2010 (unaudited)
		(millions of euros)		
Intangible assets	1,014.9	958.9	906.3	893.0
Property, plant and equipment	177.7	184.0	188.2	187.7
Financial fixed assets	17.5	19.7	20.4	20.7
Total non-current assets	1,210.1	1,162.6	1,114.9	1,101.4
Inventory	62.0	75.4	71.7	72.0
Accounts receivable	12.3	13.0	11.3	12.9
Cash and cash equivalents	111.5	87.5	144.2	127.6
Prepaid expenses	14.7	16.5	17.3	17.3
Current assets	200.4	192.4	244.6	229.8
Total assets	**1,410.5**	**1,355.0**	**1,359.6**	**1,331.2**
Stockholders' equity	92.6	84.4	73.7	69.0
Provisions for deferred taxes	21.2	21.4	21.9	21.8
Provisions for risks and charges	5.4	7.5	7.7	7.6
Liabilities	1,291.4	1,241.6	1,256.2	1,232.8
Total stockholders' equity and liabilities	**1,410.5**	**1,355.0**	**1,359.6**	**1,331.2**

Cash Flow Statement Data (French GAAP)

	As at March 31,			As at June 30,
	2008	2009	2010	2010 (unaudited)
	(millions of euros)			
Net cash provided by operating activities	87.9	49.7	120.7	11.9
Net cash used by investing activities	(33.3)	(36.7)	(37.4)	(7.5)
Net cash used by financing activities	(42.9)	(46.4)	(16.6)	(21.2)
Change in cash and cash equivalents	11.7	(33.4)	66.7	(16.8)
Net cash and cash equivalents at beginning of period	98.3	110.1	76.7	143.3
Net cash and cash equivalents at end of period	110.1	76.7	143.3	126.5

Consolidated Income Statement Data (IFRS-EU)

	Years ended March 31,		Three months ended June 30,		Twelve months ended June 30,
	2009	2010	2009 (unaudited)	2010 (unaudited)	2010 (unaudited)
	(millions of euros)				
Sales of goods	1,108.2	1,149.1	258.3	271.7	1,162.5
Cost of goods sold	(641.1)	(662.2)	(149.1)	(155.0)	(668.1)
Gross profit	467.1	486.9	109.2	116.7	494.4
Other operating income	1.2	2.4	0.4	0.8	2.8
Other purchases and external expenses	(158.8)	(169.7)	(40.1)	(41.4)	(171.0)
Taxes	(21.3)	(20.4)	(4.9)	(4.2)	(19.7)
Personnel expenses	(126.1)	(134.8)	(31.8)	(35.1)	(138.1)
Depreciation, amortization and provisions allowances	(24.3)	(25.9)	(6.2)	(6.0)	(25.7)
Other operating expenses	(5.0)	(3.8)	(0.4)	(1.5)	(4.9)
Operating profit	133.0	134.6	26.2	29.2	137.7
Financial expenses	(64.6)	(65.5)	(18.1)	(14.1)	(61.5)
Financial income	4.7	1.0	0.3	0.3	1.0
Share of profit in an associate	0.6	0.9	0.2	0.2	0.9
Income tax expense	(25.8)	(27.7)	(3.1)	(6.3)	(30.9)
Net income	**48.0**	**43.3**	**5.6**	**9.4**	**47.1**
Attributable to Equity holders of the Company	48.0	43.3	5.6	9.4	47.1

Consolidated Balance Sheet Data (IFRS-EU)

	As at March 31,		As at June 30,
	2009	2010	2010 (unaudited)
	(millions of euros)		
Intangible assets	1,018.1	1,024.6	1,026.1
Tangible assets	223.8	227.3	226.5
Financial assets	17.9	18.5	18.8
Total non-current assets	1,259.7	1,270.4	1,271.4
Inventories	75.6	72.2	72.4
Trade and other receivables and other current financial assets	30.0	29.4	31.0
Cash and cash equivalents	87.5	144.2	127.6
Total current assets	193.1	245.8	231.0
Total assets	**1,452.8**	**1,516.1**	**1,502.4**
Equity attributable to equity holders of the Company	158.8	207.6	217.1
Interest bearing loans and borrowings	1,045.0	1,017.7	977.3
Deferred tax liability	29.4	33.0	32.5
Provisions	3.2	3.0	2.9
Employee benefit liability	2.4	2.9	3.0
Other non-current liabilities	6.7	6.7	8.9
Total non-current liabilities	1,086.8	1,063.3	1,024.7

Total current liabilities	207.3	245.1	260.7
Total equity and liabilities	**1,452.8**	**1,516.1**	**1,502.4**

Cash Flow Statement Data (IFRS-EU)

	As at March 31,		As at June 30,
	2009	2010	2010 (unaudited)
	(millions of euros)		
Net cash flows from operating activities[(1)]	108.6	180.4	24.6
Net cash used in investing activities	(36.3)	(36.3)	(7.4)
Net cash used in financing activities[(1)]	(105.7)	(77.5)	(34.0)
Change in cash and cash equivalents	(33.4)	66.6	(16.8)
Net cash and cash equivalents at end of financial period	76.6	143.2	126.4
Net cash and cash equivalents at beginning of financial period	110.1	76.6	143.2

(1) The main presentation difference between the cash flow statements prepared under French GAAP and IFRS-EU relates to capitalized interest. Under French GAAP, capitalized interest on existing shareholder debt of €59.4 million and €57.1 million for the years ended March 31, 2010 and 2009, respectively, has been deducted from net cash provided by operating activities and included in "increase in borrowings" under net cash used by financing activities.

Other Financial Data (IFRS-EU)

	Years ended March 31,		Three months ended June 30,		Twelve months ended June 30,
	2009	2010	2009	2010	2010
	(millions of euros)				
Other data[(1)]					
Sales of goods	1,108.2	1,149.1	258.3	271.7	1,162.5
Cost of goods sold	641.1	662.2	149.1	155.0	668.2
Gross profit margin	42.1%	42.4%	42.3%	42.9%	42.5%
EBITDA[(2)]	157.9	160.1	32.1	36.2	164.2
EBITDA margin	14.2%	13.9%	12.4%	13.3%	14.1%
Rent[(3)]	38.1	43.4	10.4	10.8	43.8
EBITDAR[(2)]	196.0	203.6	42.5	46.9	208.0
EBITDAR[(2)] margin	17.7%	17.7%	16.5%	17.3%	17.9%
Net capital expenditures	33.7	36.0	10.1	7.4	33.2
Pro forma data					
Pro forma net debt[(4)]					938.4
Pro forma net debt[(4)]/EBITDA[(2)]					5.7x
Pro forma net debt[(4)]/(EBITDA[(2)]—capital expenditures)					7.2x

(1) Unaudited except for sales of goods and cost of goods sold for the years ended March 31, 2009 and 2010.

(2) EBITDA represents operating profit before depreciation, amortization and provisions allowances, adjusted for the portion of depreciation, amortization and provisions allowances which relates to operating expenditures (i.e. inventory net depreciation, employee litigation net provisions and Italian retirement indemnity provisions) and, in the case of the three-month period ended June 30, 2010, non-recurring professional services fees incurred primarily as a result of the conversion to IFRS-EU. We define EBITDAR as EBITDA plus rent expense. Neither EBITDA or EBITDAR is a measurement of performance under IFRS-EU, and you should not consider EBITDA or EBITDAR as an alternative to operating profit or net income or any other performance measure derived in accordance with IFRS-EU.

We believe that EBITDA and EBITDAR are useful indicators of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties in evaluating our group. EBITDA, EBITDAR and similar measures are used by different companies for differing purposes and are often calculated differently. You should exercise caution in comparing EBITDA, EBITDAR and similar measures as presented by us to those presented by other companies. EBITDA as presented here differs from the definition of "Consolidated EBITDA" contained in the Indenture and from "EBITDA derived from French GAAP financial measures" discussed under "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

The reconciliation of our operating profit to EBITDA is as follows:

	Years ended March 31,		Three months ended June 30,		Twelve months ended June 30,
	2009	2010	2009	2010	2010
			(unaudited)	(unaudited)	(unaudited)
			(millions of euros)		
Operating profit	133.0	134.6	26.2	29.1	137.6
Depreciation, amortization and provisions allowances	24.3	25.9	6.2	6.0	25.8
Adjustment*	0.5	(0.4)	(0.3)	0.1	(0.0)
Non-recurring professional services fees	—	—	—	0.8	0.8
EBITDA	**157.9**	**160.1**	**32.1**	**36.2**	**164.2**

* Adjustment for the portion of depreciation, amortization and provisions allowances which relates to operating expenditures (i.e., inventory net depreciation, employee litigation net provisions and Italian retirement indemnity provisions).

(3) We define rent as rental payments made on Picard Group properties (including stores and head office premises).

(4) Pro forma net debt reflects external interest-bearing loans and borrowings (including rollover finance leases) less cash and cash equivalents after giving effect to the Transactions, including the Offering and the application of the proceeds thereof. Assumes no borrowings under the revolving credit facility. The revolving credit facility has a total available commitment of €50 million until September 30, 2012 (at the latest) and €30 million thereafter. A portion of the revolving credit facility may be drawn on the Completion Date depending on the estimated level of working capital at Picard on the Completion Date.

Other operating data

	As of and for the years ended March 31,		
	2008	2009	2010
French stores (end of period)	721	766	813
Net new store openings	45	45	47
Italian stores (end of period)	42	28	29
Net new store openings	—	(14)	1
Total stores (end of period)	763	794	842
France			
Like-for-like stores sales growth(5)	3.0%	1.0%	(0.1)%
Trading space (m^2)	174,976	185,306	196,486
Average basket size (€)(6)	22.3	22.2	22.0
Number of tickets (in millions)(7)	45.4	48.1	50.3

(5) Like-for-like sales growth represents the change in sales from our stores in France that have been open more than 12 months. For the purpose of like-for-like calculations, a store will be included (i) on the first day of the twelfth month following its opening date if it was opened between the first and the fifteenth day of any given month, and (ii) on the first day on the thirteenth month following its opening date in all other cases.

(6) Average basket size means the average euro value per transaction.

(7) Number of tickets means the number of sales transactions that takes place in a given period.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the risks described below before deciding to invest in the Notes. In assessing these risks, you should also refer to the other information in this offering memorandum, including the financial statements and related notes. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties that are not currently known to us or that we currently consider immaterial could also impair our business, financial condition, results of operations and our ability to make payments on the Notes.

This offering memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this offering memorandum.

Risks Related to Our Business

Adverse developments with respect to the safety and quality of our products and/or the food industry in general or health concerns may damage our reputation, increase our costs of operations or decrease demand for our products.

Food safety and the public's perception that our products are safe and healthy are essential to our image and business. We sell food products for human consumption, which subjects us to safety risks such as product contamination, spoilage, misbranding or product tampering. Product contamination, (including the presence of a foreign object, substance, chemical or other agent or residue or the introduction of a genetically modified organism), spoilage, misbranding or product tampering could require product withdrawals or recalls or destruction of inventory and could result in negative publicity, temporary plant closures and substantial costs of compliance or remediation. We may be impacted by publicity concerning the implications of any assertion that our products caused illness or injury. We could also be subject to claims or lawsuits relating to an actual or alleged illness stemming from product contamination or any other incidents that compromise the safety and quality of our products. A significant lawsuit or widespread product recall or other events leading to the loss of consumer confidence in the safety and quality of our products could damage our brand, reputation and image and negatively impact our sales, profitability and prospects for growth. We strive to control the risks related to product quality and safety through the implementation of, and strict adherence to, our quality standards. We maintain systems designed to monitor food safety risks and require our suppliers to do so as well. However, we cannot guarantee that our efforts will continue to be successful or that such risks will not materialize. In addition, even if our own products are not affected by contamination or other incidents that compromise their safety and quality, negative publicity about our industry, ingredients or the health implications of frozen food products could result in reduced consumer demand for our products.

We are also subject to risks affecting the food industry generally, including risks posed by widespread contamination and evolving nutritional and health-related concerns. Regulatory authorities may limit the supply of certain types of food products in response to public health concerns, and consumers may perceive certain products to be unsafe or unhealthy, which could require us or our suppliers to find alternative supplies or ingredients that may or may not be available at commercially reasonable prices and within acceptable time constraints. In addition, such governmental regulations may require us to identify replacement products to offer to our customers or, alternatively, to discontinue certain offerings or limit the range of products we offer. We may be unable to find substitutes that are as appealing to our customer base, or such substitutes may not be widely available or may be available only at increased costs. Such substitutions or limitations could also reduce demand for our products.

Furthermore, consumers have been increasingly focused on food safety, health and wellness with respect to the food products they buy and their ingredients. Demand for our products could be affected by consumer concerns regarding the health effects of ingredients such as trans fats, sugar, processed wheat or other product attributes.

Sales of our products are subject to changing consumer preferences.

The success of our business depends on the continued appeal of the range of products we offer through our network of stores and Home Service. A shift in consumer preferences in France could have a material adverse effect on our business. Given the varied backgrounds and tastes of our customer base, we must offer a sufficient range of products to satisfy a broad spectrum of preferences. We regularly monitor consumer tastes and preferences and devote significant resources to developing and marketing new products, as well as to expanding and improving existing product lines. However, our efforts may not result in the volume of sales or profitability anticipated. If we are unable to accurately predict, identify and interpret the changing tastes and dietary habits of consumers, our sales may decline and our operating results could suffer.

Failure to develop successful and innovative products could adversely affect our business.

We are dedicated to developing successful and innovative new products and do so primarily through the efforts of our integrated research and development ("R&D") department, which creates new products throughout the year. Many of our suppliers also carry out their own R&D and pro-actively propose new recipes and products to sell in our stores. We believe that continuously renewing our product offering is essential for keeping up with changes in the market and stimulating demand from both potential and existing customers. On average, we introduce approximately 200 new SKUs annually, including alternative flavors, sizes and packaging for our existing products. If we are unable to continue developing an adequate range of new products, the attractiveness of our brand could be diminished and cause us to become less competitive. However, there are inherent risks associated with new product or packaging offerings, including uncertainties about trade and consumer acceptance. We may incur significant costs related to developing and marketing new products or expanding existing product lines and cannot guarantee their profitability or popularity.

Failure to protect our image, reputation and brand could materially affect our business.

Our brand, image and reputation constitute a significant part of our value proposition. Our success over the years has rested largely on our ability to develop our brand and image as the leading retailer of premium quality competitively-priced frozen food in France. Our customers expect that we will provide them with a large selection of quality, healthy and safe products, and this reputation has strengthened our image and brand, fuelling our expansion. Any event, such as a significant product recall, that could damage our image, reputation or brand could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, our principal brand names and trademarks (such as *Picard*, *Picard Surgelés* and the snowflake logo) are key assets of our business. See "*Our Business—Intellectual Property*". We rely upon a combination of copyright, trademark and patent laws to establish and protect our intellectual property rights, but cannot be certain that the actions we have taken or will take in the future will be adequate to prevent violation of our proprietary rights. There can be no assurance that litigation will not be necessary to enforce our trademark or proprietary rights or to defend ourselves against claimed infringement of the rights of third parties. Adverse publicity, legal action or other factors could lead to substantial erosion in the value of our brand, which could lead to decreased consumer demand and have a material adverse effect on our business, results of operations or financial condition and prospects.

A failure in our cold chain could lead to unsafe food conditions and increased costs.

"Cold chain" requirements setting out the temperatures at which our ingredients and products are stored are established by statute and by us to help guarantee the safety of our food products. Our cold chain is maintained from the moment the ingredients arrive at, or are frozen by, our suppliers, through our products' transportation phase and ultimately to the time of sale in our stores or through Home Service. These standards ensure the quality, freshness and safety of our products, and those characteristics are recognized by our customers and have become associated with our brand. A failure in the cold chain could lead to food contamination, risks to the health of our customers, fines and damage to our brand and reputation, each of which could subsequently affect our business, results of operations and financial condition and prospects.

We are exposed to economic and other trends that could adversely impact our operations in France and Italy.

We conduct our operations principally in France, and the expansion of our network of stores is an integral part of our business strategy. We are thus particularly influenced by economic developments and changes in consumer habits in France, and a significant economic downturn in France could have a material adverse effect on our business. In addition, our more limited operations in northern Italy expose us, although to a much lesser extent than in France, to economic trends in that region as well.

Our business and the food retail industry as a whole have been affected by the current global economic crisis since 2008. We have been affected by negative macroeconomic trends beginning in the fourth quarter of 2008 as the crisis began to affect the French economy and domestic consumer confidence there. During calendar years 2007, 2008 and 2009, France's GDP growth was 2.3%, 0.4% and −2.6%, respectively, and during the years ended March 31, 2008, 2009 and 2010 our like-for-like growth was 3.0%, 1.0% and −0.1%, respectively. Although we believe that our business model has proven resilient throughout the crisis, we cannot predict whether it will continue to be successful in the future. While we seek to lessen the impact of the crisis through management of our selling prices and production costs, volumes, inventories and working capital, the current crisis and future changes in economic conditions in France, Italy and globally could result in short and long-term decreases in consumer confidence and demand, increases in selling prices and production costs or the volatility of raw material prices.

Our continued profit growth depends on our ability to manage the expansion of our operations.

We have grown rapidly by opening an average of 46 new stores per year in France since 2005 and expanding our geographic coverage. We believe that there is the potential to add approximately 275 stores in France in the coming years, and our current expansion plans foresee 135 new stores over the next four years. We intend to expand our network stores and warehouses in the future based on our "geomarketing" analysis.

Historically, the increase in the density of our network of stores in France has not affected our average sales per store. We cannot guarantee that opening additional stores will not adversely affect our existing stores or that our strategy of adding new stores to the network will continue to be profitable. While we have a history of managing our growth successfully, future business growth could place a significant strain on our managerial, operational and financial resources. Our ability to capitalize on future growth will depend on our ability to continue to implement and improve operational, financial and information systems on a timely basis and to expand, train, motivate and manage our workforce. However, our personnel, systems, procedures and controls may not be adequate to support continued expansion, and failure to manage our expansion effectively may lead to increased costs, a decline in sales and reduced profitability. Based on these factors and others beyond our control, we cannot be certain that there will continue to be future opportunities to allow for growth on par with historical rates.

We may experience difficulties implementing international expansion plans.

In addition to our expansion in France, we may consider a selective and measured geographical expansion of our business into other countries that we believe will contribute to our growth and future performance. If we expand our international operations, we may encounter risks posed by, for example, the adaptation of our business model to non-French consumer preferences, different national health and consumer safety standards, a lack of local business experience and exposure to economic conditions in additional markets. We may also have difficulty hiring experts or qualified executives or employees in the countries in which we plan to expand. In addition, we may also be unable to successfully integrate the services, products and personnel of any new stores we open or acquire into our operations, which may ultimately translate into a lack of return on our investment, and we cannot guarantee that future efforts at expansion will be successful. Based on these risks, we may not achieve results in new countries that are comparable to those achieved in France, which may subsequently impact our overall business, financial condition and prospects.

We may be unable to implement our business strategy.

Our current business strategy focuses on the expansion of our store network in France. We also plan to explore other growth initiatives such as the development of Home Service and the implementation of CRM. Given the various risks to which we are exposed and the uncertainties inherent in our business, we cannot guarantee the successful implementation of our business strategy. If we do not meet our strategic objectives or achieve the results initially expected, our business results of operations or financial condition and prospects may be adversely affected.

The market for our products is highly competitive, and we may not continue to compete effectively.

The market for frozen food is highly competitive. Our competitors include not only distributors, retailers and, to a lesser extent, large manufacturers of frozen food, but also distributors and retailers of fresh products, baked goods and chilled, ready-made meals. These other competitors include generalist grocers, supermarket chains, hard discounters, specialists (including home delivery distributors) and convenience stores. Our competitors generally compete with us on the basis of location, quality of products, service, price, product variety and store condition. While we believe that we have developed a unique position in the French frozen food market, as both a developer and distributor of premium quality competitively-priced frozen food products, there can be no assurance that we can successfully compete with these companies or that new competitors will not enter the industry. In recent years, generalist grocers and supermarkets have begun offering lines of frozen food products that are similar to our own, which has resulted in increased competition. In addition, some of our competitors have substantially greater financial, marketing and other resources than our own, creating competitive pressures that could cause us to lose market share and may require us to lower prices, increase capital, marketing and advertising expenditures or increase the use of discounting or promotional campaigns, and may also restrict our ability to increase prices, including in response to commodity and other cost increases. These risks could adversely affect our sales volumes and margins and result in a decrease in our operating results.

We are vulnerable to fluctuations in the availability and price of food ingredients and packaging materials.

We and our suppliers use significant quantities of food ingredients and packaging materials. These ingredients and materials are subject to fluctuations in availability and price. Such fluctuations are attributable to, among other things, changes in supply and demand for crops or other commodities, energy prices, and government-sponsored agricultural and livestock programs. In particular, the availability and the price of vegetables and other agricultural commodities, including meat and fish, can be volatile. General economic conditions, unanticipated demand, problems in production or distribution, natural disasters, weather conditions during the growing and harvesting seasons, plant and livestock diseases and local, national or international quarantines can also adversely affect availability and prices of commodities in the long and short terms. In the future, we may be affected by the imposition of national or international quotas regulating, for example, volumes of raw materials. If the French government or a regulatory regime establishes such measures, the price of raw materials could increase, and our gross margins would be affected. In addition, significant amounts of electricity are needed to maintain our cold chain requirements for appropriate storage of materials and products before they are sold. We cannot be certain that our electricity costs will not increase in the future.

While we generally have long-term relationships with our suppliers, and alternate suppliers are generally available, we do not have long-term contracts with suppliers, and, as a result, they could increase the prices of their products or fail to deliver sufficient quantities to us. Although we attempt to reduce our exposure to price fluctuations to a limited extent by buying certain inventory at opportune moments during the year and holding it for sale until periods of high demand or shortages, our ability to avoid the adverse effects of a pronounced, sustained price increase in raw materials is limited.

Increases in prices or scarcity of ingredients or packaging materials required for our products could increase our costs and disrupt our operations. In addition, our ability to pass along higher costs through price increases to our customers is dependent upon competitive pricing conditions in our industry. As a result, changes in our input costs could impact our gross margins.

We may be subject to product liability claims arising out of the consumption of our products.

Consumption of a misbranded, altered, contaminated, or spoiled product may result in personal illness or injury. We could be subject to claims or lawsuits relating to an actual or alleged illness or injury or death stemming from the consumption of one of our products which could negatively affect our business. While we are not currently the subject of material product liability claims for damages as a result of the consumption or use of our products, and we submit our products to extensive testing, we may still be exposed to liability claims in the future. Awards of damages, settlement amounts and fees and expenses resulting from such claims and the public relations implications of any such claims, could have an adverse effect on our business. The availability and price of insurance to cover claims for damages are subject to market forces that we do not control, and such insurance would not cover damage to our reputation. Even if product liability claims against us are not successful or fully pursued, these claims could be costly and time-consuming and may divert our management’s time and resources towards defending them rather than operating our business. Any adverse publicity concerning such claims could cause customers to lose confidence in the safety and quality of our products and damage our reputation and brand image.

We are dependent on third-party suppliers to produce our products.

We rely on third-party suppliers for all of our products, which exposes us to risks that such suppliers may fail to meet timelines or provide us with sufficient product. In particular, we require our suppliers to meet certain specifications and standards to ensure the high quality of our products. The use of third-party suppliers increases the demands on our quality control personnel and exposes us to risks that the products provided by our suppliers may not meet the relevant quality standards. Furthermore, we believe that there are a limited number of competent, high-quality third-party suppliers in the industry, and if we were required to obtain additional or alternative agreements or arrangements in the future with third-party suppliers, we may be unable to do so on satisfactory terms or in a timely manner. This could limit our ability to implement our business plan or meet customer demand. Any adverse changes to our relationships with our suppliers or quality issues caused by our suppliers could have a material adverse effect on our business, results of operations or financial condition and prospects, including on our image, brand and reputation.

The efficiency of our supply chain and information technology system is critical to our business and operations.

Our performance depends on accurate, timely information and numerical data from key software applications to aid day-to-day business and decision-making processes. We and our suppliers are exposed to operational risks, such as the breakdown or failure of equipment, interruption of power supply or processes, fire, flood or other natural disasters, acts of sabotage or vandalism, and industrial accidents. We rely on our information technology systems for communication among our suppliers, stores, warehouses and headquarters and for Home Service. While we maintain certain controls designed to manage operational risk, including continued upgrading of modern technology for breakdown diagnosis, we may be adversely affected if our controls fail to detect or contain operational risks. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure and to maintain the related automated and manual control processes, we could be subject to adverse effects including billing and collection errors, business disruptions and damages related to security breaches. Any disruption caused by failings in our information technology infrastructure or underlying equipment or of communication networks, could delay or otherwise impact our day-to-day business and decision-making processes and negatively impact our performance.

In addition, we employ outsourcing arrangements with third parties, notably in our logistics operations, and we do not control the facilities or operations of our suppliers. An interruption of operations at any of their or our facilities or any failure by them to deliver on their contractual commitments may have an adverse effect on our business results of operations, financial condition and prospects.

Increased transportation costs or disruption of transportation services could adversely affect our business and financial results.

Transportation of our products is an important element of our cost structure. We require the use of refrigerated trailers to ship our products from our suppliers' facilities to our warehouses and from our warehouses to our stores. In the year ended March 31, 2010, transportation costs (excluding transportation costs incurred by our suppliers, which are generally included in the prices we pay for products) accounted for approximately 2% of our sales. Transportation costs have historically fluctuated significantly over time, in particular in connection with oil prices, and increases could result in reduced profits. We are dependent on third parties for our transportation, and this service could be disrupted. Any increases in the cost of transportation, and any disruption in transportation, could have a material adverse effect on our business, results of operations and financial condition and prospects.

Significant disruption in our workforce or the workforce of our suppliers could adversely affect us.

As of June 30, 2010, we employed 3,749 full-time equivalent employees, 3,673 of whom were located in France and 76 of whom were located in Italy. Approximately 80% of our employees work in our store network. We could experience labor disputes and work stoppages and difficulty in attracting and retaining operative personnel at one or more of our stores or warehouses due to localized strikes or strikes in the larger retail food industry sector. In particular, a labor stoppage or other interruption at one of our warehouses would impact our ability to supply our stores and could have a more pronounced effect on our operations as a result. We cannot assure you that a future labor disturbance, work stoppage, or failure to attract and retain operative personnel at any of our or our suppliers' facilities in France or elsewhere would not have an adverse effect on that facility's operations and, potentially, on our business results of operations and financial condition.

We are dependent upon key executives and highly qualified managers whose retention we cannot assure.

Our success depends, in part, upon the continued services of our CEO, Philippe Pauze, our CFO, Christine Declercq, and other key executives and highly-qualified managers, such as those in our R&D, Quality and Marketing departments. Our executives' and managers' knowledge of the market, our business and our company represents a key strength of our business model, and our experience and human capital serves as a barrier to entry to potential competitors. The success of our business strategy and our future growth also depend on our ability to attract, train, retain and motivate skilled managerial, sales, administration, development and operating personnel. The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse effect on our business, results of operations and financial condition.

Compliance with European directives and regulations and government laws and regulations applicable to us could have a material adverse effect on our business, financial condition and results of operations.

As a developer and retailer of food products for human consumption, we are subject to stringent production, packaging, health, quality, labeling and distribution standards. National regulations that have implemented European directives applicable to frozen products establish highly technical requirements regarding labeling, manufacturing, transportation and storage of frozen food products. Local governmental authorities also set out bacteriological conditions and restrictions. Each of our stores and warehouse facilities and our suppliers' facilities are subject to licensing, reporting requirements and official quality controls by numerous governmental authorities. These governmental authorities include European, national and local health, environmental, labor relations, sanitation, building, zoning, fire and safety departments. Difficulties in obtaining or failure to obtain the necessary licenses or approvals could delay or prevent the development or operation of a given retail location or warehouse facility. Any changes in those regulations may require us to implement new quality controls and possibly to invest in new equipment, which could delay the development of new products and increase our operating costs.

We are subject to increasingly stringent health, safety and environmental regulations.

We are subject to numerous health, safety and environmental regulations, including local, national and European directives and regulations relating to the creation and maintenance of the conditions called for our cold chain requirements, the remediation of water supply and use, water discharges, air emissions, waste management, noise pollution, and workplace and product health and safety. In addition, we are subject to regulations relating to asbestos in the workplace. Health, safety and environmental legislation in Europe and elsewhere has tended to become broader and stricter over time, and enforcement has become more stringent. We try to follow and anticipate such changes, but any failure to do so may lead to penalties or fines. If health, safety and environmental laws and regulations in France, Italy and the other countries in which we have operations or from which we source ingredients are strengthened in the future, the extent and timing of investments required to maintain compliance may differ from our internal planning and may limit the availability of funding for other investments. In addition, if the costs of compliance with health, safety and environmental laws and regulations continue to increase and it is not possible for us to integrate these additional costs into the price of our products, any such changes could reduce our profitability. Changes in applicable laws or regulations or evolving interpretations thereof may result in increased compliance costs, capital expenditures and other financial obligations which could affect our profitability or impede the production or distribution of our products and affect our net operating revenues.

All of our products must comply with strict national and international hygiene regulations. Our stores, the warehouses we own or lease and our suppliers' production facilities are subject to regular inspection by authorities for compliance with hygiene regulations applicable to the sale, storage and manufacturing of foodstuffs and the traceability of genetically modified organisms, meats and other raw materials. Despite the precautions we undertake, should any non-compliance with such regulations be discovered during an inspection, authorities may temporarily shut down the store, warehouse or facility concerned and levy a fine for such non-compliance, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Furthermore, health, safety and environmental laws and regulations and civil liability (tort) rules could expose us to liabilities. Under some of these laws and regulations, we could be liable for investigating or remediating contamination at properties we own or occupy, even if the contamination was caused by a party unrelated to us or was not due to fault and even if the activity which resulted in the contamination was legal. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our properties, could result in substantial unanticipated costs. In some circumstances, we could be required to pay fines or damages under these laws and regulations. Regulatory authorities may also require us to curtail operations or close facilities temporarily or permanently. In addition, although we monitor the exposure of our employees and neighbors to risks connected with our operations, we may be subject to health claims resulting from actual or alleged exposure to hazardous materials, as well as to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance contamination or exposure caused by our operations.

Although we believe that we conduct our operations in a way that reduces health, safety and environmental risks and have in place appropriate systems for identifying and managing potential liabilities, we may not have identified or addressed all sources of health, safety and environmental risks, and there can be no assurance that we will not incur health, safety and environmental related losses or that any losses incurred will not have a material adverse effect on our results of operations or financial condition.

Due to the seasonality of our business, our revenue and operating results may vary quarter to quarter.

Our sales and cash flows have historically been affected by seasonal cyclicality. Sales of frozen foods, including seafood, frozen vegetables and complete frozen meals, have historically tended to be higher during the winter months. December sales have historically been approximately double those of other months due to higher sales during the holiday season. Our sales have in the past typically decreased during the summer months, as declines in our sales in urban areas are only partially offset by increases in summer vacation destinations. At the end of the summer vacation period, our sales have tended to increase slightly as customers restock their freezers upon returning home. These fluctuations in our inventory can also affect our working capital requirements. For these reasons, sequential quarterly comparisons may not be a good indication of our performance or how we may perform in the future. If seasonal fluctuations are greater than anticipated, there could be an adverse effect on our financial condition, results of operations or cash flows.

We rent most of our stores pursuant to commercial leases that may be subject to adjustments that could increase our expenses and have a negative impact on our profitability and results of operations.

Most of our stores and warehouses are leased pursuant to commercial leases for a term of nine years (with an option for the lessee to terminate in the third and sixth years), and rent constitutes a significant portion of our expenses. The commercial leases that we sign with our landlords provide for an annual adjustment of the rent as a function of changes in certain indices. Currently, the applicable index for most of our leases is the national cost of construction index (*Indice national du Coût de la Construction* (“ICC”)). If the ICC or any other new replacement index increases at a higher rate compared to the past performance of the ICC (which has increased considerably in recent years), rents linked to these indices will be adjusted at higher levels, which could increase our expenses and have a negative impact on our profitability and results of operations.

Parties to an eligible commercial lease (which includes the commercial leases for our stores) are able to select the French commercial rent index (*Indice trimestriel des Loyers Commerciaux*) (“ILC”) as an alternative to the ICC. We may in the future choose to apply the ILC index subject to our landlords’ approval. The ILC is calculated on the basis of the ICC (25%), the consumer price index (or IPC) (50%) and the retail sector revenues value index (or ICAV) (25%). Recently, the ILC has grown at a slower rate than the ICC. However, if in the future the ILC increases at a faster rate than the ICC, rents linked to the ILC will accordingly be adjusted upward at a faster rate, which could increase our expenses and have a negative impact on our profitability and results of operations.

There may be additional changes to the ICC or ILC in terms of scope or method of calculation, which could have a negative impact on our profitability and results of operations.

The social security contributions we are required to make for our employees may increase.

Pursuant to Articles L.241-13 et seq. of the French Social Security Code, the social security contributions that we are required to make in respect of the compensation paid to a large number of our employees are subject to a formula-based reduction. A change in the provisions applicable to this reduction, particularly with respect to the reduction rate or the calculation basis, could result in an increase in our wage and salary expenses, which would have a negative impact on our profitability.

Risks Related to the Transactions

If we do not satisfy the conditions precedent for utilization of the Senior Credit Facilities, we may be required to seek alternative sources of financing for the Acquisition.

While we have entered into the Senior Credit Facilities, we may be unable to satisfy the conditions precedent to the utilization of the Senior Credit Facilities. If we do not meet the conditions precedent to utilization of the Senior Credit Facilities, we will need to seek alternative sources of financing to finance the Acquisition. We may be unable to find such alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. Any alternative financing could be at higher interest rates and may require us to comply with more onerous covenants, restricting our business operations. This could make it difficult for us to implement our business strategy and repay the Notes.

The Issuer did not control Picard until completion of the Acquisition.

Picard was until the Completion Date controlled by the sellers in the Acquisition. The Issuer did not obtain control until completion of the Acquisition, and the Issuer may not operate the business in the same way that the sellers have operated the business in the past.

Risks Related to Our Indebtedness and the Notes

The Issuer and the Guarantors are holding companies that have no revenue generating operations of their own and will depend on cash from the operating companies of the Picard Group to be able to make payments on the Notes or the guarantees.

The Issuer and the Guarantors are holding companies with no business operations other than the equity interests they hold in each of their subsidiaries. The Issuer and the Guarantors will be dependent upon the cash flow from their operating subsidiaries in the form of dividends or other distributions or payments to meet their obligations, including their obligations under the Notes or the guarantees. The amounts of dividends and distributions available to the Issuer and the Guarantors will depend on the profitability and cash flows of their subsidiaries and the ability of those subsidiaries to issue dividends under applicable law. The subsidiaries of the Issuer and the Guarantors, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Issuer or the Guarantors to make payments in respect of their indebtedness, including the Notes and the guarantees. In addition, the subsidiaries of the Issuer that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

Our significant leverage may make it difficult for us to operate our businesses.

We currently have and, after the issuance of the Notes and consummation of the Acquisition continue to have, a significant amount of outstanding debt with substantial debt service requirements. As of June 30, 2010, and as adjusted to give effect to this Offering, the application of the proceeds thereof and the other Transactions as described in "*The Transactions*", our pro forma net debt would have been €938.4 million, which reflects external interest-bearing loans and borrowings (including rollover finance leases) less cash and cash equivalents. In addition, any unused portion of our senior revolving credit facility will be available for future borrowings. Our significant leverage could have important consequences for our business and operations, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and refinance our indebtedness and to fund working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations nor obtain enough capital to service our debt or fund our planned capital expenditures.

In addition, we may be able to incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. The terms of the Indenture and the Senior Credit Agreement permit our subsidiaries to do so, in each case, subject to certain limitations. If new debt is added to our current debt levels, the risks that we now face could intensify. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes and may be secured by collateral that does not secure the Notes.

For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources*".

We are subject to covenants, which limit our operating and financial flexibility and, if we default under our debt covenants, we may not be able to meet our payment obligations.

Our new Senior Credit Facilities and the Indenture contain covenants which impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain investments or acquisitions, including participating in joint ventures;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- enter into arrangements that restrict payments of dividends to the Issuer;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital of certain subsidiaries; and
- create or incur certain liens.

These covenants could limit our ability to finance future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the terms of the Senior Credit Agreement, and the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. This would also result in an event of default under the Indenture. If the debt under the Senior Credit Agreement, the Notes or the guarantees or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt.

The Senior Credit Facilities also require our subsidiaries to maintain specified financial ratios and satisfy specified financial tests. The ability to meet those financial ratios and tests could be affected by deterioration in our operating results, as well as by events beyond our control, including increases in raw material prices and unfavorable economic conditions, and we cannot assure you that those ratios and tests will be met. If an event of default occurs under the Senior Credit Facilities, the lenders thereunder could terminate their commitments and declare all amounts borrowed, together with accrued and unpaid interest and other fees, to be immediately due and payable. Borrowings under other debt instruments, including the Notes, that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand. In these circumstances, our assets may not be sufficient to repay in full that indebtedness and our other indebtedness then outstanding, including the Notes. See "*Description of Other Indebtedness and Preferred Shares—Senior Credit Agreement*".

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We may incur substantial additional debt in the future. Any debt that our subsidiaries incur will be structurally senior to the Notes if such subsidiaries do not guarantee the Notes and could be secured or could mature prior to the Notes. The terms of the Indenture permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture. Borrowings under debt instruments that contain cross-acceleration or cross-default provisions, including the Notes, may as a result also be accelerated and become due and payable. We may be unable to pay these debts in such circumstances. The incurrence of additional debt would increase the leverage related risks described in this offering memorandum.

The Notes are structurally subordinated to the liabilities of non-guarantor subsidiaries.

Some, but not all, of the Issuer's subsidiaries guarantee the Notes, and no operating subsidiaries guarantee the Notes. See "*—The Issuer and Guarantors are holding companies that have no revenue generating operations of their own and will depend on cash from the operating companies of the Issuer Group to be able to make payments on the Notes or the guarantees*" above. Unless a subsidiary is a Guarantor, the Issuer's subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and

- creditors of such non-guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes, each guarantee and each intercompany proceeds loan will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor subsidiaries.

Investors' right to receive payment under the guarantees is contractually subordinated to senior debt.

The obligations of the Guarantors under their respective guarantees are contractually subordinated in right of payment to the prior payment in full in cash of all existing and future obligations in respect of senior debt of such Guarantor. This senior debt includes, in respect of a Guarantor that is a borrower under the Senior Credit Facilities, such Guarantor's obligations thereunder.

Although the Indenture contains restrictions on the ability of the Guarantors to incur additional debt, any additional debt incurred may be substantial and senior to the guarantees. For a summary of the terms of, and subordination provisions relating to, the Notes and the guarantees, see "*Description of the Notes—Subordination of the Note Guarantees*".

Upon any payment or distribution to creditors of a Guarantor in respect of an insolvency event, the holders of senior debt of such Guarantor will be entitled to be paid in full from the assets of such Guarantor before any payment may be made pursuant to such guarantee. Until the senior debt of such Guarantor is paid in full, any distribution to which holders of the Notes would be entitled but for the subordination provisions to be included in the Intercreditor Agreement shall instead be made to holders of senior debt of such Guarantor as their interests may appear. As a result, in the event of insolvency of a Guarantor, holders of senior debt of such Guarantor may recover more, ratably, than the holders of Notes, in respect of the Guarantor's guarantee in respect thereof.

In addition, the subordination provisions in the Intercreditor Agreement relating to the guarantees provide:

- customary turnover provisions by the Trustee and the holders of the Notes for the benefit of the holders of senior debt of such Guarantor;

- that if a payment default on any senior debt of a Guarantor has occurred and is continuing, such Guarantor may not make any payment in respect of its guarantee until such default is cured or waived;

- that if any other default occurs and is continuing on any designated senior indebtedness that permits the holders thereof to accelerate its maturity and the Trustee receives a notice of such default, such Guarantor may not make any payment in respect of the Notes, or pursuant to its guarantee, until the earlier of the waiver or cure of such default and 179 days after the date on which the applicable payment blockage notice is received; and

- that the holders of the Notes and the Trustee are prohibited, without the prior consent of the majority senior creditors, from taking any enforcement action in relation to such guarantee, except in certain circumstances.

The Indenture also provides that, except under very limited circumstances, only the Trustee will have standing to bring an enforcement action in respect of the Notes and the guarantees. Moreover, the Intercreditor Agreement and the Indenture restrict the rights of holders of the Notes to initiate insolvency proceedings or take legal actions against each of the Guarantors and by accepting any Note each such holder will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse under the guarantees in the event of a default by the Issuer or a Guarantor.

We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

We are significantly leveraged and have significant debt service obligations. As at June 30, 2010 and as adjusted to give effect to this Offering, the application of the proceeds thereof and the related transactions as described in "*The Transactions*", we would have had €938.4 million of pro forma net debt, which reflects external interest-bearing loans and borrowings (including finance leases) less cash and cash equivalents, of which €300 million would have been represented by the Notes and €625 million would have been represented by borrowings under the Senior Credit Agreement. Our ability to make payments on or to refinance the Notes or our other debt obligations will depend on our future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. Our significant leverage may also make it more difficult for us to satisfy our obligations with respect to the Notes and exposes us to interest rate increases to the extent any of our variable rate debt, including under the Senior Credit Agreement, is not hedged.

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts, including the Notes. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We can make no assurance that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In that event, borrowings under other debt agreement or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including under the Indenture, restrict our ability to transfer or sell assets and to use the proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due.

We are exposed to interest rate risks, and such rates may adversely affect our debt service obligations.

A portion of our debt bears interest at a variable rate, and we will be exposed to the risk of fluctuations in interest rates, primarily under the new Senior Credit Facilities, which are indexed to the Euro Interbank Offered Rate, or EURIBOR. Under the terms of the Senior Credit Facilities, we are required to enter into various derivative transactions to manage exposure to movements in interest rates. However, we may be unable to manage our exposure fully or continue to do so at a reasonable cost. Fluctuations in interest rates may also increase our overall debt obligations and could have a material adverse effect on our ability to service our debt obligations.

We may not be able to finance a change of control offer.

The Indenture requires the Issuer to make an offer to repurchase the Notes at 101% of their principal amount if we experience certain specified change of control events. In particular, if our parent company, LuxCo 1 or its shareholders are unable to repay their debt obligations and default thereon, their creditors may take control of us and trigger such a change of control offer. Our obligations under the Senior Credit Facilities would also be accelerated upon the occurrence of a change of control. The Issuer's ability to repurchase the Notes as required by the Indenture will depend on its access to funds at such time, and it may not be able to secure access to enough cash to finance the repurchase. The Issuer's failure to effect a change of control offer when required would constitute an event of default under the Indenture governing the Notes. In addition, certain important corporate events that might adversely affect the value of the Notes (including certain reorganizations, restructurings and mergers) would not constitute a "change of control" under the Indenture. For a complete description of the events that would constitute a "change of control", please see the section entitled "*Description of the Notes—Repurchase at the Option of Holders*".

The interests of our ultimate principal shareholder may be inconsistent with the interests of the holders of the Notes.

As of the Completion Date, our ultimate principal shareholder, Lion Capital, indirectly owns approximately 99% of our issued and outstanding shares through investment management funds. The interests of our principal shareholder could conflict with the interests of investors in the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholder could cause us to pursue acquisitions or divestitures and other transactions or to make large dividend payments (subject to limitations in the Indenture) or other distributions or payments to it as the shareholder, even though such transactions may involve increased risk for the holders of the Notes. Furthermore, no assurance can be given that our principal shareholder will not sell all or any part of its shareholding at any time nor that it will not look to reduce its holding by means of a sale to a strategic investor, an equity offering or otherwise. If any equity offering is made this may lead to the exercise of our right to redeem up to 35% of the Notes. See "*Description of the Notes—Optional Redemption*".

Corporate benefit, financial assistance laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the Notes.

The Guarantors guarantee the payment of the Notes and the LuxCo 3 Proceeds Loan on a senior subordinated basis. The Guarantors are organized under the laws of France. Enforcement of the obligations under a guarantee against a Guarantor will be subject to certain defenses available to the Issuer or the relevant Guarantor, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance, financial assistance, corporate benefit and regulations or defenses affecting the rights of creditors generally.

Under French financial assistance rules, a company is prohibited from guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Under French corporate benefit rules, a court could subordinate or void any guarantee and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that the French guarantor did not derive an overall corporate benefit from the transaction involving the grant of the guarantee as a whole. Existence of corporate benefit is a factual matter which must be determined on a case-by-case basis. Based on current case law:

- the company giving the guarantee must itself receive an actual benefit or advantage (direct or indirect) from the transaction involving the giving of the guarantee taken as a whole which is commensurate with the liability which it takes on under the guarantee;
- the financial commitment assumed by the guarantor must not exceed its financial capability; and
- (as regards group benefit) the guarantor and the person whose obligations are being guaranteed must belong to the same group and have real common economic purposes and policy, and the guarantee, and the transaction to which it relates, must be entered into in furtherance of the common economic interest of the group as a whole (not just its shareholders) and the liability under the guarantee should be commensurate with such group benefit.

In addition, each of the guarantees and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering its guarantee voidable or otherwise ineffective under applicable law. In addition, the guarantee of any Guarantor incorporated under the laws of France (each, a "French Guarantor") will be limited to the aggregate amount of the Notes proceeds on-lent, directly or indirectly, to such French

Guarantor and outstanding from time to time. Any payment made by such French Guarantor under its guarantee will reduce the maximum amount of its guarantee.

You may be required to pay a "soulte" in the event you decide to enforce the share pledges by judicial or contractual foreclosure of the Collateral consisting of shares rather than by a sale of such Collateral in a public auction.

The pledges over shares may be enforced at the option of the secured creditor either by a sale of the pledged shares in a public auction (the proceeds of the sale being paid to the secured creditors), by judicial foreclosure (*attribution judiciaire*) or by contractual foreclosure (*attribution conventionnelle*) of the shares to the secured creditor, following which the secured creditor is the legal owner of the pledged shares. In a proceeding for *attribution judiciaire* or *attribution conventionnelle*, an expert is appointed to value the collateral (in this case, the shares) and if the value of the collateral exceeds the amount of secured debt, the secured creditors may be required to pay the obligor a *soulte* equal to the difference between the value of the shares and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditors from a subsequent sale of the Collateral.

Consequently, in the event the lenders under the Senior Credit Facilities or the holders of the Notes decide to, and are entitled to, enforce the share pledges through a judicial or contractual attribution and if the value of such shares exceeds the amount of the secured debt, the lenders under the Senior Credit Facilities and the holders of the Notes may be required to pay to the relevant pledgors a *soulte* equal to the value by which such shares exceeds the amount of secured debt.

If the value of such shares is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such shares, and the remaining amount owed to such creditors will be unsecured.

Should the holder of the Notes decline to request the judicial or contractual attribution of the shares, a realization of the pledged shares could be undertaken by public auction in accordance with applicable law. As such public auction procedures are not designed for a sale of a business as a going concern, however, it is possible that the sale price received in any such auction might not reflect the value of our group as a going concern.

Your security over the Collateral ranks behind the security benefiting the lenders under the Senior Credit Facilities and your rights to enforce your security over the Collateral are limited.

Most of the Collateral is pledged to the holders of senior debt under the Senior Credit Agreement and to the Security Agent for the benefit of holders of the Notes. Under the Intercreditor Agreement and the security documents, the Senior Credit Facilities are secured by first-ranking security interests in most of the Collateral and the proceeds of any sale of such Collateral on enforcement will be applied, first, to repay all debt of the lenders under the Senior Credit Facilities. Consequently, you may not be able to recover on such Collateral because the senior lenders under Senior Credit Facilities will have a prior claim on all proceeds realized from any enforcement of such Collateral.

In addition, under the Intercreditor Agreement, the right of the holders of the Notes to enforce their security over the Collateral is limited. See "*Description of Other Indebtedness and Preferred Shares—Intercreditor Agreement—Standstill on Enforcement*".

Investors may face foreign exchange risks by investing in the Notes.

The Notes are be denominated and payable in euros. If investors measure their investment returns by reference to a currency other than euros, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which the investor measures the return on his investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which an investor measures the return on his investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investor measures the return on his investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Tax Considerations—Material United States Federal Income Tax Considerations*".

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and the Guarantors and their respective subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. The directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, as all of the assets of the Issuer and the Guarantors and their respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with France or Luxembourg. There is, therefore, doubt as to the enforceability in France or Luxembourg of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in France or Luxembourg. In addition, the enforcement in France or Luxembourg of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a French or Luxembourg court would have the requisite power or authority to grant remedies sought in an original action brought in France on the basis of U.S. securities laws violations. For further information see "*Service of Process and Enforcement of Civil Liabilities*".

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies assigned credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes and the guarantees have not or will not have been, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. For further information, see "*Transfer Restrictions*".

The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream, Luxembourg.

Interests in the global Notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream, Luxembourg will be the sole registered holder of the global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global Notes representing the Notes will be made to the principal paying agent, which will make payments to Euroclear and Clearstream, Luxembourg. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global Notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, Luxembourg, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, Luxembourg, and if investors are not participants in Euroclear and Clearstream, Luxembourg, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream, Luxembourg. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream, Luxembourg. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry; Delivery and Form*".

The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.

Since the Completion Date, the Notes are secured by (i) pledges of the following assets of the Issuer: the LuxCo 3 Proceeds Loan and the bank accounts of the Issuer (each, on a first-ranking basis) and the LuxCo 3 PECs and the ordinary shares of LuxCo 3 (each, on a second-ranking basis), (ii) pledges of the following assets of LuxCo 3: the LuxCo 4 Proceeds Loan, the LuxCo 4 PECs, the ordinary shares of LuxCo 4 and the bank accounts of LuxCo 3 (each, on a second-ranking basis), (iii) pledges of the following assets of LuxCo 4: the AcquiCo Proceeds Loan, the French TopCo Equity Proceeds Loan and the ordinary shares of French TopCo (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and the bank accounts of LuxCo 4 (on a second-ranking basis), (iv) pledges of the following assets of French TopCo: the ordinary shares of AcquiCo, an intercompany loan from French TopCo to AcquiCo and the bank accounts of French TopCo (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and (v) pledges of the following assets of AcquiCo: the ordinary shares of the Company and the historical management holding companies of the Company, an intercompany loan from AcquiCo to the Company and a single share of Picard Surgelés (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement). On the Completion Date, the assets in clauses (ii), (iii) (other than the pledge of the bank accounts of LuxCo 4), (iv) and (v) above were also be pledged to secure the LuxCo 3 Proceeds Loan on a second-ranking basis (or shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) in accordance with the Intercreditor Agreement. Since the Completion Date, the guarantee of the Notes by French TopCo and the LuxCo 3 Proceeds Loan is also secured by pledges of the assets in clause (iv) above and the guarantee of the Notes by AcquiCo and the LuxCo 3 Proceeds Loan is secured by pledges of the assets in clause (v) above, in each case on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement. Following the merger of AcquiCo and the Company, all the shares of Picard Surgelés will be pledged to secure the Notes and the LuxCo 3 Proceeds Loan on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement.

In the event of an enforcement of the pledges in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. The value of the assets underlying the pledges will also depend on many factors, including, among other things, whether or not the business is sold as a going concern, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located and the availability of buyers and whether approvals required to purchase the business would be available to a buyer of the assets. In addition, the Intercreditor Agreement provides that, in the event of any distribution of the proceeds from the sale of certain Collateral, the lenders under the Senior Credit Facilities will be entitled to receive from such distribution payment in full in cash before the holders of the pledges securing the Notes will be entitled to receive any payment from such distribution with respect to the Notes.

The shares and other Collateral that are pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares or other assets may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. Most of our assets will not secure the Notes and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. With respect to any shares of our subsidiaries pledged to secure the Notes and the guarantees, such shares may also have limited value in the event of a bankruptcy, insolvency or other similar proceedings in relation to the entity's shares that have been pledged because all of the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of this Collateral may decline over time.

The Indenture also permits the granting of certain liens other than those in favor of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties enjoy liens, including statutory liens, whether or not permitted by the Indenture or the security documents, such holders or third parties may have rights and remedies with respect to the Collateral that, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Moreover, if we issue additional notes under the Indenture, holders of such additional notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

The security over the Collateral is not granted directly to the holders of the Notes.

The security interests in the Collateral that secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the guarantees is not be granted directly to the holders of the Notes but is granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreement provide that only the Security Agent has the right to enforce the security documents. As a consequence, holders of the Notes do not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral.

Under French law, certain "accessory" security interests such as pledges require that the pledgee and the creditor be the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim. The beneficial holders of interests in the Notes from time to time will not be parties to the security documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the French security documents provide for the creation of a "parallel debt". Pursuant to the parallel debt, the security agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by French law directly secure the parallel debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The parallel debt procedure has not been tested under French law, and there is no certainty that the parallel debt procedure will eliminate or mitigate the risk of unenforceability posed by French law. To the extent that the security interests in the Collateral created under the parallel debt construct are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interests in the Collateral.

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes.

If there is an event of default on the Notes, the holders of the Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes. Most of our assets will not secure the Notes. In addition, in the future, the obligations to provide additional guarantees and grant additional security over assets, whether as a result of the acquisition or creation of future assets or subsidiaries or otherwise, are, in certain circumstances, linked to our obligations under the Senior Credit Agreement, subject to certain agreed security principles. To the extent that lenders under the Senior Credit Agreement are granted security, the negative pledge in the Indenture may require such security to also be granted for the benefit of holders of the Notes. The agreed security principles set forth in the Senior Facilities Agreement contain a number of limitations on the rights of the lenders to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted or perfected over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Issuer and the Guarantors.

To the extent that the claims of the holders of the Notes exceed the value of the assets securing those Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid.

Investors' rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent fails or is unable to take the actions we are required to take to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, only be perfected at or promptly following the time such property and rights are acquired and identified.

The insolvency and administrative laws of Luxembourg and France, as the case may be, may not be favorable to creditors, including investors in the Notes and may limit your ability to enforce your rights under the Notes, the guarantees or the security interests in the Collateral.

The Notes were issued by the Issuer, a *société anonyme* formed under the laws of Luxembourg, and are guaranteed by the Guarantors, which are incorporated under the laws of France. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in France, Luxembourg and the United States. Proceedings could also be initiated in Luxembourg and France to enforce your rights against Collateral located in those jurisdictions. Such multijurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. There can also be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Guarantors' jurisdictions of organization may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes, the guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive.

Finally, pursuant to the EU Council Regulation No. 1346/2000 on insolvency proceedings, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company has its "centre of main interests". Therefore, to the extent that the "centre of main interests" of the Issuer is deemed to be in France, courts of France may have jurisdiction over the insolvency proceedings of the Issuer.

The following is a brief description of certain aspects of insolvency law in France and Luxembourg and as required, the E.U. Insolvency Regulation.

France

The Company, Picard Surgelés, French TopCo and AcquiCo are organized in France and, consequently, to the extent that the center of their or the Issuer's respective main interests is deemed to be in France, we could be subject to French insolvency proceedings affecting creditors, including court-assisted pre-insolvency proceedings (*mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*)), and court-controlled insolvency proceedings (safeguard proceedings (*procédure de sauvegarde*) and reorganization or liquidation proceedings (*redressement ou liquidation judiciaire*)). In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit the ability of holders of the Notes to enforce your rights under the Notes. The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Grace periods

In addition to insolvency laws discussed below, as our creditors the holders of the Notes could also be subject to article 1244-1 of the French Civil Code (*code civil*).

Pursuant to the provisions of this article, French courts may, in any civil proceeding involving the debtor, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the prevailing legal rate as published annually by decree) or that payments made shall first be allocated to repayment of principal. A court order made under article 1244-1 will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by the court.

Court-assisted pre-insolvency proceedings

Pre-insolvency proceedings may only be initiated by the debtor company itself, in its sole discretion; provided that it experiences or anticipates legal, economic or financial difficulties:

(i) while still being able to pay its debts as they fall due out of its available assets (i.e., the company is not in *cessation des paiements*) in case of *mandat ad hoc* or conciliation proceedings, or

(ii) while being in *cessation des paiements* for less than 45 days in case of conciliation proceedings only.

Mandat ad hoc and conciliation proceedings are informal proceedings carried out under the supervision of the president of the court. The competent court will appoint a trustee (as the case may be, a *mandataire ad hoc* or a *conciliateur*) in order to help the debtor company reach an agreement with its creditors, in particular by reducing or rescheduling its indebtedness. The debtor may propose, in the filing for the commencement of the proceedings, the appointment of a particular person as trustee. Such proceedings are non-binding since the court-appointed trustee has no power to force the parties to accept an agreement.

Mandat ad hoc proceedings

Such proceedings are confidential. The agreement reached by the parties (if any) will be reviewed by the court but, unlike in conciliation proceedings, French law does not provide for specific consequences attached to such review. There is no time limit for the duration of *mandat ad hoc* proceedings.

Conciliation proceedings

Conciliation proceedings may last up to five months.

If an agreement is reached among the parties in the context of *conciliation* proceedings, any individual proceedings by creditors with respect to the claims included in the rescheduling agreement are suspended. The agreement may be either recognized (*constaté*) by the president of the court or, at the request of the debtor (and provided that certain conditions are satisfied, including that the agreement does not infringe upon the rights of the non-signatory creditors and it effectively ensures that the company will survive as a going concern), sanctioned (*homologué*) by the court.

While recognition (*constatation*) of the agreement by the president of the court does not entail any specific consequences, other than to render the agreement immediately enforceable and binding upon the parties thereto, sanction (*homologation*) by the court has the following consequences:

- creditors who, as part of the sanctioned agreement, provide new money or goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will enjoy priority of payment over all pre-petition and post-petition claims (other than certain post-petition employment claims and procedural costs), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings; or

- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* cannot be determined by the court to be as of a date earlier than the date of the sanction of the agreement, except in case of fraud.

In case of breach of the agreement, whether sanctioned or recognized, any party thereto can petition the court for its rescission.

In addition, the company retains the right to petition for debt rescheduling pursuant to article 1244-1 as described above.

Court-controlled insolvency proceedings

The following French insolvency proceedings may be initiated by or against a company in France:

(a) safeguard proceedings (*procédure de sauvegarde*), if, while not being in *cessation des paiements (*i.e., being unable to pay its debts as they fall due out of its available assets), it is facing difficulties which it cannot overcome; or

(b) judicial reorganization (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) proceedings if such company is in *cessation des paiements*.

The proceedings may be initiated against the company before the relevant court:

- in the event of (a) above, upon petition by the company only; and

- in the event of (b) above, on the court's own initiative or upon petition by the company, any creditor or the public prosecutor.

While a company does not have an obligation to apply for safeguard proceedings, it is required to petition for the opening of judicial reorganization or judicial liquidation proceedings within 45 days of becoming unable to pay its due debt out of its available assets. If it does not, and has not petitioned the relevant court for the opening of such proceedings or is not in conciliation proceedings, directors and, as the case may be, *de facto* managers of the company, are subject to civil liability.

The observation period and its outcome

The period from the date of the court decision commencing the insolvency proceedings and until the court makes a decision on the outcome of the proceedings is called the observation period and may last up to 12 months (with six additional months under exceptional circumstances). During the observation period, a court-appointed administrator, whose name can be suggested by the debtor, investigates the business of the company.

In safeguard proceedings, the administrator's mission is limited to either supervising the debtor's management or primarily assisting it in preparing a safeguard plan for the company. In judicial reorganization proceedings, the administrator's mission is usually to assist the management and to make proposals for the reorganization of the company, which proposals may include the sale of all or part of the company's business to a third party.

At the end of the observation period, if it concludes that the company can survive as a going concern, the court will adopt a safeguard or a reorganization plan, which will entail a restructuring and/or rescheduling of debts which may only entail the partial divesture of assets rather than the entire business, to a third party (a sale of the entire business is not possible in a safeguard plan). Unlike in safeguard proceedings, at the end of the observation period of judicial reorganization proceedings and, alternatively to a reorganization plan, the court may determine that all or part of the business should be sold to purchasers who have submitted bids. At any time during the observation period, the court can order the liquidation of the company if its rescue has become manifestly impossible.

If the court adopts a safeguard plan, a reorganization plan or a plan for the sale of the business, it can set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

At any time during the observation period, the court may convert the safeguard proceedings into reorganization proceedings (i) upon its own initiative or at the request of either of the debtor, the administrator, the creditors' representative or the public prosecutor, if the debtor enters into a state of *cessation de paiements*, or (ii) at the debtor's request, if the approval of the safeguard plan is manifestly impossible and if the company would become insolvent should safeguard proceedings be closed.

Creditors' committees and adoption of the safeguard or reorganization plan

During the observation period, in the case of large companies (with more than 150 employees or turnover greater than €20 million), two creditors' committees (one for credit institutions having a claim against the debtor and the other for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers) have to be established. To be eligible to vote, creditors must have their claims set forth in the list provided by the debtor to the administrator as certified by the debtor's statutory auditors.

If there are any outstanding debt securities in the form of "obligations" (such as bonds or notes), a general meeting gathering all holders of such debt securities will be established whether or not there are different issuances and no matter what the applicable law of those "obligations" is (the "bondholders general meeting"). The Notes offered hereby constitute "obligations" for purposes of a safeguard or reorganization proceeding. These committees and the bondholders' general meeting will be consulted on the safeguard or reorganization plan drafted by the debtor's management during the observation period.

In the first instance, the plan must be approved by each of the two creditors' committees. Each committee must announce whether its members approve or reject such plan within 30 days of its proposal by the company. Such approval requires the affirmative vote of the members of each committee holding at least two-thirds of the amount of the claims held by members of such committee that participated in such vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting. The approval of the plan at such meeting requires the affirmative vote of bondholders representing at least two-thirds of the principal amount of the obligations held by creditors who voted in the bondholders' general meeting.

Following approval by the creditors' committees and the bondholders' general meeting, the plan has to be approved (*arrêté*) by the relevant court. In considering such approval, the court has to verify that the interests of all creditors are sufficiently protected. Once approved by the relevant court, the safeguard or reorganization plan accepted by the committees and the bondholders' general meeting will be binding on all the members of the committees and all bondholders (including those who voted against the adoption of the plan). A safeguard or reorganization plan may include debt deferrals and debt write-offs, as well as debt-to-equity swaps.

With respect to creditors who are not members of the committees, in the event no committees are established, or in the event any of the committees or the bondholders' general meeting has refused to give its consent to the plan, the plan will not be approved by the court and the procedure relating to the consultation of the creditors will be re-implemented. In those circumstances, the court has the right to accept or reduce debt deferrals or write-offs with respect to the claims of creditors who have consented to such measures, but it may only impose uniform debt deferrals (with interest for debts with an initial maturity of more than one year) for a maximum period of 10 years with respect to the claims of non-consenting creditors.

The "hardening period" (*période suspecte*) in judicial reorganization and liquidation proceedings

The date when the debtor becomes unable to pay its due debts is deemed to be the date of the court decision commencing the judicial reorganization or judicial liquidation proceedings. However, in the decision commencing judicial reorganization or liquidation proceedings or in a subsequent decision, a court may decide that the date when the debtor became unable to pay its debts be deemed to be an earlier date of up to 18 months prior to the court decision commencing the proceedings. The date when the debtor became unable to pay its debt is important because it marks the beginning of the "hardening period". Certain transactions entered into by the debtor during the hardening period are, by law, void or voidable.

Void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no, or nominal, consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred and provisional measures, unless the right of attachment or seizure predates the date of suspension of payments and share options granted or sold during the hardening period.

Voidable transactions include, (i) transactions entered into, (ii) payments made when due after the date of *cessation des paiements* or (iii) notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at that time. In addition, transactions relating to transfers of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the hardening period.

Status of creditors during safeguard, judicial reorganization or judicial liquidation proceedings

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of insolvency proceedings must file a proof of claim (*déclaration de créances*) with the creditors' representative within two months of the publication of the court decision in the *Bulletin Officiel des annonces civiles et commerciales*; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are, except with respect to very limited exceptions, barred from receiving distributions made in connection with the insolvency proceedings. Employees are not subject to such limitations and are preferential creditors under French law.

During the observation period, the debtor is prohibited from paying debts born prior to the date of the court decision commencing the insolvency proceedings, subject to specified exceptions which essentially cover the set-off of related debts and payments (*compensation pour dettes connexes*), authorized by the bankruptcy judge and to recover assets for which recovery is justified by the continued operation of the business. During this period, creditors may not initiate or pursue any individual legal action against the debtor with respect to any claim arising prior to the court decision commencing the insolvency proceedings if the objective of such legal action is:

- to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due);

- to terminate or cancel a contract for non-payment of amounts owed by the creditor; or

- to take any action against the debtor, including to enforce the creditor's rights against any assets of the debtor.

Contractual provisions such as those contained in the Indenture that would accelerate the payment of the debtor's obligations upon the occurrence of certain insolvency events are not enforceable under French law, and the court-appointed officer can unilaterally decide to terminate ongoing contracts (*contrats en cours*) which it believes the debtor will not be able to continue to perform. The court-appointed officer can, on the contrary, require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that such debtor fully performs its post-petition contractual obligations. The opening of liquidation proceedings does, however, automatically accelerate the maturity of all of the debtor's obligations, unless the court allows the business to continue for a period of no more than three months (renewable once) if it considers that a sale of part or all of the business is possible. In this case, the debtor's obligations are deemed mature on the day the court approves the sale of the business.

The administrator may also terminate (except for employment contracts) or, provided that the debtor fully performs its post-petition contractual obligations, continue to execute contracts.

If the court adopts a safeguard plan or a reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court adopts a plan for the sale of the business (*plan de cession*), the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator in charge of selling the assets of the company and settling the relevant debts in accordance with their ranking.

French insolvency law assigns priority to the payment of certain preferential creditors, including employees, officials appointed by the insolvency court as required by the regulations relating to insolvency proceedings, creditors who, as part of the sanctioned conciliation agreement, have provided new money or goods or services (see above), post-petition creditors and certain secured creditors essentially in the event of liquidation proceedings.

Luxembourg

Under Luxembourg insolvency laws, your ability to receive payment on the Notes may be more limited than would be the case under U.S. bankruptcy laws. The following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its registered office or centers of main interests in Luxembourg:

- Bankruptcy proceedings (*faillite*), the opening of which may be requested by the company or by any of its creditors. Following such a request, the courts having jurisdiction may open bankruptcy proceedings if the company: (i) has ceased to make payments (*cessation des paiements*); and (ii) has lost its creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may also open bankruptcy proceedings, absent a request made by the company or a creditor. The main effect of such proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realization of the assets;

- Controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors; and

- Voluntary arrangements with creditors (*concordat préventif de la faillite*), which may be requested only by the company (subject to obtaining the consent of the majority of its creditors) and not by its creditors themselves. The court's decision to admit a company to a voluntary arrangement with its creditors triggers a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, your ability to receive payment on the Notes may be affected by a decision of a court to grant a suspension of payments (*sursis de paiement*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial winding up proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the commercial code or of the laws governing commercial companies. The management of such winding up proceedings will generally follow the rules of bankruptcy proceedings.

Liabilities of the Issuer in respect of the Notes will, in the event of a liquidation of the Issuer following bankruptcy or judicial winding-up proceedings, rank below the cost of such proceedings (including any debt incurred for the purpose of such bankruptcy or judicial winding-up) and those debts of the Issuer that are entitled to priority under Luxembourg law. Preferential rights arising by operation of law under Luxembourg law include certain amounts owed to the Luxembourg Revenue;

- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized).

During such insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of certain secured creditors to enforce their security interest may also be limited, in particular in the event of controlled management proceedings providing expressly that the rights of secured creditors are frozen until a final decision has been taken by the court as to the petition for controlled management and may be affected thereafter by a reorganization order given by the court.

Furthermore, you should note that declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings.

Luxembourg insolvency law may affect transactions entered into or payments made by the Issuer during the period before the opening of the insolvency proceedings. If the liquidator or administrator (including, without limitation, in relation to the Issuer, any *commissaire*, *juge-commissaire*, *liquidateur* or *curateur* or similar official) can show that the Issuer has given "preference" to any person by defrauding the rights of creditors generally, regardless of when this fraud occurred, a Luxembourg court has the power to void the "abnormal" transaction. If the liquidator or administrator can show that: (i) a payment in relation to a due debt was made during the hardening period (which is a maximum of six months and 10 days preceding the judgment declaring the opening of the insolvency proceedings) that is disadvantageous to the general body of creditors; and/or (ii) the party receiving such payment is shown to have known that the bankrupt party had ceased to make payments when such payment occurred, a Luxembourg court has the power, among other things, to void the preferential transaction.

EU Council Regulation No. 1346/2000

International aspects of Luxembourg bankruptcy, controlled management or voluntary arrangement with creditors proceedings may be subject to EU Council Regulation No. 1346/2000 of May 29, 2000 on insolvency proceedings.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "E.U. Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the E.U. Insolvency Regulation). The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

The term "centre of main interests" is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the E.U. Insolvency Regulation that any such company has its "centre of main interests" in the Member State in which it has its registered office, Preamble 13 of the E.U. Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties". In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "centre of main interests". The time when a company's "centre of main interests" is determined is at the time that the relevant insolvency proceedings are opened.

If the centre of main interests of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the E.U. Insolvency Regulation would be opened in such jurisdiction, and, accordingly, a court in such jurisdiction would be entitled to open the types of insolvency proceedings referred to in Annex A to the E.U. Insolvency Regulation. Insolvency proceedings opened in one Member State under the E.U. Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "centre of main interests" of a debtor is in one Member State (other than Denmark) under Article 3(2) of the E.U. Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "secondary proceedings" only in the event that such debtor has an "establishment" (in the meaning of the EU Insolvency Regulation) in the territory of such other Member State. The effects of those secondary proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the E.U. Insolvency Regulation.

To the extent that the "centre of main interests" of the Issuer is deemed to be in France or elsewhere outside Luxembourg, courts of France or such other jurisdictions may have jurisdiction over the insolvency proceedings of such company.

The Notes, the guarantees and the security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws.

Luxembourg and French laws contain similar specific provisions dealing with fraudulent conveyance both in and outside of bankruptcy, the so-called *action paulienne* provisions. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person by the bankruptcy trustee or receiver in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, and may be declared unenforceable against third parties (under Luxembourg and French law) if: (i) (under French law) the person performed such acts without an obligation to do so or (under Luxembourg law) the act was performed with the intention to defraud the creditor; (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*à titre gratuit*) in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance. If a court found that the issuance of the Notes, the grant of the security interests in the intercompany proceeds loans or the share pledges or bank accounts pledges, or the granting of a guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes, the granting of the security interests in the intercompany proceeds loans and the share pledges or bank accounts pledges or the granting of such guarantee could be declared unenforceable against third parties (under French law) or (i) declared unenforceable against the creditor that lodged the claim in relation to the relevant act (under Luxembourg law and outside of bankruptcy proceedings) or (ii) except for security interests which qualify as financial collateral arrangements under the Luxembourg law of August 5, 2005 relating to financial collateral arrangements, declared void vis-à-vis all third-party creditors pursuant to Article 448 of the Luxembourg Code of Commerce (under Luxembourg law in the case of bankruptcy proceedings). As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the guarantees or the security interests in the intercompany proceeds loans and the share pledges or bank account pledges and the value of any consideration that holders of the Notes received with respect to the Notes, the security interests in the intercompany proceeds loans, the share pledges or bank account pledges or the guarantees could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited.

The Notes are new issues of securities for which there is currently no established trading market.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. The initial purchasers have advised that they intend to make a market in the Notes after completing the Offering. However, they have no obligation to do so and may discontinue market making activities at any time without notice. In addition, such market making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

The Notes may not become, or remain, listed on the Irish Stock Exchange.

Although the Issuer will, in the Indenture, agree to use its reasonable best efforts to have the Notes listed on the Official List of the Irish Exchange and admitted to trading on its Global Exchange Market within a reasonable period after the Issue Date and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain listed. If the Issuer cannot maintain the listing on the Official List of the Irish Stock Exchange and the admission to trading on the Global Exchange Market or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Irish Stock Exchange, provided that it will use reasonable best efforts to obtain and maintain the listing of the Notes on another stock exchange although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Irish Stock Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Irish Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

THE ISSUER

The Issuer was formed under the laws of Luxembourg on August 9, 2010, as a *société anonyme*, for the purposes of facilitating the Acquisition and the issuance of the Notes offered hereby. The Issuer, which is registered with the Luxembourg Trade and Companies Register under number B 154 899, is wholly-owned by LuxCo 1, a *société à responsabilité limitée* incorporated and existing under the laws of Luxembourg. Prior to the date hereof, the Issuer has not engaged in any business other than in preparation for the Acquisition and the other Transactions, including the Offering.

The Issuer's registered office is located at 13-15, avenue de la Liberté, L-1931 Luxembourg.

THE TRANSACTIONS

We have recently acquired Picard Groupe S.A., a French *société anonyme*. We offered these Notes as part of the overall financing arrangements for the Acquisition and the refinancing of the Existing Picard Indebtedness. We and our Luxembourg holding company, LuxCo 1, have been organized and are indirectly or directly controlled and principally owned by investment funds managed or advised by Lion Capital.

The Acquisition of Picard

On September 14, 2010, AcquiCo, an indirect wholly-owned subsidiary of the Issuer, entered into a Securities Purchase Agreement to acquire, directly or indirectly, all of the issued and outstanding capital stock of Picard, the Existing Bonds and the Existing Warrants. The purchase price for the Acquisition was approximately €1.6 billion, which includes a combination of equity consideration for the Company, refinancing of existing debt and payment of transaction costs and related expenses. The consummation of the Acquisition was subject only to regulatory approval from the European Commission. We submitted our application for clearance to the European Commission on August 27, 2010. If the Acquisition did not close by November 15, 2010, the Securities Purchase Agreement would have terminated unless otherwise extended by the parties thereto.

Prior to the consummation of the Acquisition, the initial purchasers deposited the gross proceeds from the Offering into an escrow account for the benefit of the holders of the Notes. The release of the escrow proceeds was be subject to the satisfaction of certain conditions, including the closing of the Acquisition. On the Completion Date, the proceeds were released from the escrow account.

Financing

We financed the Acquisition and the refinancing of Existing Picard Indebtedness with (i) the proceeds from the Offering, (ii) borrowings under the Senior Credit Agreement and (iii) and the Equity Investment. Consequently, none of the proceeds from the Offering, the Senior Credit Agreement (except for amounts available under the revolving credit facility thereunder) or the Equity Investment will be available to be invested in our business.

USE OF PROCEEDS

The gross proceeds of the Offering amount to €300 million. The initial purchasers deposited into an escrow account the gross proceeds from the sale of the Notes with the Escrow Agent for the benefit of holders of the Notes, pending satisfaction of the conditions to the release of such proceeds.

Upon satisfaction of the conditions to the release of the proceeds of the Offering from escrow, the proceeds were released and used, together with the Equity Investment and funds from the Senior Credit Agreement (i) to finance the Acquisition, (ii) to refinance the Existing Picard Indebtedness and (iii) to pay related fees and expenses. See "*The Transactions*".

Sources and Uses

The estimated sources and uses of the funds necessary to consummate the Acquisition and the refinancing of the Existing Picard Indebtedness are shown in the table below. Actual amounts vary from estimated amounts depending on several factors, including differences from our estimate of available cash on hand at Picard, the estimated level of working capital at Picard on the Completion Date, our estimates of the cost of repaying the Existing Picard Indebtedness, differences from our estimates of fees and expenses and the actual Completion Date.

Sources	**(in € millions)**	**Uses**	**(in € millions)**
Borrowings under the Senior Credit Agreement[(1)]			
Term Loan A	225	Acquisition consideration[(3)]	1,513
Term Loan B	400	Transaction fees and expenses[(4)]	66
Notes offered hereby	300		
Equity Investment[(2)]	654		
Total sources	1,579	Total uses	1,579

(1) The Senior Credit Agreement includes a revolving credit facility. The revolving credit facility has a total available commitment of €50 million until September 30, 2012 (at the latest) and € 30 million thereafter. A portion of the revolving credit facility may be drawn on the Completion Date depending on the estimated level of working capital at Picard at the Completion Date.

(2) Subject to adjustment. Represents the direct or indirect investment by Lion Capital and the reinvestment by the management shareholders of Picard directly or indirectly in the Issuer's parent, LuxCo 1.

(3) Subject to adjustment. Reflects the €1 billion equity purchase price and repayment of the Existing Picard Indebtedness outstanding on the Completion Date (estimated to be €639 million) less cash on hand at Picard (estimated to be €122 million) less the estimated cash to be received by the Company in the Acquisition in respect of shares held by the Company in its historical management holding companies.

(4) Estimated fees and expenses associated with the Acquisition, including commitment, placement, financial advisory professional and initial purchasers' fees and other transaction costs and professional fees.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of:

- Picard as of June 30, 2010 on an actual consolidated basis based on the Consolidated Q1 IFRS Financial Statements; and

- the Issuer, on a consolidated basis and as adjusted to give effect to the Offering, the Acquisition, the borrowings under the Senior Credit Facilities and the repayment of the Existing Picard Indebtedness. The adjustments are based on available information and contain assumptions made by our management.

The table below should be read in conjunction with "*Selected Historical Financial Information*", "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of Other Indebtedness and Preferred Shares*", "*Description of the Notes*", the IFRS Financial Statements and the related notes included elsewhere in this offering memorandum.

	Picard Actual as of June 30, 2010	**Issuer As Adjusted for the Transactions**
	(unaudited) (€ in millions)	
Cash and cash equivalents[1]	126.4	—
Existing Senior Facilities Agreement	614.3	—
Finance leases	13.4	13.4
Borrowings under the Senior Credit Agreement[2]:		
Term Loan A	—	225.0
Term Loan B	—	400.0
Notes offered hereby	—	300.0
Total financial debt excluding shareholder debt	627.8	938.4
Shareholder Funds[3]	646.4	654.0[3]
Total capitalization	1,274.1	1,592.4

(1) Net of bank overdrafts.

(2) The Senior Credit Agreement includes a revolving credit facility. The revolving credit facility has a total available commitment of € 50 million until September 30, 2012 (at the latest) and €30 million thereafter. A portion of the revolving credit facility may be drawn on the Completion Date depending on the estimated level of working capital at Picard at the Completion Date.

(3) Subject to adjustment. Represents the investment by Lion Capital and the reinvestment by the management shareholders of Picard in the Issuer's parent, LuxCo 1, in the form of 60% MRPSs and 40% ordinary equity. See "*Description of Other Indebtedness and Preferred Shares*".

SELECTED HISTORICAL FINANCIAL INFORMATION

The Issuer was formed for the purposes of facilitating the Acquisition and issuing the Notes offered hereby and has not engaged in any activities other than those related to its formation in preparation for the Acquisition and the Offering. The Issuer is a holding company which, upon completion of the Acquisition, indirectly holds all of the outstanding shares of Picard. Because of the limited historical financial information available for the Issuer, all historical financial information included in this offering memorandum is that of Picard.

The following tables present summary historical consolidated financial information for Picard. The French GAAP Annual Financial Information has been derived from the Consolidated Annual French GAAP Financial Statements, the French GAAP Q1 Financial Information has been derived from the Consolidated Q1 French GAAP Financial Statements, the IFRS-EU Annual Financial Information has been derived from the Consolidated Annual IFRS-EU Financial Statements, and the IFRS-EU Q1 Financial Information has been derived from the Consolidated Q1 IFRS-EU Financial Statements, in each case included elsewhere in this offering memorandum.

The French GAAP LTMs set forth below were derived by adding the French GAAP Annual Financial information as of and for the year ended March 31, 2010 to the French GAAP Q1 Financial Information as of and for the three months ended June 30, 2010 and subtracting the French GAAP Q1 Financial Information as of and for the three months ended June 30, 2009. The summary unaudited IFRS-EU LTMs set forth below were derived by adding the IFRS-EU Annual Financial Information as of and for the year ended March 31, 2010 to the IFRS-EU Q1 Financial Information as of and for the three months ended June 30, 2010 and subtracting the IFRS-EU Q1 Financial Information as of and for the three months ended June 30, 2009. Both the French GAAP LTMs and the IFRS-EU LTMs, respectively, have been prepared for illustrative purposes only and are not necessarily representative of our results of operations for any future period or our financial condition at any future date: such compilation has not been audited or reviewed.

The following tables combine the presentation of our financial information under French GAAP and IFRS-EU. As a result, certain line items may not be comparable. Our financial results prepared in accordance with French GAAP would have been different if they had been prepared in accordance with IFRS-EU and, accordingly, our results under French GAAP are not comparable with our results under IFRS-EU. French GAAP differs in significant respects from IFRS-EU.

The primary differences as they relate to Picard include:

(i) the absence of amortization of goodwill in lieu of amortizing goodwill over 20 years under French GAAP;

(ii) valuing property at its fair value as of the date of our adoption of IFRS-EU, or April 1, 2008, in lieu of valuing property at its historical value under French GAAP;

(iii) qualifying certain lease contracts, which were not consolidated under French GAAP, as financial leases for both land and constructions;

(iv) evaluating all financial liabilities and derivatives at fair value and as such, adjustments have been made for financing fees and the classification of convertible bond options in equity and accounting for derivatives, which were treated as off-balance sheet items under French GAAP; and

(v) other adjustments relating to inventories and employee benefits.

For a more detailed discussion of certain material differences between French GAAP and IFRS-EU as they relate to Picard, see notes 2.1 and 4 to the Consolidated Annual IFRS-EU Financial Statements included elsewhere in this offering memorandum.

The following tables should be read in conjunction with "*Use of Proceeds*", "*Capitalization*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of the Notes*" and our financial statements and related notes included elsewhere in this offering memorandum.

Consolidated Income Statement Data (French GAAP)

	Years ended March 31,			Three months ended June 30,		Twelve months ended June 30,
	2008	2009	2010	2009 (unaudited)	2010 (unaudited)	2010 (unaudited)
				(millions of euros)		

Sales of goods	1,060.6	1,108.2	1,149.1	258.3	271.7	1,162.5
Purchases of goods	(626.7)	(647.7)	(667.2)	(150.5)	(156.4)	(673.0)
Gross margin	433.9	460.5	481.9	107.8	115.3	489.5
Other purchases and external expenses	(144.8)	(154.6)	(167.3)	(39.5)	(40.4)	(168.2)
Own work capitalized	0.2	0.1	0.5	0.1	0.4	0.9
Miscellaneous revenue	0.7	0.6	0.9	0.2	0.1	0.8
Taxes other than on income	(12.1)	(21.3)	(21.8)	(4.9)	(5.6)	(22.5)
Wages and salaries	(89.5)	(95.3)	(100.7)	(23.8)	(25.9)	(102.8)
Payroll charges	(28.4)	(30.5)	(33.8)	(7.9)	(9.1)	(35.0)
Depreciation, amortization and provisions	(23.9)	(26.0)	(27.4)	(6.6)	(6.6)	(27.5)
Reversal of provisions and expense transfers	0.8	1.5	1.9	0.1	0.3	2.1
Other expenses	(1.1)	(1.5)	(1.6)	(0.3)	(0.5)	(1.9)
Financial expenses	(68.9)	(86.1)	(59.5)	(15.7)	(12.5)	(56.2)
Financial income	14.5	32.7	0.9	0.3	0.2	0.8
Non-recurring expenses	(3.9)	(3.9)	(2.5)	(0.2)	(1.0)	(3.4)
Non-recurring income	1.6	0.9	1.3	0.1	0.4	1.6
Corporate income tax and deferred taxes	(27.2)	(26.7)	(25.1)	(3.5)	(5.3)	(27.0)
Deferred tax related to previous years	6.2	—	—	—	—	—
Share of profit of associates	0.8	0.6	0.9	0.2	0.2	0.9
Net income before amortization of goodwill attributable to owners of the Company	58.8	50.9	48.5	6.5	10.0	52.0
Goodwill amortization	(59.2)	(59.2)	(59.1)	(14.8)	(14.8)	(59.2)
Net loss	**(0.3)**	**(8.2)**	**(10.6)**	**(8.3)**	**(4.8)**	**(7.1)**

Consolidated Balance Sheet Data (French GAAP)

	As at March 31,			As at June 30,
	2008	2009	2010	2010 (unaudited)
	(millions of euros)			
Intangible assets	1,014.9	958.9	906.3	893.0
Property, plant and equipment	177.7	184.0	188.2	187.7
Financial fixed assets	17.5	19.7	20.4	20.7
Total non-current assets	1,210.1	1,162.6	1,114.9	1,101.4
Inventory	62.0	75.4	71.7	72.0
Accounts receivable	12.3	13.0	11.3	12.9
Cash and cash equivalents	111.5	87.5	144.2	127.6
Prepaid expenses	14.7	16.5	17.3	17.3
Current assets	200.4	192.4	244.6	229.8
Total assets	1,410.5	1,355.0	1,359.6	1,331.2
Stockholders' equity	92.6	84.4	73.7	69.0
Provisions for deferred taxes	21.2	21.4	21.9	21.8
Provisions for risks and charges	5.4	7.5	7.7	7.6
Liabilities	1,291.4	1,241.6	1,256.2	1,232.8
Total stockholders' equity and liabilities	**1,410.5**	**1,355.0**	**1,359.6**	**1,331.2**

Cash Flow Statement Data (French GAAP)

	As at March 31,			As at June 30,
	2008	2009	2010	2010 (unaudited)
	(millions of euros)			
Net cash provided by operating activities	87.9	49.7	120.7	11.9
Net cash used by investing activities	(33.3)	(36.7)	(37.4)	(7.5)
Net cash used by financing activities	(42.9)	(46.4)	(16.6)	(21.2)

Change in cash and cash equivalents	11.7	(33.4)	66.7	(16.8)
Net cash and cash equivalents at beginning of period	98.3	110.1	76.7	143.3
Net cash and cash equivalents at end of period	110.1	76.7	143.3	126.5

Consolidated Income Statement Data (IFRS-EU)

	Years ended March 31,		Three months ended June 30,		Twelve months ended June 30,
	2009	2010	2009 (unaudited)	2010 (unaudited)	2010 (unaudited)
			(millions of euros)		
Sales of goods	1,108.2	1,149.1	258.3	271.7	1,162.5
Cost of goods sold	(641.1)	(662.2)	(149.1)	(155.0)	(668.1)
Gross profit	467.1	486.9	109.2	116.7	494.4
Other operating income	1.2	2.4	0.4	0.8	2.8
Other purchases and external expenses	(158.8)	(169.7)	(40.1)	(41.4)	(171.0)
Taxes	(21.3)	(20.4)	(4.9)	(4.2)	(19.7)
Personnel expenses	(126.1)	(134.8)	(31.8)	(35.1)	(138.1)
Depreciation, amortization and provisions allowances	(24.3)	(25.9)	(6.2)	(6.0)	(25.7)
Other operating expenses	(5.0)	(3.8)	(0.4)	(1.5)	(4.9)
Operating profit	133.0	134.6	26.2	29.2	137.7
Financial expenses	(64.6)	(65.5)	(18.1)	(14.1)	(61.5)
Financial income	4.7	1.0	0.3	0.3	1.0
Share of profit in an associate	0.6	0.9	0.2	0.2	0.9
Income tax expense	(25.8)	(27.7)	(3.1)	(6.3)	(30.9)
Net income	**48.0**	**43.3**	**5.6**	**9.4**	**47.1**
Attributable to					
Equity holders of the Company	48.0	43.3	5.6	9.4	47.1

Consolidated Balance Sheet Data (IFRS-EU)

	As at March 31,		As at June 30,
	2009	2010	2010 (unaudited)
		(millions of euros)	
Intangible assets	1,018.1	1,024.6	1,026.1
Tangible assets	223.8	227.3	226.5
Financial assets	17.9	18.5	18.8
Total non-current assets	1,259.7	1,270.4	1,271.4
Inventories	75.6	72.2	72.4
Trade and other receivables and other current financial assets	30.0	29.4	31.0
Cash and cash equivalents	87.5	144.2	127.6
Total current assets	193.1	245.8	231.0
Total assets	**1,452.8**	**1,516.1**	**1,502.4**
Equity attributable to equity holders of the Company	158.8	207.6	217.1
Interest bearing loans and borrowings	1,045.0	1,017.7	977.3
Deferred tax liability	29.4	33.0	32.5
Provisions	3.2	3.0	2.9
Employee benefit liability	2.4	2.9	3.0
Other non-current liabilities	6.7	6.7	8.9
Total non-current liabilities	1,086.8	1,063.3	1,024.7
Total current liabilities	207.3	245.1	260.7
Total equity and liabilities	**1,452.8**	**1,516.1**	**1,502.4**

Cash Flow Statement Data (IFRS-EU)

	As at March 31,		As at June 30,
	2009	2010	2010 (unaudited)
		(millions of euros)	

Net cash flows from operating activities[1]	108.6	180.4	24.6
Net cash used in investing activities	(36.3)	(36.3)	(7.4)
Net cash used in financing activities[1]	(105.7)	(77.5)	(34.0)
Change in cash and cash equivalents	(33.4)	66.6	(16.8)
Net cash and cash equivalents at end of financial period	76.6	143.2	126.4
Net cash and cash equivalents at beginning of financial period	110.1	76.6	143.2

(1) The main presentation difference between the cash flow statements prepared under French GAAP and IFRS-EU relates to capitalized interest. Under French GAAP, capitalized interest on existing shareholder debt of €59.4 million and €57.1 million for the years ended March 31, 2010 and 2009, respectively, has been deducted from net cash provided by operating activities and included in "increase in borrowings" under net cash used by financing activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with the information set forth under "Selected Historical Financial Information" and the consolidated financial statements of Picard prepared in accordance with French GAAP and the notes thereto included elsewhere in this offering memorandum.

French GAAP differs in certain significant respects from IFRS-EU. For a description of certain differences between French GAAP and IFRS-EU, see notes 2.1 and 4 to Picard's Consolidated Annual IFRS-EU Financial Statements included elsewhere in this offering memorandum.

The following discussion includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described under "Forward-Looking Statements", "Risk Factors" and elsewhere in this offering memorandum.

All percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

Introduction

We are the leading retailer of frozen food products in France, and we are a pioneer in the sector. In 2009, according to Roland Berger, we had a 17.1% market share (including ice cream products) of the approximately € 6.4 billion French frozen food market, which was over three times larger than the market share of the next largest specialist frozen food retail competitor. We offer our customers approximately 1,100 different SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream at various price points. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food.

We sell under our own Picard brands (98% of our sales), as well as a few national brands, such as Häagen-Dazs and Ben & Jerry's. Our Picard products are sold exclusively through our network of over 800 company-operated stores and through Home Service, which mainly operates in major French cities. Our store network is one of the largest food retail store networks in France. We have successfully expanded this network over the years, and we opened an average of 36 stores per year from 1994 to 2005 and an average of 46 new stores per year over the last five years. As of June 30, 2010, we operated 821 stores in France and 30 stores in Italy. Most of our stores are located in or near city centers and metropolitan areas.

We outsource the manufacturing of all of our products to approximately 145 different suppliers, allowing us to concentrate on quality control and new product research, development and innovation. We continuously review our product offering and introduce on average over 200 new SKUs a year. Many of our products are unique to us and are not offered by other food retailers, which we believe attracts customers to our stores and allows us to price such products without reference to our competitors.

We have successfully increased our sales over the last seven years from €749.5 million for the year ended March 31, 2004 to € 1,149.1 million for the year ended March 31, 2010, representing a compound annual growth rate ("CAGR") of 7.4%. Over the same period, we generated a like-for-like sales CAGR of 3.3%. For the year ended March 31, 2010, sales in our retail network in France and Home Service accounted for 98.6% of our total sales, with sales in Italy accounting for the balance.

Financial Statements

The financial statements contained in this offering memorandum are:

- the audited consolidated financial statements of Picard prepared in accordance with French GAAP as of and for the years ended March 31, 2008, 2009 and 2010 (the "Consolidated Annual French GAAP Financial Statements");
- the audited consolidated financial statements of Picard prepared in accordance with IFRS-EU as of and for the year ended March 31, 2010 (the "Consolidated Annual IFRS-EU Financial Statements");

- the unaudited consolidated financial statements of Picard prepared in accordance with French GAAP as of and for the three months ended June 30, 2010 (the "Consolidated Q1 French GAAP Financial Statements"); and

- the unaudited consolidated financial statements of Picard prepared in accordance with IFRS-EU as of and for the three months ended June 30, 2010 (the "Consolidated Q1 IFRS-EU Financial Statements").

The Consolidated Q1 French GAAP Financial Statements also include consolidated financial information as of and for the three months ended June 30, 2009. The Consolidated Annual IFRS-EU Financial Statements also include consolidated financial information as of and for the year ended March 31, 2009 and the Consolidated Q1 IFRS-EU Financial Statements also include consolidated financial information as of and for the three months ended June 30, 2009.

Except as otherwise indicated, the following discussion is based on the Consolidated Annual French GAAP Financial Statements and the Consolidated Q1 French GAAP Financial Statements.

Factors that Affect Our Results of Operations

You should consider the following factors when analyzing our financial condition and results of operations.

Expansion of Store Network

As of June 30, 2010, we had 821 stores in France and 30 stores in Italy. For the year ended March 31, 2010, 96.5% of our total sales stemmed from our network of stores in France (excluding Home Service). We opened 45 net new stores in France in the year ended March 31, 2008, 45 in the year ended March 31, 2009 and 47 in the year ended March 31, 2010. This change in scale affects the comparability of our results during those periods by increasing both revenues and expenses. We expect to continue our strategic expansion into locations that meet our demographic and other commercial criteria.

Given the sustained expansion of our network over time, our management finds it useful to analyze sales growth in France (excluding Home Service) on a "like-for-like" basis in order to understand the evolution of the results of our existing stores, excluding the effects of network expansion.

Our management also uses two key performance indicators which are total tickets and average basket. "Total tickets" measures the number of transactions that take place in a given period, while "average basket" measures the average euro value of all such transactions.

The expansion of our store network in the past (and our expected continued expansion in the future) also affects comparisons of our results of operations because of the "ramp-up period" that takes place in the years following a store's opening. Despite our expansion, our average sales per store at existing stores have remained stable during the periods under review.

Economic Conditions

Our sales have historically been affected by overall macroeconomic conditions. During periods of slow or negative GDP growth, the value of our average basket has typically declined, as consumers increased the share of less expensive products in their shopping baskets and reduced their overall expenditures. Although our sales have been adversely affected by the current economic downturn, like-for-like sales growth has been more resilient than the overall economy. French GDP growth has declined from a growth rate of 2.3% in calendar year 2007 to 0.4% in calendar year 2008 to a contraction of 2.6% in calendar year 2009. The growth rate of our like-for-like sales slowed from 3.0% in the year ended March 31, 2008 to 1.0% in the year ended March 31, 2009 to a contraction of 0.1% in the year ended March 31, 2010.

Since 2008, consumers have responded to the economic downturn in France by decreasing their spending. We saw declines in our average basket in France from €22.3 to €22.2 to €22.0 during the years ended March 31, 2008, 2009 and 2010, respectively. Notably, during this period the number of products per basket and our product prices remained stable. The declines in our average basket are the result, at least in part, of our decision to introduce a greater number of products from the lower-priced end of our range. At the same time, our customers have on average purchased more of the less expensive SKUs as the economy has continued to suffer. However, we were able to offset this decline in our average basket by increasing traffic in our stores through innovation and promotional campaigns, and the number of total tickets grew from 45.4 million to 48.1 million to 50.3 million during the years ended March 31, 2008, 2009 and 2010, respectively. We have not in fact lowered our prices, but rather adjusted our product mix. In addition, during the second half of fiscal year 2010, we devoted additional revenue and attention to merchandizing campaigns such as the "*Prix*

Malins" or the "*Tête de Gondole*", which familiarize our clients with the varied elements within our product range. As a result, we achieved resilient like-for-like sales growth performance in a difficult economic environment.

In France, we saw an improvement in the second half of the year ended March 31, 2010 compared to the first half of the year. Like-for-like sales growth in France increased by 1.1% in the second half of the year ended March 31, 2010 (compared to a decrease of 1.8% in the first half of the year). During the second half of the year ended March 31, 2010, tickets increased by 2.2% (compared to a decrease of 1.8% in the first half of the year). Our positive like-for-like sales momentum continued into the first quarter of the year ending March 31, 2011, during which we generated like-for-like sales growth of 1.4% for the three months ended June 30, 2010.

	Year ended March 31, 2009						
Like-for-like sales growth in France (year-over-year)	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Average Basket	(1.4%)	0.1%	(0.7%)	(0.6%)	(0.4%)	(0.4%)	(0.6%)
Tickets	2.4%	3.3%	2.9%	1.9%	(1.0%)	0.6%	1.6%
Sales	1.0%	3.4%	2.1%	1.3%	(1.4%)	0.1%	1.0%

	Year ended March 31, 2010						
Like-for-like sales growth in France (year-over-year)	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Average Basket	1.4%	(1.4%)	0.0%	(0.6%)	(1.7%)	(1.1%)	(0.5%)
Tickets	(1.7%)	(1.9%)	(1.8%)	1.9%	2.5%	2.2%	0.4%
Sales	(0.3%)	(3.3%)	(1.8%)	1.3%	0.8%	1.1%	(0.1%)

	Three months ended June 30, 2010
Like-for-like sales growth in France (year-over-year)	**Q1**
Average Basket	(2.2%)
Tickets	3.7%
Sales	1.4%

Like-for-like sales growth represents the change in sales from our stores in France that have been open more than 12 months. For the purpose of like-for-like calculations, a store will be included (i) on the first day of the twelfth month following its opening date if it was opened between the first and the fifteenth day of any given month and (ii) on the first day of the thirteenth month following its opening date in all other cases.

Italian Operations and Restructuring

We have recently reorganized our store network and product line in Italy to more closely correspond with our cost structure, product quality and strategic objectives in France. We also recently re-engineered our product offering in Italy to match local tastes, such as preferences for frozen fish, raw fruits and vegetables and ice cream. Between July and September 2008, we closed 14 unprofitable stores in Italy. These closures affect comparability between periods.

As of June 30, 2010, we operated 30 stores in northern Italy located mainly in large cities (Milan, Bologna and Turin). We generated sales in Italy for the year ended March 31, 2010 of €16.3 million (1.4% of total sales), compared with €18.0 million for the year ended March 31, 2009 (1.6% of total sales) and €21.6 million for the year ended March 31, 2008 (2.0% of total sales).

Seasonality

Our sales and cash flows are affected by seasonal variations. Sales of frozen food, including seafood, frozen vegetables, and complete frozen meals tend to be higher during the winter months, with December sales being approximately double those of other months in connection with Christmas and New Year's celebrations. We offer a particularly varied and innovative range of festive products during this period that translates into significantly higher sales for such period (with increases in both average basket and number of tickets). Our sales increase again during the Easter holiday season and decrease during the summer months as declines in our sales in urban areas are only partially offset by increases in summer vacation destinations. At the end of the summer vacation period, our sales increase slightly as customers tend to restock their freezers upon returning home. As a result of these variations, sequential interim period comparisons may not be a good indication of our performance.

The Sensitivity of Our Cost Structure

Excluding purchases of goods, we have a largely fixed cost base which does not fluctuate with the volume of products sold. Instead, our costs generally increase from period to period based on the store openings that define our dynamic expansion strategy and the sensitivity of certain costs to inflation. We are able to control some costs, such as advertising and labor, but must maintain sufficient sales of goods to absorb the rise in our expenses to maintain or improve our margins. In the past, we have proactively managed our cost base. However, certain expenses, such as rents or energy, are outside of our control.

The Acquisition

The Acquisition will have a significant effect on our financial profile in a number of respects. In particular:

- We will incur additional indebtedness and thereby increase our total liabilities. As of June 30, 2010, we had €499.5 million of external indebtedness (excluding shareholder loans), and, after giving effect to the Acquisition and the other Transactions, we would have had €926.7 million of external indebtedness (excluding shareholder loans), in each case based on French GAAP financial measures.

- Our future financial profile, and in particular, our financial expenses, will be affected by our obligations under our increased amount of indebtedness, including the interest we pay on this indebtedness. The increase in our financial expenses will have a negative impact on our cash balance.

Key French GAAP Income Statement Items

Below is a summary description of the key elements of the line items of our income statement under French GAAP.

Sales of goods consists of total revenues from sales of products through our network of stores and Home Service, including delivery fees.

Purchases of goods consists principally of our costs for the food products we purchase from suppliers. This line item also includes costs for the delivery of products from suppliers to our warehouses, which is included in the product price, as well as packaging costs and insurance.

Other purchases and external expenses consists principally of rent for our leased stores, payments for the operation of our logistics platform (much of which is outsourced), publicity (less discounts granted under cooperation agreements with our third-party brand product suppliers), store maintenance, transportation from our warehouses to our stores and Home Service regional bases, energy and other utilities, credit card fees, costs related to temporary employees and consulting fees.

Miscellaneous revenue includes miscellaneous income, such as income derived from reinvoicing our suppliers.

Own work capitalized includes costs incurred in relation to the implementation of SAP.

Taxes other than on income includes the *taxe professionnelle, taxes locales, taxe sur les véhicules de société,* and other taxes, including the *contribution sociale de solidarité des sociétés* and *taxe sur les surfaces commerciales* ("TASCOM") (applicable to retail groups with over 4,000 commercial square meters on a consolidated basis, which was established in August 2008 and paid for the first time in April 2009). This line item also includes a 2% fish tax (*taxe poisson*) that came into effect in January 2008 and that is included in sales of goods upon collection. This item does not include taxes on income (*impôt sur les bénéfices*), which are recorded under the line item "*Corporate income tax*".

Wages and salaries includes principally base salaries, bonuses, and statutorily required and contractual profit sharing.

Payroll charges consists principally of social security charges as well as fees, expenses and other amounts paid in connection with employment-related litigation and similar procedures.

Depreciation, amortization and provisions includes regular depreciation and amortization of non-current assets such as store freezers, warehouses, Home Service delivery vans and computer hardware and software, but excludes amortization of goodwill (which, under French GAAP, is a separate line item in the income statement) and impairment and write-downs of non-current assets (which are recorded under "non-recurring expenses" and "non-recurring income"). It also includes provisions for operational risks and disputes (principally employment litigation and, in the year ended March 31, 2010, supplier litigation) and write-offs of overdue receivables.

Other expenses includes software licensing fees, losses on bad debts and miscellaneous operating expenses.

Net financial expense is the sum of financial expenses and financial income. Financial expenses principally include interest expense and expenses relating to our hedging contracts used to hedge the floating rate interest expenses on our senior secured credit facilities. Financial income primarily includes income on receivables, income on short-term investments and income relating to our hedging contracts.

Corporate income tax and deferred taxes is taxes paid on income amounts; it does not include other taxes due by us, which are recorded under the line item "*Taxes other than on income*".

Share of profit of associates consists of the results of Primex, in which we hold a 37.2% interest. Primex is our principal supplier of fish and an important supplier to us of meat products.

Goodwill amortization is conducted in accordance with the straight-line method over the estimated useful life of assets used for our main activities. This line item also includes any impairment to goodwill.

Other Financial Measures (non-GAAP)

Below is a summary description of the composition of the other financial measures set forth in our results of operations below.

EBITDA derived from French GAAP financial measures is a non-GAAP measure that represents EBE less other expenses (*autres charges*), adjusted for the portion of depreciation, amortization and provisions which relates to operating expenditures (i.e., inventory net depreciation, employee litigation net provisions and Italian retirement indemnity provisions) and, in the case of the year ended March 31, 2008, a deduction for the portion of the fish tax borne by Picard and originally accounted for as a non-recurring expense. This measure is derived from income statement account items calculated in accordance with French GAAP and is used by management as an indicator of operating performance. Please see "*Presentation of Financial and Other Information and Certain Definitions—Other Financial Measures*".

EBE or *Excédent brut d'exploitation* is a French GAAP income statement measure equal to value added less taxes other than on income, wages and salaries and payroll charges.

The reconciliation of EBE to EBITDA derived from French GAAP financial measures is as follows:

	Years ended March 31,			Three months ended June 30,	
(millions of euros)	**2008**	**2009**	**2010**	**2009**	**2010**
				(unaudited)	
EBE	159.9	159.4	159.7	31.7	34.3
Other expenses*	(1.0)	(1.5)	(1.6)	—	—
Adjustment**	(1.2)	0.5	(0.4)	(0.3)	0.1
EBITDA derived from French GAAP financial measures	**157.7**	**158.5**	**157.7**	**31.4**	**34.4**

* Other expenses are already included in EBE for the three months ended June 30, 2009 and 2010.

** Represents the portion of depreciation, amortization and provisions which relates to operating expenditures (i.e., inventory net depreciation, employee litigation net provisions and Italian retirement indemnity provisions) and, in the case of the year ended March 31, 2008, a deduction for the portion of the fish tax borne by Picard and originally accounted for as a non-recurring expense.

Results of Operations

Comparison of the three months ended June 30, 2010 and June 30, 2009

The following table shows certain items from our income statements as a percentage of sales of goods for the three months ended June 30, 2010 and 2009.

	Three months ended June 30,	
	2010	**2009**
	% of sales of goods	
Purchases of goods	57.6%	58.3%
Gross margin	42.5%	41.7%
Other purchases and external expenses	14.9%	15.3%
Taxes other than on income	2.1%	1.9%
Wages and salaries	9.5%	9.2%
Payroll charges	3.4%	3.1%
Depreciation, amortization and provisions	2.4%	2.5%

Other Financial Information (€ in millions)		
EBITDA derived from French GAAP financial measures	34.4	31.4

Sales of goods

Our sales of goods increased by €13.4 million or 5.2%, from € 258.3 million for the three months ended June 30, 2009 to € 271.7 million for the three months ended June 30, 2010, primarily due to increased volumes resulting from higher levels of traffic due to openings of new stores and successful promotional and commercial activity in the existing store network. In France, sales of goods increased by € 13.0 million or 5.1%, from €254.3 million for the three months ended June 30, 2009 to €267.3 million for the three months ended June 30, 2010, while like-for-like sales increased by 1.4%. Our average basket declined from €21.5 to €21.0, or −2.2%, but this decline was primarily due to a change in the product mix per basket, as customers shifted to less expensive products, while the number of products per basket remained stable. The decrease in our average basket is not a result of a different pricing policy, but results instead from a deliberate commercial decision to increase traffic in the context of a difficult economic environment. For example, we focused on introducing consumers to the everyday products within our offering range. Total sales in Italy increased by €0.4 million or 11% (1% like-for-like sales growth), from € 3.7 million for the three months ended June 30, 2009 to € 4.1 million for the three months ended June 30, 2010, primarily due to the opening of two new stores.

Purchases of goods

Our purchases of goods increased by €5.8 million or 3.9%, from €150.5 million for the three months ended June 30, 2009 to €156.4 million for the three months ended June 30, 2010, primarily due to an increased volume of purchases due to new store openings. Purchases of goods as a percentage of sales of goods decreased from 58.3% for the three months ended June 30, 2009 to 57.6% for the three months ended June 30, 2010. As volumes continue to grow, we regularly renegotiate increasingly more favorable pricing terms with our suppliers.

Gross margin

Our gross margin increased by €7.5 million or 7.0%, from € 107.8 million for the three months ended June 30, 2009 to € 115.3 million for the three months ended June 30, 2010, as we benefited from the more advantageous pricing terms we negotiated with many of our suppliers which more than offset our greater number of sales promotions during the latter period. As a result, gross margin as a percentage of sales of goods increased from 41.7% for the three months ended June 30, 2009 to 42.4% for the three months ended June 30, 2010.

Other purchases and external expenses

Our other purchases and external expenses increased by €0.9 million or 2.3%, from €39.5 million for the three months ended June 30, 2009 to €40.4 million for the three months ended June 30, 2010. This increase was primarily due to the expansion of our store network in France. Other purchases and external expenses as a percentage of sales of goods decreased from 15.3% for the three months ended June 30, 2009 to 14.9% for the three months ended June 30, 2010, primarily due to the special month-long marketing campaign conducted in May 2009 to celebrate our 35th anniversary.

Taxes other than on income

Taxes other than on income increased by €0.7 million or 14.3%, from €4.9 million for the three months ended June 30, 2009 to € 5.6 million for the three months ended June 30, 2010. This increase was primarily due to the impact of higher social taxes (*forfait social*) in connection with employee profit-sharing as the tax rate doubled in comparison to the prior period. In addition, although the fish tax was already in effect during the three months ended June 30, 2009, its impact was heightened in the most recent quarter due to our strong sales of fish and seafood products. Taxes other than on income as a percentage of sales of goods increased from 1.9% for the three months ended June 30, 2009 to 2.1% for the three months ended June 30, 2010.

Wages and salaries

Wages and salaries increased by €2.1 million or 9.0%, from € 23.8 million for the three months ended June 30, 2009 to € 25.9 million for the three months ended June 30, 2010. This increase was primarily due to new store openings and heightened profit-sharing obligations. In October 2009, we established a new contractual profit-sharing mechanism whereby employees in our French stores are entitled to bonuses based on sales targets at the retail store level. Our obligations under our traditional profit-sharing mechanism also increased, as we attained certain target performance metrics at the enterprise level. The number of full-time equivalent employees increased by 121 or 3.4%, from 3,552 for the three months ended June 30, 2009 to 3,673 for the three months ended June 30, 2010. As a proportion of sales of goods, wages and salaries increased from 9.2% for the three months ended June 30, 2009 to 9.5% for the three months ended June 30, 2010.

Payroll charges

Payroll charges increased by €1.2 million or 15.2%, from € 7.9 million for the three months ended June 30, 2009 to € 9.1 million for the three months ended June 30, 2010. This increase was primarily due to the increased number of employees. As a proportion of sales of goods, payroll charges increased from 3.1% for the three months ended June 30, 2009 to 3.4% for the three months ended June 30, 2010.

Depreciation, amortization and provisions

Depreciation, amortization and provisions remained stable at €6.6 million both for the three months ended June 30, 2009 and the three months ended June 30, 2010. As a proportion of sales of goods, this item remained stable at 2.4% for the three months ended June 30, 2009 and 2010.

Net financial expense

Our net financial expense decreased by €3.1 million or 20.1%, from €15.4 million for the three months ended June 30, 2009 to €12.3 million for the three months ended June 30, 2010 due to income and expenses related to interest rate hedging contracts which were more favorable than in the preceding period.

Net non-recurring expense

Net non-recurring expense was €0.03 million for the three months ended June 30, 2009 compared to €0.6 million for the three months ended June 30, 2010, with the difference largely related to accounting and audit fees connected to our conversion from French GAAP to IFRS-EU.

Corporate income tax and deferred taxes

Our corporate income tax and deferred taxes increased by €1.8 million or 51.4%, from €3.5 million for the three months ended June 30, 2009 to €5.3 million for the three months ended June 30, 2010. This increase was primarily due to better French taxable results for Picard Group in the period in connection with lower interest payments.

Share of profit of associates

Our share of profit of associates remained flat at €0.2 million both for the three months ended June 30, 2009 and the three months ended June 30, 2010.

Goodwill amortization

Our goodwill amortization charge was €14.8 million both for the three months ended June 30, 2009 and the three months ended June 30, 2010.

Net loss for the quarter

Our net loss decreased by €3.5 million or 42.2%, from € 8.3 million for the three months ended June 30, 2009 to € 4.8 million for the three months ended June 30, 2010, as a result of the factors described above.

EBITDA derived from French GAAP financial measures

EBITDA derived from French GAAP financial measures increased by € 3.0 million or 9.6%, from €31.4 million for the three months ended June 30, 2009 to €34.4 million for the three months ended June 30, 2010. This increase was largely attributable to an improvement in our trading margins combined with higher like-for-like sales.

Comparison of the years ended March 31, 2010 and March 31, 2009

The following table shows certain items from our income statements as a percentage of sales of goods for the years ended March 31, 2010 and 2009.

	Year ended March 31,	
	2010	**2009**

	% of sales of goods	
Purchases of goods	58.1%	58.5%
Gross margin	41.9%	41.6%
Other purchases and external expenses	14.6%	14.0%
Taxes other than on income	1.9%	1.9%
Wages and salaries	8.8%	8.6%
Payroll charges	2.9%	2.8%
Depreciation, amortization and provisions	2.4%	2.4%
Other Financial Information (€ in millions)		
EBITDA derived from French GAAP financial measures	157.7	158.5

Sales of goods

Our sales of goods increased by €40.9 million or 3.7%, from € 1,108.2 million in the year ended March 31, 2009 to € 1,149.1 million in the year ended March 31, 2010. In spite of a challenging first six months of the year ended March 31, 2010, total sales in France increased by €42.0 million or 3.9%, from € 1,090.3 million for the year ended March 31, 2009 to € 1,132.3 million for the year ended March 31, 2010, while like-for-like sales growth was largely unchanged (equal to −0.1%) for the year ended March 31, 2010. Like-for-like sales growth for the six months ended September 30, 2009 was −1.8% compared to like-for-like sales growth of 1.1% for the six months ended March 31, 2010. The reversal in our results was the result of our renewed commitment to proactive marketing campaigns aimed at attracting customers to our stores and bringing renewed attention to our brand and our products. Our average basket in France declined from €22.2 to €22.0, as, due to economic conditions, shoppers tended to favor our less expensive products. We refined our product mix accordingly, but this decline in our average basket was offset by increased volumes at both existing and new stores as described above, with the number of total tickets increasing from 48.1 million to 50.3 million during the year ended March 31, 2009 and 2010, respectively. Total sales in Italy decreased by €1.7 million or 9.4%, from € 18.0 million for the year ended March 31, 2009 to €16.3 million for the year ended March 31, 2010, primarily due to the closure of 14 stores in Italy between July and September 2008.

Purchases of goods

Our purchases of goods increased by €19.4 million or 3.0%, from €647.8 million in the year ended March 31, 2009 to € 667.2 million in the year ended March 31, 2010, primarily due to the increased volume of purchases related to new store openings. Purchases of goods as a percentage of sales of goods decreased from 58.5% in the year ended March 31, 2009 to 58.1% in the year ended March 31, 2010, primarily due to the improved pricing conditions we were able to renegotiate with suppliers based on the higher volumes we ordered.

Gross margin

Our gross margin increased by €21.4 million or 4.6%, from € 460.5 million in the year ended March 31, 2009 to €481.9 million in the year ended March 31, 2010, as a result of a shift in our product mix to a higher percentage of Picard-branded products over nationally branded products (which have lower margins). In addition, during the year ended March 31, 2010, our national brand suppliers began to switch from offering retailers lower margins supplemented with promotion-related discounts (which reduce the "other purchases and external expenses" line item rather than the "purchases of goods" line item) to directly offering retailers higher margins. As a result, gross margin as a percentage of sales of goods increased from 41.6% in the year ended March 31, 2009 to 41.9% in the year ended March 31, 2010.

Other purchases and external expenses

Our other purchases and external expenses increased by €12.7 million or 8.2%, from €154.6 million for the year ended March 31, 2009 to €167.3 million for the year ended March 31, 2010. This increase was primarily due to the expansion of our network of stores in France. During this period, we protected our margins by managing our cost base and investing in additional marketing. Other purchases and external expenses as a percentage of sales of goods increased from 14.0% in financial year 2009 to 14.6% in the year ended March 31, 2010.

Taxes other than on income

Taxes other than on income increased by €0.5 million or 2.3%, from €21.3 million in the year ended March 31, 2009 to € 21.8 million in the year ended March 31, 2010. This increase was primarily due to slightly higher business taxes (*taxe professionnelle*) and TASCOM charges due to store openings. Taxes other than on income as a percentage of sales of goods were stable at 1.9% in both years.

Wages and salaries

Wages and salaries increased by €5.4 million or 5.7%, from € 95.3 million in the year ended March 31, 2009 to €100.7 million in the year ended March 31, 2010. This increase was primarily due to an increase in the number of employees due to store expansion, limited salary increases and the implementation of an additional bonus program at the retail store level. The number of full-time equivalent employees increased by 157 or 4.5%, from 3,495 in the year ended March 31, 2009 to 3,652 in the year ended March 31, 2010. As a proportion of sales of goods, wages and salaries increased from 8.6% in the year ended March 31, 2009 to 8.8% in the year ended March 31, 2010.

Payroll charges

Payroll charges increased by €3.3 million or 10.8%, from € 30.5 million in the year ended March 31, 2009 to €33.8 million in the year ended March 31, 2010. This increase was primarily due to an increase in the number of employees due to store expansion, salary increases and employment-related litigation. As a proportion of sales of goods, payroll charges increased from 2.8% in the year ended March 31, 2009 to 2.9% in the year ended March 31, 2010.

Depreciation, amortization and provisions

Depreciation, amortization and provisions increased by €1.4 million or 5.4%, from €26.0 million in the year ended March 31, 2009 to €27.4 million in the year ended March 31, 2010. This increase was primarily due to the expansion of our network of stores, which resulted in increased amortization in line with the increase in our fixed asset base. As a proportion of sales of goods, this item remained stable at 2.4% in the years ended March 31, 2009 and 2010.

Net financial expense

Our net financial expense increased by €5.2 million or 9.7%, from €53.4 million in the year ended March 31, 2009 to € 58.6 million in the year ended March 31, 2010. This increase primarily reflects lower interest earned on our cash balances and higher interest expenses in respect of our bond obligations. We use swaps to hedge the floating rate interest expenses on our senior secured credit facilities, which are based on one-month EURIBOR. As a result, the decrease in interest expenses during the year ended March 31, 2010 due to the sharp fall in the one-month EURIBOR rate compared to the year ended March 31, 2009 was offset by decreased gains on our interest rate swaps.

Net non-recurring expense

Net non-recurring expense was €3.0 million for the year ended March 31, 2009 compared to €1.2 million for the year ended March 31, 2010. Net non-recurring expense for the year ended March 31, 2009 was impacted by the tax assessment related to business tax due in relation to prior years.

Corporate income tax and deferred taxes

Our corporate income tax and deferred tax decreased by €1.6 million or 6.0%, from €26.7 million in the year ended March 31, 2009 to €25.1 million in the year ended March 31, 2010. This decrease was primarily due to the evolution of our net financial expense.

Share of profit of associates

Our share of profit of associates increased by €0.3 million or 50.0%, from €0.6 million in the year ended March 31, 2009 to €0.9 million in the year ended March 31, 2010, as a result of improved results at Primex.

Goodwill amortization

Our goodwill amortization charge was €59.2 million for both the year ended March 31, 2009 and the year ended March 31, 2010.

Net loss for the year

Our net loss increased from €8.2 million for the year ended March 31, 2009 to €10.6 million for the year ended March 31, 2010, as a result of the factors described above.

EBITDA derived from French GAAP financial measures

EBITDA derived from French GAAP financial measures was largely unchanged, decreasing by €0.8 million or 0.5%, from €158.5 million for the year ended March 31, 2009 to €157.7 million for the year ended March 31, 2010. In the year ended March 31, 2010, we managed to maintain a stable EBITDA derived from French GAAP financial measures compared to the prior period in spite of flat like-for-like sales of goods and the 48 net new stores which added to our cost base. We were able to achieve these results by generally controlling our expenses and the increases in costs per store which allowed us to limit the decrease in the level of EBITDA derived from French GAAP financial measures.

Comparison of the years ended March 31, 2009 and March 31, 2008

The following table shows certain items from our income statements as a percentage of sales of goods for the years ended March 31, 2009 and 2008.

	Years ended March 31,	
	2009	2008
	% of sales of goods	
Purchases of goods	58.4%	59.1%
Gross margin	41.6%	40.9%
Other purchases and external expenses	14.0%	13.7%
Taxes other than on income	1.9%	1.1%
Wages and salaries	8.6%	8.4%
Payroll charges	2.8%	2.7%
Depreciation, amortization and provisions	2.4%	2.3%
Other Financial Information (€ in millions)		
EBITDA derived from French GAAP financial measures	158.5	157.7

Sales of goods

Our sales of goods increased by €47.6 million or 4.5% (like-for-like sales growth in France equaled 1.0%), from €1,060.6 million for the year ended March 31, 2008 to €1,108.2 million for the year ended March 31, 2009 despite the incidence of two Easter holidays (and the additional sales related to the celebration) in the year ended March 31, 2008 and no Easter holiday in the year ended March 31, 2009. The increase was primarily due to increased volumes resulting from the opening of 45 new stores. In France, total sales increased by € 51.3 million or 4.9%, from €1,039.0 million for the year ended March 31, 2008 to €1,090.3 million for the year ended March 31, 2009. Our average basket slightly decreased but volumes continued to increase at both existing and new stores with the number of total tickets increasing from 45.4 million to 48.1 million during the years ended March 31, 2008 and 2009, respectively. Total sales in Italy decreased by €3.6 million or 16.9%, from €21.6 million for the year ended March 31, 2008 to €18.0 million for the year ended March 31, 2009, primarily due to the closure of 14 stores in Italy between July and September 2008.

Purchases of goods

Our purchases of goods increased by €21.0 million or 3.4%, from €626.7 million in the year ended March 31, 2008 to € 647.7 million in the year ended March 31, 2009, primarily due to the increased volume of purchases. Purchases of goods as a percentage of sales of goods decreased from 59.1% in the year ended March 31, 2008 to 58.4% in the year ended March 31, 2009, due to improved pricing conditions with suppliers that we were able to renegotiate based on the higher volume levels we ordered.

Gross margin

Our gross margin increased by €26.6 million or 6.1%, from € 433.9 million in the year ended March 31, 2008 to €460.5 million in the year ended March 31, 2009, primarily due to the improved purchasing terms achieved with our suppliers and the integration of the fish tax (as this tax is included in sales of goods whereas the cost is included under *taxes*). Gross margin as a percentage of sales of goods increased from 40.9% in the year ended March 31, 2008 to 41.6% in the year ended March 31, 2009.

Other purchases and external expenses

Our other purchases and external expenses increased by €9.8 million or 6.8%, from €144.8 million in the year ended March 31, 2008 to €154.6 million in the year ended March 31, 2009. This increase was primarily due to increased rents in line with the ICC French rental index and increased logistical costs based on higher volumes. Other purchases and external expenses as a percentage of sales of goods increased from 13.7% in the year ended March 31, 2008 to 14.0% in the year ended March 31, 2009.

Taxes other than on income

Taxes other than on income increased by €9.2 million or 76.0%, from €12.1 million in the year ended March 31, 2008 to € 21.3 million in the year ended March 31, 2009. This increase was primarily due to the application beginning in January 2008 of a 2% fish tax and a new TASCOM tax (applicable to retail groups owning over 4,000 square meters of commercial space on a consolidated basis). For the year ended March 31, 2009, an amount of €3.3 million was accounted for to retroactively cover the TASCOM owed from the January 2008 to March 2009 period. While the effect of the fish tax (*taxe poisson*) was offset by the increased prices of our fish and seafood products, the TASCOM and the *forfait social* directly impacted EBITDA derived from French GAAP financial measures. The total fish tax paid for the years ended March 31, 2008 and 2009 was €0.8 million and €3.9 million, respectively. Taxes other than on income as a percentage of sales of goods increased from 1.1% in the year ended March 31, 2008 to 1.9% in the year ended March 31, 2009.

Wages and salaries

Wages and salaries increased by €5.8 million or 6.5%, from € 89.5 million in the year ended March 31, 2008 to €95.3 million in the year ended March 31, 2009. This increase was primarily due to an increase in the number of employees due to store expansion and salary increases. The number of full-time equivalent employees increased by 187 or 5.6%, from 3,309 in the year ended March 31, 2008 to 3,496 in the year ended March 31, 2009. As a proportion of sales of goods, wages and salaries increased from 8.4% in the year ended March 31, 2008 to 8.6% in the year ended March 31, 2009.

Payroll charges

Payroll charges increased by €2.1 million or 7.4%, from € 28.4 million in the year ended March 31, 2008 to €30.5 million in the year ended March 31, 2009. This increase was primarily due to an increase in the number of employees due to store expansion and salary increases. As a proportion of sales of goods, payroll charges increased from 2.7% in the year ended March 31, 2008 to 2.8% in the year ended March 31, 2009.

Depreciation, amortization and provisions

Depreciation, amortization and provisions increased by €2.1 million or 8.8%, from €23.9 million in the year ended March 31, 2008 to €26.0 million in the year ended March 31, 2009. This increase was primarily due to increased amortization in line with the increase in our fixed asset base and the refurbishment of some of our stores. As a proportion of sales of goods, this item increased slightly from 2.3% in the year ended March 31, 2008 to 2.4% in the year ended March 31, 2009.

Net financial expense

Our net financial expense decreased by €1.0 million or 1.8% from €54.4 million in the year ended March 31, 2008 to € 53.4 million in the year ended March 31, 2009. This decrease was driven by higher investment income while the increase in our interest expense was partially mitigated by interest rate hedging.

Net non-recurring expense

Net non-recurring expense was €2.4 million in the year ended March 31, 2008 compared to €3.0 million in the year ended March 31, 2009. The net non-recurring expense for the year ended March 31, 2008 was impacted by the fees related to the refinancing of Picard’s indebtedness in June 2007.

Corporate income tax and deferred taxes

Our corporate income tax decreased by €0.5 million or 1.8%, from €27.2 million in the year ended March 31, 2008 to € 26.7 million in the year ended March 31, 2009. In the year ended March 31, 2008 we recorded a deferred tax adjustment of €6.2 million related to an overestimation of our deferred tax liabilities from the year ended March 31, 2004.

Share of profit of associates

Our share of profit of associates decreased by €0.1 million or 12.5%, from €0.8 million in the year ended March 31, 2008 to €0.6 million in the year ended March 31, 2009 due to lower results at Primex.

Goodwill amortization

Our goodwill amortization charge was €59.2 million for both the years ended March 31, 2008 and 2009.

Net loss for the year

Our net loss for the year increased from €0.3 million for the year ended March 31, 2008 to €8.2 million for the year ended March 31, 2009, as a result of the factors described above.

EBITDA derived from French GAAP financial measures

EBITDA derived from French GAAP financial measures was largely unchanged, increasing by €0.8 million or 0.05%, from €157.7 million for the year ended March 31, 2008 to €158.5 million for the year ended March 31, 2009. The implementation of the TASCOM and higher rent expenses translated into increased costs which offset the increase in our sales of goods.

Liquidity and Capital Resources

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the indebtedness of our subsidiaries, and the interest we are obligated to pay on such indebtedness, which affects our net financial expenses;
- prevailing interest rates, which affect our debt service requirements;
- our ability and the ability of our subsidiaries to continue to borrow funds from financial institutions; and
- our capital expenditure requirements, which consist primarily of costs to build and equip additional stores.

Our cash requirements consist mainly of the following:

- funding capital expenditures;
- operating activities;
- servicing our indebtedness and the indebtedness of our subsidiaries;
- paying dividends; and
- paying taxes.

Our sources of liquidity will consist mainly of the following:

- cash generated from our operating activities;
- structurally negative working capital inflow generated by our business model;
- borrowings under our Senior Credit Facilities;
- borrowings under debt securities, such as the Notes offered hereby; and
- capital contributions from our shareholders.

We generate working capital inflow because our customers pay cash for our products while we benefit from suppliers' credit. Changes in working capital are mainly driven by trade working capital, particularly the level of inventories and payment terms to merchandise suppliers, and overhead working capital. Our monthly working capital is seasonal, with significant positive cash flow in December and January.

Consolidated Cashflow

The following table summarizes our consolidated cash flow statement for the financial years ended March 31, 2008, 2009 and 2010:

	Years ended March 31,		
	2008	2009	2010
	(millions of euros)		
Net cash provided by operating activities (excluding change in working capital requirements and before net financial expense, corporate income tax and non-recurring items)	159.0	157.9	158.1
Net change in working capital requirements	5.1	(18.7)	45.3
Net cash provided by operating activities before net financial expense, corporate income tax and non-recurring items	164.1	139.3	203.5
Net financial expense, corporate income tax and non-recurring items	(76.2)	(89.6)	(82.8)
Net cash provided by operating activities	87.9	49.7	120.7
Net cash used by investing activities	(33.3)	(36.7)	(37.4)
Net cash used by financing activities	(42.9)	(46.4)	(16.6)
Change in cash and cash equivalents	11.7	(33.4)	66.6
Net cash and cash equivalents at beginning of financial year	98.3	110.1	76.7
Net cash and cash equivalents at end of financial year	110.1	76.7	143.3

Net cash provided by operating activities

Net cash provided by operating activities increased from €49.7 million in the year ended March 31, 2009 to €120.7 million in the year ended March 31, 2010, primarily due to the change in working capital requirements. Our increase in cash from changes in working capital in the year ended March 31, 2010 was in part due to a change in the way we record rental payments prepaid by us. Furthermore, before the implementation of the Law of Modernization of the Economy, we paid our suppliers using the "60 days after end of each 10-day period" method, with three payment campaigns each month. The change in law in early 2009 allowed companies two options for the payment of suppliers, and we chose the option to pay invoices at the end of the month in which the 45th day after the invoice date falls, the "45 days plus end of month" payment method, rather than the "60 days after the invoice date" payment method, as the latter method would have required payments to be processed every day. Due to this change in the payment method, a very substantial number of our suppliers were paid on the last day of the month. The end of the month accounting position therefore no longer reflected our average suppliers' credit over the period. In December 2009, we again decided to change our payment method to "45 days after end of month", as authorized by tax authorities, which generates higher trade payables at month-end as supplier payments now occur around the 15th of each month. As a consequence, working capital at the end of the month is more representative of average working capital over the month. Also, in September 2009, we changed our rent payment accounting methodology. Prior to that time, we recorded the payment of the 3-month rent due on the first day of the quarter on the last day of the previous quarter. Since September 2009, we have recorded such payments on the first day of the quarter, the same day the payments are due. This increase in accounts payable at financial year-end resulted in an increase of cash from changes in working capital in our cash flow statement.

Net cash provided by operating activities decreased from €87.9 million in the year ended March 31, 2008 to €49.7 million in the year ended March 31, 2009, primarily due to changes in working capital requirements, which was, at the end of March 2009, negatively impacted by the "45 days after end of month" method. The negative change in working capital requirements in the year ended March 31, 2009 was due to an increase in inventories caused by (i) lower sales during the December 2008 holiday season, (ii) an increase in strategic inventory, which is inventory that we buy at opportune moments during the year and hold for sale until periods of high demand, and (iii) the effect of Easter (historically a period of high sales) in the calendar years 2007 and 2008 both falling within the year ended March 31, 2008 and no Easter holiday falling within the year ended March 31, 2009.

Net cash used in investing activities

Net cash used in investing activities was generally consistent, increasing slightly from €33.3 million in the year ended March 31, 2008 to €36.7 million in the year ended March 31, 2009 and to € 37.4 million in the year ended March 31, 2010. Our investing activities during the periods under review are principally for acquisition of property, plant and equipment, namely capital expenditures for new and existing stores, as described under "*Capital Expenditures*" below.

Net cash used in financing activities

Net cash used in financing activities was €16.6 million in the year ended March 31, 2010, as we paid down €48.0 million of principal and paid €27.9 million of interest under our senior secured credit facility. This was partly offset by €59.3 million of capitalized and accrued interest, which is recorded as an increase in borrowing.

Net cash used in financing activities was €46.4 million in the year ended March 31, 2009, as we paid down €68.5 million of principal (including a €30 million voluntary prepayment in December 2008) and paid €35.0 million of interest under our senior secured credit facility. This was partly offset by €57.1 million of capitalized and accrued interest.

Net cash used in financing activities was €42.9 million in the year ended March 31, 2008, as we used cash to repay our prior senior A and B loans in a total amount of €836.9 million and received € 770 million of cash when we entered into our senior secured credit facility. During that period, we paid €33.9 million of interest under our senior credit facilities and capitalized interest amounted to € 57.9 million.

Capital Expenditures

Capital expenditures relate mainly to the opening of new stores and the remodeling of existing stores. In the years ended March 31, 2008, 2009 and 2010, capital expenditures remained relatively constant at 3.1% of sales of goods in the years ended March 31, 2008 and 2009 and 3.2% of sales of goods in the year ended March 31, 2010 of sales of goods due to the consistent rate of new stores openings. Investment excluding remodeling and store openings totalled 0.6% of sales of goods in the year ended March 31, 2008, 0.5% of sales of goods in the year ended March 31, 2009 and 0.7% of sales of goods in the year ended March 31, 2010. Our capital expenditures dedicated to expansion are shown in the table below as "*Stores—New Stores*", and our other capital expenditures are principally dedicated to remodeling, maintenance and security and safety investments.

The table below sets out our consolidated capital expenditures for financial years 2008, 2009 and 2010:

	Years ended March 31,		
	2008	**2009**	**2010**
	(millions of euros)		
Stores	(27.1)	(30.0)	(28.6)
New stores	(18.8)	(20.7)	(20.7)
Store remodeling	(5.5)	(6.3)	(5.4)
Other store capital expenditures(1)	(2.7)	(3.0)	(2.5)
Headquarters	(0.1)	(0.2)	(0.2)
Deposits	(0.5)	(0.9)	(0.4)
Logistics(2)	(2.1)(2)	(1.1)	(1.3)
Information technology	(0.9)	(1.0)	(1.0)
Software(3)	(2.3)	(1.5)	(5.1)(3)
Italy capital expenditures(4)	(0.4)	(0.3)	(0.5)(4)
Total capital expenditures	**(33.3)**	**(35.0)**	**(37.1)**
Capital expenditures as a percentage of sales of goods			
New stores	1.8%	1.9%	1.8%
Store remodeling	0.5%	0.6%	0.5%
Other capital expenditures	0.8%	0.7%	0.9%
Capital expenditures as a percentage of sales of goods	3.1%	3.1%	3.2%

Notes:

(1) Other store capital expenditures principally comprise maintenance works and security and safety investments, such as access for the disabled and fire alarms.

(2) Logistics investments generally average approximately € 1.2 million per year. The increase in the year ended March 31, 2008 was due to a Sorgues area project to meet insurance requirements, such as the installation of fire doors.

(3) The increase in software investments in the year ended March 31, 2010 was due to the implementation of retail SAP modules designed to monitor goods and inventories at warehouses and store levels. This project will continue through the year ending March 31, 2011.

(4) Capital expenditures in Italy normally average €0.3 million per year. The increase in the year ended March 31, 2010 was due to our tangible investments related to the opening of a new store in Milan of €275,000.

We expect total capital expenditures in the year ending March 31, 2011 to be in line with the year ended March 31, 2010, with capital expenditures increasing both in total terms and as a percentage of net sales in the year ending March 31, 2012 principally due to scheduled store renovations and the upgrade of point of sale systems.

Capital Resources

Our main sources of financing in the past have been credit facilities. At June 30, 2010, we had net financial debt (excluding any shareholder loans) of €499.5 million. At March 31, 2010, we had net financial debt (excluding any shareholder loans) of €512.2 million, compared to €627.0 million as of March 31, 2009 and € 669.4 million as of March 31, 2008. We define net financial debt (excluding any shareholder loans) as bank loans and borrowings plus liabilities under finance leases plus other financial debt, less cash and marketable securities.

Hedging Policy

In the ordinary course of our business, we are exposed to market risk arising from fluctuations in interest rates. To manage this risk effectively, we enter into hedging transactions and use derivative financial instruments, pursuant to established internal guidelines and policies, to mitigate the adverse effects of this risk. We do not enter into financial instruments for trading or speculative purposes.

We utilize interest rate derivative instruments to reduce our exposure to changes in the variable EURIBOR rates on our outstanding loan portfolio. As of June 30, 2010, we were party to interest rate swap and option agreements with a total notional amount of €1,110 million (including €510 million covering the period from December 2009 to December 2010, €195 million covering the period from December 2010 to December 2011 and €405 million covering the period from December 2010 to June 2012) whereby we have agreed to pay a fixed rate (between 0.95% and 5.25%) and will receive a variable rate equal to EURIBOR 1 month on the notional amount. The notional amounts of the interest rate derivative instruments will be reduced in line with the repayment schedule on our loan portfolio. The fair value of our interest rate derivative instruments as of June 30, 2010 was a liability of €13.8 million.

Following the Acquisition, pursuant to the Senior Credit Agreement, we are required to continue entering into hedging transactions and using derivative financial instruments to mitigate the adverse effects of interest rate fluctuations.

Substantially all of our revenues, expenses and obligations are denominated in euro. As a result, we are not subject to material market risk relating to exchange rate fluctuations.

Contractual Obligations and Commercial Commitments

The table below sets out our contractual obligations and commitments at March 31, 2010, as adjusted for the issuance of the Notes offered hereby and the entry into the new Senior Credit Facilities:

Contractual obligations	Total	Less than 1 year	1–5 years	More than 5 years
		(millions of euros)		
Long-term debt obligations	925.0	—	145.4	779.6
Finance lease obligations	5.2	1.7	2.5	1.0
Operating lease obligations	93.2	40.4	45.1	7.7
Total	1,023.4	42.1	193.0	788.3

French GAAP Off Balance Sheet Commitments

Hybrid Leases

At March 31, 2010, we operated 42 stores on premises that are leased under hybrid lease agreements. We accounted for these agreements as operating leases under French GAAP, but they are treated as liabilities under IFRS-EU. Outstanding financial liability as at March 31, 2010 was €12.0 million.

Partnerships

Picard Surgelés has agreed with certain of its suppliers to negotiate an annual volume of purchases. Suppliers may produce and store products dedicated to Picard Surgelés, but the transfer of ownership of these products occurs only at the time of delivery of the goods to Picard Surgelés or its subcontractors' warehouses.

French GAAP Critical Accounting Policies and Estimates

French GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on the information available at the time of preparation of the financial statements and affect the published amounts. Actual results may differ from these estimates.

We consider the following policies and estimates to be the most critical in understanding the assumptions and judgments that are involved in preparing our financial statements and the uncertainties that could affect our financial results, financial condition and cash flows.

A more detailed description of the accounting rules and methods that we apply under French GAAP is provided in the notes to our Consolidated Annual French GAAP Financial Statements included elsewhere in this offering memorandum.

Goodwill

We amortize goodwill in accordance with the straight-line method over the estimated useful life of assets used in our principal activities. Goodwill is defined as the excess return generated by the net equity of the companies in our group compared to a standard after-tax rate of return expected by the financial markets. In addition, at the end of each financial year, an independent expert performs a valuation to measure the excess return and compares it to net book value. If the difference is negative, a write-down is recorded to cover the difference. The annual valuation exercise requires judgments and estimates in the calculation of excess return. If these judgments or estimates were different, we could have been required to record an impairment to goodwill in circumstances where we did not record such an impairment or to record an impairment of a different amount than that actually recorded.

Provisions

The valuation of provisions is based on economic and legal data which may evolve and is therefore subject to a degree of uncertainty, as is the case for any valuation.

Retirement indemnities

Provisions recorded for retirement indemnities are calculated pursuant to collective bargaining agreements (*commerce à prépondérance alimentaire*). The provision is calculated for each employee on a statistical basis (taking into account life expectancy, staff turnover and seniority) and on the basis of certain financial assumptions, such as salary increases and the inflation rate. The provision is discounted using the OAT ten-year interest rate and includes estimated payroll charges based on current rates. Rights are valued as soon as they are acquired by employees. Retirement indemnities appear as liabilities on our balance sheet.

Other provisions

Other provisions consist principally of estimated risks associated with ongoing litigation, disputes and other claims from third parties, in particular from employees.

INDUSTRY

Certain of the information set forth in this section has been derived from external sources, including a report by independent consultants Roland Berger, among others. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in industry publications is not guaranteed. We have not independently verified this market data.

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements".

Market share data presented in this section are measured by sales.

Frozen Food

We operate in the frozen food distribution segment of the packaged food industry in France and Italy. We define frozen food as any type of food that has been deep frozen for preservation purposes, including ice cream. Deep freezing is a food preservation process by which food products are frozen and kept at a temperature of −18°C or colder until sold to consumers.

Frozen food products compete primarily against fresh food, processed food and other preserved food such as canned food and vacuum-packed food. We believe that frozen food products are attractive compared with other types of food products because:

- they offer nutritional quality and taste at least similar to that of fresh food;
- they retain nutrients and vitamins longer and are less perishable than fresh food due to the deep freezing process;
- they can be unfrozen and prepared on an "as-needed" basis which helps avoid waste and overconsumption;
- fruits and vegetables can be harvested at their maturity and then frozen, making it easier for consumers to enjoy them throughout the year;
- prices of frozen food generally tend to be stable and less subject to seasonal variations when compared with the prices of fresh food products; and
- they tend to be easier to prepare.

Frozen food products are typically divided into eight main categories: vegetables, potato-based products, prepared meals, starters, fish, meat, ice cream and desserts. We distribute frozen food products in each of these categories.

During the year ended March 31, 2010, we sold 96.5% (in value) of our frozen food products through our stores in France, 2.1% through Home Service (including sales in Belgium, Luxembourg and Spain), with the remaining 1.4% being sold through our stores in Italy.

The French Frozen Food Market

France is one of the most attractive markets for frozen food retailers with approximately 90% of French households purchasing frozen products (excluding ice cream) at least once a year.

Frozen food is a niche segment within the food industry. Frozen food products are required to comply with statutory cold chain requirements that address consumer food safety. Given the specialist nature of the business, the need for strong and specialized logistic and distribution platforms and tight control over the cold chain, barriers to entry are high.

Between 2000 and 2009, the French frozen food market grew by 14.8%, from approximately €5.6 billion in 2000 to approximately €6.4 billion in 2009, according to Roland Berger. During the same period, we consolidated our leadership position and our revenues grew by 118%, from approximately €0.5 billion in 2000 to approximately € 1.1 billion in 2009.

While, in 2009, spending on food products overall declined by 0.6% compared to 2008, spending on frozen products increased during the same period by 0.5%, according to Roland Berger. We believe we have influenced French consumers' preference for frozen food, shaped consumption habits and heightened awareness of frozen food products.

Main Competitors and Market Shares

We are the leading distributor of frozen food in France with a 17.1% (including ice cream) share in 2009 of the French frozen food market, according to Roland Berger. We distribute and sell our frozen food products directly to retail consumers exclusively through our own network of specialist stores and Home Service.

We compete primarily with:

- multiple grocers, including supermarkets, hypermarkets and convenience stores, which, in 2009, collectively had a market share of 52.0%;
- other frozen food specialist stores and home delivery retailers, which, in 2009, collectively along with us had a market share of 34.2%; and
- hard discounters, such as Lidl and Leader Price, which, in 2009, collectively had a market share of 13.8%.

We also compete against fresh food distributors, including multiple grocers and hard discounters, as well as smaller retail stores and delicatessens, where consumers can purchase alternatives to frozen food products, such as fresh food, processed food and other types of preserved food.

We have the largest market share of all frozen food distributors in France for the calendar year 2009, as well as a diversified product base.

Multiple grocers

Multiple grocers consist of hypermarkets such as Carrefour and Leclerc, supermarkets such as Casino and convenience stores, such as Monop'. The frozen food market share of multiple grocers in France has declined from 62.1% in 2000 to 52.0% in 2009. In 2009, Roland Berger estimated that multiple grocers generated frozen food sales of €3.4 billion.

We believe that we and other specialist stores are able to offer a wider variety of frozen food products at better prices than most multiple grocers. For example, most of our stores in France offer approximately 1,100 different frozen food SKUs. Hypermarket chains are characterized by a large choice of products (500-750 SKUs) and competitiveness on price, and they are typically located outside of city centers. Supermarkets and convenience stores, such as Monop' and Carrefour City are located closer to customers' homes in city centers, but carry a smaller range of frozen products (100-300 SKUs) at a higher price point.

In recent years, some of the multiple grocers with whom we compete launched offerings that attempted to mimic our products and business model. For example, one multiple grocer introduced a new line of frozen products, significantly expanding its private label frozen food offering with products that were largely inspired by our own, such as *canapés* and *mini-feuilletés*. In another case, one of our competitors launched a rival store in Paris focused exclusively on frozen products, but closed the store within six months of its opening and has not opened any others. We believe that these attempts to replicate our business model have been unsuccessful due to a lack of focus, a lack of dedicated innovation teams, weak relationships with suppliers and our competitors' general difficulty in matching the quality, range and value-for-money of our products.

Specialist stores and home delivery retailers

Specialist stores and home delivery retailers mainly consist of ourselves, Toupargel, Thiriet and small local retailers specializing solely in the distribution of frozen food products. These stores generally offer basic products at prices lower than branded products offered by multiple grocers, as well as more expensive product offerings in the case of Toupargel and Thiriet. They usually sell frozen food products of their own brands, rather than national brands, though some, like Toupargel, also sell national brands.

The frozen food market share of specialist stores and home delivery retailers in France has increased from 29.8% in 2000 to 34.2% in 2009. This increase was due to the increase in our market share, which more than offset the decline in market share of the other specialist stores and home delivery retailers during the same period.

We are the only specialist frozen food retailer with a national presence and are the largest specialist frozen food retailer in France, with a market share approximately three times larger than those of our closest competitors, Toupargel and Thiriet.

Toupargel is a home delivery retailer of fresh food and frozen food and has the second largest market share in this segment after Picard. It does not operate any stores. Its consolidated revenues in 2009 amounted to approximately €359 million.

Thiriet produces ice cream and pastries and distributes frozen food products both in its own specialist stores and through home delivery. It has the third largest market share in this segment and approximately 160 stores in France. Its consolidated revenues in 2008 amounted to approximately € 265 million.

We believe that specialist stores and home delivery retailers are more attractive to consumers than multiple grocers and hard discounters for reasons including:

- they offer a wider range of frozen food products;
- they have fewer out-of-stock products as a result of their cold chain expertise;
- they offer a better overall shopping experience, including well-organized stores with clear product presentations and a better control of the cold chain; and
- their proximity to consumers increases the likelihood that products will be delivered quickly, which also helps maintain the integrity of the cold chain for the convenience and safety of the consumers.

Hard discounters

Hard discounters are retailers that sell consumer goods at aggressive prices, such as Lidl and Leader Price. Hard discounters generally offer frozen food products at prices significantly lower than specialists and multiple grocers. They compete, however, on a more limited product range, usually focusing on more affordable and lower-quality products. They frequently target low-income households.

The frozen food market share of hard discounters in France has increased from 8.5% in 2000 to 13.8% in 2009, which is in line with their food retail market share gain. Hard discounters were also the fastest growing frozen food distribution channel between 2000 and 2006, increasing their market share from 8.5% in 2000 to 14.5% in 2006, which was less than their penetration of the food retail market as a whole and mostly at the expense of multiple grocers. Since then, their market share has slightly decreased, falling to 13.8% in 2009. Roland Berger estimates that hard discounters accounted for approximately €890 million of French frozen food market sales in 2009.

Market trends

We believe that the following trends affect and will continue to affect the frozen food industry.

Demographic Trends

France's demographic structure has changed, with more women employed full-time, smaller household sizes and a higher proportion of single-parent families. These trends have decreased the time devoted to meal preparation and increased the demand for easy-to-prepare food options. Frozen food addresses this need by offering ready-made meals, including individual portions, as well as ready-to-cook ingredients allowing customers to save time on the preparation of home-made meals.

Changing Consumer Lifestyles

Food manufacturers and distributors are highly attuned to the changing preferences and needs of consumers, who have increasingly busy lifestyles and are more focused on health and nutrition. They have addressed these customers' demands by introducing and marketing a variety of convenient, high-quality and healthy food products, or updating certain core products. Industry participants seek to gain a competitive advantage by addressing consumer demands through new product introductions, core products updates and marketing. We continue to expand and refine our frozen food offerings so that they remain relevant and continue to be preferred by consumers.

Focus on Healthy Food

Consumers are becoming more educated on issues that affect the quality of their food and diet. For example, recent health campaigns in France have educated consumers on the benefits of fresh fruit and vegetables and encouraged French consumers to eat five portions a day. Frozen food products offer nutritional quality and taste similar to that of fresh food by retaining nutrients and vitamins longer through deep freezing. The rising rates of cardiovascular disease and obesity have influenced and, we believe, will continue to influence food choices. At the same time, consumers are paying increased attention to the quality of ingredients used, as well as their traceability, sustainability and health effects. As a result of these trends, processed food manufacturers have proposed healthier recipes that are lower in salt, fat and sugar and include more fruits and vegetables. We also expect an increase in the demand for non-processed fruits and vegetables.

BUSINESS

Overview

We are the leading retailer of frozen food products in France, and we are a pioneer in the sector. In 2009, according to Roland Berger, we had a 17.1% market share (including ice cream products) of the approximately € 6.4 billion French frozen food market, which was over three times larger than the market share of the next largest specialist frozen food retail competitor. We offer our customers approximately 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream at various price points. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food.

We sell under our own Picard brands (98% of our sales), as well as a few national brands, such as Häagen-Dazs and Ben & Jerry's. Our Picard products are sold exclusively through our network of over 800 company-operated stores and through Home Service, which mainly operates in major French cities. Our store network is one of the largest food retail store networks in France. We have successfully expanded this network over the years, and we opened an average of 36 stores per year from 1994 to 2005 and an average of 46 new stores per year over the last five years. As of June 30, 2010, we operated 821 stores in France and 30 stores in Italy. Most of our stores are located in or near city centers and metropolitan areas.

We outsource the manufacturing of all of our products to approximately 145 different suppliers, allowing us to concentrate on quality control and new product research, development and innovation. We continuously review our product offering and introduce on average over 200 new SKUs a year. Many of our products are unique to us and are not offered by other food retailers, which we believe attracts customers to our stores and allows us to price such products without reference to our competitors.

We have successfully increased our sales over the last seven years from €749.5 million for the year ended March 31, 2004 to € 1,149.1 million for the year ended March 31, 2010, representing a compound annual growth rate of 7.4%. Over the same period, we generated a like-for-like sales CAGR of 3.3%. For the year ended March 31, 2010, sales in our retail network in France and Home Service accounted for 98.6% of our total sales, with sales in Italy accounting for the balance.

Our Competitive Strengths

We believe that our unique position in the frozen food market as both a developer of premium-quality products and a retailer results from the following key strengths:

Strong, well-recognized brand

Picard is the leading brand in the French frozen food market and among the most widely recognized retail brands in France. In September 2010, the consulting firm OC&C released the results of a 2,500 consumer panel study whereby French consumers ranked Picard as their favorite retail concept in France (ahead of IKEA and Sephora). In another independent survey in 2008 on frozen food product prompted brand awareness, Picard ranked first in Paris/Ile de France (with 98% awareness) and second in France (with 88% awareness). We believe that our leading brand position results from a combination of factors, including our reputation for quality and convenience, the range and diversity of our products and our national footprint of stores situated in high traffic areas. In addition, we constantly seek to innovate and maintain the relevance of our product range. For example, in recent years, we have increasingly focused on healthier, natural and low-fat products, such as the "*Plus d'équilibre*" line of low-fat meals. Our strong brand recognition and the fact that consumers associate our food with nutrition, authenticity and taste are key drivers of consumer interest in our products, visits to our stores and our ability to generate high sales volumes and attractive margins. Our strong brand recognition also provides us with a solid platform to further expand both our retail network of stores and Home Service.

Wide range of premium quality products

We offer customers over 1,100 quality SKUs ranging from unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream. We believe we offer the best value for money in comparison to our competitors. We provide a large selection of products at a variety of price points within each of our product categories, enabling us to capture a broader spectrum of consumers. We believe that the breadth of our product range constitutes a significant barrier to entry. Our range is 1.6 times that of the frozen food range generally stocked by multiple grocers and 10 times that of the range generally stocked by convenience stores and hard discounters. Many of our products are unique to Picard and are not offered by other food retailers, which we believe attracts customers to our stores and allows us to price such products without reference to our competitors. In addition, our R&D staff benefits from close relationships with suppliers, who frequently propose new products to us on an exclusive basis, enabling us to maintain a competitive edge. We introduce on average over 200 SKUs a year, and we continuously review, update and replace our products to ensure that we always offer our customers innovative and interesting choices. Our experience leads us to believe, that our commitment to innovation, our expertise and our ability to create new products each year is unmatched.

Leading market position and extensive store network

We have been the leading retailer of frozen food products in France since 1999. In 2009, we had an approximately 17% market share (including ice cream), which is almost double our market share of approximately 9% in 2000. In 2009, according to Roland Berger, our market share of frozen food products was 1.6 times larger than Carrefour and 3.1 times larger than Toupargel, our nearest specialist frozen food competitor. Our market position is supported by our extensive store network, which consists of 821 stores in France as of June 30, 2010 (five times larger than the network of stores belonging to the next largest specialist frozen food retail competitor and close to the 987 Carrefour Market stores as of December 31, 2009). We believe that our extensive, high-quality network of retail stores positions us favorably relative to our competitors that do not have such an extensive network and also represents a high barrier to entry to other competitors.

Flexible business model

We develop most of our products internally but outsource the manufacturing of all our products to approximately 145 different suppliers, and there are on average two to three suppliers who are able to supply our product lines. Accordingly, we can typically shift production from one supplier to another with little disruption and are generally not dependent on any one supplier. None of our suppliers represents more than 7% of our total purchases. In addition, part of our logistics, including seven of our nine warehouses, is outsourced, and as of June 30, 2010, 706 of our 821 stores were leased pursuant to nine-year “commercial leases”, which grant significant rights under French law to lessees compared to leases in many other jurisdictions. We believe that our business model grants us flexibility to expand, particularly given the modest capital expenditures required to expand our store network, allowing management to focus on the higher value-added aspects of our business, such as reviewing our product range, and keeping operating costs low.

Cash generative and high margin business

Over the last three years, we have experienced an average gross margin of more than 41%, which we believe is among the highest in the retail food industry. Our business also benefits from relatively low capital expenditure requirements, which is supported by our standardized store format allowing for cost-efficient store openings and maintenance. Over the last three years, our total annual capital expenditure has averaged approximately 3.2% of sales, of which more than 50% related to new store openings. In addition, our working capital is structurally negative, meaning that our working capital requirements tend to generate a cash inflow as we grow the business. Our strong margins, favorable working capital structure and low capital expenditure requirements have allowed us to generate significant cash flow even during the recent economic downturn and resulted in an average annual EBITDA-to-cash flow conversion rate of 84% for the last three fiscal years.

Attractive and promising market

The French frozen food market grew steadily at a 1.6% CAGR from 1991 to 2009 and was valued at €6.4 billion in 2009, according to Roland Berger. In 2009, the French frozen food segment boasted growth of 0.5%, outperforming all other retail segments, versus a decline of 2.6% in French GDP. We believe future market growth will be aided by favorable demographic and sociological trends, such as increases in single-parent families and single-person households, decreases in the amount of time allocated each day to the preparation of meals and an increasing focus on healthy food. In addition, our target market extends beyond the frozen food segment into the much larger packaged and chilled food sectors, as we also compete against alternatives, such as fresh products from farmers’ markets, traditional bakeries and butcher shops and upscale delicatessens. We believe that French consumers increasingly accept frozen food made from quality ingredients as a healthy, tasty and convenient alternative to fresh food products.

Experienced senior management team with strong track record

We have a senior management team composed of ten experienced retail executives with an aggregate tenure of more than 90 years at Picard. The team is led by our Chief Executive Officer Philippe Pauze. Philippe joined our team in

April 2009 and brings with him 36 years of experience in the retail food industry. Philippe is supported by Christine Declercq, who has been our Chief Financial Officer for five years, and by the other members of our senior management team, some of whom have been with us for more than 20 years. We believe that the collective industry knowledge and leadership of our senior management team and their record of accomplishment in responding to challenging economic conditions and achieving profitable sales growth will enable us to continue to deliver strong financial results in the future.

Our Strategy

The key components of our strategy are to:

Increase our like-for-like sales growth

We plan to increase our like-for-like sales growth through the implementation of various operational initiatives, including continued product innovations, incentivization programs at the store level, further enhancement of our brand awareness and expansion of our store network. This will allow us to fine-tune pricing and develop targeted marketing and promotional campaigns, as well as allowing more sophisticated in-store merchandizing tailored to local consumption and purchasing patterns. By improving like-for-like sales growth, we should be able to maintain or grow our profit margins.

We intend to expand into new product categories in order to support growth while increasing the amount of information we possess regarding our customers. We believe that the introduction of a CRM program will provide us with a comprehensive understanding of our customers. We believe this will supply us with the information necessary to develop new products that are responsive to current trends and evolving consumer preferences which in turn will increase sales.

Strengthen our leading market position

We intend to continue to strengthen our position as the leading retailer of frozen food products in France. In order to do so, we will maintain our commitment to offering customers a wide range of premium quality products at a variety of price points while developing innovative and unique products. We also plan to continue investing in our internal research capabilities and our staff, developing long-term partnerships with leading suppliers and, when necessary, remodeling our stores to ensure that we provide our customers with a superior retail shopping experience. We believe that the strength of our brand is one of the most significant factors that contributes to our competitive position in the French frozen food sector. We will continue to strengthen our market position by promoting our brand, products, stores and services.

Continue to selectively expand our retail store network

We believe that, over time, there is the potential to continue our successful expansion strategy both within and outside France. We think we can grow our current network from over 800 retail stores to approximately 1,100 without meaningful adverse effects on our average sales per store. In France, we believe that the geographical footprint of our existing network does not currently cover several consumer catchment areas with strong retail trading potential and, as a result, that there are opportunities to grow profitably in those regions. Our management team identifies sites based on demographics, proximity to locations of our existing stores, availability of suitable retail space, local economic conditions and other factors that we believe are relevant to the successful expansion of our store network and which should enable us to capitalize on the increased traffic and volumes of our new stores. We believe that our new stores will benefit from strong brand awareness and existing marketing campaigns, and consequently require only limited incremental marketing support.

Reposition our Italian operations

We are fully committed to both strengthening our operating performance and increasing the scale of our operations in Italy. We recently adapted our products to align them with Italian consumer preferences, notably by focusing on unprocessed fish and seafood products (this category alone represented 38% of our sales in Italy in 2009). We have also implemented a more homogeneous pricing policy in Italy, which is consistent with the relative price positioning of the brand in France. In addition, we have restructured our network in Italy and closed stores that were unprofitable. We recently opened two new stores in targeted areas in Northern Italy, which have both performed in line with stores in France.

Develop our online platform and Home Service

Although Home Service historically has been a telephone-based business, we believe that the Internet provides us with an opportunity for future growth into a distribution channel that is complementary to our network of stores.

Increasing online sales will enable us to capture an additional segment of the market and supplement visits to our stores by offering consumers an additional element of convenience. Currently, over 70% of our online customers continue to shop in our stores.

History

Our predecessor was founded in 1906 as *les Glacières de Fontainebleau S.A.* by Raymond Picard and originally manufactured and distributed ice blocks. In the 1940s our predecessor began our first wholesale activity in frozen foods. In 1971, we launched our first frozen food catalogue and home delivery sales. In 1973, Armand Decelle acquired the business and became the chairman and CEO. Under his direction, we first focused on the home delivery of unprocessed quality food products, such as vegetables and seafood. In 1974, we opened our first retail store in Paris and we opened stores outside of Paris in Antibes (in the South of France) and Lyon (France's second largest metropolitan area) in 1987. That same year, we opened our 100th store and by 1997 we operated 300 stores. During this period, our product line also evolved to include more sophisticated products, such as prepared meals. Over the 30 years since opening our first retail store we have become a household name in France known for providing premium quality, natural and competitively-priced products.

In 1984, we changed our name to Picard Surgelés and we co-founded Primex, a French importer, with a family-owned partner and we currently hold approximately 37% of its share capital. Primex is our principal supplier of fish, as well as a supplier of meat products. In 1991, Carrefour, the listed French food retailer, acquired a 10% stake in Picard Surgelés and in 1994 raised that stake to approximately 74%. From 1994 until 2001, Picard Surgelés and Picard Surgelati operated as subsidiaries of Carrefour. During the 1990s, we more than doubled our presence in France, growing from 184 stores in 1991 to 441 stores in 2000.

In 2001, we were sold to an LBO consortium headed by Candover, which acquired approximately 79% of our share capital. We were subsequently acquired in a secondary LBO in 2004 by funds advised by BC Partners, our current principal shareholder. As of March 31, 2010, funds advised by BC Partners held approximately 74% of our share capital. From 2005 to 2009, we grew from over 600 stores to over 800 stores in France and Italy, opening an average of 46 new stores per year. Philippe Pauze became our CEO in April 2009. On September 14, 2010, AcquiCo, an indirect, wholly-owned subsidiary of the Issuer, entered into a Securities Purchase Agreement to acquire, directly or indirectly, all of the issued and outstanding capital stock of Picard. Upon completion of the Acquisition, Lion Capital will be the Issuer's principal shareholder through its investment management funds and indirectly will own approximately 99% of the Issuer's issued and outstanding shares. Upon completion of the Acquisition, Picard management will acquire an approximately 1% indirect interest in the Issuer. See "*The Transactions*".

Our Brand

We are a pioneer in the French frozen food sector and have become known for delivering variety, innovation, premium quality, health, convenience and value to our customers. We created and developed the concept of convenience frozen food stores in France over this period and are now inextricably linked to it. We believe that we have helped drive the growth of the French frozen food market with our innovation and commitment to quality, which has also led to a positive and strong awareness of our brand and our reputation for quality, heath and safety.

Our Products

We offer more premium quality frozen food products in terms of number of SKUs than any of our competitors. We have developed an assortment that includes approximately 1,150 SKUs in stores at a time and covers the entire spectrum of alimentary needs. Our product range includes starters, main courses, desserts and snacks and is organized into the following nine categories: fish and seafood (9%), fruits and vegetables (24%), starters (13%), prepared meals (17%), meat (9%), ice cream (13%), desserts (excluding ice cream) (7%), bakery products (3%) and grocery products/other (5%). We offer a wide range of prepared meals, including traditional French meals, international food, gourmet products and special occasion products. In Italy, we have adapted our product offering to local tastes and preferences. For example, in 2009, we introduced a new fish and seafood product line expressly designed for the Italian market. All of our products are aimed at responding to customer preference for food which is flavorful, satisfying, nutritionally valuable, healthy, easy to prepare and economical.

In recent years we have been increasingly focused on healthier, natural and low-fat products. These include our "*Nature et mieux-être*" line of products, such as steamed vegetables, our "*Plus d'équilibre*" line of low-fat meals and products and dietary supplements, as well as other organic products and vegetarian meals. We limit the use of chemicals and artificial flavoring across all of our product categories and increased our offerings of non-allergenic products. We also list the number of calories and nutritional values on our packaging.

Fruits and vegetables and fish and seafood are our largest categories in terms of sales, together generating approximately 38% of our sales in the year ended March 31, 2010. Our sales by product category for the years ended March 31, 2008, 2009 and 2010 are set forth in the following table:

	Years ended March 31,					
Product Category	**2008**		**2009**		**2010**	
	millions of euro	**%**	**millions of euro**	**%**	**millions of euro**	**%**
Fruits and vegetables	194.2	19.2	207.6	19.5	213.4	19.3
Fish and seafood	197.0	19.4	203.7	19.1	209.4	18.9
Starters	164.6	16.2	168.5	15.8	170.5	15.4
Ready meals	150.2	14.8	156.7	14.7	166.8	15.1
Meat	122.2	12.1	130.6	12.3	136.4	12.3
Ice cream	82.5	8.1	90.3	8.5	92.4	8.4
Desserts (excluding ice cream)	71.7	7.1	72.1	6.8	75.9	6.9
Bakery products	15.8	1.6	18.4	1.7	19.4	1.7
Grocery products/other	15.3	1.5	17.3	1.6	22.2	2.0
Total retail France	1,013.5	100.0	1,065.3	100.0	1,106.6	100.0
Other	47.1		42.9		42.5	
Total	1,060.6		1,108.2		1,149.1	

In addition to our own brands, we promote a small number of our suppliers' national brands, such as Ben & Jerry's and Häagen-Dazs, pursuant to marketing co-operation agreements. Together these brands represented approximately 2% of our sales for the year ended March 31, 2010.

Product Innovation and Research & Development

Product innovation and improvement are an important part of our business. Our R&D, marketing and purchasing departments are centralized and organized according to our nine families of products in order to coordinate the innovation and development process. We believe that product innovation is one of the main ways we differentiate ourselves from our competitors and broaden our customer and product bases. We constantly review and update our range of products to keep up with our customers' changing needs and preferences and we introduce approximately 200 new SKUs per year (representing nearly 20% of our offering). Our new products are rolled out throughout the year and linked to promotions and seasonal demand (for example, we launch special products for the Chinese New Year and Valentine's Day).

Our innovation policy focuses on developing original products, some of which we anticipate will set trends and create new segments in the frozen food market. Some of our most successful products, such as *moelleux au chocolat*, have brought popular traditional foods to the frozen food category for the first time. We believe our ability to initiate market trends is partly due to our regular introduction of new products using flavors or techniques that are relatively new in France, (examples of which are set out in the table below). We also rely on direct customer feedback, notably through our customer service hotline, in addition to proposals from our suppliers and our own research team. Our R&D team works closely with our purchasing and marketing teams in order to quickly improve our products in response to customer feedback. We believe that we are able, as a result, to quickly improve our products in response to customer comments.

The following table lists and describes some of our significant product innovations.

Year Launched	**Product**	**Description**
1988	Papillotes	Papillotes were originally launched using tin foil. In 1998, Picard launched the first-ever papillotes in greaseproof paper (more convenient and quicker to heat in a microwave).
1989-1990	IQF ("Individual Quick Freeze") ready meals	Ready meals, incorporating the latest technical innovations, such as powdered seasoning, sauce drops and coating techniques.
1995	Formule Express	A range of individual meals packed in a special microwavable tray.
2000	Moelleux au chocolat	Warm chocolate cake.
2002	Cuisine japonaise	Fresh frozen sushi.
2005	Verrines apéritives salées et les verrines sucrées	Savory and sweet "verrines".
2006	Mélanges de légumes natures en sachet cuisson vapeur et micro-ondables	Specially packaged mixed vegetables to be steamed in the microwave.

2007	“Délice d’un instant”	Savory and sweet individually packaged pre-cooked products to be reheated in the microwave in two to three minutes.
2008	“Bons Petits Plats Picard”	Individually packaged pre-cooked daily meals including veal risotto, rabbit with olives and white rice as well as sweet crepes and pancakes, to be reheated.
2009	Fruits BIO	Development of organic product line with a large offering of fruits.

Our R&D staff of ten dedicated full-time employees benefits from close relationships with our suppliers, who frequently propose to us ideas for new prepared products hoping to take advantage of our unique position in the market and the quality of our network of stores. On average, it takes five to 12 months to develop and launch a new product, a period during which we work with a Picard-certified supplier, apply our quality controls to samples, perform taste tests and prepare for sales of the new product in our stores.

We believe we have remained at the forefront of product innovation and improvement by focusing on improving the quality of recipes, ingredients and user-friendliness, including average cooking times. Our staff of purchasers and product managers carry out our efforts in the area of product improvement.

Purchasing and Suppliers

We work with approximately 145 suppliers, which supply us with prepared foods and unprocessed frozen food products, including meat, fish, starters, fruits, vegetables, bakery products and ice cream. We select our suppliers based on strict specifications related to product quality and generally reappoint our suppliers of unprocessed food annually and our suppliers of prepared foods every two to three years. We believe the caliber of our suppliers has contributed to Picard's strong track record of quality control.

We do not believe that we are dependent on any one supplier or that the loss of any one supplier would have a material adverse effect on our business. In the year ended March 31, 2010, our five largest suppliers represented 28% of our purchases by value, our 10 largest suppliers represented 40% of our purchases by value and our 20 largest suppliers represented 56% of our purchases by value. Our largest supplier represented approximately 7% of our purchases by value. We develop most of our products internally but outsource the manufacturing to approximately 145 different suppliers. There are on average two to three different suppliers who are able to supply our product lines. We invite our suppliers to diversify their own client bases as well.

For the introduction of each new product, we require that our suppliers commit to minimum volume requirements for the initial four months of the product's availability. We do not otherwise impose volume requirements contractually.

Prepared Products

We subcontract the production of prepared products, such as frozen meals, but they are prepared according to our recipes and specifications. We assign one of our product managers responsibility for overseeing the production process and ensuring conformity with our specifications, including the origin of each ingredient. Sixty-five percent of our suppliers' production centers are located in France, although some are located abroad, including in Italy, the United Kingdom and Thailand.

Unprocessed Products

Our suppliers are responsible for the selection and supervision of the food they deliver to us. We work very closely with our suppliers, whether directly or through our importers, to ensure that our specifications as to quality and quantity are complied with. We treat our suppliers as partners, emphasizing to them that they are harvesting or fishing for us and for our brands. Our contracts with our suppliers typically fix prices for one year, which helps minimize price fluctuation. For high volume purchases, we generally work with multiple suppliers.

In 2009, we imported products from around the globe, including, for example, Argentina, Australia, Austria, Canada, Chile, Ireland, Italy and Norway. Notably, all of our contracts with suppliers are priced in euros, so we do not have any direct foreign exchange risk.

In order to better manage the importation of seafood and meat products from Norway, New Zealand and Argentina, we co-founded Primex. For the year ended March 31, 2010, purchases from Primex amounted to €45.3 million or 6.9% of our purchases (by value) (compared with €41.7 million for the year ended March 31, 2009 (6.4% of our purchases (by value)) and € 42.6 million for the year ended March 31, 2008 (6.9% of our purchases (by value)).

Quality Control

We are strongly committed to the quality and safety of our products, attributes which are recognized by our consumers. We apply stringent standards to surpass legal requirements and we employed a quality control team of 23 full-time employees (as of March 31, 2010) based out of Nemours and Issy-les-Moulineaux in France. This team is responsible for monitoring the quality and safety of our products. Their role includes:

- monitoring international sanitary conditions and developments in order to anticipate issues with respect to the use or origin of certain products;
- instituting and enforcing strict guidelines which our suppliers must follow and performing random spot checks each year of our suppliers' production plants or with our suppliers of unprocessed products; and
- performing additional internal controls such as testing deliveries to our warehouses.

We perform more than 60,000 tests per year on more than 15,000 products in our laboratory, or 70% of our lots. We test our products for bacteria, weight, ingredients, taste and texture, and as a result of these tests, we reject, on average, 1% of processed products before they are shipped to our warehouses. As our tests are performed throughout the cold chain cycle, we may also reject products at various other points in the chain. We believe these tests are essential to the quality and reputation of our brand, and that we are able to effectively monitor the quality and safety of all our products. Our testing practices are often more stringent than required by current regulation. In the 36 years since we opened our first store, we have never been required to make a significant recall of our products for health or safety reasons. In addition, all of our suppliers must be certified by either ISO 22000, IFS or BRC, or for smaller suppliers which are not able to attain any of these certifications, by the external audit firm Bureau Veritas. All lots produced by our suppliers are logged into a system for tracking both delivery and quality controls. We are currently in the process of transitioning to our new and integrated SAP platform, which we expect to be fully implemented by the Spring of 2011. This platform will enable us to more easily track each lot and perform our controls.

Our competitors, suppliers and customers are aware of our very high cold chain standards. We go beyond the statutory cold chain requirements to ensure the safety of our products for our customers and equip our stores with state-of-the-art freezing equipment.

We have also created an independent advisory board composed of eminent physicians, nutritionists, a former member of the *Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes* (or DGCCRF, a unit of the French ministry for the economy, industry and employment) and a lawyer specializing in food law, which meets every six months to advise our management on current world health, sanitary events and trends. We believe this scientific and industry knowledge helps us to be aware of and anticipate changing health norms and trends in our market. For example, in 2009 our advisory board focused on coordinating a crisis roadmap to address the H1N1 pandemic.

Our Network of Stores and Home Service

We distribute our products principally through our retail network of stores in France and Italy, all of which are operated by us (not franchised). We also operate Home Service in parts of France, Belgium (mainly in and around Brussels), Luxembourg and Spain (Barcelona), which allows customers to order by telephone or over the Internet. It has been our continuing strategy to offer the same prices and promotions at all of our stores in France and through Home Service.

Store Ownership and Leasing

As of June 30, 2010, we owned 64 of our 821 stores in France, most of which we acquired historically upon the exercise of purchase options under our financial leases, and we rent the remaining 757 stores. Most of our stores are leased pursuant to “commercial leases” which grant significant rights under French law to lessees compared to leases in many other jurisdictions. Most of these commercial leases are for nine-year terms (the statutory minimum) and provide termination rights for the tenant at the end of each three-year period upon six-months’ prior notice. A typical commercial lease for one of our stores in Italy has a six-year term. Forty-two of our stores in France are leased pursuant to hybrid leases with 12-year terms, which give us the right to either purchase the premises at the termination of the lease for approximately 50% of the initial underlying asset value, change the lease to a standard rental contract or vacate the premises. Finally, nine of our stores in France are leased pursuant to finance leases, which typically provide for a purchase option after a term of 12 years. We believe that our leasing strategy gives us a high level of flexibility in store management.

We rent our stores from a variety of landlords, including individuals and different types of companies.

The table below sets out our commercial lease expirations for the next nine calendar years, as of June 30, 2010.

	Number of leases	% of total leases
2010	51	7.3%
2011	57	8.2%
2012	64	7.7%
2013	96	13.8%
2014	68	9.7%
2015	80	11.5%
2016	103	14.8%
2017	63	9.0%
2018	75	10.7%

The rent paid under most of our commercial lease agreements is a fixed sum which is annually reviewed relative to the ICC, published by the *Institut National de la Statistique et des Études Économiques*. In 2009, the automatic adjustment in the ICC led to an increase of approximately € 2.5 million or 7% in our invoiced rents.

In addition, in accordance with applicable regulations governing commercial leases, commercial rents can be adjusted upon the renewal of the lease, failing which, in the case of some of our leases, new rents may be determined by a competent court. See "*Regulation*".

Stores in France

Our stores (which are equipped with closed freezers) emphasize quality, "clinical" cleanliness and customer service. Picard stores have an average size of approximately 245 square meters and employ on average between three and four full-time employees. We aim, to the extent possible, to give our stores a uniform appearance and refurbish them every six to eight years (in the last three years, 211 of our stores were refurbished). Most stores carry our full product line, although in smaller locations, the mix of products on offer may vary according to demand and store format. Our stores are usually open from 9:30 a.m. to 7:30 p.m. and are generally open on Sunday mornings.

Our network of stores covers the whole of France. Our largest concentration of stores is in Paris and Ile-de-France (the area in and around Paris), where we have a total of 321 stores (39% of our total network) as of March 31, 2010, including 106 in Paris. We also have a strong presence in other urban areas, including 34 stores in Nice, Antibes and Cannes, 24 in Lyon, 27 in Marseille, 18 in Toulouse and 14 in Bordeaux, in each case as of March 31, 2010. Seventy-five percent of our stores are located in city centers. In recent years our presence in the west and southwest regions of France has been growing rapidly. We believe the size of our network is a significant barrier to entry.

In the year ended March 31, 2010, our average sales per store was € 1.4 million and our average sales per square meter was approximately €5,700. Despite our expansion, the opening of new stores has not reduced our average sales per store. Average sales per store during the first 12 months of operation have ranged from €1.05 million (for stores opened in Paris or the South East of France) to €750,000 for stores opened elsewhere. Our new openings generate higher sales in the first year than they did in the past, which demonstrates the strength of our brand and the selectiveness of our locations. The economics of our stores are very homogenous across our network in France.

Format

We have standardized our stores into four formats: pedestrian, urban, axis and hyper, each of which is chosen as a function of location and customer profile in order to maximize sales. This standardized format means that set-up costs are predictable and relatively low, with a payback period of approximately two years. Our pedestrian stores represent 26% of our network and are located in dense urban areas within walking distance for most of our customers. Our urban stores represent 18% of our network and have private parking lots. Our axis stores comprise 34% of our network, are located along regional main roads and have private parking lots. Finally, our hyper stores account for 22% of our network, are the largest of our four store formats and are typically located on the outskirts of large and medium-sized cities.

Pedestrian and urban stores are proximity (or convenience) stores, where customers generally shop once a week and purchase in smaller quantities (the average basket amount is between €16 to €23). Axis and hyper stores are destination stores, where customers generally shop two to three times a month and purchase in larger quantities (the average basket amount is € 28).

Our unique concept of "one-way" layout stores, where starters are placed near the store's entrance and desserts by the check-out, allows customers to naturally shop for a typical three-course meal by walking through the store without the need for shopping lists. This concept has a number of advantages. It encourages customers to discover our entire product range, attracts customers to promotions and new products placed at the entrance of the store, reduces wasted time for customers by helping them to more easily find what they are looking for, allows for easy flow within a store and optimizes space allocation. The stores' design evolved in 2005, with a reshuffling of the color code to further improve the shopping experience.

Positioning

Our stores have a well-balanced geographical footprint and are mostly located in high-traffic locations in cities of 25,000 inhabitants or more. Positioning our stores in target catchment areas is a critical part of our ability to reach and serve our customer base. We position our stores and identify locations for expansion according to a demographic analysis we call "geomarketing", which allows us to analyze data from our network of existing stores and French demographic surveys in order to locate areas with untapped potential and priority zones for new development sites. The principal criteria we use to choose the locations of our new stores are:

- population density, which is adjusted for urban and non-urban areas;
- average taxable income per household; and
- socio-economics of potential customers.

We also monitor our market share and revenues in our currently covered areas. We believe that our geomarketing tools allow us to see our market as a whole, to benchmark stores and evaluate the key factors to stores' success. Geomarketing operations are conducted by a team of five, headed by our director of development and based at our headquarters in Issy-les-Moulineaux.

Our objective is to become an everyday destination for our clients to ensure high and constant traffic in stores. The majority of our customers are between the ages of 35 and 65, with an average age of 51. This is in line with the French population's average age of 49. Our younger customers tend to purchase our products for their premium quality and serve them at parties. When these customers reach their thirties, they often develop into regular daily consumers of our products as their buying power increases and they search for convenient and quality food to serve their families.

Expansion

We continually seek opportunities to expand our store network in France and have opened on average 46 new stores per year over the last five years. We opened 47, 46 and 43 new stores in the calendar years 2009, 2008 and 2007, respectively. The greater density of our store network results in a limited degree of sales cannibalization which we regularly monitor. Our track record of opening stores without significant cannibalization is the result of a selective store expansion policy implemented by a team of 25 dedicated persons. On average, cannibalization has a short-term negative impact on sales of impacted stores, which resume their long-term trend line growth after one year and recover their initial sales level after two to three years.

Source: Roland Berger

We plan to open 135 new stores opening in France over the next four years. As of August 31, 2010, we had opened 15 of the 30 stores planned for the year ending March 31, 2011, we had signed leases for five of these 135 stores and we were negotiating leases for another eight. We believe there is potential in France for approximately 275 new Picard stores based on our criteria for new openings, with half of these in and around Paris and other large cities. Since our first store opening in 1974, we have only closed a total of 16 stores in France without replacing them with newer stores, out of which three were closed in the last five years.

Home Service

Our Home Service customer base consists primarily of individuals or families who wish to order in bulk or are unable or unwilling to travel to our stores. Customers can order over the Internet or from our catalogue by telephone. We have three call centers accepting customer telephone orders, and our website, www.picard.fr, allows customers to order food online. Home Service is used by approximately 90,000 active customers and serves customers in densely populated areas in France, as well as in certain areas of Belgium (Brussels), Luxembourg and Spain (Barcelona). Through Home Service, our products are offered at retail store prices, plus a €5 to €6 delivery fee.

Our Cergy, Nemours and Sorgues warehouses prepare and distribute products to our 22 Home Service regional bases. Orders are then delivered to our customers from these distribution centers by company-owned delivery vans.

In the year ended March 31, 2010, Home Service sales were € 24.6 million, representing 2.2% of our total sales, compared with € 23.5 million in the year ended March 31, 2009 (2.2% of total sales) and €23.7 million in the year ended March 31, 2008 (2.2% of total sales). Despite a non-user-friendly website, Internet orders accounted for approximately €11.1 million (or 45%) of Home Service sales in the year ended March 31, 2010.

Our historical focus on expanding our store network has slowed the expansion of Home Service. However, we believe that renewed attention to this sales channel, especially to the Internet platform, will enhance its consumer appeal and strengthen customer loyalty, increase spending per customer and allow us to reach new customers. For example, we intend to revamp our website to promote facility of use and streamlining our approach to deliveries.

Stores in Italy

In 1999, we acquired Gelmarket S.p.A., the Italian subsidiary of Gel 2000 International S.A., a French distributor of frozen products then in administrative receivership, which became our subsidiary Picard Surgelati. This acquisition constituted our first and, thus far only, international store expansion. Picard Surgelati's network at the time of the acquisition was comprised of 45 stores in the north of Italy and oriented towards a discount-focused clientele.

A number of the stores we acquired in the Gelmarket transaction were poorly located and produced low revenues with limited potential for growth. We therefore closed 14 such stores between July and September 2008. We have also reorganized our Italian store network and product lines so that they more closely correspond to our cost structures, product lines and customer profiles in France, while nevertheless adapting our offerings to Italian tastes. In the year ended March 31, 2010, we opened two stores in Northern Italy which follow our strategy to adapt our French business model to Italian consumer preferences. To date both stores are performing in line with our stores located in France's large cities.

As of June 30, 2010, we operated 30 stores in northern Italy focused in large cities (Milan, Bologna and Turin). Total sales for the years ended March 31, 2010, 2009, 2008, respectively, were €16.3 million (1.4% of total sales), €18.0 million (1.6% of total sales) and €21.6 million (2.0% of total sales), albeit with a different store count.

Our historical focus on expanding our store network in France has slowed our expansion in Italy. Our typical Italian store offers approximately 750 SKUs, approximately half of which are Picard-brand products with Italian packaging or stickers. We recently adapted our product offering in Italy to correspond to local tastes and preferences for frozen fish, raw fruits and vegetables and ice creams. Our products in Italy now have the same price positioning relative to competing national brands as our products in France.

Picard Surgelati has its headquarters at Carrono Pertusella, near Milan.

Employees

As of June 30, 2010, we had 3,673 full-time equivalent employees in France and 76 in Italy. Approximately 68% of our employees are women. We also employ a number of temporary employees, principally in order to staff our stores during periods with higher customer demand. In 2009, for example, we employed from 245 to 2,325 temporary employees with peak during the December holidays.

The breakdown of our full-time equivalent employees in France by activity as of June 30, 2008, 2009 and 2010 was as follows:

	As of June 30,		
	2008	2009	2010
Stores	2,651.1	2,807.0	2,913.8
Logistics	270.8	273.5	283.1
Home Service	128.6	126.6	130.2
Headquarters	325.4	345.3	346.0
Total	3,375.9	3,552.5	3,673.1

The breakdown of our full-time equivalent employees by country as of June 30, 2008, 2009 and 2010 was as follows:

	As of June 30,		
	2008	2009	2010
France	3,375.9	3,552.5	3,673.1
Italy	—	75.0	76.3
Total	3,375.9	3,627.5	3,749.4

All our employees benefit from a legal profit sharing mechanism based on our financial results that in the past has been equivalent of two months of salary per year. In addition, we offer all our employees the opportunity to participate in profit sharing tied to our EBITDA performance. Finally, employees in our stores in France may also benefit from profit-sharing depending on the quarterly sales per store compared to budget. In some cases we offer work-time flexibility with the possibility of part-time work.

Our employees benefit from a training program centered around our values, products, business and management that exceeds legal requirements. We generally favor internal promotion for filling vacancies. In financial year 2009, 69% of store manager positions and 55% of store assistant positions were filled through internal promotions.

We have entered into various collective bargaining agreements. There are no material labor agreements or other arrangements whose expiry is pending and which we do not expect to be satisfactorily renewed or replaced in a timely manner. We believe that relations with our employees are good.

Logistics

Our substantial logistical network covers the shipment of our products, inventory in our warehouses and transportation to our stores. Our logistics operations are partially outsourced, providing us with greater flexibility. Of our nine warehouses (including one in Italy), seven are outsourced to three leading cold chain specialists. Orders are centrally managed by our logistics department based on monthly sales estimates per product. In addition, Home Service utilizes three warehouses (one of which is outsourced) and is managed through 22 regional Home Service logistics platforms and last-mile delivery vans.

Cold Chain

We believe that the strength of our logistics network is critical to the freshness of our products, quality control and customer satisfaction. To this end, we have established a high-standard cold chain to keep our products at temperatures of −20°C or less (below the minimum regulation requirement of −18°C), with an ambient temperature in trucks of −22°C. These requirements apply at all stages of our logistics operations, including during the preparation and transport of our products by our suppliers.

Warehousing

We store our products in nine warehouses, four of which are located in the Ile-de-France region, where our largest concentration of stores is. Two of our warehouses (located at Sorgues and Nemours) are owned and operated while the others are outsourced to our logistics partners STEF Logistique, an integrated logistics group specialized in frozen food, with which we have worked since 1987, and Sofrica/Sofrilog, a storage specialist in France. We also have one warehouse in Italy, at Mantova, which is operated by Primafrost SPA, and exclusively serves our Italian stores. Our partners generally operate under three-year contracts, which are renewable for one-year periods by tacit agreement.

Six of our warehouses (Vitry, Villeneuve sur Lot, Corbas, Rennes, Trappes and Mantova) are exclusively dedicated to serving our retail stores. Three warehouses (Cergy, Nemours and Sorgues) serve both stores and Home Service regional platforms. We also operate a packaging unit exclusively for unprocessed seafood out of our Nemours facility.

The following table shows the volume and maximum capacity of our warehouses in France for the year ended March 31, 2010:

Facility	Owned/ Outsourced	Volume (in tons)	Maximum capacity (in tons)	Utilization rate (%)	Number of stores served	Year opened
Nemours	Owned	10,662	18,000	59	65	1979
Sorgues	Owned	28,552	32,000	89	142	1992
Vitry	Outsourced to STEF Logistique	27,788	32,000	87	144	1986

Cergy	Outsourced to STEF Logistique	24,080	31,000	78	138	1989
Villeneuve sur Lot	Outsourced to SOFRICA	12,133	15,000	81	81	2004
Corbas	Outsourced to STEF Logistique	12,515	15,000	83	94	2006
Rennes	Outsourced to SOFRICA	9,897	15,000	66	81	2007
Trappes	Outsourced to SOFRILOG	13,782	25,000	55	68	2008
Total		**139,409**	**183,000**	**76**	**813**	

In order to support future growth, we have added three additional warehouses since 2006, representing an increase of 43% in maximum capacity over our existing warehouses. We believe our warehouses have sufficient capacity to support our estimated needs through March 2014.

Transport

We have three principal transport needs: (i) from our suppliers to our warehouses, (ii) from our warehouses to our stores and Home Service bases and (iii) "last mile transport" from our Home Service bases to our Home Service customers. Deliveries from platforms to stores are conducted depending on the turnover of the store and on the physical capacity of the storage cold room, from daily frequency for bigger stores to once a week. Delivery frequency increases during peak periods, such as December. We deliver products from our warehouses to our 22 regional Home Service bases, and these bases ultimately dispatch deliveries to customers. The number of deliveries per week from our warehouses to the regional bases varies by region.

Transport costs from suppliers to our warehouses are generally borne by the suppliers. Transport of products between our warehouses or from our warehouses to our stores is outsourced to regional transporters. In addition, last-mile transport from Home Service platforms is handled by 104 delivery vans owned and operated by us.

Product pricing

Our customers expect us to provide them with premium quality products at good values. In order to remain competitive, while developing our products we pay attention not only to the quality of our ingredients and the taste of our products, but to pricing as well. We separate our products into three price categories: basic, mid-level and premium. Having products in each of these categories allows us to cater to our range of customers and their budgets and has helped us to maintain and increase customer traffic during the economic downturn.

Due to our large share of the market, we believe that we are able to negotiate with our suppliers more effectively than other retailers. Our price positioning has allowed us to generate a gross margin representing 41.9%, 41.6% and 40.9% of sales in the years ended March 31, 2010, 2009 and 2008, respectively. Our products are more expensive than those of hard discounters, but frequently less expensive than those sold by other specialists, in supermarkets or the fresh alternatives. We also believe that our products are typically of a higher quality than those sold by our competitors.

Sustainability

We are committed to reducing the impact of our business activities on the environment. For the last two years we have had a team dedicated to working on sustainable development issues, such as the preservation of natural resources through sourcing fish and seafood products according to standardized eco-friendly fishing methods. Beginning in October 2010, we will begin identifying such products with an “MSC” (Marine Stewardship Council) label, the best known sustainable seafood label. In February 2011, we plan to replace our free plastic bags with low-priced recycled bags and in the future to develop coolers made of natural fibers. In addition, frozen food spoils less than fresh food in the supply chain reducing waste. Finally, we believe our practice of deep freezing fresh fruits and vegetables and selling them over the course of the year reduces emissions, because, providing customers with fresh fruits and vegetables throughout the year requires retailers to transport such produce from other parts of the world in the off-seasons.

Customer Service and Customer Relationship Management

Our approach to customer service is characterized by responsiveness to customers’ questions, suggestions and other comments. We believe this approach allows us to better know our customers, improve our products and adapt our products to our customers’ preferences.

Through our various sales channels, we seek to meet our customers’ expectations for convenience, quality and variety. Most of our stores are open for part or all of the day seven days per week. In addition, through Home Service, orders can be received over the Internet seven days per week and delivery can be made within 48 hours. We also offer to reimburse any unsatisfied customers or replace any goods with which they are dissatisfied.

We have maintained a customer service hotline that has been available to our customers since 1985. In calendar year 2009, we received approximately 34,000 telephone calls and 10,000 emails. We also offer a health service whereby customers with special medical, diet and nutritional questions may telephone and speak to a physician or nutritionist.

We plan to enhance our knowledge of our customers through a CRM database analysis. We believe the introduction of a CRM program intended to provide us with a comprehensive understanding of our customers will help us increase sales by supplying us with the information necessary to develop new products that are responsive to current trends and evolving consumer preferences. Such analysis should aid us in our expansion efforts, and we expect it to increase like-for-like sales growth in the short term.

Advertising and Promotion

Advertising is an integral part of our promotion of our products, our stores and our brand. Our preferred methods of advertising are our monthly home mailings, newsletters, catalogues, in-store signage, billboards and daily regional press. We have an annual advertising budget of €18 million for France, and in the year ended March 31, 2010, we spent €17.3 million in France, or 1.5% of our gross sales of goods, on advertising costs. We spent a total of €15.5 million and €17.2 million on advertising in the years ended March 31, 2009 and 2008, respectively. However, despite these relatively low advertising and promotion expenditures, we continue to grow and gain market share and enjoy one of the best brand awareness among French retailers.

Our annual advertizing budget focuses on proximity communication (monthly mailings and in-store communication). Our newsletter, first launched in 1986, is both available in our stores and mailed to customers on a monthly basis. Each edition features new products, articles on products from a specific country or region, as well as recipes and serving suggestions tested by our Quality Control Laboratory. We printed approximately 800,000 copies per month of our newsletter for the year ended March 31, 2010. We also publish a catalogue listing all of our products, which is available in our stores and mailed to all Home Service customers. Its publication is made according to sales peaks and not according to the calendar year for example, our December catalogue covers a seven-week period in order to take advantage of the Christmas and New Year holidays. We published 12 different catalogues in the year ended March 31, 2010.

In our stores, we feature 60 to 80 products (120 products in December) in a "selection of the month" promotion that lasts three to seven weeks and is changed 12 times a year. These promotions generally offer average price reductions of 16.5%. Promotions usually account for approximately 28% (49% during the holiday season) of the sales of products on offer. Promotions are set nationally without differentiation among regions. In addition, other promotional activities include the *Prix Malins* program introduced in the beginning of 2010 under which we have instituted a policy of introducing two discounted products every ten days for a total of six per month. These six products come from different categories and price points and are focused on introducing our customers to additional products within our varied offerings.

Other promotional activities also include mass mailings in support of store openings and sales, daily regional press advertisements and point-of-purchase advertising.

Information Systems

Headquarters and Network

We have a dual IT system, which includes both the hardware and software in our retail stores and our centralized IT network.

Each retail store is equipped with cash registers, scanners and a computer to manage sales and supply. This local system receives pricing and other information for a given SKU from our central IT system and uploads the store's commercial activity data to our headquarters' IT system on a daily basis.

Our central IT system is based upon software which is accessible through our network. We use CODA software for general accounting purposes, recording our assets' depreciation, human resource management and tracking our transactions with suppliers. We have also developed our own applications to fulfill our specific needs in relation to the logistics of our supply chain and the management of our warehouses.

Logistics Management

We currently utilize nine logistics platforms, two of which are fully-owned by us, and seven of which are outsourced and managed by STEF Logistique and Sofrica/Sofrilog. Contracts with our logistics partners are generally renewed on a yearly basis.

We are currently deploying a new integrated SAP-based system to improve our logistics and quality control management.

Each retail store follows the same ordering and reporting procedures, and we centralize the information relating to our retail stores' commercial activity daily to make the necessary adjustments, in particular relating to our supply chain. We use specific software tools (like Business Objects and SAP, when fully implemented) to process and analyze the information we gather from our distribution network.

In 2009, we began a transformation of our supply chain IT system, which we expect to complete at the end of the first half of 2011. Since June 2010, warehouses and the stores they serve have begun migrating to the new system on a rolling basis. The new system will principally affect our supply chain and inventory management. The new system will replace fax and email ordering with an order proposal procedure and electronic data interchange (or EDI) that follows the entire order process. It also will enable real-time stock management (rather than tracking by batch and each day-end) and inventory value based on weighted average price (rather than based on the last-known price). We expect that the new system will improve productivity and quality tracking.

Intellectual Property

We use a variety of trade names, service marks and trademarks in our business. Except for the denominative trademark "Picard" and the word and device trademark "Picard Surgelés' Snowflake", both of which enjoy high brand recognition in France, we do not believe that any of our other trade names, service marks or trademarks is material to our business. "Picard" and "Picard Surgelés' Snowflake" are protected in the countries where we currently do business, including France, Italy, Luxembourg and Spain, as well as in the countries where we could do business in the future, such as Denmark, Germany, Switzerland and United Kingdom.

Insurance

We maintain insurance against various risks related to our business. This includes general third-party and products liability coverage, combined property damage and business interruption policies, as well as directors' and officers' liability coverage. However, the directors' and officers' liability policy is subject to a change of control provision that will terminate the policy upon the completion of the Acquisition. We also maintain the workers' compensation and motor liability coverage that is compulsory in France and Italy. We consider our policies adequate to cover the major risks of our business, but there can be no assurance that this coverage will be sufficient to cover the cost of defense or damages in the event of a significant claim.

Legal Proceedings

We are involved in a number of claims, principally relating to termination of employment, litigation with former suppliers and commercial rent adjustment claims that have arisen in the ordinary course of our business. As of March 31, 2010, we have recorded provisions of €3.0 million in respect of legal claims, principally related to employee disputes.

Tax proceedings

A tax audit of the Company concerning the years ended March 31, 2005, 2006 and 2007 is currently in progress. The Picard Surgelés and Financière Fontainebleau (a previous holding company of Picard which was set up in connection with a previous LBO and subsequently merged with Picard Groupe S.A.) portions of the audit have been completed. With respect to the Company, tax authorities notified us on May 28, 2010 of a proposed correction of €11.3 million, which translates into a maximum tax liability of approximately €4.4 million (including approximately €0.5 million of late payment interest fees). We intend to challenge this proposed correction. Under the circumstances and according to accounting regulation, we have not provisioned for the proposed correction in our financials statements for the year ended March 31, 2010 due to the uncertainty of the proposal, but we believe the final amount will be less than the amount claimed.

REGULATION

Our business and real estate activities are subject to laws and regulations regarding frozen food, commercial leases, the environment, public health and safety.

Frozen Food Regulation

We are subject to a broad range of European directives and French regulations regarding the manufacture and sale of frozen foods for human consumption. These directives and regulations define technical standards of production, transport and storage of frozen foods intended for human consumption. European Directive No. 89/108 dated December 21, 1988 (amended by European Directive 2006/107 dated November 20, 2006) establishes the general European regulatory framework for the trade and manufacture of frozen foods. European Directive No. 92/2 dated January 13, 1992 and Regulation 37/2005 dated January 12, 2005 set out specific technical measures for the implementation of the framework established by Directive No. 89/108. Directive No. 92/2 establishes the sampling procedures and the European Community's method of analysis for the official control of such temperatures. Regulation 37/2005 dated January 12, 2005 also details the monitoring of temperatures during the transport, warehousing and storage of frozen foods and Regulation N°178/2002 dated January 28, 2002 lays down the general principles and requirements of food law. Finally, Regulations N°852/2004 and 853/2004 dated April 29, 2004 establish specific hygiene rules for food of animal origin and foodstuffs.

These European Directives and Regulations have been introduced in the French regulatory regime. Decree No. 64-949 dated September 9, 1964, as amended by Decree No. 91-1230 dated December 3, 1991, Decree No. 97-1016 dated November 5, 1997, Decree No. 2005-944 dated August 2, 2005, Decree No. 2006-372 dated March 28, 2006, Decree No. 2009-1083 dated September 1, 2009 and the Arrêté dated September 18, 1992 enact Directives No. 89/108, Directive No. 92/2 dated January 1, 1992 and Regulation 37/2005 dated January 12, 2005. In France, frozen products must (i) be of a certain freshness when frozen, (ii) be frozen through a "quick-freezing" process, (iii) always be maintained at temperatures below −18°C, from the time the products are frozen until they reach the consumer and (iv) be free of pathogenic bacteria and comply with bacteriologic conditions set by the French Department of Agriculture and the French Department of Health.

Regulations also require Picard to make declarations prior to operating a business as a manufacturer, distributor or seller of frozen food products. Under Decree No. 64-949, Picard is required to send a declaration to the *Préfet de Département* of each department in which it intends to open a store, stating its name or business name, address and the nature of the frozen products to be manufactured or sold.

The Arrêté dated June 8, 2006 also requires a declaration to the *Préfet de Département* regarding the establishments in which its food products are prepared, treated, transformed, exposed or sold. In addition, its warehouses must comply with sanitary conditions defined in the Arrêté dated December 21, 2009.

These regulations require Picard to assure internal quality control at each stage of the "cold chain" and to implement any standards, as established by public authorities.

French decrees require specific labeling for frozen food products. Under the French Consumer Code Picard must identify the origin of its food products, as well as the conditions under which they were produced and distributed. French law also sets standards for consumer safety and product liability. French authorities conduct quality controls from time to time, including checks on freezing processes, freshness of the products, and general sanitary conditions.

We believe we are in compliance with the above-mentioned regulations and that we follow internal procedures that are more stringent than applicable governmental regulations and sufficient to maintain the compliance of our facilities and products with the applicable regulatory standards.

Commercial lease law

Commercial leases are regulated by Decree No. 53-962 of September 30, 1953, codified in part in Articles L.145-1 *et seq.* and R.145-1 *et seq.* of the French Commercial Code. Articles L.145-1 *et seq.* only apply when the lease is granted for commercial, industrial or handcraft activity; when the tenant is running its own business from the premises; and when the tenant is registered with the Trade and Companies Registries.

Most of our stores are subject to Articles L.145-1 *et seq.* and R.145-1 *et seq.* of the French Commercial Code, which give the tenant certain rights (in particular the right to renew a lease agreement).

Commercial leases last a minimum of nine years, but rarely exceed twelve years. If such leases exceed twelve years, they must be registered (at some cost) with the Land Registry.

The tenant has the right to terminate a commercial lease every third year, although this right can be renegotiated in return for some compensation. The landlord may only terminate the lease at the end of each three-year period if he specifically intends to build, rebuild or raise the height of the existing premises or if a tenant defaults on the lease obligations described in the lease agreement.

At the end of the contractual term of the lease, the tenant is entitled to have the lease renewed. If the landlord does not agree to the renewal, unless the landlord can show good cause (usually the tenant's non-compliance with the terms of the lease agreement), he will be liable to compensate the tenant. This compensation must correspond to the harm suffered by the tenant and include all losses suffered and expenses incurred as a result of having to move to other premises.

Upon expiration of the lease agreement, if the landlord and tenant take no action to renew or to terminate the lease, the original lease will be automatically extended until a notice of termination is served by either the tenant or the landlord.

During the execution of the lease, the parties are free to set the initial rent, generally according to the current market value of the property. The rent may be fixed or composed of a fixed portion (a guaranteed minimum) and a variable portion (determined by reference to a certain percentage of turnover at the leased premises).

Rent revision. Generally, an annual rent indexation clause is included in the lease. The agreed index must have some connection with the activity carried out by one of the parties or with the object of the lease. Most of our commercial leases refer to the Construction Cost Index (ICC) published by INSEE. The rent may only be reviewed every three years so as to correspond to the rental value, but without exceeding the variation in the quarterly ICC (or if applicable, the ILC) published since the last rent review, unless a material change in local economic factors has modified the rental value of the leased premises by more than 10%. If the lease states that the rent is subject to indexation, the rent may be subject to review only if it increases or decreases by more than 25% compared to the amount previously agreed to by the parties or determined by the court, by reason of such indexation. Either party can apply for a rent assessment by the court if the parties fail to agree on the rent subject to review.

Pursuant to Act No. 2008-776 of August 4, 2008 and Decree No. 2008-1139 of November 4, 2008, the ILC was expressly authorized by law for the indexation of the rent of eligible leases entered into by tenants for commercial or artisanal activities. This index aims to smooth out the yearly increase of rents compared to the ICC. Parties to eligible leases are free to choose the index to be applied (subject to the provisions of Article L. 112-2 of the French Monetary and Financial Code).

Rent of renewed lease. Except for leases providing for a variable rent, pursuant to Article L.145-38 of the French Commercial Code, in the absence of any agreement between the parties, the new rent will be determined by a competent court by applying Articles L.145-1 *et seq*. and R.145-1 *et seq*. of the French Commercial Code. The new rent will correspond to the market value determined by the court, taking into consideration the nature and possible uses of the premises, the parties' obligations under the lease and commercial factors such as location, neighboring businesses, proximity to transport routes and comparable local rents. However, the new rent cannot be higher than the original rent, as adjusted according to the variation of the ICC index (or the index applicable to retail leases) since the date on which the rent in the original lease was set. As a result, the rent fixed for the new lease can be less than current market rates. The ceiling will not apply if there have been significant changes to the parties' obligations or the nature, use or environment of the premises in the interim. The capping rules will also not apply to: (i) leases for office use only; (ii) leases of premises built for a specific single purpose (*i.e.* those built or altered for a specialized purpose rendering them unsuitable for another use without alteration); (iii) leases of an initial term of nine years but which, due to automatic renewal, have an effective term of more than twelve years and (iv) leases with terms that exceed nine years.

Environmental law

Some premises may contain facilities classified under environmental protection regulations (ICPE—*Installations Classées pour la Protection de l'Environnement*) enacted pursuant to Articles L.511-1 *et seq.* of the French Environmental Code. A classified facility is a facility that may represent a hazard or nuisance for a neighbourhood in terms of public health, safety and sanitation, agriculture, the protection of nature and the environment and landscape, energy savings or the conservation of historic sites and monuments. Classified facilities are listed by the local governmental authorities. Depending on the nature and importance of the operation conducted at the classified facility, the operator is required to make a declaration, to register or to obtain an authorization from the administrative authority. A conversion of the classified facility or any change in its operator must be reported to the authorities.

In addition, when the classified facility is closed down, its operator must at least restore the site so that it does not present any of the hazards or nuisances listed under Article L.511-1 of the French Environmental Code. The operators of classified facilities may be required by the authorities to carry out additional measures to restore the site and make it compatible with the applicable planning rules.

Public health law

The buildings we own are subject to asbestos regulation, as described in Articles L.1334-13, R.1334-l4 to R.1334-29 of the French Public Health Code. Depending on the levels of the detected asbestos, the property owner is required to carry out a periodic inspection of the asbestos-containing materials, monitor the level of dust in the air or hire a specialized company to contain or remove the asbestos.

The owner must prepare and update a technical asbestos file on the location and state of conservation of the asbestos-containing materials. This file must be made available to the occupants of the building as well as to persons who may perform work on the building.

Security standards

Certain premises may fall under the safety standards applicable to buildings open to the public (*établissements recevant du public*—"ERP"), as defined in Articles L.123-1 to L.123-4 and Articles R.123-l to R.123-55 of the French Construction and Housing Code. These provisions define the safety rules for such buildings and, in particular, the required protective measures required against the risk of fire and panic. Buildings open to the public include any building, premise or closed space where people are admitted either free of charge or in consideration of a fee or other payment, or where meetings are held that are open to all, or upon invitation, whether for a fee or otherwise.

Builders, owners and operators of buildings open to the public are required, both during construction and operation, to comply with certain preventive and protective measures to ensure safety, and must also ensure that the facilities and equipment are maintained and repaired in accordance with applicable regulations.

A specific authorization is required for spaces open to public, classified on a scale of 1 to 5 depending on how many persons can simultaneously be in the establishment at any given time. If a space is classified at levels 1-4, the mayor has to issue an order (*arrêté*) authorizing the opening of the establishment after receiving a positive assessment from the competent safety commission once it has carried out an inspection visit. The safety commission will visit the building regularly to check its safety standards.

MANAGEMENT

Management of the Issuer

The board of directors of the Issuer is composed of the following members:

Name	Age	Title
ATC Management (Luxembourg) S.à r.l.(1)	—	Director
Richard Brekelmans	50	Director
Johan Dejans	43	Director
Janet Mary Dunlop	48	Director
Fabrice Nottin	32	Director

(1) ATC Management (Luxembourg) S.à r.l., is a *société à responsabilité limitée* incorporated and existing under the laws of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 103.336, having its registered office at 13-15, avenue de la Liberté, L-1931 Luxembourg, and is represented on the board of the Issuer by its permanent representative Mr. Johan Dejans.

The following paragraphs set forth biographical information regarding the individual directors of the Issuer.

Richard Brekelmans, 50, joined ATC Corporate Services (Luxembourg)'s predecessor in 2000 and has been a director of ATC Corporate Services (Luxembourg) since its incorporation in 2004. Prior to joining ATC, Mr. Brekelmans assumed various positions within audit firms, principally Ernst & Young, both in Amsterdam and Curaçao. Mr. Brekelmans has served as member of the board or director/manager of several companies in a variety of jurisdictions. He has wide-ranging experience in the administration and domicile of companies in Luxembourg and other jurisdictions. Mr. Brekelmans received his BA from HEAO Amsterdam, School of Economics.

Johan Dejans, 43, is a Managing Director at ATC Corporate Services (Luxembourg) S.A. Prior to joining ATC Corporate Services, Mr. Dejans served as a Managing Director of BBL Trust Services beginning in 1996, which later became ING Trust in 2003. Mr. Dejans received a Masters in Law from Katholieke Universiteit Leuven in Belgium and from Université Libre de Bruxelles in Belgium. He also received a Certificate Ecole Spéciale des Sciences Fiscales from ICHEC in Belgium.

Janet Mary Dunlop, 48, is the Chief Operating Officer of Lion Capital. Prior to joining Lion Capital, Ms. Dunlop spent six years as Finance Director of Morgan Grenfell Private Equity Limited and of Midocean UK Advisors LLP. Prior to this, she served as Finance Director at Parallel Ventures Managers Limited. She has a total of 19 years of experience in the private equity sector. Ms. Dunlop received her BA from the University of Wales and is a qualified Chartered Accountant and a member of the Chartered Institute of Taxation.

Fabrice Nottin, 32, is a Principal at Lion Capital. Prior to joining Lion Capital, he was employed by UBS Investment Bank in London where he served as a corporate finance analyst in the Global Industry Group. Mr. Nottin received his BA from ESSEC in Paris.

Fabrice Nottin and Janet Dunlop each also have interests in Lion Capital (including Janet Dunlop's role as Chief Operating Officer). In addition, they hold economic interests in Luxco 1 through Lion Capital Fund II SBS LP and Lion Capital Carry II LP. With the exception of the foregoing, no potential conflicts of interest exist between any duties to the Issuer of the board of directors listed above and their private interests or other duties.

Management of the Guarantors

President of French Topco

In accordance with French company law, French Topco's affairs are managed by a President. The President has full legal authority to represent the Company towards third parties in every capacity. Philippe Pauze currently serves as President of French Topco. Set forth below is a brief description of the business experience of French Topco's President.

Philippe Pauze, 60, obtained his degree from École Supérieure de Commerce de Paris. He has 36 years of experience in the retail food industry, having worked at Carrefour Group, Panavi and Comptoir Modernes. He was appointed the CEO of Picard in April 2009.

No potential conflicts of interest exist between any duties to French Topco of the President and his private interests or other duties he may have to any entity outside the Group ("Group" corresponding to Luxco 1, its shareholders and all direct and indirect subsidiaries).

President of Acquico

In accordance with French company law, Aquico's affairs are managed by a President. The President has full legal authority to represent the Company towards third parties in every capacity. Philippe Pauze currently serves as President of French Acquico. Set forth below is a brief description of the business experience of French Topco's President.

Philippe Pauze, 60, obtained his degree from École Supérieure de Commerce de Paris. He has 36 years of experience in the retail food industry, having worked at Carrefour Group, Panavi and Comptoir Modernes. He was appointed the CEO of Picard in April 2009.

No potential conflicts of interest exist between any duties to Acquico of the President and his private interests or other duties he may have to any entity outside the Group ("Group" corresponding to Luxco 1, its shareholders and all direct and indirect subsidiaries).

Management of Picard

In accordance with French company law, Picard's affairs are managed by a President. The President has full legal authority to represent the Company towards third parties in every capacity. Philippe Pauze currently serves as President of Picard. Set forth below is a brief description of the business experience of Picard's President.

Philippe Pauze, 60, obtained his degree from École Supérieure de Commerce de Paris. He has 36 years of experience in the retail food industry, having worked at Carrefour Group, Panavi and Comptoir Modernes. He was appointed the CEO of Picard in April 2009.

Board of Directors

Under French law, a board of directors must consist of three to up to 18 members, and according to French law and the Company's by-laws, each of the directors must be a shareholder of the company. As of August 11, 2010, Picard's board of directors comprised 5 members. Members of the board of directors are appointed for terms of one year by the general meeting of shareholders. Pursuant to the Company's by-laws, the number of directors whose age is over 70 shall not exceed a third of the total number of directors in office.

The board of directors is responsible for general policies and for the Company's business and financial strategies. It has wide powers, which are limited by the corporate purposes set out in the Company's by-laws and matters expressly reserved by the Company's by-laws to its shareholders.

The Company's board of directors appoints the chairman from among its members. According to French law and the Company's by-laws, the chairman is appointed for a term that may not exceed that member's term as director. The chairman is responsible for convening meetings of the Company's board of directors and conducting its general activities.

Upon consummation of the Acquisition, the Company's board of directors will be composed of individuals who are directors of Lion Capital as well as current members of the Company's senior management. As of the date of this offering memorandum, Lion Capital has not determined the exact composition of the Company's board of directors following the consummation of the Acquisition.

Senior Management

Picard's senior management is currently made up of the following individuals:

Name	Age	Title
Philippe Pauze	60	Chief Executive Officer
Christine Declercq	48	Chief Financial Officer
Emmanuelle Bazin	41	Head of Development/Home Service division
Patricia Guyot	47	Sales Director
Delphine Courtier	41	Marketing and Purchasing Director
Joël Amelot	56	Human Resources Director
Elisabeth Bouton	44	Quality and Sustainable Development Director
Jacques-Yves Genière	52	Supply Chain Director
Hervé Guehl	40	Information Systems Director
Stefano Moretti	41	Director of Italian Operations

Picard's senior management will continue to be responsible for the daily operations of the Picard Group following consummation of the Acquisition.

Set forth below is a brief description of the business experience of the members of Picard's senior management.

Philippe Pauze, 60, obtained his degree from École Supérieure de Commerce de Paris. He has 36 years of experience in the retail food industry, having worked at Carrefour Group, Panavi and Comptoir Modernes. He was appointed the CEO of Picard in April 2009.

Christine Declercq, 48, received her degree from the Institut Commercial de Nancy as well as an additional degree as a certified public accountant (*expert comptable*). She joined Picard as a deputy finance director in 2002 and became CFO in 2005.

Emmanuelle Bazin, 41, graduated from ISC Paris in business management. She joined Picard in 1992.

Patricia Guyot, 47, graduated from Ecole Supérieure des Techniques de Biologie Appliquée (ESTBA), specializing in hygiene and quality control. She joined Picard in 2001 as purchasing manager and became Sales Director in 2009.

Delphine Courtier, 41, graduated from Ecole Nationale Supérieure de Biologie Appliquée à la Nutrition et à l'Alimentation (ENSBANA), specializing as a food-processing engineer. She began her career with Picard in the marketing department and was appointed Marketing Manager in 2006 and Marketing and Purchasing Director in 2009.

Joël Amelot, 56, graduated from ENPC business school with a degree in accounting and corporate management. He joined Picard in 2004.

Elisabeth Bouton, 44, has a DUT degree (*diplôme universitaire de technologie*) specialized in biology applied to the food industry.

Jacques-Yves Genière, 52, has an engineering degree in Logistics. He joined Picard in 2010.

Hervé Guehl, 40, has a degree in computer sciences. He joined Picard in 2005.

Stefano Moretti, 41, has a business degree from Parma University. He joined Picard in 2006.

PRINCIPAL SHAREHOLDER

As of the Completion Date, all the Issuer's shares are controlled by LuxCo 1, a Luxembourg company.

Lion Capital was founded in 2004 by Lyndon Lea, Neil Richardson and Robert Darwent. Lion Capital is a consumer-focused investment firm that seeks to make control investments in mid and large-sized, consumer-retail businesses in Europe and North America. One of Lion Capital's key portfolio holdings is Findus Group, Europe's second largest frozen food group and one of Europe's leading overall food manufacturers with a portfolio of leading brands in the UK, Nordic region and France. Lion Capital acquired Findus in 2008 for approximately €2.5 billion. Another Lion Capital-owned branded consumer business is HEMA, an international retailer with a network of over 530 stores in the Benelux, Germany and France which Lion Capital acquired from Maxeda BV in 2007 for approximately €1.1 billion. The company is the leading general merchandise retailer in the Netherlands, where it has operated for over 85 years.

Since consummation of the Transactions, the ownership of LuxCo 1, the parent company of the Issuer, is as follows (in each case, through one or more holding entities):

- Lion Capital: approximately 99%, representing an equity investment estimated to be €646.5 million; and
- Existing Picard management: approximately 1%, representing an equity investment estimated to be €7.5 million.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Management Fees

Following the consummation of the Acquisition, we expect to enter into certain management agreements with Lion Capital, pursuant to which Lion Capital will provide strategic, marketing, operation, procurement and other advice to us for a fixed fee, subject to restrictions pursuant to the Senior Credit Agreement.

Ordinary Course Transactions

In the ordinary course of our business, we sell Findus products in our stores. Findus is a portfolio company of Lion Capital. We do not consider these transactions to be material to us, either individually or in the aggregate.

DESCRIPTION OF OTHER INDEBTEDNESS AND PREFERRED SHARES

The following summary of certain provisions of the documents below that relate to certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

The Senior Credit Agreement

The Issuer entered into the Senior Credit Agreement with certain lenders (the “Senior Lenders”) on September 14, 2010. Funding under the Senior Credit Agreement loans is subject to a number of conditions precedent, including satisfaction of the conditions to the consummation of the Acquisition. The Senior Credit Agreement term loan facilities was funded immediately prior to the consummation of the Acquisition.

The description set forth below is a summary of the principal terms and conditions of the agreed form of the Senior Credit Agreement, and is qualified in its entirety by reference to the Senior Credit Agreement and the other documents entered into in connection therewith. We recommend that you refer to the actual Senior Credit Agreement for further details, copies of which are available from the Issuer upon request.

Credit Suisse International, Citigroup Global Markets Limited, Morgan Stanley Bank International Limited, Crédit Agricole Corporate and Investment Bank and Société Générale Corporate & Investment Banking are the mandated lead arrangers under the Senior Credit Agreement (together, the “Senior Facilities Arrangers”) and Crédit Agricole Corporate and Investment Bank is the facility agent (the “Senior Facilities Agent”) and security agent (the “Senior Facilities Security Agent”) under the Senior Credit Agreement. Such banks or their affiliates are the initial purchasers for the Offering of the Notes.

Structure

The Senior Credit Agreement provides for loans of up to €675.0 million through a term loan facility A and a term loan facility B (the “Term Loan Facilities”) and a revolving credit facility (the “Revolving Credit Facility”) of (i) up to €50 million until September 30, 2012 (at the latest) and (ii) €30 million thereafter.

The proceeds of the Term Loan Facilities were used by AcquiCo towards payment of the consideration for the Acquisition, certain costs and expenses incurred in connection with the Acquisition and the refinancing of the Existing Picard Indebtedness.

The proceeds of the Revolving Credit Facility are to be used for the general corporate purposes of AcquiCo and its subsidiaries and for funding certain amounts of working capital upon the Completion Date.

The Term A Facility

The term loan facilities A1 and A2 are amortizing term loan facilities. The term loan A facility’s first amortization is twelve months after the Completion Date and every six months thereafter with final amortization payments falling six years from the Completion Date.

Amounts outstanding under term loan facilities A1 and A2, if any, on the date falling six years after the Completion Date after giving effect to the repayments set out above, shall be repaid in full on such date.

The Term B Facility

The outstanding amounts under the term loan B facility will be required to be repaid in full on the date falling seven years after the Completion Date.

The Revolving Credit Facility

The Revolving Credit Facility is finally repayable on the date falling six years after the Completion Date. The Revolving Credit Facility may be made available by way of ancillary facilities and letters of credit. The Revolving Credit Facility will also be subject to a “clean-down”, whereby borrowings under the Revolving Credit Facility and ancillary facilities are reduced to zero (i) during the period ending on March 31, 2011, for a period of not less than 10 successive business days and (ii) thereafter, for a period of not less than five successive business days in each of the Issuer’s financial years, provided that no less than three months shall elapse between two consecutive clean-down periods.

Interest Rate and Fees

Advances under the Term Loan Facilities and the Revolving Credit Facility will bear interest at rates per annum equal to EURIBOR (or, where applicable, EONIA) plus, where appropriate, any applicable mandatory costs and plus the following applicable margins:

- the initial applicable margin in relation to term loan facility A1 and term loan facility A2 is 4.50% per annum. This margin is subject to adjustment (up or down as appropriate) in accordance with the margin adjustment mechanism based on the ratio of adjusted total net debt to EBITDA (as defined in the Senior Credit Agreement) for the relevant four accounting quarters and will range from 4.50% to 3.75% per annum;

- the initial applicable margin in relation to term loan facility B1 and term loan facility B2 is 5.00% per annum; and

- the initial applicable margin in relation to the Revolving Credit Facility is 4.50% per annum. This margin is subject to adjustment (up or down as appropriate) in accordance with the margin adjustment mechanism based on the ratio of adjusted total net debt to EBITDA for the relevant four accounting quarters and will range from 4.50% to 3.75% per annum.

In addition to paying interest on loans outstanding under the Revolving Credit Facility, we will also be required to pay a commitment fee at a rate of a percentage per annum equal to 40% of the margin applicable to the Revolving Credit Facility on the undrawn and uncanceled revolving commitments. This fee is payable at the end of each quarter.

Guarantees and Security

As of the Completion Date, French TopCo and AcquiCo guarantee the obligations under the Senior Credit Agreement. French TopCo and AcquiCo are also guarantors of the Notes. On the Completion Date, in addition, the Senior Credit Agreement required under certain circumstances any additional material companies in the Issuer Group to become guarantors under the Senior Credit Agreement.

As of the Completion Date, the obligations under the Senior Credit Agreement are secured on a first-ranking basis by pledges over all of the shares of LuxCo 3, LuxCo 4, French TopCo, AcquiCo, Picard, Picard Surgelés and Picard Surgelati, the LuxCo 3 PECs and the LuxCo 4 PECs, pledges over the receivables under the LuxCo 3 Proceeds Loan, the LuxCo 4 Proceeds Loan, French TopCo Proceeds Loan and AcquiCo Equity Proceeds Loan and pledges over bank accounts, material intellectual property rights and certain other material assets.

Prepayment

In addition to the scheduled repayments described above, the liabilities under the Senior Credit Agreement must be prepaid upon the occurrence of certain events.

For example, in the event of a Change in Control, an Adverse Corporate Decision or a Sale (each as defined in the Senior Credit Agreement), the Senior Credit Agreement requires prepayment in full of all borrowings and the discharge of all other contingent liabilities thereunder and under any ancillary facilities.

In addition, in certain circumstances, the Senior Credit Agreement requires prepayment of borrowings from the net proceeds of asset sales, insurance claims, claims under certain documents in connection with the Acquisition (in each case subject to customary exceptions) and Excess Cashflow (as defined in the Senior Credit Agreement) in respect of the relevant period (in excess of a €5 million threshold) commencing with the financial year ending March 31, 2012. The percentage of excess cash which must be used to prepay the borrowings is subject to adjustment in accordance with an adjustment mechanism based on the ratio of adjusted total net debt to EBITDA for the relevant accounting period and will range from 66.66% to 0%.

Indebtedness under the Term Loan Facilities and the Revolving Credit Facility may be voluntarily prepaid by the borrowers in whole or in part (if in part, in a minimum amount of €5.0 million for the Term Loan Facilities and €1.0 million in respect of the Revolving Credit Facility), upon giving at least five business days' prior notice to the agent. Such payments may be subject to indemnification and break funding costs if any such prepayment is not made on the last day of the relevant interest period.

Covenants

The Senior Credit Agreement contains certain negative operating and financial covenants, including covenants restricting the ability of the borrowers, the guarantors and their respective subsidiaries to, among other things:

- sell, lease transfer or otherwise dispose of assets;
- create or permit to subsist any security interest over any part of their assets;
- make acquisitions or investments or enter into joint ventures;
- incur additional indebtedness, grant guarantees in respect of indebtedness and make loans or grant credit;
- issue shares; and
- repay or prepay any principal, interest, or other amount in respect of certain financial indebtedness, including the Notes.

The Senior Credit Agreement also requires the borrowers, the guarantors and their respective subsidiaries to observe certain customary affirmative covenants, including, but not limited to, covenants relating to:

- maintenance of insurance;
- maintenance of pension schemes;
- maintenance of relevant consents and licenses relating to intellectual property;
- payment of taxes and social contributions;
- compliance with laws, including environmental and food and health laws;
- delivery of financial statements; and
- maintenance of security interests.

In addition, the Senior Credit Agreement also requires us to comply with specified financial ratios of cashflow to total net debt service, EBITDA to net finance charges and total net debt to EBITDA. The Senior Credit Agreement also limits the timing and extent of our capital expenditures. Events beyond our control can affect our ability to comply with these financial covenants.

Events of Default

The Senior Credit Agreement also sets out certain customary events of default, including non-payment of principal, interest or fees; misrepresentations; breach of covenants; insolvency, bankruptcy, insolvency proceedings or similar events; unlawfulness or repudiation of the financing or transaction documents; cross default to other indebtedness of the Issuer and its subsidiaries in excess of €5.0 million; an event of default under the Notes; breach of the Intercreditor Agreement; certain litigation; and material adverse change. Notwithstanding the foregoing, certain events of default that will not have a material adverse effect (as defined in the Senior Credit Agreement), and that are capable of being remedied and are remedied within 60 days after the Completion Date will not be deemed to be events of default.

Bridge Facility Agreement

As part of the financing for the Acquisition and refinancing of the Existing Picard Indebtedness, the Issuer, as debtor, entered into a Bridge Facility Agreement (the "Bridge Facility Agreement") with, among others, the Senior Lenders, the Senior Facilities Arrangers, the Senior Facilities Agent and the Senior Facilities Securities Agent. The Bridge Facility would have been drawn on the Completion Date in the event the Offering had not yet been consummated. The relationship between the lenders under the Bridge Facility and the lenders under the Senior Facility Agreement was governed by an intercreditor agreement, which was substantially similar to the Intercreditor Agreement that was executed in connection with the Notes. Upon the issuance of the Notes, the Bridge Facility was terminated and the related intercreditor agreement was replaced by the Intercreditor Agreement.

Intercreditor Agreement

To establish the relative rights of certain of their creditors under the financing arrangements related to the Acquisition, the Issuer and the Guarantors have entered into an intercreditor agreement (the "Intercreditor Agreement") with, among others, the Senior Lenders, the Senior Facilities Arrangers, the Senior Facilities Agent and the Senior Facilities Security Agent. Upon release of the Notes from escrow, the security agent for the Notes (the "Security Agent") and the trustee for Notes (the "Trustee") also become parties to the Intercreditor Agreement.

By accepting a Note, holders of the Notes will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The Intercreditor Agreement sets out:

- the relative ranking of certain debt of the Debtors (as defined below);
- when payments can be made in respect of debt of the Debtors;
- when enforcement action can be taken in respect of that debt;
- the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events; and
- turnover provisions.

The following description is a summary of certain provisions of the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, and we urge you to read that document because it, and not the discussion that follows, defines certain of the rights of the holders of the Notes.

Ranking and Priority

The Intercreditor Agreement provides that the following order of priority shall apply to the satisfaction of all obligations owed by each Debtor and each other grantor of collateral to the Senior Creditors and to the Secured Notes Creditors (each as defined below):

- First, each of the following, *pari passu* among themselves:

(i) in relation to any member of the Issuer Group (other than the Issuer) (x) all amounts or liabilities, now or in the future, owed to any finance party under the Senior Credit Facilities (the "Senior Facilities Creditors") under or in connection with the senior facilities finance documents (the "Senior Facilities Creditor Liabilities") and (y) all liabilities, now or in the future, other than any Interest Rate Hedge Excess (as defined in the Intercreditor Agreement), owed to any counterparty by the relevant Debtor (the "Priority Hedge Counterparties" and together, with the Senior Facilities Creditors, the "Senior Creditors") under or in connection with hedging agreements entered into for the purpose of hedging interest rate risks in the ordinary course of business and not for speculative purposes (the "Priority Hedging Liabilities" and, together with the Senior Facilities Creditor Liabilities, the "Senior Creditor Liabilities"); and

(ii) in relation to the Issuer, all liabilities, now or in the future, owed under the Indenture (the "BondCo Secured Notes Creditors Liabilities");

- Second,

(i) in relation to any member of the Issuer Group (other than the Issuer), all liabilities, now or in the future, other than in respect of the BondCo Secured Notes Creditors Liabilities owed by the Debtors or any other grantor of security to the holders of the Notes, the Trustee and the Security Agent (together, the "Secured Notes Creditors"), under or in connection with the Indenture, the Notes and the Collateral for the Notes (the "Secured Notes Subordinated Liabilities") and, but only after the enforcement of the LuxCo 3 Proceeds Loan, the liabilities of LuxCo 3 under the LuxCo 3 Proceeds Loan, *pari passu* between them; and

(ii) in relation to the Issuer, the Senior Creditor Liabilities, *pari passu* between them;

- Third, all liabilities, now or in the future, other than in respect of Priority Hedging Liabilities, owed by any relevant Debtor to any counterparty (the "Non-Priority Hedge Counterparties") under or in connection with hedging agreements entered into for the purpose of hedging interest rate risks in the ordinary course of business and not for speculative purposes ("Non-Priority Hedging Liabilities"); and

- Fourth, and subject to clause "Second", subclause (i) above, each of the following, *pari passu* among themselves:

(i) all liabilities, now or in the future, owed by any member of the Issuer Group to another member of the Issuer Group (each, an "Intra-Group Lender") under an intra-group loan agreement (the "Intra-Group Liabilities"); and

(ii) all liabilities, now or in the future, owed to any of LuxCo 1, the Issuer, LuxCo 3, LuxCo 4, French TopCo and any Intra-Group Lender under or in connection with the shareholder loan made by LuxCo 1 to the Issuer, the LuxCo 3 Proceeds Loan, the LuxCo 4 Proceeds Loan, the French TopCo Equity Proceeds Loan and the AcquiCo Equity Proceeds Loan, and the documents evidencing the terms of the equity investment in the Issuer, LuxCo 3, LuxCo 4, French TopCo and AcquiCo (other than Picard S.A.) (together, the "Subordinated Liabilities").

Permitted Payments by the Issuer

The Issuer may make certain payments under the BondCo Secured Notes Creditors Liabilities at any time in accordance with, and subject to the provisions of, the relevant Secured Notes Documents (as defined below), and including:

(a) payments of interest and any additional amounts thereon (arising due to tax deductions or payments) payable on the relevant Secured Notes Creditors Liabilities (as defined below) in the ordinary course in accordance with the terms of the relevant Secured Notes Documents; and

(b) permanent repayment of principal on the final scheduled maturity of the relevant BondCo Secured Notes Creditors Liabilities.

Payment Blockage Provisions

Prior to the discharge in full of the Senior Facilities Creditor Liabilities (the "Senior Facilities Discharge Date"), the Guarantors (including AcquiCo) may not, without the prior consent of more than 66.66% of the Senior Creditors, be permitted to make any payment in respect of the Secured Notes Subordinated Liabilities and the Direct Payment Agreement (as defined below), respectively, if:

(i) a payment default in excess of €100,000 (or its equivalent) with respect to the Senior Facilities Creditor Liabilities has occurred and is continuing (a "Senior Facilities Payment Default"); or

(ii) a default, other than a Senior Facilities Payment Default, under the Senior Credit Agreement has occurred and is continuing (a "Senior Facilities Default"), and the facilities agent under the Senior Credit Agreement (the "Senior Facilities Agent") has, within 75 days of having received written notice of such default, served a payment blockage notice to the Trustee and the Issuer (the "Secured Notes Payment Blockage Notice").

The term "Direct Payment Agreement" means the direct payment agreement to be entered into between the Issuer, LuxCo 3, LuxCo 4, AcquiCo and the Trustee, pursuant to which AcquiCo may make payments which are due and payable on the LuxCo 4 Proceeds Loan directly to the Trustee.

A Secured Notes Payment Blockage Notice will remain outstanding until the earliest of the date:

(a) on which the Senior Facilities Default has been remedied or waived in accordance with the Senior Facilities Agreement;

(b) on which the Senior Facilities Agent notifies the Trustee and the Issuer that the relevant Secured Notes Payment Blockage Notice served by it is cancelled;

(c) the Senior Facilities Discharge Date;

(d) the first day that is 179 days after the date of service of such Secured Notes Payment Blockage Notice; and

(e) the expiry of a Secured Notes Standstill Period (as defined below) in existence at the date of service of the Secured Notes Payment Blockage Notice.

Only one Secured Notes Payment Blockage Notice is permitted to be served in any consecutive 360-day period, and only one Secured Notes Payment Blockage Notice is permitted to be served in respect of a particular event or circumstance.

Standstill on Enforcement

Until after the Senior Facilities Discharge Date, no Secured Notes Creditor will be entitled to take any action against any Debtor to enforce the obligations owed under the Indenture, the Notes and the Collateral for the Notes (together, the "Secured Notes Documents").

The foregoing restrictions will not apply if:

- an acceleration event has occurred under the Senior Credit Agreement and the Senior Lenders are pursuing an enforcement action in respect thereof, in which case the Secured Notes Creditors may pursue the same;

- an event of default under the Notes has occurred and (i) the standstill period (a "Secured Notes Standstill Period") of 179 days from the date the Senior Facilities Agent received notice of that event of default has expired; (ii) at the end of the standstill period the event of default is continuing; and (iii) the Secured Note Collateral Agent has given not less than five business days' notice before taking enforcement action;

- the Senior Facilities Security Agent has given notice to the Security Agent that any collateral or guarantee in respect of the Senior Creditor Liabilities owed by a relevant Debtor is to be enforced (a "Senior Enforcement"), in which case, the Secured Notes Creditors may instruct the Security Agent to (i) take the same enforcement action against the same relevant Debtor and/or (ii) where the relevant Debtor is the Issuer, take enforcement action in relation to the pledge over the receivables under the LuxCo 3 Proceeds Loan (the "Secured Notes First Ranking Transaction Security"), except if the relevant Senior Enforcement consists in the enforcement of shares in LuxCo 3, in which case, the Security Trustee may only take the enforcement action referred to in clause (i) above;

- more than 66.66% of the Senior Creditors have consented to such enforcement action;

- any other Secured Notes Standstill Period outstanding at the date as such first-mentioned Secured Notes Standstill Period commenced has expired; and the Security Agent has given not less than five business days' notice before taking enforcement action;

- a failure to pay principal under the Indenture upon the relevant scheduled maturity date has occurred and the Security Agent has given not less than five business days' notice before taking enforcement action;

- an insolvency event has occurred in relation to any member of the Issuer Group or relevant Debtor, provided that such insolvency event was not the result of the actions of any Secured Notes Creditor in which case the Secured Notes Collateral Agent can enforce against the relevant member of the Issuer Group; or

- the action is against the Issuer and does not relate to an enforcement of a guarantee, the exercise of any right to require a member of the Issuer Group to acquire any liability on the enforcement of the Collateral.

Turnover of Receipts

If at any time before the latest to occur of the discharge in full of the Senior Creditor Liabilities (the "Senior Discharge Date"), the liabilities owed by the Debtors or any other grantor of Collateral to the Secured Notes Creditors under or in connection with the Secured Notes Documents and the Non-Priority Hedging Liabilities (such time, the "Final Discharge Date"), any Secured Notes Creditor receives or recovers:

(i) any payment or distribution of, or on account of or in relation to, or on account of the purchase or acquisition of, any of the liabilities which is prohibited under the Intercreditor Agreement;

(ii) any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) any amount (x) on account of or in relation to any liabilities (A) after the occurrence of an acceleration event or enforcement of collateral where such collateral has become enforceable (a "Distress Event") or (B) as a result of any other enforcement action against a member of the Issuer Group (other than after the occurrence of an insolvency event in respect of that member of the Issuer Group or relevant Debtor) or (y) by way of set-off in respect of any liabilities owed to it after the occurrence of a Distress Event;

(iv) the proceeds of enforcement of any Collateral for the Notes; or

(v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of the Issuer Group which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of the Issuer Group,

in each case, other than in respect of payments made or amounts received or recovered in accordance with the Intercreditor Agreement, the Secured Note Creditor will,

(a) in relation to receipts and recoveries not received or recovered by way of set-off:

- where legally possible, hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) in trust or otherwise as agent for the Senior Facilities Security Agent or the Security Trustee, as applicable;

- promptly pay that amount to the Senior Facilities Security Agent or the Security Agent, as applicable, for application in accordance with the terms of the Intercreditor Agreement;

- promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Senior Facilities Security Agent or the Security Agent, as applicable, for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Senior Facilities Security Agent or the Security Agent, as applicable, for application in accordance with the terms of the Intercreditor Agreement.

Security—Secured Notes Creditors

At any time prior to the Senior Discharge Date, the Secured Notes Creditors may not take, accept or receive from any member of the Issuer Group the benefit of any security, guarantee, indemnity or other assurance against loss in respect of the BondCo Secured Notes Creditors Liabilities other than:

(a) the collateral to be granted to all the secured parties (including Senior Creditors, the Secured Notes Creditors and the Non-Priority Hedge Counterparties) in respect of their liabilities and the Secured Notes First Ranking Transaction Security;

(b) any guarantee, indemnity or other assurance against loss contained in:

(i) the Indenture (in its form on the date of the Intercreditor Agreement) under which the Notes are issued (or in any other indenture for the Notes entered into in accordance with the Intercreditor Agreement);

(ii) the Intercreditor Agreement; or

(iii) any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to any agreed security principles, given to all the secured parties in respect of Liabilities owing to them (the "Common Assurance"); and

(c) as otherwise contemplated by the Intercreditor Agreement,

unless the prior consent of (prior to the Senior Discharge Date) more than 66.66% of the Senior Creditors is obtained and *provided that* (after the Senior Facilities Discharge Date) to the extent legally possible and subject to the agreed security principles at the time, it is also offered to the Non-Priority Hedge Counterparty in respect of their liabilities and ranks in the same order of priority as that contemplated above (see "—*Ranking and Priority*").

Application of Proceeds

Subject to rights of creditors mandatorily preferred by law and except as otherwise permitted under the Intercreditor Agreement, all amounts received or recovered by the Senior Facilities Security Agent shall be applied in the following priority:

- First, in payment pro rata and ranking *pari-passu* of (i) save in the case of the Secured Notes First Ranking Transaction Security, in payment to the Senior Facilities Agent on its own behalf for application towards the discharge of the liabilities owed by the Debtors to the Senior Facilities Agent Liabilities under or in connection with the senior facilities documents ("Senior Facilities Agent Liabilities") and (ii) in payment to the Trustee and the Security Agent on their own behalf for application towards the discharge of amounts owed by and/or payable by the Issuer, the Debtors and the Guarantors to the Trustee and the Security Agent under or in connection with the Secured Notes Documents (the "Secured Notes Agent Liabilities");

- Second, save in the case of the Secured Notes First Ranking Transaction Security, in payment pro rata to:

    (i) the Senior Facilities Agent on behalf of the Senior Facilities Arrangers and the Senior Lenders, and

    (ii) the counterparty to the relevant Debtors in respect of hedging agreements entered into (the "Hedge Counterparty"),

    for application towards the discharge of:

    (A) the Senior Facilities Creditors Liabilities and the liabilities owed by any Debtor to any Senior Facilities Arranger under the senior facilities finance documents (the "Senior Facilities Arranger Liabilities"); and

    (B) the Priority Hedging Liabilities;

- Third, in payment to the Trustee on behalf of the holders, from time to time, of the Notes (the "Secured Noteholders") or, if there is no Trustee, such Secured Noteholders for application towards the discharge of the Secured Notes Creditors Liabilities owed to the Secured Noteholders;

- Fourth, in payment to the Hedge Counterparties, for application in discharge of liabilities for Non-Priority Hedging Liabilities;

- Fifth, if none of the Debtors is under any further actual or contingent liability under any senior facilities document, hedging agreement or Secured Notes Document, in payment to any person to whom the Senior Facilities Security Agent or the Security Trustee, as applicable, is obliged to pay in priority to any Debtor; and

- Sixth, once the Final Discharge Date has occurred, in payment to the grantor of collateral (the "Relevant Grantor") to which a *Soulte*, if any, is payable, of the amount corresponding to that paid to the Senior Facilities Security Agent by the relevant Primary Creditors (meaning the Senior Creditors, the Secured Notes Creditors and the Non-Priority Hedge Counterparties) pursuant to the Intercreditor Agreement.

Notwithstanding the foregoing, if the application of any proceeds (the "Relevant Proceeds") in or towards the discharge of any one or more categories of liabilities would result in or have the effect of an unlawful payment or discharge including pursuant to articles L.225-216 and L.242-6 of the French Commercial Code (or their equivalent in any other relevant jurisdiction), then those Relevant Proceeds will be applied in or towards the discharge in full only of the Senior Creditor Liabilities and the Secured Notes Liabilities (but subject at all times to the provisions of the Intercreditor Agreement) guaranteed or secured by the rights (whether guarantee, indemnity or security) the enforcement or realization of which gave rise to the Relevant Proceeds and thereafter in accordance with the terms of the Intercreditor Agreement.

Escrow Agreement

On the Issue Date, we entered into an Escrow Agreement pursuant to which the initial purchasers deposited the gross proceeds of the Notes into an escrow account in the name of the Issuer but controlled by the Trustee for the benefit of the holders of the Notes. The release of the escrow proceeds was subject to the satisfaction of certain conditions, including the closing of the Acquisition. Consummation of the Acquisition was subject only to regulatory approval. If the Acquisition had not been consummated by November 15, 2010, or upon the occurrence of certain other events, the Notes would have been subject to a special mandatory redemption. The special mandatory redemption price would have been a price equal to 100% of the initial issue price of the Notes plus accrued and unpaid interest and additional amounts, if any, from the Issue Date. For a further description of the escrow agreement, see "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*".

Rollover Finance Leases

As of March 31, 2010, we operated nine stores under financial leases and 42 stores under hybrid leases which give us the right to exercise an option at the end of the lease to purchase 50% of the underlying asset value, modify the leases into standard rental contracts or leave the premises.

Mandatory Redeemable Preferred Shares

Upon the consummation of the Acquisition, Lion Capital owns approximately 99% of LuxCo 1, the parent company of the Issuer (the existing Picard management owns the remaining approximately 1%). Approximately 60% of Lion Capital funds' equity investment (estimated to be €646.5 million in total) was in the form of mandatory redeemable preferred shares (the "MRPS").

The MRPS issued by the Issuer are redeemable (a) upon request of the Issuer in accordance with the provisions of article 49-8 of the Luxembourg law of 10 August 1915 concerning commercial companies, as amended, and (b) after 10 years from the date of issuance of the MRPS, subject to the conditions set out in the articles of incorporation of the Issuer, provided, however, that in no case shall the MRPS be redeemable prior to the date that any amounts are due to the Issuer from LuxCo 3 in relation to the preferred equity certificates held by the Issuer in LuxCo 3 are repaid. Pursuant to the Intercreditor Agreement, the MRPS can only be redeemed on the later to occur of the date on which all liabilities under the Senior Credit Facilities have been fully and finally discharged, no hedge counterparties are under any further obligations, no Senior Creditor (as such term is defined in the Intercreditor Agreement) is under further obligations and all secured parties which have received all amounts due under the Senior Credit Facilities or any hedging agreements, and the amount of the *soulte* has been paid or payable by the secured parties.

Each MRPS will give right to two kinds of preferred dividends: (a) a preferential and cumulative dividend at the annual rate of 1% of the nominal value of such MRPS, which shall accrue daily and be calculated assuming a 360 day year (the "First Preferred Dividend") and (b) a second preferential and cumulative dividend equal to any income received and/or accrued by the Issuer (net of any withholding taxes suffered) in relation to preferred equity certificates issued to the Issuer by LuxCo 3 during the relevant financial year of the Issuer less all costs and expenses (other than charges for taxes) of the Issuer booked during the relevant financial year according to Luxembourg GAAP, the First Preferred Dividend and a margin applied on the nominal value of the preferred equity certificates issued to the Issuer by LuxCo 3.

The redemption price of each MRPS shall be equal to (a) the aggregated nominal value of all the MRPS plus (b) the portion of the balance of any share premiums paid by shareholders on the issuance of the MRPS divided by (c) the number of outstanding MRPS at the time of the redemption.

DESCRIPTION OF THE NOTES

Picard Bondco S.A. (the "*Company*") issued the Notes under an indenture (the "*Indenture*") between, among others, the Company, Citibank N.A., London Branch, as the trustee (the "*Trustee*") and as the security agent (the "*Security Agent*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*").

The gross proceeds of the offering of the Notes sold on the Issue Date were used by the Company, together with the proceeds of the Senior Credit Agreement and the Equity Contribution, to fund the purchase price for the Acquisition as set forth in this offering memorandum under the caption "Use of Proceeds." Pending consummation of the Acquisition and the satisfaction of certain other conditions as described below, the Initial Purchasers deposited the gross proceeds of this offering of the Notes into an escrow account (the "*Escrow Account*") pursuant to the terms of an escrow agreement (the "*Escrow Agreement*") dated as of the Issue Date among the Company, the Trustee and Citibank N.A., London Branch, as Escrow Agent (the "*Escrow Agent*"). The Escrow Agreement, including the conditions to the release of the Escrowed Property (as defined below), are more fully described below under "—Escrow of Proceeds; Special Mandatory Redemption." In the event the Completion Date (as defined below under "—Escrow of Proceeds; Special Mandatory Redemption") had not occurred on or before November 15, 2010 (the "*Acquisition Longstop Date*"), or upon the occurrence of certain other events, the Notes would have been redeemed at a price equal to 100% of the initial issue price of the Notes plus accrued and unpaid interest and additional amounts, if any, from the Issue Date (the "*Special Mandatory Redemption Price*"). See "—Escrow of Proceeds; Special Mandatory Redemption."

Upon the initial issuance of the Notes, the Notes were obligations solely of the Company, and were not obligations of any of the Guarantors. As of the Completion Date, the Guarantors became parties to the Indenture and guarantee the Notes on a senior subordinated basis. Prior to the consummation of the Acquisition, we will not control any of Picard Groupe or its Subsidiaries, and none of Picard Groupe nor any of its Subsidiaries will be subject to the covenants described in this Description of the Notes.

Unless the context otherwise requires, in this "Description of the Notes", references to the "Notes" include the Notes and any Additional Notes that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture does not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. The Security Documents referred to below under the caption "—Security" define the terms of the security that secure the Notes.

The following description is a summary of the material provisions of the Indenture, the Notes and the Security Documents and refers to the Intercreditor Agreement. This does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Security Documents and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents and the Intercreditor Agreement are available as set forth below under "—Additional Information."

Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions." In this description, references to (i) the "Company" refer only to Picard Bondco S.A. and not to any of its Subsidiaries, (ii) "we," "our," "us" refer to the Company and its Restricted Subsidiaries, and (iii) the Guarantors refer only to Lion Polaris S.A.S. and Lion Polaris II S.A.S.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The Notes:

- are general obligations of the Company;
- are *pari passu* in right of payment to any future Indebtedness of the Company that is not subordinated in right of payment to the Notes;
- aree senior to any future Indebtedness of the Company that is subordinated in right of payment to the Notes, including any Subordinated Shareholder Debt;

- as of the Completion Date, are guaranteed on a second-priority basis by the Guarantors;
- as of the Completion Date, are secured by the Collateral; and
- are structurally subordinated to all obligations of the Company's subsidiaries that are not Guarantors.

The Note Guarantees

As of the Completion Date, the Notes are guaranteed by the Guarantors.

The Note Guarantee of each Guarantor:

- are a general obligation of that Guarantor;
- as of the Completion Date, are respectively secured by the Collateral owned by the relevant Guarantor;
- are subordinated in right of payment to all existing and future Senior Debt of that Guarantor; and
- are *pari passu* in right of payment to any future subordinated Indebtedness of that Guarantor.

As of the Completion Date, all of the Company's Subsidiaries are "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries." Most of the restrictive covenants in the Indenture do not apply to Unrestricted Subsidiaries. The Company's Unrestricted Subsidiaries, if any, will not guarantee the Notes.

Principal, Maturity and Interest

The Company issued €300 million in aggregate principal amount of Notes in this offering. The Company may issue an unlimited principal amount of additional Notes having identical terms and conditions as any series of the Notes ("*Additional Notes*") under the Indenture from time to time after this offering; *provided* that if any Additional Notes are not fungible with the relevant series of Notes for U.S. federal income tax purposes, such Additional Notes will be issued as a separate series under the Indenture and will have a separate CUSIP number or common code and ISIN, as applicable, from the relevant series of Notes. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock." The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Company will issue Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on October 1, 2018.

Interest on the Notes will accrue at the rate of 9% per annum. Interest on the Notes will be payable semi-annually in arrears on April 1 and October 1, commencing on April 1, 2011. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the interest rate on the Notes. The Company will make each interest payment to the holders of record on the immediately preceding March 15 and September 15.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with the closing of the initial offering of the Notes on the Issue Date, the Company entered into the Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the Initial Purchasers deposited with the Escrow Agent an amount equal to the gross proceeds of the offering of the Notes sold on the Issue Date. The gross proceeds of the offering of the Notes deposited in the Escrow Account are referred to as the "*Escrowed Property*".

In order to cause the Escrow Agent to release the Escrowed Property to the Company (the "*Release*"), the Escrow Agent had to have received from the Company, at a time that is on or before the Acquisition Longstop Date, an Officers' Certificate to the effect that:

(i) prior to or concurrently with the release of the proceeds of the Notes, the Equity Contribution will be made;

(ii) those documents, legal opinions and certificates attached as exhibits to the Escrow Agreement that are required to be delivered on the relevant date of Release have been delivered in accordance with the terms of the Escrow Agreement;

(iii) (a) the Acquisition will be consummated, promptly upon release of the Escrowed Property, on substantially the same terms as described in this offering memorandum under the heading "—The Transactions" and in accordance with the terms of the Securities Purchase Agreement among the Sellers (as such term is defined therein) and Lion Polaris S.A.S., dated September 14, 2010 (the "*Stock Purchase Agreement*") and (b) no provision of the Stock Purchase Agreement shall have been amended or waived in any manner which would be materially adverse to the holders of the Notes without the consent of the holders of a majority in principal amount of the Notes outstanding;

(iv) immediately after consummation of the Acquisition, the Company will own directly or indirectly 100% of the Capital Stock of Picard Groupe S.A. (the "*Target*");

(v) upon consummation of the Acquisition, each Guarantor will execute and deliver a supplemental indenture or other instrument pursuant to which it will guarantee, jointly and severally with each other Guarantor, the obligations of the Company under the Notes and the Indenture; and

(vi) the Company, the Guarantors, the Trustee and the Security Agent (as applicable), upon consummation of the Acquisition, will execute and deliver the Security Documents and all other relevant documents in respect of the Collateral.

The Release occurred promptly upon the satisfaction of the conditions set forth above (the date of such satisfaction, the "*Completion Date*").

In the event that (a) the Completion Date did not take place on or prior to the Acquisition Longstop Date, (b) at any time prior to the Acquisition Longstop Date, Lion Capital and Management Shareholders (as such term is defined herein) ceased to beneficially own and control 100% of the issued and outstanding Capital Stock of the Company, (c) at any time prior to the Acquisition Longstop Date, any conditions to the Release of the proceeds could not reasonably be deemed by the Company to be capable of being satisfied on or prior to the Acquisition Longstop Date or (d) at any time prior to the Acquisition Longstop Date, the Stock Purchase Agreement terminated (the date of any such event being the "*Escrow Termination Date*"), the Company would have redeemed all of the Notes (the "*Special Mandatory Redemption*") at the Special Mandatory Redemption Price as defined above, plus accrued but unpaid interest and Additional Amounts, if any, to the Special Mandatory Redemption Date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Notice of the Special Mandatory Redemption would have been mailed by the Company, within one Business Day following the earlier of the Escrow Termination Date and the Acquisition Longstop Date, to the Trustee and to each holder of the Notes and the Escrow Agent, and would have provided that the Notes shall be redeemed on a date that is no later than the third Business Day after such notice is mailed (the "*Special Mandatory Redemption Date*"). On the Special Mandatory Redemption Date, the Escrow Agent would have paid to the Principal Paying Agent for payment to each holder the Special Mandatory Redemption Price for such holder's Notes and, concurrently with the payment to such holders, deliver any excess Escrowed Property (if any) to the Company.

The Company provided the Trustee with an irrevocable letter of credit from the Royal Bank of Scotland, in an amount equal to the interest that would have accrued between the Issue Date and seventh business day after the Acquisition Longstop Date and which would have been drawn in the event of a Special Mandatory Redemption. The proceeds of such letter of credit were to be applied by the Trustee to provide for the payment of accrued interest pursuant to the Special Mandatory Redemption.

If the Special Mandatory Redemption Date was on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, would have been paid to the Person in whose name the Note was registered at the close of business on such record date and no additional interest would be payable to holders whose Notes would be subject to redemption by the Company.

No provisions of the Escrow Agreement (including, without limitation, those relating to the release of the Escrowed Property) and, to the extent such provisions relate to the Company's obligation to redeem the Notes in a Special Mandatory Redemption, the Indenture, may be waived or modified in any manner materially adverse to the holders of the Notes without the written consent of holders of at least 90% in aggregate principal amount of Notes affected thereby.

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in each of (i) the City of London (the "*Principal Paying Agent*") and (ii) Dublin for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market. The Company will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agents will be Citibank N.A., London Branch, in London and Citibank Europe, plc in Dublin.

The Company will also maintain one or more registrars (each, a "*Registrar*") for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market. The Company will also maintain a transfer agent. The initial Registrar will be Citigroup Global Markets Deutschland AG in Frankfurt. The initial transfer agent will be Citibank N.A., London Branch. The Registrar and the transfer agent will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Company.

The Company may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders of Notes. For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market, the Company will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*144A Global Notes*"), and Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*Reg S Global Notes*" and together with the 144A Global Notes, the "*Global Notes*").

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions." In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream, Luxembourg will be effected by Euroclear or Clearstream, Luxembourg pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, Luxembourg and their respective participants.

Book-Entry Interests in the 144A Global Note, or the "*Restricted Book-Entry Interest*," may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note, as applicable, or the "*Reg S Book-Entry Interests*," only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Company in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “Notice to Investors.”

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, Luxembourg, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange; *provided* that, if the Company or any Guarantor is a party to the transfer or exchange, the holder will not be required to pay such Taxes.

Notwithstanding the foregoing, the Company is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

The Company, the Trustee and the Paying Agents will be entitled to treat the holder of a Note as the owner of it for all purposes.

Additional Amounts

All payments made by or on behalf of the Company under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Company or any Guarantor is then incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Company or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a “*Tax Jurisdiction*”) will at any time be required to be made from any payments made by or on behalf of the Company under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Company or the relevant Guarantor, as applicable, will pay such additional amounts (the “*Additional Amounts*”) as may be necessary in order that the net amounts received in respect of such payments by each holder after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the Notes (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) and the relevant Tax Jurisdiction (including being or having been a citizen, resident, or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein), but excluding any connection arising merely from the holding of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(7) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Notes, following the Company's written request addressed to the holder or beneficial owner (and made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request, and in all events, at least 30 days before any such withholding or deduction would be payable to the holder or beneficial owner), to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation);

(8) any Taxes imposed on or with respect to any payment by the Company or Guarantor to the holder if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Note; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Company and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, issuance or registration of any of the Notes, the Indenture, any Note Guarantee or any other document referred to therein (other than a transfer of the Notes after this offering) or the receipt of any payments with respect thereto, or any such taxes, charges or similar levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of any of the Notes or any Note Guarantee.

If the Company or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Company or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Company or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificates must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Company or the relevant Guarantor will make all withholdings and deductions required by law and will timely remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Company or the relevant Guarantor will furnish to the Trustee (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Company or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. If reasonably requested by the Trustee, the Company or the Guarantors will provide to the Trustee such information as may be in the possession of the Company or the Guarantors (and not otherwise in the possession of the Trustee) to enable the Trustee to determine the amount of withholding taxes attributable to any particular holder, provided, however, that in no event shall the Company or the Guarantors be required to disclose any information that it reasonably deems to be confidential.

Whenever in the Indenture or in this "Description of the Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Company or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

The Proceeds Loans

At the Completion Date, the Company loaned the proceeds of the offering of Notes issued on the Issue Date to certain of its Subsidiaries as described below:

(1) the Company loaned €300.0 million to LuxCo 3 (the "*LuxCo 3 Notes Proceeds Loan*");

(2) LuxCo 3 loaned €300.0 million to LuxCo 4 (the "*LuxCo 4 Notes Proceeds Loan*"); and

(3) LuxCo 4 loaned €300.0 million to AcquiCo (the "*AcquiCo Notes Proceeds Loan*" and, together with the LuxCo 3 Notes Proceeds Loan and the LuxCo 4 Notes Proceeds Loan, the "*Notes Proceeds Loans*").

On or before the Completion Date, the Company loaned the proceeds of certain capital contributions as described below:

(1) the Company contributed an amount estimated to be €392.4 million to LuxCo 3 in exchange for preferred equity certificates of LuxCo 3 (the "*LuxCo 3 Equity Proceeds Loan*");

(2) LuxCo 3 contributed an amount equal to the amount contributed by the Issuer to LuxCo 3 to LuxCo 4 in exchange for preferred equity certificates of LuxCo 4 (the "*LuxCo 4 Equity Proceeds Loan*"); and

(3) LuxCo 4 loaned an amount equal to the amount contributed by LuxCo 3 to LuxCo 4 to French TopCo (the "*French TopCo Proceeds Loan*" and, together with the LuxCo 3 Equity Proceeds Loan and the LuxCo 4 Equity Proceeds Loan, the "*Equity Proceeds Loans*").

Payments by the borrowers under each Proceeds Loan are subject to significant restrictions imposed by the Intercreditor Agreement. See "Description of Other Indebtedness and Preferred Shares—Intercreditor Agreement." The LuxCo 4 Notes Proceeds Loan, the AcquiCo Notes Proceeds Loan and the Equity Proceeds Loans are pledged on a first-ranking basis to secure the obligations of the Company's Subsidiaries under the Senior Credit Agreement.

The Guarantees

As of Completion Date, the Notes are guaranteed by each Guarantor. The Note Guarantees are joint and several obligations of the Guarantors. Each Note Guarantee is subordinated to the prior payment in full of all Senior Debt of the Guarantor that granted such Note Guarantee. See "—Subordination of the Note Guarantees."

Each of the guarantees and the amounts recoverable thereunder is limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering its guarantee voidable or otherwise ineffective under applicable law. In addition, the guarantee of any Guarantor incorporated under the laws of France (each, a "French Guarantor") is limited to the aggregate amount of the Notes proceeds on-lent, directly or indirectly, to such French Guarantor and outstanding from time to time. Any payment made by such French Guarantor under its guarantee will reduce the maximum amount of its guarantee. See "Risk Factors—Risks Related to Our Indebtedness and the Notes—Corporate benefit laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the Notes."

Assuming we had completed the Transaction and this offering of Notes and applied the gross proceeds as intended, as of June 30, 2010, the Company and the Guarantors would have had pro forma net debt, which reflects external interest-bearing loans and borrowings (including rollover finance leases) less cash and cash equivalents, of €938.4 million, € 300.0 million of which would have been represented by the Notes and €625.0 million of which would have been Senior Debt. As indicated above and as discussed in detail below under the caption "—Subordination of the Note Guarantees," payments under the Note Guarantees will be subordinated to the payment of Senior Debt. The Indenture will permit us and the Guarantors to incur additional Senior Debt.

The operations of the Company are conducted through its Subsidiaries and, therefore the Company depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Notes. Not all of the Company's Subsidiaries will guarantee the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's non-guarantor Subsidiaries. Any right of the Company or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Company or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Company or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Company or such Guarantor. As of June 30, 2010, on a *pro forma* basis after giving effect to the Transaction, including this offering of Notes and the application of proceeds therefrom, the Company's non-guarantor Subsidiaries would have had approximately €638.4 million of Indebtedness (including Indebtedness as obligors under the Senior Credit Agreement) and €174.7 million of trade payables and other liabilities outstanding. See "Risk Factors—Risks Related to our Indebtedness and the Notes—The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries."

For a description of such contractual limitations, see "Risk Factors—Risks Related to Our Indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the Notes."

Release of the Note Guarantees

The Note Guarantees will be released:

(1) in connection with any sale, disposition, exchange or other transfer of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale, disposition, exchange or other transfer of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" and "Maintenance of Double LuxCo Structure" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge;"

(5) upon the sale of all the Capital Stock of, or all or substantially all of the assets of, such Guarantor or its Parent Entity pursuant to a security enforcement sale in compliance with the Intercreditor Agreement, or as otherwise provided for under the Intercreditor Agreement;

(6) upon the full and final payment and performance of all obligations of the Company under the Indenture and the Notes;

(7) in the case of any Restricted Subsidiary that after the Issue Date is required to guarantee the Notes pursuant to the covenant described under "—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness," upon the release or discharge of the guarantee of Indebtedness by such Restricted Subsidiary which resulted in the obligation to guarantee such Notes; or

(8) as described under "—Amendment, Supplement and Waiver".

Upon any occurrence giving rise to a release as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such guarantee. Neither the Company nor any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Subordination of the Note Guarantees

General

Each Note Guarantee is a senior subordinated guarantee, which means that each such Note Guarantee ranks behind, and is expressly subordinated to, all the existing and future Senior Debt of each Guarantor that provides a Note Guarantee, including any obligations owed by such Guarantor under the Senior Credit Agreement. The ability to take enforcement action against the Guarantors under their Note Guarantees is subject to significant restrictions imposed by the Intercreditor Agreement and the terms of the Note Guarantees, and potentially any Additional Intercreditor Agreements entered into after the Issue Date.

Subordination on the basis of Intercreditor Agreement

In general:

(1) the lenders under the Senior Credit Agreement and the counterparties to certain of our Hedging Obligations will be entitled, as secured lenders and pursuant to the terms of the Intercreditor

Agreement, to payment in full of all amounts outstanding under the Senior Facilities Documents (as defined in the Intercreditor Agreement) before (i) the Trustee and the holders would be entitled to payments under a Note Guarantee of any Guarantor and (ii) the Company would be entitled to payments under the Proceeds Loans and, as a result, before holders would ultimately receive any payments on the Notes;

(2) the Trustee and the holders of the Notes will be required, pursuant to the terms of the Intercreditor Agreement, to turn over any amounts they receive in respect of a Note Guarantee that was not a permitted note payment or that was received in contravention of the Intercreditor Agreement to the security agent under the Senior Credit Agreement until all obligations outstanding under the Senior Credit Agreement and certain of our Hedging Obligations and certain other costs, expenses and claims (including those of the Trustee and Security Agent and those incurred in connection with enforcement) are paid in full; and

(3) the Company will be required, pursuant to the terms of the Intercreditor Agreement, to turn over any amount it receives that was not a permitted note payment or that was received in contravention of the Intercreditor Agreement under the Proceeds Loans to the security agent under the Senior Credit Agreement until all amounts outstanding under the Senior Credit Agreement and certain of our Hedging Obligations and certain other costs, expenses and claims are paid in full.

The security agent under the Senior Credit Agreement will be directed to apply such amounts in the manner described under "Description of Other Indebtedness and Preferred Shares—Intercreditor Agreement—Turnover" and "—Application of Proceeds."

Pursuant to the Intercreditor Agreement, the Note Guarantees are subject to the payment blockage and standstill provisions described in more detail under "Description of Other Indebtedness and Preferred Shares—Intercreditor Agreement."

In addition, to the extent that a Guarantor that provides a Note Guarantee incurs additional Senior Debt, such Senior Debt will be entitled to similar seniority in right of payment to such Guarantor's Note Guarantee and will also have the benefit of an Additional Intercreditor Agreement giving effect to such seniority. In such a case, the relevant representative of such Senior Debt would be able to require that amounts which would otherwise have been paid to the Trustee or the holders of the Notes be paid instead to such representative of or the lenders under such Senior Debt.

Because of the foregoing subordination provisions, holders of Senior Debt of a Guarantor that provides a Note Guarantee may recover disproportionately more than the holders of the Notes recover in a bankruptcy or similar proceeding relating to such Guarantor. In such a case, there may be insufficient assets, or no assets, remaining to pay the principal of or interest on the Notes.

The Indenture provides that the Company, each Guarantor that provides a Note Guarantee and the Trustee will be authorized (without any further consent of the holders of the Notes) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "Descriptions of Other Indebtedness and Preferred Shares—Intercreditor Agreement."

The Indenture also provides that each holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Trustee to give effect to the provisions in the Intercreditor Agreement;

(2) agreed to be bound by the provisions of the Intercreditor Agreement; and

(3) irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

Please see the sections entitled "Risk Factors—Risks Related to Our Indebtedness and the Notes—Investors' right to receive payment under the guarantees is contractually subordinated to senior debt" and "Description of other Indebtedness and Preferred Shares—Intercreditor Agreement."

Security

As of the Completion Date, the Notes and the Guarantees are secured by:

(1) (a) a first-ranking pledge over the receivables under the LuxCo 3 Note Proceeds Loan (the "*LuxCo 3 Notes Proceeds Loan Pledge*"); (b) a second-ranking pledge over: (i) the receivables under the LuxCo 4 Proceeds Loan (the "LuxCo 4 Notes Proceeds Loan Pledge"), and (ii) the receivables under the LuxCo 3 Equity Proceeds Loan and (iii) the receivables under the LuxCo 4 Equity Proceeds Loan and (c) a shared first-ranking pledge (subject to contractual subordination under the Intercreditor Agreement) over (i) the receivables under the AcquiCo Proceeds Loan (the "AcquiCo Notes Proceeds Loan Pledge") and (ii) the receivables under the French TopCo Proceeds Loan (collectively, the "*Loan Pledges*");

(2) (a) a first-ranking pledge over the bank accounts of the Company; (b) a second-ranking pledge over: (i) the bank accounts of LuxCo 3, and (ii) the bank accounts LuxCo 4 and (c) a shared first-ranking pledge (subject to contractual subordination under the Intercreditor Agreement) over the bank accounts of French TopCo (collectively, the "*Bank Account Pledges*");

(3) (a) a second-ranking pledge over all the issued Capital Stock of LuxCo 4, and (b) a shared first-ranking pledge (subject to contractual subordination under the Intercreditor Agreement) over (i) all the issued Capital Stock of French TopCo, (ii) all the issued Capital Stock of AcquiCo, (iii) all the Capital Stock of the Target and the historical management holding companies, and (iv) a single share of Picard Surgeles; and (v) a second-ranking pledge over all the issued Capital Stock of LuxCo 3 (the "*LuxCo 3 Share Pledge*" and, together with the other pledges of Capital Stock described in this clause 3, the "*Share Pledges*"); and

(4) a shared second-ranking pledge (subject to contractual subordination under the Intercreditor Agreement) over (a) an intercompany loan from French TopCo to AcquiCo and (b) an intercompany loan from AcquiCo to the Target (collectively, the "Intercompany Loan Pledges").

On the Completion Date, the Collateral, other than the bank accounts of LuxCo 4, the bank accounts of the Company, the LuxCo 3 Equity Proceeds Loan, the shares of LuxCo 3 and the LuxCo 3 Notes Proceeds Loan, were also pledged on a second-ranking basis (or shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) to secure the LuxCo 3 Proceeds Loan.

The Company and the Security Agent entered into the Security Documents, which define the terms of security interests that secure the Notes. The Share Pledges, the Proceeds Loan Pledges and the Bank Account Pledges secure the payment and performance when due of all of the obligations of the Company under the Indenture and the Notes as provided in the Security Documents.

So long as no Default or Event of Default has occurred and is continuing, and subject to certain terms and conditions, each pledgor will be entitled to receive all cash dividends, interest and other payments made upon or with respect to the shares pledged by it and to exercise any voting and other consensual rights pertaining to the shares pledged by it.

The Indenture provides that the Security Documents may be enforced only upon an acceleration of the amounts due under the Notes following an Event of Default. The Security Agent entered into the Security Documents in its own name for the benefit of the Trustee and the holders of the Notes. The rights of the Trustee and the holders of the Notes are not directly secured by the Security Documents, but through the parallel debt claim acknowledged by the Company by way of an independent acknowledgement of Indebtedness to the Security Agent that is equal to the total amounts payable by the Company under the Indenture and the Notes. Neither the Trustee nor the holders of the Notes may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders of the Notes may only take action through the Security Agent.

The Collateral will be released:

(1) upon the full and final payment and performance of all obligations of the Company under the Indenture and the Notes;

(2) upon legal defeasance, covenant defeasance or satisfaction and discharge of the notes as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(3) as described under "—Amendment, Supplement and Waiver" and "—Liens"; or

(4) as provided for under the Intercreditor Agreement, including in connection with an enforcement sale.

The Indenture will provide that any release of a Lien on Collateral shall be evidenced by the delivery by the Company to the Trustee of an Officer's Certificate of the Company, and that the Security Agent shall acknowledge and confirm such release upon delivery of such Officer's Certificate.

Optional Redemption

At any time prior to October 1, 2013, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 109% of the principal amount of the Notes redeemed, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) the Company or (ii) any direct or indirect parent entity of the Company to the extent the proceeds from such Equity Offering are contributed to the Company's common equity capital or are paid to the Company as consideration for the issuance of ordinary shares of the Company; *provided* that:

(1) at least 65% of the aggregate principal amount of the Notes (calculated after giving effect to any issuance of Additional Notes but excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to October 1, 2014, the Company may on any one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "—Redemption for Changes in Taxes" or "—Escrow of Proceeds; Special Mandatory Redemption," the Notes will not be redeemable at the Company's option prior to October 1, 2014.

On or after October 1, 2014, the Company may on any one or more occasions redeem all or a part of Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on October 1 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption Price
2014	104.50%
2015	102.25%
2016 and thereafter	100.00%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption or notice may, in the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Company may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Note Guarantee, the Company under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee, as the case may be, is or would be required to pay Additional Amounts which are more than a *de minimis* amount, and the Company cannot avoid any such payment obligation by taking reasonable measures available, and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date) and which was not publicly and formally announced or publicly and formally proposed, in substantially the form as enacted, prior to the date of this offering memorandum; or

(2) any amendment to, or change in, an official written interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date) and which was not publicly and formally announced or publicly and formally proposed, in substantially the form as enacted, prior to the date of this offering memorandum (each of the foregoing clauses (1) and (2), a "*Change in Tax Law*").

The Company will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Company would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee an opinion of independent tax counsel (the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld)) to the effect that there has been such Change in Tax Law which would entitle the Company to redeem the Notes hereunder. In addition, before the Company publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Company taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Mandatory Redemption

Except pursuant to "—Escrow of Proceeds; Special Mandatory Redemption," the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Unless the Company has unconditionally exercised its right to redeem all the Notes of a series as described under "—Optional Redemption" or all conditions to such redemption have been satisfied or waived, within 30 days following any Change of Control, the Company will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice," stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Principal Paying Agent will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or its authenticating agent) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a holder of the Notes' right to require the Company to repurchase such holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Senior Credit Agreement will provide that the occurrence of a Change of Control would require the repayment of such debt. Future debt of the Company or its Subsidiaries may prohibit the Company from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Company to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company.

Finally, the Company's ability to repurchase Notes pursuant to a Change of Control Offer following the occurrence of a Change of Control may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors—Risks Related to our Indebtedness and the Notes—We may not be able to finance a change of control offer."

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain. In addition, you should note that case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, issuers may nevertheless avoid triggering a change of control under a clause similar to clause (4) of the definition of "Change of Control" if the outgoing directors were to approve the new directors for the purpose of such change of control clause.

The provisions under the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Company will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Asset Sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as recorded on the balance sheet of the Company or any Restricted Subsidiary (other than contingent and subordinated liabilities), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (1)(b) or (d) of the next paragraph of this covenant;

(d) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (d) that is at that time outstanding, not to exceed the greater of €20 million and 1.5% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value);

(e) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale; and

(f) consideration consisting of Indebtedness of the Company or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may:

(1) apply such Net Proceeds (at the option of the Company or Restricted Subsidiary):

(a) to prepay, repay or purchase (i) Senior Debt or Senior Secured Indebtedness and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto, (ii) to prepay, repay or purchase Pari Passu Debt at a price of no more than 100% of the principal amount of such Pari Passu Debt plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Issuer shall redeem, repay or repurchase Pari Passu Debt pursuant to this clause (ii) only if the Issuer makes (at such time or subsequently in compliance with this covenant) an offer to the holders of the Notes to purchase their Notes in accordance with the provisions set forth above for an Asset Sale Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Debt, or (iii) Obligations under the Notes;

(b) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(c) to make a capital expenditure; or

(d) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business; or

(2) enter into a binding commitment to apply the Net Proceeds pursuant to clause (b), (c) or (d) of paragraph (1) above; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds €20 million, within ten Business Days thereof, the Company will make an offer (an "*Asset Sale Offer*") to all holders of Notes and, to the extent the Company elects, to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantee, to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a pro rata basis (or in the manner described under "—Selection and Notice"), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

To the extent that any portion of Net Proceeds payable in respect of the Notes is denominated in a currency other than euros, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in euros that is actually received by the Company upon converting such portion of the Net Proceeds into euros.

The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer or an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control or Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

The agreements governing the Company's outstanding Senior Debt currently prohibit the Company from purchasing any Notes, and also provides that certain Change of Control or Asset Sale events with respect to the Company would constitute a mandatory prepayment event under these agreements. Any future credit agreements or other agreements relating to Senior Debt to which the Company becomes a party may contain similar restrictions and provisions. In the event a Change of Control or Asset Sale occurs at a time when the Company is prohibited from purchasing Notes, the Company could seek the consent of its senior lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company will remain prohibited from purchasing the Notes. In such case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture which would, in turn, constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the holders of Notes.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under "—Book-Entry, Delivery and Form," based on a method that most nearly approximates a pro rata selection as the Trustee deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee shall not be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, Luxembourg, notices may be given by delivery of the relevant notices to Euroclear or Clearstream, Luxembourg for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (*www.ise.ie*) and, in connection with any redemption, the Company will notify the Irish Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt), issue Disqualified Stock or issue preferred stock, if:

(a) the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.00 to 1.00, in each case determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; and

(b) if such Indebtedness is Senior Secured Indebtedness, the Company and the Guarantors may incur such Senior Secured Indebtedness if the Consolidated Senior Secured Leverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Senior Secured Indebtedness is incurred would have been less than 3.75 to 1.0, in each case determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and its Restricted Subsidiaries of additional Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed €675 million, *plus,* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing, *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any of its Restricted Subsidiaries since the Issue Date to permanently repay any Indebtedness under a Credit Facility and effect a corresponding commitment reduction thereunder pursuant to the covenant described above under the caption "—Repurchase at the Option of the Holders—Asset Sales";

(2) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date after giving effect to the use of proceeds of the Notes;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date, the related Note Guarantees and the Proceeds Loans;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant or equipment (whether through the

direct purchase of assets or the Capital Stock of any Person owning such assets) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of €25 million and 1.5% of Total Assets at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under (a) the first paragraph of this covenant or (b) clauses (2), (3), (5), (16) or 17 of this paragraph;

(6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:

(a) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations for *bona fide* hedging purposes of the Company and its Restricted Subsidiaries and not for speculative purposes;

(9) the guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to the Notes or subordinated to or *pari passu* with a Note Guarantee, then the guarantee must be subordinated, in the case of the Notes, or subordinated or *pari passu*, as applicable, in the case of a Note Guarantee, in each case to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business and consistent with past practice;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days of such incurrence;

(12) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each

case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary, *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(13) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (B) any customary cash management, cash pooling or netting or setting off arrangements; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(14) Indebtedness of the Company of any of its Restricted Subsidiaries in respect of Management Advances;

(15) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(16) Indebtedness in an aggregate outstanding principal amount that, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (16) and then outstanding, will not exceed 100% of the Net Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than, in connection with the Equity Contribution, Disqualified Stock, or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, an Excluded Contribution or in connection with the Equity Contribution) of the Company, in each case, subsequent to the Completion Date; *provided*, *however*, that (i) any such Net Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the second paragraph and clauses (2), (4) and (9) of the third paragraph of the covenant described below under "—Certain Covenants—Restricted Payments" to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (16) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2), (4) and (9) of the third paragraph of the covenant described below under "—Certain Covenants—Restricted Payments" in reliance thereon;

(17) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of the Company or was otherwise acquired by the Company or any of its Restricted Subsidiaries); *provided*, *however*, with respect to this clause (17), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Company would have been able to incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (17) or (y) the Fixed Charge Coverage Ratio of the Company would not be less than it was immediately prior to giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (17); and

(18) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (18) not to exceed €50 million.

The Company will not incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment-ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Indebtedness described in this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant, provided that Indebtedness incurred pursuant to clause (1) of the definition of Permitted Debt may not be reclassified. Indebtedness under the Senior Credit Agreement outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the definition of Permitted Debt.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the euro-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided*, *however*, that (i) if such Indebtedness denominated in non-euro currency is subject to a Currency Exchange Protection Agreement with respect to euro, the amount of such Indebtedness expressed in euro will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the euro-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the euro-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such euro-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the euro-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

    (i) the Fair Market Value of such assets at the date of determination; and

    (ii) the amount of the Indebtedness of the other Person.

Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in

connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders, other than (i) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and (ii) dividends or distributions payable to the Company or a Restricted Subsidiary;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent entity of the Company;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Notes, any Subordinated Shareholder Debt or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a scheduled sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition; or

(4) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (5), (6), (7), (8), (11), (12), (13) and (14) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Company following the Completion Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than the Equity Contribution, Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Company) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of the Company); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and marketable securities received by the Company or any Restricted Subsidiary (other than from a Person that is not the Company or a Restricted Subsidiary), or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the

Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the lesser of (i) the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets and (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary, in each case, to the extent such Investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Company or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such guarantee; *plus*

(vi) 100% of any cash dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from the calculation of amounts under clause (c)(ii) of the preceding paragraph, shall not constitute Excluded Contributions and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is contractually subordinated to the Notes or any Note Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement, including with respect to Leaver Shares; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed €2 million in any calendar year; and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any of its direct or indirect parent companies and (B) the cash proceeds of key man life insurance policies, in each case to the extent the cash proceeds have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(8) payments pursuant to any tax sharing agreement or arrangement among the Company and its Subsidiaries and other Persons with which the Company or any of its Subsidiaries is required or permitted to file a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided, however,* that such payments will not exceed the amount of tax that the Company and its Subsidiaries would owe on a stand-alone basis and the related tax liabilities of the Company and its Subsidiaries are relieved by the payment of such amounts to a relevant taxing authority;

(9) so long as no Default has occurred and is continuing or would be caused thereby, following an Initial Public Offering of the Capital Stock of the Company or a Parent Entity, the payment of dividends on the Capital Stock of the Company in an amount per annum not to exceed 6% of the net cash proceeds received by the Company in any such Initial Public Offering; *provided*, that if such Initial Public Offering was of Capital Stock of a Parent Entity, the net proceeds of any such dividend are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Entity;

(10) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (10) does not exceed €2 million in any calendar year;

(11) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) on no more than a pro rata basis;

(12) so long as no Default or Event of Default has occurred and is continuing, the payment of Management Fees;

(13) Permitted Parent Payments;

(14) Restricted Payments that are made with Excluded Contributions;

(15) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is subordinated in right of payment to the Notes or to any Note Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Company) upon a Change of Control to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101% of the principal amount of such Indebtedness, but only if the Company shall have complied with its obligations under the covenants described under "Repurchase at the option of holders—Change of control" and the Company repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Indebtedness;

(16) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Company or a Restricted Subsidiary of the Company by, Unrestricted Subsidiaries;

(17) the Transaction, including but not limited to any Restricted Payment pursuant to or in connection with, the Transaction; or

(18) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed €25 million since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Liens

The Company will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (the "*Initial Lien*") of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except Permitted Liens, unless all payments due under the Indenture and the Notes are secured on an equal and ratable basis (or in the case of Indebtedness which is subordinated in right of payment to the Notes or the Note Guarantees, prior or senior thereto, with the same relative priority as the Notes or such Note Guarantee, as applicable, shall have with respect to such subordinated Indebtedness) with the obligations so secured. Notwithstanding the foregoing, no Indebtedness of the Company or any Restricted Subsidiary or Parent Entity, other than the Notes and the Note Guarantees, may be secured by a Lien over the Collateral other than Permitted Collateral Liens.

Any Lien created for the benefit of the holders pursuant to this covenant will provide by its terms that such Lien will be automatically and unconditionally released and discharged (a) upon the release and discharge of the Initial Lien other than as a consequence of an enforcement action with respect to the assets subject to such Lien or (b) as set forth under the heading "—Security."

No Layering of Debt

No Guarantor that provides a Note Guarantee will incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is contractually subordinate or junior in right of payment to the Senior Debt of such Guarantor and senior in right of payment to such Guarantor's Note Guarantee. No such Indebtedness will be considered to be subordinated in right of payment to any Senior Debt of any Guarantor that provides a Note Guarantee by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment-ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement and the Security Documents;

(3) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Agreement, the Intercreditor Agreement, in each case, as in effect on the Issue Date (as determined in good faith by the Company);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business; and

(13) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (12), or in this clause (13); *provided* that the terms and conditions of any such encumbrances or

restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced.

Merger, Consolidation or Sale of Assets

The Company will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union other than France, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes and the Indenture;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (3) and (4) above.

A Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of Note Guarantee and the Indenture) will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

    (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Note Guarantee, the Indenture and the Security Documents to which such Guarantor is a party pursuant to a supplemental indenture and appropriate Security Documents reasonably satisfactory to the Trustee; or

    (b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Clauses (3) and (4) of the first paragraph of this "Merger, Consolidation or Sale of Assets" covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Company with or into any other Guarantor and clause (4) of the first paragraph of this "Merger, Consolidation or Sale of Assets" covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Company with or into an Affiliate solely for the purpose of reincorporating the Company in another jurisdiction for tax reasons.

Maintenance of Double LuxCo Structure

(a) The Company will not sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of LuxCo 3 (including, without limitation, by way of merger or consolidation) and will not otherwise cease to own and hold directly 100% of the outstanding Capital Stock of LuxCo 3;

(b) the Company or any successor Person will not cause or permit LuxCo 3 to sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of LuxCo 4 or any successor Person (including, without limitation, by way of merger or consolidation) and will not otherwise cause or permit LuxCo 3 to cease to own and hold directly 100% of the outstanding Capital Stock of LuxCo 4;

(c) the Company or any successor Person will not cause or permit LuxCo 4 to sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of French TopCo (including, without limitation, by way of merger or consolidation) and will not otherwise cause or permit LuxCo 4 to cease to own and hold directly 100% of the outstanding Capital Stock of French TopCo;

(d) the Company will not cause or permit French TopCo to sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of AcquiCo (including, without limitation, by way of merger or consolidation) and will not otherwise cause or permit French TopCo to cease to own and hold directly 100% of the outstanding Capital Stock of AcquiCo; and

(e) the Company will not cause or permit AcquiCo to sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of Picard Groupe S.A. or a Picard Opco Successor (as defined below) (including, without limitation, by way of merger or consolidation) and will not otherwise cause or permit AcquiCo to cease to own and hold directly 100% of the outstanding Capital Stock of Picard Groupe S.A. or a Picard Opco Successor *provided however*, that the foregoing shall not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of Picard Groupe S.A. into AcquiCo where AcquiCo is the surviving person.

In addition, the Company will not directly or indirectly cause or permit any Restricted Subsidiary, directly or indirectly, to sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of Picard Groupe S.A. or a Picard Opco successor (as defined below) and its respective Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:

(1) the Person to whom such sale, assignment, transfer, conveyance, lease or other disposal has been made is (i) AcquiCo or (ii) if such Person is not AcquiCo, 100% of the Capital Stock of such Person (AcquiCo, in the event of any such sale, assignment, transfer, conveyance, lease or other disposal to AcquiCo, or any such other Person, a "Picard Opco Successor") is owned and held directly by AcquiCo;

(2) (a) if such Picard Opco Successor is AcquiCo, the Note Guarantee given by AcquiCo remains in full force and effect and continues to be a valid, binding and enforceable obligation of AcquiCo; or (b) such Picard Opco Successor simultaneously executes and delivers a supplemental indenture providing for a guarantee by such Picard Opco Successor of the payment of the Notes and the obligations under the Indenture that is reasonably satisfactory to the Trustee, which guarantee will be senior to such Picard Opco Successor's other Indebtedness (any such guarantee, a "Senior Picard Opco Successor Note Guarantee"), unless such other Indebtedness is Senior Debt, in which case such guarantee may be subordinated to such Senior Debt to the same extent as the Note Guarantees are subordinated to such Senior Debt (any such subordinated guarantee, a "Senior Subordinated Picard Opco Successor Note Guarantee" and, together with a Senior Picard Opco Successor Note Guarantee, a "Picard Opco Successor Note Guarantee"); and

(3) (a) if such Picard Opco Successor is AcquiCo, the Share Pledge granted by French TopCo in respect of 100% of the Capital Stock of AcquiCo remains in effect and continues to provide a valid perfected security interest securing the obligations under the Notes, the Indenture, and AcquiCo's Note Guarantee or Picard Opco Successor Note Guarantee, as the case may be; or (b) French TopCo (if such Picard Opco Successor is AcquiCo) or AcquiCo (if such Picard Opco Successor is not AcquiCo) grants Security over 100% of the Capital Stock of such Picard Opco Successor securing the obligations under the Notes, the Indenture and such Picard Opco Successor's Picard Opco Successor Note Guarantee pursuant to a share pledge that is reasonably satisfactory to the Security Agent and the Trustee, which security interest will be a first-ranking security interest

unless the guarantee given by such Picard Opco Successor pursuant to the foregoing clause (2) immediately above is a Senior Subordinated Picard Opco Successor Note Guarantee, in which such security interest may be a shared first-ranking (subject to contractual subordination under the Intercreditor Agreement) or, a second-ranking security interest.

Centre of Main Interests and Establishments

(a) The Company will, and will cause each Restricted Subsidiary that is a Security Provider to, for the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "Regulation") or otherwise, ensure that its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its respective jurisdiction of incorporation and ensure that it has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

(b) Without prejudice to the generality of paragraph (a) above, the Company will, and will cause each Restricted Subsidiary that is a Security Provider to:

(i) hold all meetings of its board of directors in Luxembourg (with a majority of the participating directors to attend such meetings physically in Luxembourg);

(ii) keep any share register, corporate books and any account records in Luxembourg; and

(iii) to manage its business in Luxembourg.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of €1.5 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of € 5 million, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company; and, in addition,

(b) with respect to (i) any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €20 million or (ii) any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €5 million in which there are no disinterested members of the Board of Directors of the Company, an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted

Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Company and any Restricted Subsidiary, or between or among Restricted Subsidiaries;

(3) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt to Affiliates of the Company;

(6) any Investment (other than a Permitted Investment) or other Restricted Payment, in either case, that does not violate the provisions of the Indenture described above under the caption "—Restricted Payments";

(7) Management Advances;

(8) any Permitted Investments (other than Permitted Investments described in clauses (3), (9), (12) and (14) of the definition thereof);

(9) the incurrence of any Subordinated Shareholder Debt;

(10) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the holders of the Notes in any material respect than the original agreement as in effect on the Issue Date;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(12) any payments or other transactions pursuant to a tax sharing agreement between the Company and any other Person or a Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis;

(13) any contribution to the capital of the Company in exchange for Capital Stock of the Company (other than Disqualified Stock and preferred stock);

(14) transactions between the Company or any of its Restricted Subsidiaries and any Person, a director of which is also a director of the Company or any direct or indirect parent of the Company; provided, however, that such director abstains from voting as a director of the Company or such direct or indirect parent, as the case may be, on any matter involving such other Person;

(15) pledges of Equity Interests of Unrestricted Subsidiaries;

(16) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would contribute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the

Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity; and

(17) the Transaction.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary (including any newly acquired or newly formed Restricted Subsidiary) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock," the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Notwithstanding any of the foregoing, the Company shall not designate any Restricted Subsidiary that is a direct or indirect parent entity of Picard Groupe S.A. or any Picard Opco Successor to be an Unrestricted Subsidiary.

Maintenance of Listing

The Company will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Global Exchange Market for so long as such Notes are outstanding; *provided* that if the Company is unable to obtain admission to funding of the Notes on the Global Exchange Market or if at any time the Company determines that it will not maintain such listing, it will use its commercially reasonable efforts to obtain and maintain a listing of such Notes on another recognized stock exchange.

Limitation on Issuances of Guarantees of Indebtedness

The Company will not permit any of its Restricted Subsidiaries that is not a Guarantor, directly or indirectly, to guarantee the payment of any other Indebtedness of the Company or its Restricted Subsidiaries unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which guarantee will be senior to such Restricted Subsidiary's guarantee of such other Indebtedness unless such other Indebtedness is Senior Debt, in which case the guarantee of the Notes may be subordinated to the guarantee of such Senior Debt to the same extent as the Note Guarantees are subordinated to such Senior Debt.

The first paragraph of this covenant will not be applicable to any guarantees of any Restricted Subsidiary:

(1) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(2) arising solely due to the granting of a Permitted Lien that would not otherwise constitute a guarantee of Indebtedness of the Company or any Guarantor;

(3) no Note Guarantee shall be required from any Restricted Subsidiary that was an obligor under a Credit Agreement as of the Issue Date but was not a Guarantor as of the Issue Date;

(4) no Note Guarantee shall be required as a result of any guarantee given to a bank or trust company incorporated in any member state of the European Union as of the date of the Indenture or any commercial banking institution that is a member of the U.S. Federal Reserve System (or any branch, Subsidiary or Affiliate thereof), in each case having combined capital and surplus and undivided profits of not less than €500.0 million, whose debt has a rating, at the time such guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Company's benefit or that of any Restricted Subsidiary; or

(5) no Note Guarantee shall be required if such Note Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary, including, for the avoidance of doubt, "whitewash" or similar procedures or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses Incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary; and (b) no Note Guarantee shall be required from any Restricted Subsidiary that was an obligor under a Credit Agreement as of the Issue Date but was not a Guarantor as of the Issue Date.

Each such guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The form of such guarantee shall be the same as the form of a Note Guarantee, the form of which will be attached as an exhibit to the Indenture.

Each guarantee of the Notes shall be released in accordance with the provisions of the Indenture and the Intercreditor Agreement described under "—Note Guarantees" and "Description of Other Indebtedness and Preferred Shares—Intercreditor Agreement."

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction where (i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) (A) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Impairment of Security Interest

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would or could reasonably be expected to have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents and the Intercreditor Agreement and (b) the Company may incur Permitted Collateral Liens; and *provided further*, *however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced, or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the assets), the Company delivers to the Trustee either (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification or replacement or (2) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

At the direction of the Company and without the consent of the holder of Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with paragraph (a) above) provide for Permitted Collateral Liens, (iii) add to the Collateral or (iv) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect.

In the event that the Company complies with this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification, replacement or release with no need for instructions from holders of the Notes.

Additional Intercreditor Agreements

At the request of the Company, without the consent of holders of the Notes, and at the time of, or prior to, the incurrence by the Company or a Guarantor of Indebtedness permitted pursuant to (x) the first paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock" or clause (1), (4) (other than with respect to Capitalized Lease Obligations), (8) and (16) of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock" and (y) any Permitted Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x) (*provided* that, in the case of both (x) and (y), any such Indebtedness shall be Senior Debt), the Company or the relevant Guarantor and the Trustee shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") on substantially the same terms as the Intercreditor Agreement, including, in respect of Senior Debt, terms with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees and priority as set forth in the Intercreditor Agreement (or on terms more favorable to the holders of the Notes); *provided* that only one stop notice can be given by Designated Senior Debt in any 360-day period or in respect of the same event or circumstances regardless of the number of facilities or other instruments constituting "Designated Senior Debt" of a Guarantor or the number of intercreditor agreements; *provided*, *further*, that in no event may the total number of days for which a stop notice is in effect exceed 179 days in the aggregate during any consecutive 360-day period; *provided*, *further*, that in no event may the total number of days for which any enforcement standstill exceed 179 days; *provided*, *further*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement; *provided*, *further*, that only Designated Senior Debt shall be entitled to instruct the Security Agent initiate a payment blockage. Any such Additional Intercreditor Agreement shall provide for the release of any subordinated guarantee or junior security on the same terms as the Note Guarantees.

At the request of the Company, without the consent of holders of the Notes, and at the time of, or prior to, the incurrence by the Company or a Guarantor of Indebtedness permitted to be incurred pursuant to the preceding paragraph, the Company or the relevant Guarantor and the Trustee shall enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure defects, resolve ambiguities or reflect changes, in each case, of a minor, technical or administrative nature, (2) increase the amount or types of Indebtedness covered by any Intercreditor Agreement or Additional Intercreditor Agreement that may be incurred by the Company or a Guarantor that is subject to any Intercreditor Agreement or Additional Intercreditor Agreement (*provided* that such amendment is consistent with the preceding paragraph), (3) add new Guarantors to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes, (5) make provision for the security securing Additional Notes to rank *pari passu* with the Collateral or (6) make any other change to any such Intercreditor Agreement or an Additional Intercreditor Agreement that does not adversely affect the rights of holders of the Notes in any material respect.

The Company shall not otherwise direct the Trustee to enter into any amendment to the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted by "Amendment, Supplement and Waiver" and the Company may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture, the Intercreditor Agreement or such Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement or, to the extent applicable, an Additional Intercreditor Agreement, the Trustee shall be deemed to have consented on behalf of the holders of the Notes to any payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided* that such transaction would comply with the covenant described under "—Restricted payments."

Each holder of the Notes shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have consented to and directed the Trustee to enter into any Additional Intercreditor Agreement or any amendment of the Intercreditor Agreement or any Additional Intercreditor Agreement which compiles with the foregoing provision and the conditions contained therein.

Suspension of Covenants When Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants specifically listed under the following captions in this offering memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(3) "—Restricted Payments";

(4) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) clause (4) of the first paragraph of the covenant described under "—Merger, Consolidation or Sale of Assets";

(6) "—Transactions with Affiliates"; and

(7) "—Designation of Restricted and Unrestricted Subsidiaries."

Such covenants will not, however, be of any effect with regard to the actions of Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "—Restricted Payments" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee:

(1) within 120 days after the end of the Company's fiscal year beginning with the fiscal year ending March 31, 2011, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this offering memorandum: (a) audited consolidated balance sheet of the Company as of the end of the most recent fiscal year (and comparative information for the end of the prior fiscal year) and audited consolidated income statement and statement of cash flow of the Company for the most recent fiscal year (and comparative information for the prior fiscal year), including footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisitions or disposition that, individually or in the aggregate when considered with all other acquisition or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, represent greater than 20% of the consolidated revenues, EBITDA, or assets of the Company on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by business segment, if any), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the industry, business, management and shareholders of the Company, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material contractual arrangements, including material debt instruments; and (e) material risk factors and material recent developments;

(2) within 90 days following the end of the quarter ending September 30, 2010, a quarterly report containing the following information: an unaudited condensed consolidated balance sheet of the Target as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods for the Target, together with condensed footnote disclosure;

(3) within 60 days (or in the case of the quarter ending December 31, 2010, 90 days) following the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the fiscal quarter ending December 31, 2010, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Company, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisition or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recent completed fiscal quarter as to which such quarterly report relates, represents greater than 20% of the consolidated revenues, EBITDA or assets of the Company on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (1), (2) or (3) of this covenant; (c) an operating and financial review of the unaudited financial statements (including a discussion by business segment, if any), including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the current quarterly period and the corresponding period of the prior year; (d) material recent developments in the business of the Company and its Subsidiaries; and (e) any material changes to the risk factors disclosed in the most recent annual report with respect to the Company; and

(4) promptly after the occurrence of (a) a material acquisition, disposition or restructuring (including any acquisition or disposition that would require the delivery of *pro forma* financial information pursuant to clause (1) or (2) above); (b) any senior management change at the Company; (c) any change in the auditors of the Company; (d) any resignation of a member of the Board of Directors of the Company as a result of a disagreement with the Company; (e) the entering into an agreement that will result in a Change of Control; or (f) any material events that the Company announces publicly, in each case, a report containing a description of such events;

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Company.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

Other than the financial statements of the Target for the quarter ended September 30, 2010, which shall be prepared in accordance with French GAAP, all financial statements shall be prepared in accordance with IFRS; *provided*, *however*, that the reports set forth in clauses (1), (3) and (4) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods, subject to the provisions of the Indenture. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum.

In addition, for so long as any Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company has agreed that it will furnish to the holders of the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of the covenant (i) on the Company's website and (ii) if and so long as the Notes are listed on the Global Exchange Market, at the specified office of the Paying Agent in Dublin.

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes, whether or not prohibited by the subordination provisions of the Indenture;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes, whether or not prohibited by the subordination provisions of the Indenture or the Intercreditor Agreement;

(3) failure by the Company or relevant Guarantor to comply with the provisions described under the caption "—Certain Covenants—Consolidation, Merger or Sale of Assets";

(4) failure by the Company or relevant Guarantor for 60 days after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3) or the Notes, the Note Guarantees or the Security Documents);

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

    (a) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness at the Stated Maturity thereof prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

    (b) results in the acceleration of such Indebtedness prior to its express maturity,

    and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €20 million or more;

(6) failure by the Company or any Restricted Subsidiary to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of €20 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) (i) breach by the Company or any of its Restricted Subsidiaries of any material representation, warranty or agreement in the Security Documents; (ii) any security interest created by the Security Documents ceases to be in full force and effect (except as permitted by the terms of the Indenture or the Security Documents), or an assertion by the Company or any of its Restricted Subsidiaries that any Collateral is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture or the Security Documents); or (iii) the repudiation by the Company of any of its material obligations under the Security Documents;

(8) except as permitted by the Indenture, if any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee and such Default continues for 20 days;

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restated Subsidiaries), would constitute a Significant Subsidiary;

(10) failure by the Company to consummate the Special Mandatory Redemption as described under the caption "—Escrow of Proceeds; Special Mandatory Redemption"; and

(11) failure by the Company or relevant Restricted Subsidiary to comply with the provisions described under the caption "—Certain Covenants—Centre of Main Interests and Establishments".

In the case of an Event of Default specified in clause (9), (10) and (11), all outstanding Notes will become due and payable immediately without further action or notice; *provided* that, in the case of an Event of Default specified in clause (10), the amount due and payable shall be equal to the aggregate gross proceeds of the offering of the Notes, plus accrued and unpaid interest and additional amounts, if any. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may and, if directed by holders of at least 25% in aggregate principal amount of the then outstanding Notes, the Trustee shall, declare all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal of premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Notes or, solely with respect to the Company, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in euros, non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that (a) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. Federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will

not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(5) the Company must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Note Guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(9) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(10) release any Collateral granted for the benefit of the holders of the Notes, except in accordance with the terms of the Indenture, the Intercreditor Agreement or the Security Documents; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company and the Trustee may amend or supplement the Indenture, the Notes, any Note Guarantee, any of the Security Documents or the Intercreditor Agreement:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Company's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Note Guarantees, the Security Documents, or the Notes to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, the Security Documents, or the Notes;

(6) to enter into additional or supplemental Security Documents;

(7) to release any Note Guarantee in accordance with the terms of the Indenture;

(8) to release the Collateral in accordance with the terms of the Indenture and the Security Documents;

(9) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(10) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes; or

(11) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euros, non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Company or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in euros which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Company or any Guarantor, shall constitute a discharge of the Company or the Guarantor's obligation under the Indenture and the Notes, the Note Guarantee, as the case may be, only to the extent of the amount of euros with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of euros that could be so purchased is less than the amount of euros originally due to such holder or the Trustee, as the case may be, the Company and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Company shall deliver written notice to the Trustee within thirty (30) days of becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Company or any Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Company and (following the Completion Date) the Guarantors will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties.

Listing

Application will be made to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes to trading on the Global Exchange Market. There can be no assurance that the application to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes on the Global Exchange Market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives this offering memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Note, the Security Documents and the Intercreditor Agreement without charge by writing to the Company, care of Picard Groupe S.A., 17-19, place de la Résistance, 92446 Issy-les-Moulineaux Cedex, France.

So long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange shall so require, copies of the financial statements included in this offering memorandum may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in Dublin.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Company and (on or prior to the Completion Date) each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Substantially all of the assets of the Company and the Guarantors are outside the United States. As a result, any judgment obtained in the United States against the Company or any Guarantor may not be collectable within the United States.

Prescription

Claims against the Company or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided. Terms may be defined differently for purposes of the Indenture and this Description of the Notes than elsewhere in this offering memorandum.

"*AcquiCo*" means Lion Polaris S.A.S.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Acquisition*" means the acquisition, directly or indirectly, of all the issued and outstanding capital stock of Picard Groupe, the Existing Bonds and the Existing Warrants, as further described in "*The Transactions*".

"*Additional Proceeds Loan*" means any loan agreement entered into between the Company and one or more Restricted Subsidiaries pursuant to which the Company lends, on terms substantially identical to those contained in the Proceeds Loans, the proceeds of an issuance of Additional Notes to such Restricted Subsidiary, as amended from time to time.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

  (a) the present value at such redemption date of (i) the redemption price of the Note at October 1, 2014, (such redemption price being set forth in the table appearing above under the caption "—Optional Redemption") plus (ii) all required interest payments due on the Note through October 1, 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over

  (b) the principal amount of the Note.

For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee or the Payment Agents.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any of the Company's Subsidiaries (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €5 million;

(2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to a Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, inventory, trading stock, communications capacity and other assets (including any real or personal property) in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of business of the Company and its Restricted Subsidiaries taken as a whole);

(5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries of software or intellectual property in the ordinary course of business;

(6) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "—Liens";

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Restricted Payments," a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets;

(13) any sale or other disposition of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(14) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Similar Business of comparable or greater market value or usefulness to the business of the Company and its Restricted Subsidiaries as a whole, as determined in good faith by the Company;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition; and

(16) any sale or other disposition of (a) any loss making store site, (b) to the extent taking the form of a sale or other disposition, any sale or disposition of any store site in connection with its relocation to a different site, and (c) of no more than 10 store sites (other than pursuant to clauses (a) and (b) of this paragraph (16)) in each fiscal year.

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Associate*" means (i) any Person engaged in a Permitted Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary of the Company.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means, as of any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to October 1, 2014, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to October 1, 2014; *provided*, *however*, that, if the period from such redemption date to October 1, 2014 is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding the relevant date.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in London, Paris or New York or a place of payment under the Indenture are authorized or required by law to close.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland or Canada, as the case may be, and which are not callable or redeemable at the Company's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-2" or higher by Moody's or A or higher by S&P or the equivalent rating category of another internationally recognized rating agency, as of the date of the investment;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P on the date of the investment and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act) other than one or more Permitted Holders);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above) other than one or more Permitted Holders becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares; or

(4) during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the shareholder representatives on the Board of Directors of the Company (together

with any new directors whose election by the majority of the shareholder representatives on such Board of Directors of the Company as applicable, or whose nomination for election by shareholders of the Company, as applicable, was approved by a vote of the majority of the shareholder representatives on the Board of Directors of the Company, as applicable, then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the shareholder representatives on the Board of Directors of the Company, as applicable, then in office.

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Collateral*" means the rights, property and assets securing the Notes and the Note Guarantees as described in the section entitled "—Security" and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Company and the Guarantors under the Notes, the Note Guarantees and the Indenture.

"*Company Collateral*" means the Collateral that is subject to the LuxCo 3 Share Pledge and the LuxCo 3 Notes Proceeds Loan Pledge.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income, profits and pursuant to the *Cotisation sur la valeur ajoutée des enterprises*, in each case of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(5) Management Fees; *plus*

(6) any amounts relating to lease payments for Hybrid Leases; *plus*

(7) any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; *plus*

(8) any expenses, charges or fees relating to any Equity Offering, Permitted Investment, acquisition or Indebtedness permitted to be Incurred by the Indenture (in each case, whether or not successful); *plus*

(9) any expenses, costs or other charges (including any non-cash charges) related to the Transactions; *plus*

(10) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *minus*

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (12) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiaries), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) any net after-tax extraordinary, non-recurring or exceptional gains or losses or income, expenses or charges (less all fees and expenses related thereto) and any severance expenses, will be excluded;

(2) the net income or loss of any Person that is not a Restricted Subsidiary or that is accounted for under the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(3) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain Covenants—Restricted Payments," any net income or loss of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable), by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to the Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture and (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date, except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(4) any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations shall be excluded;

(5) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company) will be excluded;

(6) any one time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(7) the cumulative effect of a change in accounting principles will be excluded;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(9) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity based awards will be excluded;

(10) any goodwill or other intangible asset impairment charges will be excluded;

(11) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(12) any capitalized interest on any Subordinated Shareholder Debt will be excluded.

"*Consolidated Senior Secured Leverage*" means, as of any date of determination, the sum of the total amount of Senior Secured Indebtedness of the Company and its Restricted Subsidiaries on a consolidated basis.

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (a) the Consolidated Senior Secured Leverage of the Company on such date to (b) the Consolidated EBITDA of the Company for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness, is incurred. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Senior Secured Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facilities*" means, one or more debt facilities, instruments or arrangements incurred by any Restricted Subsidiary or any Finance Subsidiary (including the Senior Credit Agreement or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Senior Credit Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-cash Consideration*" means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "Designated Non-cash Consideration" pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

"*Designated Senior Debt*" means:

(1) any Indebtedness outstanding under the Senior Credit Agreement; and

(2) after payment in full of all Obligations under the Senior Credit Agreement, any other Senior Debt permitted under the Indenture the principal amount of which is €50 million or more and that has been designated by the Company as "Designated Senior Debt".

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the sixth month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute

Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Equity Contribution*" means the amount of Equity Interests and Subordinated Shareholder Debt of LuxCo 3 subscribed for the Equity Investors in connection with the Transaction.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Investors*" means (i) Lion Capital and its Affiliates or any trust, fund, company or partnership owned, managed or advised by Lion Capital or any limited partner of any such trust, fund, company or partnership and (ii) senior management of the Target or its business participating through a management equity program.

"*Equity Offering*" means a sale of Capital Stock (x) that is a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions, or (y) the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Company or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit.

"*Excluded Contributions*" means the net cash proceeds received by the Company after the Completion Date from:

(1) contributions to its common equity capital; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

in each case designated as "Excluded Contributions" pursuant to an Officers' Certificate of the Company (which shall be designated no later than the date on which such Excluded Contribution has been received by the Company), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the covenant described under "—Restricted payments" hereof.

"*Existing Bonds*" means (i) 2,669,377 *obligations convertibles en actions* convertible into shares of OBO 6, a wholly-owned subsidiary of Picard Groupe, issued by Picard Groupe S.A. pursuant to resolutions adopted at a shareholders' meeting on December 3, 2004 in accordance with the terms of an agreement entitled *Termes et conditions des obligations convertibles en actions OBO 6* entered on December 3, 2004 and (ii) 25,230,623 *obligations* issued by the Picard Groupe pursuant to resolutions adopted at a board of directors' meeting on December 3, 2004.

"*Existing Warrants*" means (i) the 600,300 *bons de souscription d'actions* granting rights to new shares of Picard Groupe, issued by the Picard Groupe pursuant to resolutions adopted at a shareholders' meeting on December 3, 2004 in accordance with the terms of an agreement entitled Mezzanine OBSA Bonds Subscription Agreement entered into on October 22, 2004 and amended and restated on December 3, 2004, previously forming part of 1,380 *obligations à bons de souscription d'actions* which have been fully repaid and (ii) 128,040 *bons de souscription d'actions* granting rights to new shares of Picard Groupe, issued by Picard Groupe pursuant to resolutions adopted at a shareholders' meeting on December 3, 2004 in accordance with the terms of an agreement entitled Junior Mezzanine Bonds Subscription Agreement entered into on October 22, 2004 and amended and restated on December 3, 2004, previously forming part of 220 *obligations à bons de souscription d'actions* which have been fully repaid.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Company's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Company.

"*Finance Subsidiary*" means a wholly owned subsidiary that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Company or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Company.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Company's Chief Financial Officer or a responsible financial or accounting officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions of business entities or property and assets constituting a division or line of business of any Person, acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by the Company's Chief Financial Officer or Chief Accounting Officer and may include

anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest and such Indebtedness is to be given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"*French GAAP*" means the accounting principles and methods set out under the French *Plan Comptable Général* or otherwise generally accepted in France.

"*French TopCo*" means Lion Polaris II S.A.S.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means, collectively, French TopCo, AcquiCo, and any other Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*Hybrid Leases*" means those leases in respect of real estate of any nature of the Company or its Restricted Subsidiaries which are treated as finance leases pursuant to IFRS but treated as operating leases pursuant to French GAAP.

"*IFRS*" means International Financial Reporting Standards as endorsed by the European Union and in effect on the date of any calculation or determination required hereunder.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed; and

(6) representing any Hedging Obligations;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person to the extent guaranteed by such Person; *provided*, *however*, that in the case of Indebtedness secured by a Lien, the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith) by the Company and (b) the amount of such Indebtedness of such other Person.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property which would be considered an operating lease under IFRS;

(3) Contingent Obligations in the ordinary course of business;

(4) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(5) the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(6) deferred or prepaid revenues; or

(7) Indebtedness or other obligations incurred upon closing of the Acquisition to the extent such Indebtedness or other obligations are repaid, extinguished or otherwise discharged on the Escrow Release Date.

"*Initial Public Offering*" means the first Public Equity Offering of common stock or common equity interests of the Company or any Parent Entity (the "*IPO Entity*") following which there is a Public Market.

"*Intercreditor Agreement*" means the intercreditor agreement dated on or about the Issue Date made between, among others, the Company, the Guarantors, the Trustee, the Security Agent and Crédit Agricole Corporate and Investment Bank, as senior agent and security agent under the Senior Credit Agreement, as amended, restated or otherwise modified or varied from time to time.

"*Investment Grade Status*" shall occur when the Notes are rated Baa3 or better by Moody's and BBB− or better by S&P (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other Rating Agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means October 6, 2010.

"*Leaver Shares*" means securities of Parent held (directly or indirectly) by a senior manager of the Target (each, a "*Management Shareholder*") which are to be purchased by Parent by reason of such Management Shareholder ceasing to be a member of the management of the Target or its affiliates.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Lion Capital*" means Lion Capital LLP or funds advised and managed by Lion Capital LLP.

"*LuxCo 3*" means Lion/Polaris Lux 3 S.A.

"*LuxCo 4*" means Lion/Polaris Lux 4 S.A.

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €5 million in the aggregate outstanding at any time.

"*Management Fees*" means:

(a) customary annual fees for the performance of monitoring services by Lion Capital or any of its Affiliates for the Company or any Restricted Subsidiary; *provided* that such fees will not, in the aggregate, exceed €5 million per annum (inclusive of out-of-pocket expenses); and

(b) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by Lion Capital or any of its Affiliates for the Company or any of its Restricted Subsidiaries, which payments in respect of this clause (b) have been approved by a majority of the disinterested members of the Board of Directors of the Company.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend *multiplied by* (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any Designated Non-cash Consideration or other consideration received in non-cash form or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale and the sale of such Designated Non-cash Consideration or other consideration received in non-cash form, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than the Company or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

"*Note Guarantee*" means a subordinated guarantee by each Guarantor of the Company's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture and subject to the provisions of the Intercreditor Agreement.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means, with respect to any Person, the Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of such Person or any other person that the board of directors of such Person shall designate for such purpose.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Parent*" means Lion/Polaris Lux 1 S.à.r.l.

"*Parent Entity*" means any direct or indirect parent company or entity of the Company.

"*Pari Passu Debt*" means (1) any indebtedness of the Company that ranks equally in right of payment with the Notes and (2) with respect to any Note Guarantee, any Indebtedness that ranks equally in right of payment to such Note Guarantee.

"*Permitted Business*" means (i) any business, services or activities engaged in by the Company or any of its Restricted Subsidiaries on the Issue Date, and (ii) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing, or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means:

(1) Liens on the Company Collateral:

(a) described in clause (1)(a) of the definition of "Permitted Liens" and in clause (8) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Capital Stock";

(b) arising by operation of law that are described in one or more of clauses (8), (9) and (16) of the definition of "Permitted Liens";

(c) to secure the Notes or any Additional Notes; and

(d) any permitted Refinancing Indebtedness of the Company and its Restricted Subsidiaries referred to in the foregoing clauses (b) and (c);

provided, that, in each case, such Lien ranks (x) equal to all other Liens on such Collateral securing Senior Debt of the Company, if such Indebtedness is Senior Debt of the Company, or equal or (y) junior to the Liens securing the Notes and *provided further*, in each case, that any Permitted Collateral Liens on the LuxCo 3 Notes Proceeds Loan to secure any Additional

Notes may only be implemented if and to the extent that, upon completion of the offering of such Additional Notes:

(i) the Company will have loaned cash in the amount of the net proceeds of such Additional Notes to LuxCo 3 pursuant to an Additional Proceeds Loan; and

(ii) such Additional Proceeds Loan will have been pledged in favor of the holders of the Notes on substantially the same terms (including with respect to priority) as the LuxCo 3 Notes Proceeds Loan Pledge.

(2) Liens on the Collateral (other than the Company Collateral):

(a) described in clause (1) of the definition of "Permitted Liens";

(b) arising by operation of law that are described in one or more of clauses (8), (9) and (16) of the definition of "Permitted Liens";

(c) to secure the Notes or any Additional Notes; and

(d) any permitted Refinancing Indebtedness of the Company and its Restricted Subsidiaries referred to in the foregoing clauses (b) and (c),

provided, that, in each case, such Lien ranks (x) equal to all other Liens on such Collateral securing Senior Debt, of the Company, if such Indebtedness is Senior Debt of the Company, or equal to all other Liens on such Collateral securing Senior Debt of a Guarantor, if such Indebtedness is Senior Debt of a Guarantor (except that (1) a Lien in favor of Senior Debt of a Guarantor ("Refinancing Guarantor Senior Debt") need not rank equally with Liens in favor of other Senior Debt of a Guarantor if such Refinancing Guarantor Senior Debt was incurred to refinance Indebtedness described in this clause (x) and such unequal ranking is due solely to operation of law arising as a consequence of such refinancing and (2) lenders under any Credit Facilities that constitute Senior Debt may provide for any ordering of payments under the various tranches of such Credit Facilities) or (y) equal or junior to the Liens securing the Notes and *provided further*, in each case, that any Permitted Collateral Liens on a Notes Proceeds Loan (other than the LuxCo 3 Notes Proceeds Loan) to secure any Additional Notes may only be implemented if and to the extent that, upon completion of the offering of such Additional Notes:

(i) LuxCo 3 will have loaned cash in the amount of the net proceeds of such Additional Notes to LuxCo 4 pursuant to an Additional Proceeds Loan;

(ii) such Additional Proceeds Loan will have been pledged in favor of the holders of the Notes on substantially the same terms (including with respect to priority) as the LuxCo 4 Notes Proceeds Loan Pledge;

(iii) LuxCo 4 will have loaned cash in the amount of the net proceeds of such Additional Notes to AcquiCo pursuant to an Additional Proceeds Loan; and

(iv) such Additional Proceeds Loan will have been pledged in favor of the holders of the Notes on substantially the same terms (including with respect to priority) as the AcquiCo Notes Proceeds Loan Pledge.

"*Permitted Holders*" means the Equity Investors and Related Parties. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

    (a) such Person becomes a Restricted Subsidiary; or

    (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(6) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(7) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(8) Investments in the Notes (including any Additional Notes) and any other Indebtedness of the Company or any Restricted Subsidiary;

(9) any guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(10) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(11) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(12) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(13) any Investment to the extent made using as consideration Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Entity;

(14) Management Advances;

(15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed €40 million; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments," such Investment shall thereafter be deemed to

have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(16) Investments in joint ventures of the Company or any of its Restricted Subsidiaries not to exceed at any one time in the aggregate outstanding, €15 million; provided, however, that if any Investment pursuant to this clause (16) is made in any Person that is not a Restricted Subsidiary of the Company at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Company after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (16) for so long as such Person continues to be a Restricted Subsidiary.

"*Permitted Liens*" means:

(1) (a) Liens securing Indebtedness that was incurred as Senior Secured Indebtedness in accordance with the first paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and (b) Liens securing Credit Facilities permitted to be incurred pursuant to clauses (1), (16) and (18) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(2) Liens in favor of the Company or any of the Restricted Subsidiaries;

(3) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(4) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers' compensation obligations, leases, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(5) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with or financed by such Indebtedness;

(6) Liens existing on the Issue Date;

(7) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) are being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as will be required in conformity with IFRS will have been made;

(8) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(9) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(10) Liens created for the benefit of (or to secure) the Notes (or any Note Guarantee);

(11) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(12) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided*, *however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(13) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(14) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under other applicable jurisdictions) in connection with operating leases in the ordinary course of business;

(15) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(16) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(17) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(18) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(19) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(20) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(21) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(23) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(24) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(25) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(26) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted subsidiary; *provided* that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition and do not extend to any other property owned by the Company or any Restricted Subsidiary;

(27) Liens incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with respect to obligations (other than Indebtedness) that do not exceed €15 million at any one time outstanding;

(28) Permitted Collateral Liens;

(29) any interest or title of a lessor under any operating lease; and

(30) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose.

"*Permitted Parent Payments*" means the declaration and payment of dividends or other distributions, or the making of loans, by the Company or any of its Restricted Subsidiaries to any Parent Entity in amounts and at times required to pay:

(1) franchise fees and other fees, taxes and expenses required to maintain the corporate existence of any parent entity of the Company;

(2) general corporate overhead expenses of any parent entity to the extent such expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries or related to the proper administration of such parent entity (including fees and expenses properly incurred in the ordinary course of business to auditors and legal advisors and payments in respect of services provided by directors, officers, consultants, or employees of any such parent entity) not to exceed €5 million in any 12 month period;

(3) any income taxes, to the extent such income taxes are attributable to the income of the Company and any of its Restricted Subsidiaries, taking into account any net operating loss carryovers and other tax attributes, and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that such Parent Entity shall promptly pay such taxes or refund such amount to the Company;

(4) costs (including all professional fees and expenses) incurred by any parent entity in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any of its Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder; and

(5) fees and expenses of any parent entity incurred in relation to any public offering or other sale of Capital Stock or Indebtedness (whether or not completed) (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or any of its Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any parent entity will cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average

Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Notes or any Note Guarantee, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or such Note Guarantee, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantee, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Company or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Company, a Finance Subsidiary or by a Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Picard Groupe*" means Picard Groupe S.A.

"*Picard OpCo Successor*" has the meaning given to such term under "—Certain Covenants—Maintenance of Double LuxCo Structure".

"*Pre-Expansion European Union*" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"*Proceeds Loans*" means the Notes Proceeds Loans and the Equity Proceeds Loan.

"*Public Equity Offering*" means, with respect to any Person, a *bona fide* underwritten primary public offering of the shares of common stock or common equity interests of such Person, either:

(1) pursuant to a flotation on the main market of the London Stock Exchange or any other nationally recognized regulated stock exchange or listing authority in a member state of the Pre-Expansion European Union; or

(2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Market*" means any time after:

(1) a Public Equity Offering of the IPO Entity has been consummated; and

(2) at least 20% of the total issued and shares of common stock or common equity interests of the IPO Entity has been distributed to investors other than the Permitted Holders or their Related Parties or any other direct or indirect shareholders of the Company as of the Issue Date.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency.

"*Related Party*" means:

(1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of any Equity Investor; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which consist of any one or more Equity Investors and/or such other Persons referred to in the immediately preceding clause.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Group.

"*Security*" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"*Security Documents*" means the Share Pledges, the Proceeds Loan Pledges, the Bank Account Pledges and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given.

"*Security Providers*" means each of LuxCo 3, LuxCo 4 and the Company.

"*Senior Credit Agreement*" means the €675 million senior credit agreement between, among others, the Company, as the parent and obligor, certain of the Company's Subsidiaries, as borrowers and guarantors, Citigroup Global Markets Limited, Credit Suisse International, Morgan Stanley Bank International Limited, Crédit Agricole Corporate and Investment Bank, and Société Général Corporate & Investment Banking, as mandated lead arrangers, and Crédit Agricole Corporate and Investment Bank as facility agent and security agent, dated September 14, 2010 and as amended and restated (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (subject to compliance with the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock") or altering the maturity thereof.

"*Senior Debt*" means:

(1) all Indebtedness of the Company or any Guarantor outstanding under the Senior Credit Agreement, all Hedging Obligations and all Obligations with respect to any of the foregoing; and

(2) any other Indebtedness of the Company or any Guarantor permitted to be incurred under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides, in the case of the Company, that it is subordinated in right of payment to the Notes, or in the case of any Guarantor that has provided a Note Guarantee, that it is on a parity with or subordinated in right of payment to the Note Guarantee of such Guarantor and all Obligations with respect to any of the foregoing.

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(1) any liability for national, state, local or other taxes owed or owing by the Company or any of its Subsidiaries;

(2) any intercompany Indebtedness of the Company or any of its Subsidiaries to the Company or any of its Affiliates;

(3) any trade payables; or

(4) the portion of any Indebtedness that is incurred in violation of the Indenture; *provided* that Indebtedness under a Credit Facility will not cease to be "Senior Debt" by virtue of this clause (4) if it was advanced on the basis of an Officers' Certificate to the effect that it was permitted to be incurred under the Indenture.

"*Senior Secured Indebtedness*" means, as of any date of determination, any Indebtedness that (a) is secured by a Lien on assets other than Collateral, (b) is secured by a Lien on Collateral that ranks senior or prior to the Liens that secure the Notes and the Note Guarantees, and (c) Indebtedness of a Restricted Subsidiary of the Company that is not a Guarantor.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Shareholder Debt*" means, collectively, any debt provided to the Company by any direct or indirect parent of the Company or any Permitted Holder or Related Party, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the Stated Maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) is not secured by a lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company at least to the same extent as the Notes are subordinated to Senior Debt under the Indenture and the Intercreditor Agreement;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes and the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company;

provided, *however*, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as

applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax).

"*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Company.

"*Transaction*" means the Acquisition and the related transactions, including the borrowings under the Senior Credit Facilities, the refinancing of the Existing Picard Indebtedness and the offering of the Notes.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company (other than the Company or any successor to the Company) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates," is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

BOOK-ENTRY; DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Notes sold outside the United States in reliance on Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited, on the closing date, with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream, Luxembourg.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream, Luxembourg or persons that hold interests through such participants. Euroclear and Clearstream, Luxembourg will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, Luxembourg (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, Luxembourg, and indirect participants must rely on the procedures of Euroclear and Clearstream, Luxembourg and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we, the Paying Agents, the Transfer Agent, the Registrar nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream, Luxembourg notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream, Luxembourg following an Event of Default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream, Luxembourg have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream, Luxembourg or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, Luxembourg, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, Luxembourg, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, Luxembourg, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream, Luxembourg will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than € 100,000 principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the common depositary or its nominee for Euroclear and Clearstream, Luxembourg. The common depositary will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Additional Amounts*". If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional Amounts*" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee will treat the registered holders of the Global Notes (e.g., Euroclear or Clearstream, Luxembourg (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee, the Paying Agents, the Transfer Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- aspect of the records of Euroclear, Clearstream, Luxembourg or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream, Luxembourg or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- Euroclear, Clearstream, Luxembourg or any participant or indirect participant; or

- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear or Clearstream, Luxembourg in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream, Luxembourg have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream, Luxembourg will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream, Luxembourg, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream, Luxembourg will be effected in accordance with Euroclear and Clearstream, Luxembourg's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream, Luxembourg and in accordance with the procedures set forth in the Indenture governing the Notes.

The Global Notes will bear a legend to the effect set forth under "*Transfer Restrictions*". Book Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer Restrictions*".

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream, Luxembourg

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, Luxembourg, as applicable. We have provided the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we nor the initial purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream, Luxembourg: Euroclear and Clearstream, Luxembourg hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream, Luxembourg participant, either directly or indirectly.

Because Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream, Luxembourg system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream, Luxembourg systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream, Luxembourg participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective system’s rules and operating procedures.

Although Euroclear and Clearstream, Luxembourg currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the initial purchasers, the Trustee, the Transfer Agent, the Registrar or the Principal Paying Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream, Luxembourg and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser’s and the seller’s accounts are located to ensure that settlement can be made on the desired value date.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We have not registered and will not register the Notes or the guarantees under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the initial purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers", commonly referred to as "QIBs", as defined in Rule 144A in compliance with Rule 144A; and

- outside the United States in offshore transactions in accordance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the initial purchasers as follows:

(1) It understands and acknowledges that the Notes and the guarantees have not been registered under the U.S. Securities Act or any other applicable state securities laws, and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) It is not an "affiliate" (as defined in Rule 144) of the Issuer or acting on behalf of the Issuer and it is either:

(i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A, and the acquisition of Notes will be for its own account or for the account of another QIB; or

(ii) it is purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer, the Guarantors, the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar nor the initial purchasers, nor any person representing any of them, have made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us, the Issuer and its subsidiaries and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the initial purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Rule 144A Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Rule 144A Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If it purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(7) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(8) It acknowledges that the Issuer, the initial purchasers, the Trustee, the Transfer Agent, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(9) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, any of the Guarantors or the initial purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*".

CERTAIN TAX CONSIDERATIONS

Savings Directive

On June 3, 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since July 1, 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interest, premium or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain limited types of entities established in that other Member State (the "Disclosure of Information Method").

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals. In the case at hand, (i) the Issuer or (ii) Euroclear and Clearstream, Luxembourg or (iii) Euroclear's and Clearstream, Luxembourg's common depositary or (iv) Euroclear's and Clearstream, Luxembourg's common depositary's nominee or (v) another entity may be considered paying agent within the meaning of the Savings Directive depending on (a) the legal status of (ii), (iii) and (iv) and (b) the modalities of the payments made to the holders of the Notes.

However, throughout a transitional period, certain Member States (Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, withhold an amount on interest payments unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method or the tax certificate procedure. The rate of such withholding is currently 20% for a period of three years, starting on July 1, 2008, and 35% thereafter.

Such transitional period will end at the end of the first full financial year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on April 18, 2002 (the "OECD Model Agreement") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since July 1, 2005.

On November 13, 2008 the European Commission published a detailed proposal for amendments of the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on April 24, 2009. If any of those proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirement described above.

Certain Luxembourg Tax Consequences

The following summary is of a general nature and is included herein solely for preliminary information purposes. It is a description of the essential material Luxembourg tax consequences with respect to the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any prospective investor and may not include tax considerations that arise from rules of general application or that are generally assumed to be known by the holders of the Notes (the "Noteholders"). This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Corporate Noteholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual tax payers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Luxembourg tax residency of the Noteholders

A Noteholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding Tax

Resident Noteholders

Under the Luxembourg law dated December 23, 2005, as amended (the "2005 Law"), a 10% withholding tax (the "10% WHT") is levied as of January 1, 2006 on interest payments (or similar income) made by a Luxembourg paying agent to or for the immediate benefit of a Luxembourg resident individual. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Further, a Luxembourg resident individual who acts in the course of the management of his/her private wealth and who is the beneficial owner of an interest payment made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the Savings Directive, may also, in accordance with the 2005 Law, opt for a final 10% levy (the "10% Levy"). In such case, the 10% Levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10% Levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year.

Non-resident Noteholders

Under the Luxembourg tax law currently in effect and subject to the application of the Luxembourg laws dated June 21, 2005 implementing the Savings Directive (the "Laws") and several agreements concluded between Luxembourg and certain dependant territories of the European Union, there is no withholding tax on payments of interests (including accrued but unpaid interest) made to a Luxembourg non-resident Noteholder, repayment of the principal, or redemption or exchange of the Notes.

Under the Laws, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required, since July 1, 2005, to withhold tax (the "Savings WHT") on interest (including interest accrued or capitalized at the sale or redemption of a debt claim) paid by it to (or under certain circumstances, to the benefit of) an individual or a residual entity (a "Residual Entity") in the sense of article 4.2. of the Savings Directive (*i.e.* an entity without legal personality except for (i) a Finnish *avoin yhtiö* and *kommandiittiyhtiö* / *öppet bolag* and *kommanditbolag* and (ii) a Swedish *handelsbolag* and *kommanditbolag*, and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC), resident or established in another Member State of the European Union, unless the beneficiary of the interest payment elects for an exchange of information. The same regime applies to payments to individuals or Residual Entities resident in any of the following territories: Aruba, the British Virgin Islands, Guernsey, the Isle of Man, Jersey, Montserrat and the Netherlands Antilles.

The Savings WHT is currently of 20%, increasing to 35% as from July 1, 2011. The Savings WHT System will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

In each case described here above, responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

Taxation of the Noteholders

Taxation of Luxembourg residents

Luxembourg resident individuals

A Luxembourg resident individual, acting in the course of the management of his/her private wealth, is subject to Luxembourg ordinary income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if the 10% WHT or the 10% Levy has been applied.

Under Luxembourg domestic tax law, gains (or portions thereof) realized upon the sale, disposal or redemption of the Notes by a Luxembourg resident individual Noteholder, who acts in the course of the management of his/her private wealth, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg ordinary income tax if such gains (or portions thereof) are considered interest payments within the meaning of the 2005 Law and are consequently subject to the 10% WHT or the 10% Levy. If such gains (or portions thereof) are not considered interest payments within the meaning of the 2005 Law and are consequently not subject to the 10% WHT or the 10% Levy, they are not subject to Luxembourg ordinary income tax if (i) the sale or disposal took place at least six months after the acquisition of the Notes and (ii) the Notes do not constitute zero coupon notes or issue discount notes. A gain (or a portion thereof) realized by a Luxembourg resident individual who acts in the course of the management of his or her wealth upon the sale of zero coupon notes or issue discount notes (at maturity or before maturity) are subject to Luxembourg ordinary income tax if such gain (or a portion thereof) is not considered interest payments within the meaning of the 2005 Law and are consequently not subject to the 10% WHT or the 10% Levy.

Without prejudice to what is stated above on the 10% WHT, a Luxembourg resident individual, who acts in the course of the management of a professional or business undertaking to which the Notes are attributable, has to include interest and gains realized on the sale or disposal of the Notes in his/her taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident companies

A Luxembourg resident company (*société de capitaux*) must include interest and gains realized on the sale or disposal of the Notes in its taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg residents benefiting from a special tax regime

Luxembourg residents who benefit from a special tax regime, such as, for example, (i) holding companies subject to the amended law of July 31, 1929, (ii) undertakings for collective investment subject to the amended laws of December 20, 2002, (iii) specialised investment funds subject to the law dated February 13, 2007 or (iv) family wealth management companies subject to the law dated May 11, 2007, are exempt from income tax in Luxembourg and thus income derived from the Notes, as well as gains realized thereon, are not subject to Luxembourg income taxes.

Taxation of Luxembourg non-residents

Without prejudice to what is stated above on the Savings WHT, a non-resident who has neither a fixed place of business, a permanent establishment nor a permanent representative in Luxembourg to which the Notes are attributable is not liable to any Luxembourg income tax, whether he receives payments of principal or interest (including accrued but unpaid interest) or realizes capital gains upon redemption, repurchase, sale or exchange of any Notes.

Without prejudice to what is stated above on the Savings WHT, a Luxembourg non-resident who has a fixed place of business, a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable has to include any interest, as well as any capital gain realized on the sale or disposal of the Notes, in his/her taxable income for Luxembourg income tax assessment purposes.

Net Wealth Tax

A Luxembourg resident or a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable is subject to Luxembourg net wealth tax on such Notes, except if the Noteholder is (i) a resident or non-resident individual taxpayer, (ii) a holding company subject to the amended law of July 31, 1929, (iii) an undertaking for collective investment subject to the amended law of December 20, 2002, (iv) a securitisation company governed by the law of March 22, 2004 on securitisation, (v) a company governed by the law of June 15, 2004 on venture capital vehicles, (vi) a specialized investment fund subject to the law of February 13, 2007 or (vii) a family wealth management company subject to the law of May 11, 2007.

Other Taxes

Registration taxes and stamp duties

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes. In the case of court proceedings in a Luxembourg court or the voluntary presentation of documents—either directly or by way of reference—to any official authority (*autorité constituée*) in Luxembourg, such court or *autorité constituée* may require registration of all or part of the documents with the *Administration de I'Enregistrement et des Domaines* in Luxembourg, which may result in registration duties, at a fixed rate of EUR 12 or an *ad valorem* rate which depends on the nature of the registered document, becoming due and payable if and at the time when the documents are registered with the *Administration de I'Enregistrement et des Domaines* in Luxembourg.

Value added tax

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Inheritance tax and gift tax

No estate or inheritance taxes are levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Gift tax may be due on a gift or donation of Notes if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

Material United States Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of the material U.S. Federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations and rulings and decisions currently in effect, all of which are subject to change (possibly with retroactive effect). This summary assumes that investors purchase the Notes at the "issue price" (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering and that they hold the Notes as capital assets within the meaning of Section 1221 of the Code. The discussion does not cover all aspects of U.S. Federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly or indirectly) 10% or more of the voting stock of the Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. Federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. Federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. Federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. Federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia or (iii) a trust or estate the income of which is subject to U.S. Federal income tax without regard to its source.

The U.S. Federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. Federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General

Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for U.S. Federal income tax purposes. Interest paid by the Issuer on the Notes constitutes income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Euro-Denominated Interest

The amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A U.S. Holder generally will not have exchange gain or loss on the interest payment but may have exchange gain or loss when the holder disposes of any euros he receives (as discussed below under "*Disposition of Euros*").

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in Euros in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (the "IRS").

Upon an accrual basis U.S. Holder's receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in Euros, the U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Sale and Retirement of the Notes

A U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement (not including any amounts that are attributable to accrued but unpaid interest, which will be taxable as interest income) and the U.S. Holder's adjusted tax basis in the Note. A U.S.

Holder's adjusted tax basis in a Note will generally be its U.S. dollar cost (as defined below) reduced by the amount of any principal paid on the Note. The U.S. dollar cost of a Note purchased with Euros will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Notes traded on an established securities market that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). The amount realized on a sale or retirement for an amount in Euros will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Notes traded on an established securities market sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar value of the issue price for the Note on (i) the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale or retirement.

Gain or loss in excess of exchange gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be treated as U.S. source income or loss. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Notes.

Disposition of Euros

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of principal, interest on, and the proceeds of sale or other disposition of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable information reporting requirements. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with the applicable backup withholding rules. Certain U.S. Holders that provide an appropriate certification or otherwise qualify for exemption are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment made to a holder generally may be claimed as a credit against such holder's U.S. Federal income tax liability provided the appropriate information is timely furnished to the IRS.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold amount (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") dated as of September 22, 2010, the Issuer has agreed to sell to each initial purchaser, and each initial purchaser has agreed, severally and not jointly, to purchase the Notes from the Issuer.

The following table sets forth the amount of Notes to be purchased by each initial purchaser in the Offering:

Initial Purchasers[(1)]	**Principal Amount of Notes**
Credit Suisse Securities (Europe) Limited	€ 84,000,000
Citigroup Global Markets Limited	€ 84,000,000
Morgan Stanley & Co. International plc	€ 84,000,000
Crédit Agricole Corporate and Investment Bank	€ 44,000,000
Société Générale	€ 4,000,000
Total	€ 300,000,000

(1) Sales may be made through affiliates of the initial purchasers listed above.

The Purchase Agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The initial purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the initial purchasers without notice.

Persons who purchase Notes from the initial purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that we will indemnify and hold harmless the initial purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the initial purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any securities of, or guaranteed by, the Issuer, LuxCo 1, any of the subsidiaries of the Issuer, the Company or any of its subsidiaries that are substantially similar to the Notes (other than any of the Notes) during the period from the date of the Purchase Agreement through and including the date six months after the date of the Purchase Agreement, without the prior written consent of Credit Suisse Securities (Europe) Limited, as representative of the initial purchasers.

The Notes and the guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions*".

Each initial purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the initial purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "*Notice to Investors*".

The Notes are a new issue of securities for which there currently is no market. We will apply, through our listing agent, to list the Notes on the Official List of the Irish Stock Exchange and to have the Notes admitted to trading on the Global Exchange Market thereof, however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The initial purchasers have advised us that they intend to make a market in the Notes after completing the Offering. The initial purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the initial purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to our Indebtedness and the Notes—There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited*".

Delivery of the Notes was made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which was ten business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+10"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise.

In connection with the Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over-allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Related to our Indebtedness and the Notes—There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited*".

The initial purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act.

Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant initial purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the initial purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the Offering, the Stabilizing Manager (or persons acting on its behalf), may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105% of the aggregate principal amount of the Notes that are the subject of the Offering) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. Notwithstanding, there is no assurance that the Stabilizing Manager (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if begun, may be ended at any time, but it must end no later than 30 days, or no later than 60 days after the date of the allotment of the Notes, whichever is the earlier, after the date on which the Issuer received the proceeds of the Offering.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The initial purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to the Issuer and its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. In addition, affiliates of each of the initial purchasers are acting as lead arrangers and as lenders under the Senior Credit Agreement and will receive customary fees for their services in such capacities. In addition, affiliates of Crédit Agricole Corporate and Investment Bank and Société Générale are lenders under the Existing Picard Indebtedness.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Cravath, Swaine & Moore LLP, as to matters of United States Federal and New York law, SJ Berwin AARPI, as to matters of French law and Arendt & Medernach, as to matters of Luxembourg law. Certain legal matters in connection with the Offering will be passed upon for the initial purchasers by Shearman & Sterling (London) LLP, as to matters of United States Federal and New York law, Shearman & Sterling LLP, as to matters of French law and Oostvogels Pfister Feyten, as to matters of Luxembourg law.

INDEPENDENT AUDITORS

The French GAAP consolidated financial statements of Picard as of and for the years ended March 31, 2010, 2009 and 2008 and the IFRS-EU consolidated financial statements of the Company as of and for the year ended March 31, 2010, each included in this offering memorandum, have been audited by PricewaterhouseCoopers Audit and M.B.V. & Associés, independent auditors, as stated in their reports appearing herein.

PricewaterhouseCoopers Audit is a member of the *Compagnie régionale des commissaires aux comptes de Versailles* and M.B.V. & Associés is a member of the *Compagnie régionale des commissaires aux comptes de Paris*.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer of the Notes is organized under the laws of Luxembourg. The Guarantors for the Notes are organized under the laws of France. Each of the documents relating to the Collateral for the Notes will be governed by the laws of France or Luxembourg, as applicable. The Indenture (including the guarantees) and the Notes will be governed by New York law. The Intercreditor Agreement will be governed by English law. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Guarantors is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

France

Our French counsel has advised us that the United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. Federal or state court based on civil liability, whether or not predicated solely upon U.S. Federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France. A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*). Enforcement in France of such U.S. judgment could be obtained following proper (*i.e., non-ex parte*) proceedings if the civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter in accordance with French rules of international conflicts of jurisdiction (including, without limitation, whether the dispute is clearly connected to the U.S.) and the French courts did not have exclusive jurisdiction over the matter;
- the court that rendered such judgment has applied a law which would have been considered appropriate under French rules of international conflicts of laws;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;
- such U.S. judgment is not tainted with fraud; and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French laws No. 80-538 of July 16, 1980 and No. 200-916 of September 19, 2000 (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action.

We have been advised by our French counsel that if an original action is brought in France, French courts may refuse to apply the designated law if its application contravenes French public policy. In an action brought in France on the basis of U.S. Federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Our French counsel has also advised us that according to articles 14 and 15 of the French Civil Code, in the event that a party brings an action outside France against a French national (either a company or an individual), the latter may refuse to be brought before non-French courts and require the complainant to bring his action in France; in addition, a French national may decide to bring an action before the French courts, regardless of the nationality of the defendant. The French national may waive its rights to refuse to be brought before a non-French court or to bring an action before a French court against a non-French defendant.

Luxembourg

We have been advised by our Luxembourg counsel that a valid judgment against the Issuer of Luxembourg nationality with respect to the Notes obtained from a court of competent jurisdiction in the United States, which judgment remains in full force and effect after all appeals as may be taken in the relevant state or Federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg subject to compliance with the enforcement procedures (*exequatur*) set out in Article 678 et seq. of the Luxembourg *Nouveau Code de Procédure Civile* being:

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is final and enforceable (*exécutoire*) in the jurisdiction where the decision is rendered;
- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the judgment must not have been obtained by fraud and must have been granted in compliance with the rights of the defendant; and
- the judgment does not contravene public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

We have also been advised by our Luxembourg counsel that if an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law amongst others and notably if its application contravenes Luxembourg public policy. In an action brought in Luxembourg on the basis of U.S. Federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

LISTING AND GENERAL INFORMATION

1. Listing Information

Application will be made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market thereof.

For the life of the Listing Particulars, electronic copies of the following documents may be inspected and obtained at the registered office of the listing agent during normal business hours on any business day:

- the organizational documents of the Issuer and each of the Guarantors;
- the most recent audited consolidated annual financial statements and any interim financial statements of Picard;
- the Indenture (which includes the guarantees and the form of the Notes);
- the Senior Credit Agreement;
- the Intercreditor Agreement; and
- other material agreements described in this offering memorandum as to which we specify that copies thereof will be made available.

2. Litigation

Except as disclosed elsewhere in this offering memorandum, neither Picard nor the Issuer is involved in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on their results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

In the twelve months prior to the date of this offering memorandum, there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had in the recent past, significant effects on the Guarantors or their financial position or profitability.

3. No Material Adverse Change

Except as disclosed in this offering memorandum, there has been no material adverse change in Picard's consolidated financial position since June 30, 2010, and there has been no material adverse change in the financial position of the Issuer since its incorporation.

4. Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear under common codes 054439580 and 054439636, respectively. The international securities identification number ("ISIN") for the Notes sold pursuant to Regulation S is XS0544395808 and the ISIN for the Notes sold pursuant to Rule 144A is XS0544396368.

5. Ratings

The Notes have been assigned a credit rating of B3 by Moody's, B- by S&P and B- by Fitch.

6. Legal Information

The Issuer is a *société anonyme* incorporated with limited liability under the laws of The Grand Duchy of Luxembourg. The Issuer was incorporated in Luxembourg on August 9, 2010 and is registered with the Luxembourg Trade and Companies Register under the registration number B 154 899. The registered office of the Issuer is, and the members of the board of directors can be contacted at, 13-15, avenue de la Liberté, L-1931 Luxembourg and its telephone number is +352 268901.

The Issuer is a holding company with no operations of its own.

The Issuer's fiscal year ends on March 31.

We estimate the expenses relating to admission of the notes to trading on the Irish Stock Exchange to be approximately €10,000.

The President of each of Topco and French Aquico can be contacted at 37 bis, rue Royale, 77300 Fontainebleau, France.

7. Consents

The creation and issuance of the Notes has been authorized by resolutions of the board of directors of the Issuer dated September 13, 2010.

8. Statement

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum. Information relating to each of the Guarantors was provided by the respective Guarantor.

9. Guarantors

The companies that are expected to become Guarantors have the following corporate information:

(a) Lion Polaris II S.A.S. is a *société par actions simplifiée* formed under the laws of France on July 30, 2010, and registered with the *registre du commerce et des sociétés de Paris* under the number 524 290 178 RCS Paris. The registered office of Lion Polaris II S.A.S. is located at 53 rue Boissière, 75116 Paris; and

(b) Lion Polaris S.A.S. is a *société par actions simplifiée* formed under the laws of France on July 23, 2010, and registered with the *registre du commerce et des sociétés de Paris* under the number 523 999 878 RCS Paris. The registered office of Lion Polaris S.A.S. is located at 53 rue Boissière, 75116 Paris.

INDEX TO FINANCIAL STATEMENTS

PICARD GROUPE

Interim Condensed Consolidated Financial Statements

30 June 2010

CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	For the three months period ended June 30, 2010	2009
Sales of goods	*5*	271 705	258 330
Cost of good sold		(155 020)	(149 109)
Gross profit		**116 685**	**109 221**
Other operating income	*6,1*	843	385
Other purchase and external expenses		(41 432)	(40 144)
Taxes		(4 233)	(4 892)
Personnel expenses	*6,3*	(35 080)	(31 776)
Depreciation, amortization and provisions allowances		(6 046)	(6 194)
Other operating expenses	*6,2*	(1 493)	(359)
Operating profit		**29 244**	**26 241**
Finance expenses	*6,4*	(14 107)	(18 073)
Finance income	*6,4*	293	342
Share of profit in an associate		206	179
Income before tax		**15 636**	**8 689**
Income tax expense	*7*	(6 276)	(3 064)
Net income		**9 360**	**5 625**
Attributable to:			
Equity holders of the parent		9 360	5 625
Non-controlling interests		—	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	For the three months period ended June 30, 2010	2009
Net income	**9 360**	**5 625**
Net gain / (loss) on cash flow hedges	445	5 528
Income tax	(153)	(1 903)
	292	3 625
Actuarial gains / (loss) of the period	(314)	(173)
Income tax	108	60
	(206)	(113)
Other comprehensive income / (loss) for the period, net of tax	*86*	*3 511*
Conprehensive income	**9 446**	**9 137**
Attributable to:		
Equity holders of the parent	9 446	9 137
Non-controlling interests	—	—

CONSOLIDATED BALANCE SHEET

(In thousands of euros)	**Notes**	**As at June 30, 2010**	**As at March 31, 2010**
Assets			
Goodwill		985 836	985 836
Property, plant and equipment		226 549	227 256
Other intangible assets	***8***	40 241	38 785
Investment in an associate		8 037	7 832
Other non-current financial assets		10 764	10 664
Deferred tax asset		—	—
Total non-current assets		**1 271 427**	**1 270 373**
Inventories		72 382	72 159
Trade and other receivables		30 194	28 642
Other current financial assets		820	738
Cash and cash equivalents	***9***	127 608	144 221
Total current assets		**231 004**	**245 760**
Total assets		**1 502 431**	**1 516 133**
Equity and liabilities			
Issued capital		186 000	186 000
Share premium		8 788	8 788
Cash flow hedge reserve		(9 501)	(9 793)
Retained earnings		22 456	(20 705)
Net income of the period		9 360	43 348
Equity attributable to equity holders of the parent		217 103	207 638
Non-controlling interests		—	—
Total equity		**217 103**	**207 638**
Non-current liabilities			
Interest-bearing loans and borrowings	***10***	977 315	1 017 719
Provisions		2 884	3 039
Employee benefit liability		2 991	2 916
Other non-current liabilities	***10***	8 947	6 658
Deferred tax liability		32 529	33 014
Total non-current liabilities		**1 024 665**	**1 063 346**
Current liabilities			
Trade and other payables		174 681	177 062
Interest-bearing loans and borrowings	***10***	81 068	60 590
Other current financial liabilities	***10***	4 914	7 497
Deferred revenue		—	—
Income tax payable		—	—
Total current liabilities		**260 663**	**245 149**
Total liabilities		**1 285 329**	**1 308 495**
Total equity and liabilities		**1 502 431**	**1 516 133**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended June 30, 2009

In thousands of euros	Issued capital	Share premium	Cash flow hedge reserve	Retained earnings	Net income	Total	Non-controlling interest	Total Equity
As at 1 April 2009	**186 000**	**8 788**	**(15 292)**	**(68 612)**	**47 985**	**158 869**	**—**	**158 869**
Net income atribution				47 985	(47 985)	—		—
Net income for the period					5 625	5 625	—	5 625
Other comprehensive income			3 625	(113)		3 511		3 511
Total comprehensive income	—	—	3 625	(113)	5 625	9 137	—	9 137
Share based payment transactions				20		20		20
As at 30 June 2009	**186 000**	**8 788**	**(11 667)**	**(68 706)**	**53 610**	**168 024**	**—**	**168 024**

For the three months ended June 30, 2010

In thousands of euros	Issued capital	Share premium	Cash flow hedge reserve	Retained earnings	Net income	Total	Non-controlling interest	Total Equity
As at 1 April 2010	**186 000**	**8 788**	**(9 793)**	**(20 705)**	**43 348**	**207 638**	**—**	**207 638**
Net income atribution				43 348	(43 348)	—		—
Net income for the period					9 360	9 360	—	9 360
Other comprehensive income			292	(206)		86		86
Total comprehensive income	—	—	292	(206)	9 360	9 446	—	9 446
Share based payment transactions				20		20		20
As at 30 June 2010	**186 000**	**8 788**	**(9 501)**	**22 456**	**9 360**	**217 103**	**—**	**217 103**

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	As at June 30, 2010	2009
Operating activities		
Operating profit	29 244	26 241
Depreciation and impairment of property, plant and equipment	6 092	5 888
Amortisation and impairment of intangible assets	385	344
Share-based transaction expense	20	20
Gain on disposal of property, plant and equipement	154	29
Movements in provisions and pensions	(378)	(72)
Interest received	175	342
Dividends received from associate	—	—
Income tax paid	(6 808)	(5 411)
Operating cash flows before change in working capital requirements	*28 884*	*27 381*
Change in inventories	(227)	1 791
Change in trade and other receivables and prepayments	332	(58)
Change in trade and other payables	(4 379)	(2 519)
Net cash flows from operating activities	**24 610**	**26 595**
Investing activities		
Proceeds from sale of property, plant and equipment	87	111
Purchase of property, plant and equipment	(5 524)	(8 309)
Purchase of intangible assets	(1 942)	(1 922)
Purchase of financial instruments	(2)	(306)
Proceeds from sale of financial instruments	—	300
Net cash used in investing activities	**(7 381)**	**(10 126)**
Financing activities		
Payment of finance lease	(273)	(263)
Repayment of borrowings	(29 537)	(22 153)
Interest paid	(4 235)	(8 429)
Dividends paid to equity holder of the parent	—	—
Net cash flows from/(used in) financing activities	**(34 045)**	**(30 845)**
Net increase in cash and cash equivalents	(16 816)	(14 376)
Cash and cash equivalents at 1st April	143 237	76 635
Cash and cash equivalents at 30 June	**126 422**	**62 259**

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Picard Groupe ('the company') and its subsidiaries (together 'the Group') operate in the frozen food production and distribution business, mainly in France. The present interim condensed consolidated financial statements cover the period from 1st April 2010 to 30 June 2010. The company is a limited company incorporated and domiciled in France. The registered office is located at 54, avenue Marceau—75008 Paris.

2. BASIS OF PREPARATION AND ACCOUNTING PRINCIPLES

2.1. Basis of preparation

The interim condensed consolidated financial statements for the three months ended 30 June 2010 have been prepared in accordance with IAS 34. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2010.

The condensed consolidated financial statements are presented in thousands of euros, the Group's functional and presentation currency. The figures in the tables have been individually rounded to the nearest thousand euros. Consequently, the totals and sub-totals may not correspond exactly to the sum of the reported amounts.

2.2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010, except for the adoption of new standards and interpretations as of 1 April 2010, noted below:

- *IFRS 1 First time adoption of IFRS (revised)*

The International Accounting Standards Board (IASB) issued a revised version of IFRS 1 First-time Adoption of International Financial Reporting Standards. The revised version has an improved structure but does not contain any technical changes. The change in accounting policy had no material impact on financial statements.

- *IFRS 1 First time adoption of IFRS—Additional exemptions for First-Time Adopters*

The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

- *IFRS 2 Share-based Payment—Group Cash-settled Share-based Payment Transactions*

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

- *IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)*

The Group applies the revised standards from 1 April 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and had no material impact on financial statements.

- *IAS 32 Classification of Rights Issues*

The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. The amendment had no effect on the financial position nor performance of the Group.

- *IAS 39 Financial Instruments: Recognition and Measurement—Eligible Hedged Items*

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position nor performance of the Group.

- *IFRIC 15 Agreements for the construction of real estate*

This interpretation provides guidance on accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation had no effect on the financial position nor performance of the Group.

- *IFRIC 16 Hedge of a Net Investment in a Foreign Operation*

This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The interpretation had no effect on the financial position nor performance of the Group.

- *IFRIC 17 Distribution of Non-cash Assets to Owners*

This interpretation provides guidance on accounting for arrangements whereby an entity distributes noncash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

- *IFRIC 18 Transfers of Assets from Customers*

This Interpretation applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers.

- *Improvements to IFRSs (issued April 2009)*

In April 2009 the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

  - *IFRS 8 Operating Segment Information*
  - *IAS 7 Statement of Cash Flows*
  - *IAS 36 Impairment of Assets*
  - *IFRS 2 Share-based Payment*
  - *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*
  - *IAS 1 Presentation of Financial Statements*
  - *IAS 17 Leases*
  - *IAS 38 Intangible Assets*

- *IAS 39 Financial Instruments: Recognition and Measurement*
- *IFRIC 9 Reassessment of Embedded Derivatives*
- *IFRIC 16 Hedge of a Net Investment in a Foreign Operation*

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

3. SIGNIFICANT EVENTS AND SEASONALITY OF OPERATIONS

3.1. Significant events of the period

On May 28, 2010, tax authority notified the Group a tax reassessment of K€ 4 404 (including K€ 528 for late payment interests). The board of directors, after taking professional advice from its legal advisers, considers this reassessment as unfounded. The amount the Group may pay, the case may be, is difficult to estimate at this stage of the procedure. The Group will dispute all amounts included in this claim. Thus, no accrual related to this claim has been recorded as of June 30, 2010.

3.2. Seasonality of operations

Seasonal fluctuations in business are limited. Higher revenues and operating profits are usually expected in the third quarter of the year than in the other quarters. Higher sales during December are mainly attributed to Christmas and New Year.

4. IMPAIRMENT OF ASSETS

There was no indication of impairment as at June 30, 2010. As a result, no impairment test was performed at this date.

5. OPERATING SEGMENT INFORMATION

For management purposes, the group is organised into business units based on distribution network and has two reportable operating segments as follows:

- France
- Italy

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance expenses and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

	France		Italy		Total	
In thousands of euros	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Sales	267 430	254 485	4 275	3 845	271 705	258 330
Operating profit	29 284	26 303	(40)	(62)	29 244	26 241

6. OTHER INCOME/EXPENSES

6.1. Other operating income

	For the period ended June 30,	
In thousands of euros	**2010**	**2009**
Capitalized expenses	435	81
Release of unused provisions	299	79
Other income	109	225
Total other operating income	**843**	**385**

6.2. Other operating expenses

In thousands of euros	For the period ended June 30, 2010	2009
Royalties	(104)	(100)
Losses on bad debt	(391)	(137)
Loss on non-current asssets disposed of	(152)	(58)
Other expenses	(846)	(64)
Total other operating expenses	**(1 493)**	**(359)**

6.3. Personnel expenses

In thousands of euros	For the period ended June 30, 2010	2009
Wages and salaries	23 262	21 410
Social security costs	8 585	7 884
Pension costs	55	46
Employee profit sharing	3 131	2 360
Share-based payment transaction expense	20	20
Other employee benefits expenses	27	56
Total personel expenses	**35 080**	**31 776**

6.4. Finance income and expenses

In thousands of euros	For the period ended June 30, 2010	2009
Interest expenses	(13 450)	(17 886)
Interest costs of employee benefits	(28)	(27)
Other financial expenses	(629)	(160)
Finance expenses	**(14 107)**	**(18 073)**
Income on loans and receivables	118	1
Income on short term investment	155	315
Reversal of provisions on other financial assets	1	—
Other financial income	19	26
Finance income	**293**	**342**

7. INCOME TAX EXPENSE

The major components of income tax expense in the interim consolidated income statement are:

In thousands of euros	As at June 30, 2010	2009
Current tax	(5 451)	(3 376)
Deferred tax	(825)	312
Total income tax expense	**(6 276)**	**(3 064)**
Income tax recognised in other comprehensive income	(45)	(1 844)
Total income tax	**(6 321)**	**(4 908)**

8. OTHER INTANGIBLE ASSETS

In thousands of euros	Software	Leasehold rights	Other intangible assets	Total intangible assets
Cost:				
At 1 April 2009	11 047	29 515	545	**41 107**
Additions	1 847	3 385	3 285	**8 517**
Disposals	(798)	(8)	—	**(806)**
At 31 March 2010	12 096	32 892	3 830	**48 818**
Additions	254	50	1 638	**1 942**
Disposals	(150)	—	—	**(150)**
At 30 June 2010	12 200	32 942	5 468	**50 610**
Depreciation and impairment:				

At 1 April 2009	(8 566)	(326)	—	**(8 892)**
Additions	(1 459)	—	—	**(1 459)**
Disposals	309	9	—	**318**
At 31 March 2010	(9 716)	(317)	—	**(10 033)**
Additions	(383)		—	**(383)**
Disposals	46		—	**46**
At 30 June 2010	(10 053)	(317)	—	**(10 370)**
Net book value:				
At 1 April 2009	2 481	29 189	545	**32 215**
At 31 March 2010	2 380	32 575	3 830	**38 785**
At 30 June 2010	**2 147**	**32 625**	**5 468**	**40 241**

The increase in « Other intangible assets » is due to costs incured during the period relating to the upgrade of part of the company's information system (implementation of SAP for the monitoring and steering of goods flow).

9. CASH AND CASH EQUIVALENTS

In thousands of euros	As at June 30, 2010	As at March 31, 2010
Cash at banks and on hand	9 278	10 496
Securities	118 330	133 725
Cash and cash equivalents	**127 608**	**144 221**

For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts:

	As at June 30,	
In thousands of euros	2010	2009
Cash and cash equivalents	127 608	86 577
Bank overdrafts	(1 186)	(24 318)
Cash and cash equivalents in cash flow statement	**126 422**	**62 259**

10. OTHER FINANCIAL LIABILITIES

In thousands of euros	As at June 30, 2010	As at March 31, 2010
Current		
Cash Flow hedges		
Interest rate swaps	464	761
Interest rate options	4 451	6 736
Derivatives not designated as hedges	—	—
Total current other financial liabilities	**4 914**	**7 497**
Non current		
Cash Flow hedges		
Interest rate swaps	8 956	6 658
Interest rate options	(9)	(1)
Derivatives not designated as hedges	—	—
Total non current other financial liabilities	**8 947**	**6 658**
Total other financial liabilities	**13 861**	**14 155**

Interest-bearing loans and borrowings

In thousands of euros	Effective interest rate	Maturity	As at June 30, 2010	As at March 31, 2010
Current				
Obligations under finance leases		2011	4 529	4 539
Senior debt (770M€)—current portion	Euribor 1M + margin [0,3%—0,55%]	2011	75 191	54 903
Bank overdrafts		On demand	1 186	984
Other current borrowings		On demand	162	165
Total current interest bearing loans and borrowings	—	—	**81 068**	**60 590**
Non current				
Obligations under finance leases			8 916	9 179
Bonds (252 306 230€, capitalized interests, 8,05%)	8.05%	2019	391 121	383 516

Convertible bonds (27M€, capitalized interests, 7,5%)	8.05%	2019	38 150	37 409
Senior debt (770M€)	Euribor 1M + margin [0,3%—0,55%]	2012	539 128	587 615
Total non-current interest bearing loans and borrowings			**977 315**	**1 017 719**
Total interest bearing loans and borrowings			**1 058 384**	**1 078 309**

Convertible bonds

The initial amount of this convertible loan raised on December 3, 2004 amounts to K€ 19 601 and includes 1 960 053 bonds with a par value of 10€. This loan is payable after 14,5 years on June 3, 2019, interests are capitalized annually based on an interest rate of 7,5%. Each convertible bond gives right to subscribe, upon certain conditions of Group result and to the holder's option, to one OBO 6 share with a par value of 10€. Should these conversion rights not be exercised, these convertible bonds will be refundable "in fine". Portion related to the convertible options has been reclassified as equity.

Bonds

The initial amount of this loan raised on December 3, 2004 amounts to K€ 252 306 and includes 25 230 623 bonds with a par value of 10€. This loan is payable after 14,5 years on June 3, 2019, interests are capitalized annually based on an interest rate of 8,05%. This loan is refundable "in fine".

Bank loans

A K€ 770,000 senior loan was raised on June 27, 2007. This loan is payable over 5 years, the last repayment date being June 27, 2012. The rate of this loan is a variable rate fixed in reference to a market rate (Euribor 1 month) increased by a banking margin which evolves depending on the level of EBITDA of Picard Groupe.

10.1. Hedging activities and derivatives

Cash Flow Hedges: At 30 June 2010, the Group had several interest rate swap and option agreements in place with the following characteristics:

	Notional (M€)	Pay	Receive	Begin date	Maturity date	Accounting Qualification
30 June 2010						
Swap..................................	265	0,95%	Euribor 1M	27/12/2009	27/12/2010	Cash flow hedge
Swap................................	140	2,45%	Euribor 1M	27/12/2010	27/06/2012	Cash flow hedge
Swap................................	265	2,43%	Euribor 1M	27/12/2010	27/06/2012	Cash flow hedge
Collar	245	Cap 5,25% Floor 4,204%	Euribor 1M	29/12/2009	27/12/2010	Cash flow hedge
Cap	195	5,25%	Euribor 1M	27/12/2010	27/12/2011	Cash flow hedge
30 June 2009						
Swap................................	570	4,70%	Euribor 1M	29/12/2008	28/12/2009	Cash flow hedge
Collar	245	Cap 5,25% Floor 4,204%	Euribor 1M	29/12/2009	27/12/2010	Cash flow hedge
Cap	195	5,25%	Euribor 1M	27/12/2010	27/12/2011	Cash flow hedge

Those derivatives are being used to hedge the exposure to changes in future interest cash flows linked to the Senior Debt.

The fair value changes of the hedging derivatives (K€ 485) have been recognized in other comprehensive income for the effective portion and in P&L for the ineffective portion.

The loss deferred in equity will impact the income statement in 2011 and 2012.

10.2. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	2010,06	2010,03	2010,06	2010,03
Financial assets				

Trade and other receivables	30 194	28 642	30 194	28 642
Other financial assets	11 584	11 402	11 584	11 402
Cash and cash equivalent	127 608	144 221	127 608	144 221
Total	**169 386**	**184 265**	**169 386**	**184 265**
Financial liabilities				
Fixed rate borrowings	429 271	420 925	467 661	454 357
Obligations under finance leases	13 445	13 718	13 445	13 718
Floating rate borrowings	614 319	642 518	614 319	642 518
Trade and other payables	174 681	177 062	174 681	177 062
Bank overdraft	1186	984	1186	984
Other current borrowings	162	165	162	165
Total	**1 233 064**	**1 255 372**	**1 271 454**	**1 288 804**

The fair value of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of 30 June 2010, the carrying amounts of such receivables, net of allowances, approximate their fair values.

- Fair value of quoted notes and bonds is based on price quotations at the balance sheet date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt. Under the terms of article 5 of the Securities Holders Pact dated December 3, 2004, the fixed rate borrowings will become immediately due and payable in case of change of control or sale of the Group.

- Under the terms of paragraph 10.3 of the Facilities Agreement, the senior loan will become immediately due and payable in case of change of control or sale of the Group.

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The calculation of fair value for derivative financial instruments depends on the type of instruments: Derivative interest rate contracts — The fair value of derivative interest rate contracts (e.g., interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument; Derivative currency contracts — The fair value of forward foreign currency exchange contracts is based on forward exchange rates.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of all interest rate derivatives is level 2.

During the reporting period ending 30 June 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

10.3. Maturity profile of the Group's financial liabilities

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at the maturity date:

	Quarter ended June 30, 2010			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial Liabilities				
Fixed rate borrowing	—	—	852 570	852 570
Obligation under finance leases	4 529	8 916		13 445
Floating rate borrowings	74 985	557 820	—	632 805
Trade and other payables	174 681	—	—	174 681
Bank overdraft	1 186	—	—	1 186
Total	**255 381**	**566 736**	**852 570**	**1 674 688**

	Year ended March 31, 2010			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial Liabilities				
Fixed rate borrowing	—	—	852 570	852 570
Obligation under finance leases	4 539	9 179	—	13 718
Floating rate borrowings	67 642	595 652	—	663 295
Trade and other payables	177 062	—	—	177 062
Bank overdraft	984	—	—	984
Total	**250 227**	**604 831**	**852 570**	**1 707 629**

Upon the occurrence of a change of control, Picard Groupe would repurchase the fixed rate borrowing and the floating rate borrowing at a redemption price which amounts to the principal and interests due as of the day of repayment.

11. COMMITMENTS AND CONTINGENCIES

Mortgages and pledges

Following guarantees have been granted by Picard Groupe to secure the € 770.000 thousand bank loan:

- Pledge of PICARD GROUPE bank accounts;
- Pledge of the account of financial instruments relating to the financial instruments held by PICARD GROUPE in Picard Surgelés share capital.

Partnership

The Picard Surgelés subsidiary enters into frame agreements with some of its suppliers with a commitment on an annual volume of purchase. Suppliers may produce and store products dedicated to Picard Surgelés. Nevertheless, the transfer of ownership of these products occurs only at delivery of goods in Picard Surgelés or subcontractors warehouses.

12. EVENTS AFTER THE REPORTING PERIOD

There has been no significant event since June 30, 2010.

PICARD GROUPE

Statutory auditors' report on the consolidated financial statements

For the year ended March 31, 2010

PICARD GROUPE

Statutory auditors' report on the consolidated financial statements
For the year ended March 31, 2010

PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	M B V & Associés 39, avenue Friedland 75008 Paris

To the shareholders of Picard Groupe

PICARD GROUPE
54, avenue Marceau
75008 Paris

In our capacity as Statutory Auditors of Picard Groupe and in compliance with your request, we have audited the accompanying "consolidated financial statements" of Picard Groupe for the year ended March 31, 2010.

The Chairman of the Board of Directors is responsible for the preparation and fair presentation of these "consolidated financial statements". Our responsibility is to express an opinion on these "consolidated financial statements" based on our audit.

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 from material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the "consolidated financial statements". An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the "consolidated financial statements". We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Without qualifying the opinion expressed above, we draw your attention to the matter set out in Note 25 to the "consolidated financial statements" regarding the tax authority notification dated May 28, 2010 and the uncertainty regarding its outcome.

This report is governed by French law. French courts have exclusive jurisdiction to judge any dispute, claim or disagreement that may result from our letter of engagement or this report or any related question. Each party irrevocably renounces his or her rights to oppose legal action brought before these courts, to contend that the action was brought before a court that was not competent, or that these courts do not have jurisdiction.

Paris and Neuilly-sur-Seine, September 16, 2010

The statutory auditors

PricewaterhouseCoopers Audit Alain Le Barbanchon	M.B.V. & Associés Paul Evariste Vaillant

PICARD GROUPE

Consolidated Financial Statements
31 March 2010

PICARD GROUPE
Consolidated Financial Statements at 31 March 2010

CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	For the year ended March 31, 2010	2009
Sales of goods	*6*	1 149 101	1 108 249
Cost of good sold		(662 247)	(641 123)
Gross profit		**486 854**	**467 126**
Other operating income	*7,1*	2 364	1 247
Other purchase and external expenses		(169 657)	(158 755)
Taxes		(20 417)	(21 302)
Personnel expenses	*7,3*	(134 762)	(126 062)
Depreciation, amortization and provisions allowances		(25 932)	(24 264)
Other operating expenses	*7,2*	(3 802)	(4 984)
Operating profit		**134 648**	**133 006**
Finance expenses	*7,4*	(65 461)	(64 603)
Finance income	*7,4*	987	4 716
Share of profit in an associate	*5*	857	641
Income before tax		**71 031**	**73 761**
Income tax expense	*8*	(27 683)	(25 776)
Net income		**43 348**	**47 985**
Attributable to:			
Equity holders of the parent		43 348	47 985
Non-controlling interests		—	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	**Notes**	**For the year ended March 31, 2010**	**2009**
Net income		**43 348**	**47 985**
Net gain / (loss) on cash flow hedges	***11.3***	8 539	(32 065)
Income tax		(2 940)	11 040
		5 599	(21 025)
Actuarial gains / (loss) of the period	***19***	(236)	(97)
Income tax		81	33
		(155)	(64)
Other comprehensive income / (loss) for the period, net of tax		*5 444*	*(21 089)*
Conprehensive income		**48 792**	**26 896**
Attributable to:			
Equity holders of the parent		48 792	26 896
Non-controlling interests		—	—

PICARD GROUPE
Consolidated Financial Statements at 31 March 2010

CONSOLIDATED BALANCE SHEET

		As at March 31,	
ASSETS			
(In thousands of euros)	**Notes**	**2010**	**2009**
Goodwill	***12***	985 836	985 836
Property, plant and equipment	***10***	227 256	223 773
Other intangible assets	***9***	38 785	32 215
Investment in an associate	***5***	7 832	7 130
Other non-current financial assets	***11.1***	10 664	10 747
Deferred tax asset	***8***	—	—
Total non-current assets		**1 270 373**	**1 259 700**
Inventories	***13***	72 159	75 614
Trade and other receivables	***14***	28 642	29 401
Other current financial assets		738	583
Cash and cash equivalents	***15***	144 221	87 528
Total current assets		**245 760**	**193 126**
Total assets		**1 516 133**	**1 452 827**
Equity and liabilities			
Issued capital		186 000	186 000
Share premium		8 788	8 788
Cash flow hedge reserve		(9 793)	(15 392)
Retained earnings		(20 705)	(68 613)
Net income of the period		43 348	47 985
Equity attributable to equity holders of the parent		207 638	158 768
Non-controlling interests		—	—
Total equity		**207 638**	**158 768**
Non-current liabilities			
Interest-bearing loans and borrowings	***11.2***	1 017 719	1 045 039
Provisions	***18***	3 039	3 197
Employee benefit liability	***19***	2 916	2 428
Other non-current liabilities	***11.2***	6 658	6 693
Deferred tax liability	***8***	33 014	29 418
Total non-current liabilities		**1 063 346**	**1 086 775**
Current liabilities			
Trade and other payables	***21***	177 062	136 102
Interest-bearing loans and borrowings	***11.2***	60 590	55 180
Other current financial liabilities	***11.2***	7 497	16 002
Deferred revenue		—	—
Income tax payable		—	—
Total current liabilities		**245 149**	**207 284**
Total liabilities		**1 308 495**	**1 294 059**
Total equity and liabilities		**1 516 133**	**1 452 827**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Issued capital	Share premium	Cash flow hedge reserve	Retained earnings	Net income	Total	Non-controlling interest	Total Equity
As at 1 April 2008	**186 000**	**8 788**	**5 633**	**(68 626)**	**—**	**131 795**	**—**	**131 795**
Net income for the period					47 985	47 985	—	47 985
Other comprehensive income			(21 025)	(64)		(21 089)		(21 089)
Total comprehensive income	—	—	(21 025)	(64)	47 985	26 896	—	26 896
Share based payment transactions				78		78		78
As at 31 March 2009	**186 000**	**8 788**	**(15 392)**	**(68 612)**	**47 985**	**158 768**	**—**	**158 768**
Net income atribution				47 985	(47 985)	—		—
Net income for the period					43 348	43 348	—	43 348
Other comprehensive income			5 599	(155)		5 444		5 444
Total comprehensive income	—	—	5 599	(155)	43 348	48 792	—	48 792
Share based payment transactions				78		78		78
As at 31 March 2010	**186 000**	**8 788**	**(9 793)**	**(20 704)**	**43 348**	**207 638**	**—**	**207 638**

PICARD GROUPE
Consolidated Financial Statements at 31 March 2010

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Notes	As at March 31, 2010	2009
Operating activities			
Operating profit		134 648	133 006
Depreciation and impairment of property, plant and equipment		24 103	22 783
Amortisation and impairment of intangible assets		1 443	1 152
Share-based transaction expense		78	78
Gain on disposal of property, plant and equipement		604	2 194
Movements in provisions and pensions		587	561
Interest received		844	3 715
Dividends received from associate		156	170
Income tax paid		(25 519)	(36 628)
Operating cash flows before change in working capital requirements		*136 944*	*127 031*
Change in inventories		3 434	(13 154)
Change in trade and other receivables and prepayments		1 080	(762)
Change in trade and other payables		38 945	(4 541)
Net cash flows from operating activities		**180 403**	**108 574**
Investing activities			
Proceeds from sale of property, plant and equipment		325	390
Purchase of property, plant and equipment		(27 765)	(29 314)
Purchase of intangible assets		(8 517)	(4 798)
Purchase of financial instruments		(865)	(860)
Proceeds from sale of financial instruments		516	(1 689)
Net cash used in investing activities		**(36 306)**	**(36 271)**
Financing activities			
Payment of finance lease		(1 081)	(1 231)
Repayment of borrowings		(47 997)	(68 746)
Interest paid		(28 418)	(35 749)
Dividends paid to equity holder of the parent		—	—
Net cash flows from/(used in) financing activities		**(77 496)**	**(105 726)**
Net increase in cash and cash equivalents		66 602	(33 423)
Cash and cash equivalents at 1st April		76 635	110 058
Cash and cash equivalents at 31 March		**143 237**	**76 635**

PICARD GROUPE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Picard Groupe ('the company') and its subsidiaries (together 'the Group') operate in the frozen food production and distribution business, mainly in France. The Group financial year is from April 1st to March 31st. The company is a limited company incorporated and domiciled in France. The registered office is located at 54, avenue Marceau—75008 Paris.

2. ACCOUNTING PRINCIPLES

2.1 Transition to IFRS

For all periods up to and including the year ended 31 March 2010, the Group prepared its consolidated financial statements in accordance with French generally accepted accounting practice ('French GAAP'). These financial statements, for the year ended 31 March 2010, are the first the Group has prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of 31 March 2010.

In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1st April 2008, the Group's date of transition to IFRS. This note and the Note 4 explain the principal adjustments made by the Group in restating its French GAAP statement of financial position as at 1st April 2008 and its previously published French GAAP financial statements for the year ended 31 March 2009.

Exemptions applied

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first time adopters certain exemptions from the retrospective application of certain IFRSs effective for March 2010 year-ends.

The Group has applied the following exemptions:

- Lands and buildings, whose fair value was significantly different from historical value, were carried in the statement of financial position prepared in accordance with French GAAP on the basis of historical cost. The Group elected to measure these items at the date of transition to IFRS at their fair value and use that fair value as their deemed cost at that date.

- IFRS 3 *Business Combinations* as issued in 2004 has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before 1st April 2008.

2.2 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as adopted by the European Union and effective for financial years beginning on or after 1st April 2009.

The Group didn't early adopt any new or amended IFRS, adopted by the European Union, and particularly:

- IFRS 1 *First Time Adoption of IFRS (Revised 2008)*

The IASB issued a revised First Time adoption standard which is effective for financial years beginning on or after 1st July 2009.

- IFRS 2 *Share-Based Payment (Amendments)*

The IASB issued an amendment to IFRS 2 in June 2009 on the accounting for group cash-settled share-based payment transactions. This amendment is effective for financial years beginning on or after 1st January 2010. This amendment also supersedes IFRIC 8 and IFRIC 11.

- IFRS 3 *Business Combination (Revised 2008)*

The IASB issued the revised Business Combinations standard in January 2008 which is effective for financial years beginning on or after 1st July 2009. The standard introduces changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

- IAS 27 *Consolidated and separate Financial Statements (Revised 2008)*

In January 2008, the IASB issued the revised IAS 27, affecting consolidated and separate financial statements. IAS 27 (as issued in 2008) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The amended standard has not been early adopted by the Group, nor its consequential amendments to IAS 21, IAS 28, IAS 31 and IAS 39.

- IAS 39 *Financial Instruments: Recognition and Measurement—Eligible Hedged Items*

This amendment was issued in July 2008 and is effective for financial years beginning on or after 1st July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations.

- IFRIC 17 *Distributions of Non-Cash Assets to Owners*

This Interpretation has to be applied prospectively for annual periods beginning on or after 1st July 2009. It provides guidance on how to account for non-cash distributions to owners.

The Group does not expect these new standards or amendments to have a material impact on the financial position or the performance of the Group.

The Group didn’t apply following any new or amended IFRS, which has not been adopted by the European Union:

- IAS 24 *Related Party Disclosures*
- IFRS 1 *Additional Exemptions for First-Time Adopters*
- IFRS 1 *Limited Exemption from Comparative*
- IFRS 7 *Disclosures for First-Time Adopters*
- IFRS 9 *Financial Instruments (Recognition and Measurement of Financial Assets)*
- Annual Improvements to IFRSs May 2010
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*
- Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the company and its subsidiaries as at 31 March 2010.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated.

Entities over which the Group has a significant influence are accounted for using the equity method.

2.3 Summary of significant accounting policies

a. Foreign currency translation

The consolidated financial statements are presented in euros (€), which is the company's functional and the Group's presentation currency. Euro is also the functional and presentation currency of all the entities in the Group's perimeter.

b. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If the cost of the acquisition is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

c. Investment in an associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The share of profit of associates is shown on the face of the income statement on the line "Share of profit in associate". This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the parent company and using the same accounting policies. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on purchase of the goods by the customer.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

e. Operational expenses

The group benefits from some tax credits generated by its activity. Such tax credits are deemed to be equivalent to grants related to income and are thus deducted from related expenses.

f. Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except specific conditions (initial recognition of an asset or liability in a transaction that is not a business combination that affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

New tax regulations in France, applicable as of 1 January 2010

Under France's 2010 Budget Act, enacted on 30 December 2009, French tax entities are no longer subject to business tax (taxe professionnelle) as of 1 January 2010. This tax has been replaced by two new taxes:

- the Business Contribution on Property (Cotisation foncière des entreprises, or CFE), assessed on the rental value of real property under the current business tax;

- the Business Contribution on Value-Added (Cotisation sur la valeur ajoutée des entreprises, or CVAE), assessed on the value-added determined from the corporate financial statements.

In the wake of this tax reform, the Group has reexamined its tax accounting in France in light of the IFRS standards, taking into account the most recent analyses available on tax accounting, notably those provided by the IFRIC. The CVAE, which, based on the Group's analysis, meets the definition of a tax on earnings as set forth in IAS 12, Taxes due on the basis of taxable profit. In conducting its analysis, the company took into consideration the decisions by the IFRIC in March 2006 and May 2009 not to consider the scope of application of the IAS 12 standard, 'Income Taxes'. In effect, the IFRIC stated that, in order to fall within the scope of IAS 12, a tax must be calculated on the basis of net proceeds and expenses, and this net amount may differ from net income for accounting purposes. The Group concluded that the CVAE fulfilled the requirements identified in this finding, insofar as value-added represents the intermediate level of income that is systematically used as the tax base in calculating the amount of CVAE owed under French tax law.

In accordance with the provisions of IAS 12, the CVAE having been identified as a tax on earnings, as of 31 December 2009 deferred tax relating to temporary differences on that date is recorded by offsetting a net charge on the fiscal year income statement, insofar as the Budget Act was enacted in 2009. This deferred tax expense is shown on the 'Income tax' line. Moreover, as of the 2010 fiscal year, the total amount of the current and deferred expense arising from the CVAE will be shown on that same line.

g. Pensions and other post employment benefits

The Group operates two defined benefit pension schemes, as detailed in Note 19. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds, as explained in Note 19).

The defined benefit expense is recognized through operating income for the service cost component of the expense and through financial income for the interest cost component.

h. Share based payment transactions

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 20.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

i. Financial liabilities—initial recognition and subsequent measurement

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss. Financial liabilities within the scope of IAS 39 are classified as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 0.

j. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses interest rate swaps and options to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, those derivatives that respect criteria of hedge effectiveness are classified as cash flow hedges.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in the income statement. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

The Group uses interest rate swap and option contracts as hedges of its exposure to interest rate risks. Refer to Note 0 for more details.

k. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

• Buildings and building improvements	20 years
• Operating equipment	5 to 10 years
• Transportation equipment	4 years
• Computers and hardware	3 to 5 years
• Furniture	10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the line “other operating expenses” when the asset is derecognised.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

l. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement in the line “finance costs”.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Payments made to the lessor in order to secure the right to obtain a lease agreement are recognised as prepayments and amortised over the initial lease term.

m. Intangible assets

Leasehold rights

Leasehold rights are constituted by sums paid to the owners of this right (former tenants) at the opening of new stores. Gross values recorded on the balance sheet are stated at cost. Because of the legal protection attached in France to leasehold rights, the group considered that these intangible assets should not be amortized.

Software

Software acquired by the company are booked as intangible assets at their original cost. They are depreciated under the straight-line method over a maximal period of 3 years.

Software developed by the Group for its internal use are recorded as intangible assets at their development cost and are depreciated under the straight-line method over a maximal period of 3 years.

n. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined as the most recent purchase price plus any directly attributable costs, a method that is well suited to rapid inventory turnaround, and does not generate a significant difference from the FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

o. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets

Other intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

p. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, short-term deposits and highly liquid securities with an original maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash, short-term deposits and highly liquid securities as defined above, net of outstanding bank overdrafts.

q. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 12.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.

Employee benefits liabilities

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future withdrawal rates of employees. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables in France. Future salary increases and expected withdrawal rates of employees are based on expectation of management and on past practices over recent years.

Further details about the assumptions used are given in Note 19.

4. TRANSITION TO IFRS

4.1 Group reconciliation of balance sheet as at 1 April 2008 (date of transition to IFRS) between French GAAP and IFRS

In thousand of €	Notes	French GAAP	IFRS 1 A	IAS 2 C	IAS 17 D	IAS 19 E	IAS 32/39 F	Other G	IFRS
Assets									
Goodwill		985 836							985 836
Property, plant and equipment		177 677	25 554		15 249				218 480
Other intangible assets		29 094							29 094
Investment in an associate		6 660							6 660
Other non-current financial assets		10 406					7 277		17 683
Total non-current assets		**1 209 673**	**25 554**	**—**	**15 249**	**—**	**7 277**	**—**	**1 257 753**
Inventories		62 048		264					62 312
Trade and other receivables		26 920							26 920
Other current financial assets		408							408
Cash and cash equivalents		111 478							111 478
Total current assets		**200 854**	**—**	**264**	**—**	**—**	**—**	**—**	**201 118**
Total assets		**1 410 527**	**25 554**	**264**	**15 249**	**—**	**7 277**	**—**	**1 458 871**
Equity and liabilities									
Issued capital		186 000							186 000
Share premium		2 415					6 373		8 788
Cash flow hedge reserve		—					5 633		5 633
Retained earnings		(95 822)	16 756	173	784	838	8 798	(153)	(68 626)
Equity attributable to equity holders of the parent		92 593	16 756	173	784	838	20 805	(153)	131 795
Non-controlling interests		—							—
Total equity		**92 593**	**16 756**	**173**	**784**	**838**	**20 805**	**(153)**	**131 795**
Non-current liabilities									
Interest-bearing loans and borrowings		1 095 053			13 152		(24 452)		1 083 753
Provisions		1 710							1 710
Employee benefit liability		3 685				(1 278)			2 407
Deferred tax liability		21 155	8 798	91	411	440	10 925		41 820
Total non-current liabilities		**1 121 603**	**8 798**	**91**	**13 564**	**(838)**	**(13 527)**	**—**	**1 129 690**
Current liabilities									
Trade and other payables		139 027						153	139 180
Interest-bearing loans and borrowings		47 742			901				48 643
Income tax payable		9 562							9 562
Total current liabilities		**196 331**	**—**	**—**	**901**	**—**	**—**	**153**	**197 385**
Total liabilities		**1 317 934**	**8 798**	**91**	**14 465**	**(838)**	**(13 527)**	**153**	**1 327 076**
Total equity and liabilities		**1 410 527**	**25 554**	**264**	**15 249**	**—**	**7 277**	**—**	**1 458 871**

4.2 Group reconciliation of balance sheet as at 31 March 2009 between French GAAP and IFRS

In thousand of €	Notes	French GAAP	IFRS 1 A	IFRS 3 B	IAS 2 C	IAS 17 D	IAS 19 E	IAS 32/39 F	IFRS
Assets									
Goodwill		926 686		59 150					985 836
Property, plant and equipment		183 996	25 520			14 257			223 773
Other intangible assets		32 215							32 215
Investment in an associate		7 130							7 130
Other non-current financial assets		11 985						(1 238)	10 747
Total non-current assets		**1 162 012**	**25 520**	**59 150**	**—**	**14 257**	**—**	**(1 238)**	**1 259 700**
Inventories		75 445			169				75 614
Trade and other receivables		29 401							29 401
Other current financial assets		583							583
Cash and cash equivalents		87 528							87 528

Total current assets	**192 957**	**—**	**—**	**169**	**—**	**—**	**—**	**193 126**
Total assets	**1 354 969**	**25 520**	**59 150**	**169**	**14 257**	**—**	**(1 238)**	**1 452 827**
Equity and liabilities								
Issued capital	186 000							186 000
Share premium	2 415						6 373	8 788
Cash flow hedge reserve	—						(15 392)	(15 392)
Retained earnings	(104 039)	16 733	59 150	111	916	1 257	5 243	(20 628)
Equity attributable to equity holders of the parent	84 376	16 733	59 150	111	916	1 257	(3 776)	158 768
Non-controlling interests	—							—
Total equity	**84 376**	**16 733**	**59 150**	**111**	**916**	**1 257**	**(3 776)**	**158 767**
Non-current liabilities								
Interest-bearing loans and borrowings	1 045 962				11 958		(12 881)	1 045 039
Other non-current financial liabilities	—						6 693	6 693
Provisions	3 198							3 197
Employee benefit liability	4 344					(1 917)		2 427
Deferred tax liability	21 415	8 787		58	481	660	(1 982)	29 418
Total non-current liabilities	**1 074 919**	**8 787**	**—**	**58**	**12 439**	**(1 257)**	**(8 170)**	**1 086 775**
Current liabilities								
Trade and other payables	136 102							136 102
Interest-bearing loans and borrowings	59 572				901		(5 293)	55 180
Other current financial liabilities	—						16 002	16 002
Total current liabilities	**195 674**	**—**	**—**	**—**	**901**	**—**	**10 709**	**207 284**
Total liabilities	**1 270 593**	**8 787**	**—**	**58**	**13 340**	**(1 257)**	**2 538**	**1 294 059**
Total equity and liabilities	**1 354 969**	**25 520**	**59 150**	**169**	**14 256**	**—**	**(1 238)**	**1 452 827**

4.3 Group reconciliation of income statement between French GAAP and IFRS for the year ended 31 March 2009

In thousand of €	**French GAAP**	**IFRS 1 A**	**IFRS 3 B**	**IAS 2 C**	**IAS 17 D**	**IAS 19 E**	**IAS 32/39 F**	**Other G**	**IFRS**
Sales of goods	1 108 249								1 108 249
Cost of good sold	(647 733)			(95)				6 705	(641 123)
Gross profit	**460 516**	**—**	**—**	**(95)**	**—**	**—**	**—**	**6 705**	**467 126**
Other operating income	1 094							153	1 247
Other purchase and external expenses	(154 603)				1 886			(6 038)	(158 755)
Taxes	(21 302)								(21 302)
Personnel expenses	(125 822)					(162)		(78)	(126 062)
Depreciation, Amortization and provisions allowances	(24 520)	(34)			(703)	993			(24 264)
Other operating expenses	(4 984)								(4 984)
Operating profit	**130 379**	**(34)**	**—**	**(95)**	**1 183**	**831**	**—**	**742**	**133 006**
Finance expenses	(58 026)				(981)	(95)	(5 500)		(64 603)
Finance income	4 637						79		4 716
Share of profit in an associate	641								641
Income before tax	**77 631**	**(34)**	**—**	**(95)**	**202**	**736**	**(5 421)**	**742**	**73 761**
Income tax expense	(26 697)	12		33	(70)	(253)	1 867	(667)	(25 776)
Goodwill amortisation	(59 150)		59 150						—
Net income	**(8 216)**	**(22)**	**59 150**	**(62)**	**132**	**483**	**(3 554)**	**75**	**47 985**
Attributable to:									
Equity holders of the parent	(8 216)	(22)	59 150	(62)	132	483	(3 554)	75	47 985
Non-controlling interests	—								—

4.4 Notes to the reconciliation between French GAAP and IFRS as at 1 April 2008 and 31 March 2009

A. IFRS 1—Fixed assets fair value

For the transition of French GAAP to IFRS, the Group has applied the option in IFRS 1 where an entity may elect to measure an item of property, plant and equipment at the date of transition to IFRSs at its fair value and use that fair value as its deemed cost at that date. At the date of transition, the Group has elected to evaluate its lands and constructions at fair value and use that fair value as their deemed cost. Deferred taxes liabilities have been recognized on this revaluation.

B. IFRS 3 as issued in 2004—Goodwill

Under French GAAP, goodwill is amortized over 20 years. IFRS does not permit amortization of goodwill and thus depreciations recognized after transition date has been eliminated.

C. IAS 2—Inventories

Under IFRS, inventory valuation must include all costs that constitute the purchase cost of the goods sold and also take into consideration all conditions obtained at the time of purchase and from supplier services. Inventory value has been adjusted under IFRS to account for transportation costs incurred between warehouse and stores, and adjusted from the income from discounts received from suppliers net of deferred taxes.

D. IAS 17—Leases

Under French GAAP, the Group did not consolidate some lease contracts. Analysis of these contracts against IAS 17 qualification criteria leads to qualification of these as financial leases for both land and constructions.

E. IAS 19—Employee benefits

IFRS requires determining long term employee benefits using the projected unit credit method. Long term employee benefit liability has been adjusted under IFRS according to assumptions described in Note 19.

F. IAS 32/39—Financial instruments

IFRS requires evaluating all financial liabilities and derivatives at fair value. Financial debt has been adjusted to account for:

- In French GAAP, financing fees has been expenses at inception of the senior debt agreement. IFRS requires amortization of those fees over the period of the credit agreement.

- Convertible options included in the convertible bonds have been classified as equity

Derivatives described in Note 0 were not accounted for in French GAAP (off balance sheet items). These have been accounted for according to Note 0.

G. Other

IFRS requires the fair value of the share options to be determined using an appropriate pricing model recognized over the vesting period. Therefore, an additional expense of K€ 78 has been recognized for the year ending 31 Mars 2009.

The Group benefits from tax credits mainly related to food donations and research carried out by its subsidiaries. Such tax credits are accounted in deduction of income tax under French GAAP but are deemed to be equivalent to grants related to income under IFRS. Thus tax credits have been deducted from related expenses.

I. Consolidated Statement of Cash Flows

The transition from French GAAP to IFRS has not had a material impact on the statement of cash flows.

5. INVESTMENT IN AN ASSOCIATE

The Group has a 37.21% interest in Primex International SA, which is involved in importation and wholesale of meat and sea food, both fresh and frozen.

Primex International is a private entity incorporated in France that is not listed on any public exchange. The following table illustrates summarised financial information of the Group's investment in Primex International SA:

	As at March 31,		As at April 1,
In thousand of €	**2010**	**2009**	**2008**
Share of the associate's statement of financial position:			
Current assets	11 221	9 675	11 665
Non-current assets	140	105	109
Current liabilities	3 673	2 762	5 240
Non-current liabilities	—	—	—
Equity	**7 688**	**7 017**	**6 534**
Share of the associate's revenue and profit:			
Revenue	7 988	6 952	n/a
Profits	857	641	n/a
Carrying amount of the investment	**7 832**	**7 130**	**6 660**

Variations during the period were the following:

In thousand of €	**2010**	**2009**
Carrying value as of April 1st	**7 130**	**6 660**
Share of profit in an associate	857	641
Distribution of dividends	(156)	(170)
Carrying value as of March 31	**7 832**	**7 130**

6. OPERATING SEGMENT INFORMATION

For management purposes, the group is organised into business units based on distribution network and has two reportable operating segments as follows:

- France
- Italy

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

	France		Italy		Total	
In thousand of €	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Sales	1 132 785	1 090 270	16 316	17 979	1 149 101	1 108 249
Operating profit	134 764	134 755	(264)	(2 050)	134 648	133 006

7. OTHER INCOME/EXPENSES

7.1. Other operating income

In thousand of €	For the year ended March 31, 2010	2009
Capitalized expenses	541	73
Release of unused provisions	758	15
Other income	1 065	1 159
Total other operating income	**2 364**	**1 247**

7.2. Other operating expenses

In thousand of €	For the year ended March 31, 2010	2009
Royalties	(417)	(369)
Losses on bad debt	(835)	(910)
Loss on non-current asssets disposed of	(946)	(762)
Tax litigations	(416)	(1 447)
Other expenses	(1 188)	(1 496)
Total other operating expenses	**(3 802)**	**(4 984)**

Tax litigations as of March 31, 2009 are mainly related to tax reassessments received from Tax Authorities after the Picard Surgelés tax audit for fiscal years 2005, 2006 and 2007.

7.3. Personnel expenses

In thousand of €	For the year ended March 31, 2010	2009
Wages and salaries	89 290	83 815
Social security costs	33 145	30 280
Pension costs	183	162
Employee profit sharing	11 737	11 503
Share-based payment transaction expense	78	78
Other employee benefits expenses	329	223
Total Personnel expenses	**134 762**	**126 062**

7.4. Finance income and expenses

In thousand of €	For the year ended March 31, 2010	2009
Interest expenses	(65 146)	(64 303)
Interest costs of employee benefits	(245)	(263)
Foreign exchange losses	(3)	(3)
Provision Allowances on other financial assets	(67)	(26)
Other financial expenses	—	(8)
Finance expenses	**(65 461)**	**(64 603)**
Income on loans and receivables	13	42
Income on short term investment	882	4 444
Foreign exchange gains	—	—
Reversal of provisions on other financial assets	4	9
Other financial income	88	221
Finance income	**987**	**4 716**

8. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2010 and 2009 are:

As at March 31,

In thousand of €	2010	2009
Current tax	(26 945)	(27 105)
Deferred tax	(738)	1 329
Total income tax expense	**(27 683)**	**(25 776)**

A reconciliation between tax expense and the product of accounting profit multiplied by the French domestic tax rate for the years ended 31 March 2010 and 2009 is as follows:

	For the year ended March 31,	
In thousand of €	**2010**	**2009**
Income before tax	71 031	73 761
At French statutory income tax rate of 34.43%	(24 456)	(25 396)
Effect of tax rates in foreign juridictions	25	25
Effect of non deductible expenses/taxable income		
—Share of profit in associate	295	221
—Other non taxable income	59	572
—Governement grants	338	230
—Other non deductible expenses	(669)	(510)
Unrecognised tax losses	(480)	(916)
Effect of CVAE expense	(890)	—
Recognition of deferred tax related to CVAE	(1 905)	—
Total income tax expense	**(27 683)**	**(25 776)**

As of March 31, 2010, unrecognized tax losses amount to K€ 8 659.

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position As at March 31,		Consolidated income statement Year ending March 31,	
In thousand of €	**2010**	**2009**	**2010**	**2009**
Accelerated depreciation for tax purposes	(14 992)	(14 992)	—	—
Revaluation of lands and buildings to fair value	(21 408)	(20 939)	(469)	(2 303)
Consolidation of financial leases	(629)	(601)	(28)	(12)
Fair value of financial debt	(4 407)	(6 257)	1 850	2 161
Financial instruments at fair value	4 874	7 814	—	(268)
Pension	878	706	91	54
Employees profit sharing	3 920	3 960	(40)	(89)
Inventories valuation	(142)	(58)	(84)	33
CVAE deferred tax	(1 905)	—	(1 905)	—
Other deferred charges	798	948	(150)	(216)
Deferres Tax income/(expense)			**(738)**	**1 329**
Deferred Tax asset/(liability)	**(33 014)**	**(29 418)**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	—	—		
Deferred tax liabilities	(33 014)	(29 418)		
Deferred tax liability net	**(33 014)**	**(29 418)**		

Contribution on companies' value added (CVAE)

2010 French Finance Law established the contribution on companies' value added (CVAE) as a replacement of the former local business tax. The group elected to account for this tax as income tax according to IAS 12. As a consequence, related expenses (which amount to K€ 1 357) are presented on the line "income tax" from January 1st, 2010.

Value added calculation, which is the tax base of this contribution, does not include assets depreciation expenses and several other provision expenses. A deferred tax liability has been recognised for an amount of K€ 1 905.

9. OTHER INTANGIBLE ASSETS

In thousand of €	Software	Leasehold rights	Other intangible assets	Total intangible assets
Cost:				
At 1 April 2008	10 611	26 321	1 521	**38 453**
Additions	2 580	3 194	—	**5 774**
Disposals	(2 144)	—	(976)	**(3 120)**
At 31 March 2009	11 047	29 515	545	**41 107**
Additions	1 847	3 385	3 285	**8 517**
Disposals	(798)	(8)	—	**(806)**
At 31 March 2010	12 096	32 892	3 830	**48 818**
Depreciation and impairment:				
At 1 April 2008	(9 164)	(194)	—	**(9 358)**
Additions	(1 418)	(132)	—	**(1 550)**
Disposals	2 016	—	—	**2 016**
At 31 March 2009	(8 566)	(326)	—	**(8 892)**
Additions	(1 459)		—	**(1 459)**
Disposals	309	9	—	**318**
At 31 March 2010	(9 716)	(317)	—	**(10 033)**
Net book value:				
At 1 April 2008	**1 447**	**26 127**	**1 521**	**29 095**
At 31 March 2009	**2 481**	**29 189**	**545**	**32 215**
At 31 March 2010	**2 380**	**32 575**	**3 830**	**38 785**

10. PROPERTY, PLANT AND EQUIPMENT

In thousand of €	Land	Buildings	Technical fittings Machinery and equipment	Other tangible assets	Total Tangible assets
Cost:					
At 1 April 2008	33 189	59 353	139 385	156 582	**388 509**
Additions	19	610	13 850	14 712	**29 191**
Disposals	—	(130)	(7 594)	(2 639)	**(10 363)**
At 31 March 2009	33 208	59 833	145 641	168 655	**407 337**
Additions	—	409	13 608	14 541	**28 558**
Disposals	—	(1)	(6 055)	(1 729)	**(7 785)**
At 31 March 2010	33 208	60 241	153 194	181 467	**428 110**
Depreciation and impairment:					
At 1 April 2008	—	(2 445)	(85 437)	(82 147)	**(170 029)**
Additions	—	(3 930)	(9 590)	(9 441)	**(22 961)**
Disposals	—	—	7 091	2 335	**9 426**
At 31 March 2009	—	(6 375)	(87 936)	(89 253)	**(183 564)**
Additions	—	(4 244)	(10 474)	(9 447)	**(24 165)**
Disposals	—	—	5 525	1 350	**6 875**
At 31 March 2010	—	(10 619)	(92 885)	(97 350)	**(200 854)**
Net book value:					
At 1 April 2008	**33 189**	**56 908**	**53 948**	**74 435**	**218 480**
At 31 March 2009	**33 208**	**53 458**	**57 705**	**79 402**	**223 773**
At 31 March 2010	**33 208**	**49 622**	**60 309**	**84 117**	**227 256**

11. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

11.1. Other non-current financial assets

In thousand of €	As at March 31, 2010	2009
Investments	4 122	4 638
Deposits and guarantees	6 542	6 109
Other non-current financial assets	**10 664**	**10 747**

11.2. Other financial liabilities

In thousand of €	As at March 31, 2010	2009
Current		
Cash Flow hedges		
Interest rate swaps	761	16 001
Interest rate options	6 736	—
Derivatives not designated as hedges	—	—
Total current other financial liabilities	**7 497**	**16 002**
Non current		
Cash Flow hedges		
Interest rate swaps	6 658	—
Interest rate options	(1)	6 693
Derivatives not designated as hedges	—	—
Total non current other financial liabilities	**6 658**	**6 693**
Total other financial liabilities	**14 155**	**22 695**

Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	As at March 31, 2010	2009
Current				
Obligations under finance leases		2011	4 539	1 093
Senior debt (770M€)—current portion	Euribor 1M + margin [0,3%-0,55%]	2011	54 903	42 841
Bank overdrafts		On demand	984	10 893
Other current borrowings		On demand	165	353
Total current interest bearing loans and borrowings	—	—	**60 590**	**55 180**
Non current				
Obligations under finance leases			9 179	13 406
Bonds (252 306 230€, capitalized interests, 8,05%)	8.05%	2019	383 516	354 576
Convertible bonds (27M€, capitalized interests, 7,5%)	8.05%	2019	37 409	34 585
Senior debt (770M€)	Euribor 1M + margin [0,3%-0,55%]	2012	587 615	642 472
Total non-current interest bearing loans and borrowings			**1 017 719**	**1 045 039**
Total interest bearing loans and borrowings			**1 078 309**	**1 100 219**

Convertible bonds

The initial amount of this convertible loan raised on December 3, 2004 amounts to K€ 19 601 and includes 1 960 053 bonds with a par value of 10€. This loan is payable after 14,5 years on June 3, 2019, interests are capitalized annually based on an interest rate of 7,5%. Each convertible bond gives right to subscribe, upon certain conditions of Group result and to the holder's option, to one OBO 6 share with a par value of 10€. Should these conversion rights not be exercised, these convertible bonds will be refundable "in fine". Portion related to the convertible options has been reclassified as equity.

11. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Bonds

The initial amount of this loan raised on December 3, 2004 amounts to K€ 252 306 and includes 25 230 623 bonds with a par value of 10€. This loan is payable after 14,5 years on June 3, 2019, interests are capitalized annually based on an interest rate of 8,05%. This loan is refundable "in fine".

Bank loans

A K€ 770,000 senior loan was raised on June 27, 2007. This loan is payable over 5 years, the last repayment date being June 27, 2012. The rate of this loan is a variable rate fixed in reference to a market rate (Euribor 1 month) increased by a banking margin which evolves depending on the level of EBITDA of Picard Groupe.

Under the terms of the Facilities Agreement, the Group must maintain the Leverage ratio below 5.00:1, where the leverage Ratio is defined as the ratio of total net debt to EBITDA for a testing period. As of March 31, 2009, and March 31, 2010, the Group satisfied this covenant.

11.3. Hedging activities and derivatives

Cash Flow Hedges

At 31 March 2010, the Group had several interest rate swap and option agreements in place with the following characteristics:

		Notional (M€)	Pay	Receive	Begin date	Maturity date	Accounting Qualification
2010							
	Swap	265	0,95%	Euribor 1M	27/12/2009	27/12/2010	Cash flow hedge
	Swap	140	2,45%	Euribor 1M	27/12/2010	27/06/2012	Cash flow hedge
	Swap	265	2,43%	Euribor 1M	27/12/2010	27/06/2012	Cash flow hedge
	Collar	245	Cap 5,25% Floor 4,204%	Euribor 1M	29/12/2009	27/12/2010	Cash flow hedge
	Cap	195	5,25%	Euribor 1M	27/12/2010	27/12/2011	Cash flow hedge
2009							
	Swap	570	4,70%	Euribor 1M	29/12/2008	28/12/2009	Cash flow hedge
	Collar	245	Cap 5,25% Floor 4,204%	Euribor 1M	29/12/2009	27/12/2010	Cash flow hedge
	Cap	195	5,25%	Euribor 1M	27/12/2010	27/12/2011	Cash flow hedge
2008							
	Swap	211,92	2,90%	Euribor 6M	27/12/2007	24/06/2008	Cash flow hedge
	Swap	206,60	2,90%	Euribor 6M	27/06/2008	27/12/2008	Cash flow hedge
	Swap	423,83	2,90%	Euribor 6M	27/12/2007	24/06/2008	Cash flow hedge
	Swap	413,21	2,90%	Euribor 6M	27/06/2008	27/12/2008	Cash flow hedge
	Swap	750,75	Euribor 6M—0,37	Euribor 1M	27/06/2008	27/12/2008	Cash flow hedge
	Cap	134,25	3,92%	Euribor 6M	27/12/2007	24/06/2008	Cash flow hedge
	Cap	130,94	3,92%	Euribor 6M	27/06/2008	27/12/2008	Cash flow hedge

Those derivatives are being used to hedge the exposure to changes in future interest cash flows linked to the Senior Debt.

The fair value changes of the hedging derivatives (2010: 8 539 k€, 2009: −32 065 k€) have been recognized in other comprehensive income for the effective portion and in P&L for the ineffective portion. There is no ineffectiveness recognized in 2010.

The loss deferred in equity will impact the income statement in 2011 and 2012.

11.4. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	2010	**2009**	**2010**	**2009**
Financial assets				

Trade and other receivables	28 642	29 401	28 642	29 401
Other financial assets	11 402	11 330	11 402	11 330
Cash and cash equivalent	144 221	87 528	144 221	87 528
Total	**184 265**	**128 259**	**184 265**	**128 259**
Financial liabilities				
Fixed rate borrowings	420 925	389 161	454 357	407 934
Obligations under finance leases	13 718	14 499	13 718	14 499
Floating rate borrowings	642 518	685 313	642 518	685 313
Trade and other payables	177 062	136 102	177 062	136 102
Bank overdraft	984	10 893	984	10 893
Total	**1 255 207**	**1 235 968**	**1 288 639**	**1 254 741**

The fair value of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of 31 March 2010, the carrying amounts of such receivables, net of allowances, approximate their fair values.

- Fair value of quoted notes and bonds is based on price quotations at the balance sheet date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt. Under the terms of article 5 of the Securities Holders Pact dated December 3, 2004, the fixed rate borrowings will become immediately due and payable in case of change of control or sale of the Group.

Under the terms of paragraph 10.3 of the Facilities Agreement, the senior loan will become immediately due and payable in case of change of control or sale of the Group.

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The calculation of fair value for derivative financial instruments depends on the type of instruments: Derivative interest rate contracts—The fair value of derivative interest rate contracts (e.g., interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument; Derivative currency contracts—The fair value of forward foreign currency exchange contracts is based on forward exchange rates.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of all interest rate derivatives is level 2.

During the reporting period ending 31 March 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

12. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

As of March 31, 2010, goodwill recognized through business combinations has been fully allocated to the group of CGU constituted of stores in France. Leasehold rights are followed at store level (CGU). As of 31 March 2010, net booked value of goodwill and other intangible with indefinite useful lives is the following:

	As at March 31,	
In thousand of €	**2010**	**2009**
Goodwill gross value	985 836	985 836
Leasehold rights gross value	32 892	29 515
Impairment	(317)	(326)
Total	**1 018 411**	**1 015 025**

Goodwill

The recoverable amount of the goodwill has been determined based on a value in use calculation using cash flow projections of French stores taken all together from financial budgets approved by senior management covering a ten-year period, with determination of a final value calculated by discounting the ten-year figures at the perpetual rate of growth to infinity.

Sensitivity to changes in assumptions

The calculation of value-in-use is most sensitive to the following assumptions:

- Discount rate;
- Growth rate used to extrapolate cash flows beyond the budget period.

The discount rate applied to cash flow projections is 7.86% and cash flows beyond the ten-year period are extrapolated using a 1.5% growth rate. As a result of this analysis, no impairment has been recognized by the Group.

With regard to the assessment of value-in-use of goodwill, the Group estimates that an increase of discount rate by 50 basis points or a decrease of 50 basis points in growth rate would not cause the carrying value of the above cash-generating units to materially exceed its recoverable amount.

Leasehold rights

Leasehold rights are tested annually at a store level. If their carrying amount exceeds their recoverable amount, an impairment is recognized for the difference.

13. INVENTORIES

	As at March 31,	
In thousand of €	**2010**	**2009**
Packaging	175	178
Non packaged finished goods	5 361	4 406
Packaged finished goods	67 569	71 955
Depreciation	(946)	(925)
Inventories	**72 159**	**75 614**

14. TRADE AND OTHER RECEIVABLES

	As at March 31,	
In thousand of €	**2010**	**2009**
Trade receivables	405	513
Prepaid expenses	17 293	16 451
VAT receivables and other sales taxes	5 739	6 339
Other receivables	5 205	6 098
Trade and other receivables	**28 642**	**29 401**

15. CASH AND CASH EQUIVALENTS

In thousand of €	As at March 31, 2010	2009
Cash at banks and on hand	10 496	7 799
Securities	133 725	79 729
Cash and cash equivalents	**144 221**	**87 528**

For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts (Note 11.2):

In thousand of €	As at March 31, 2010	2009
Cash and cash equivalents	144 221	87 528
Bank overdrafts	(984)	(10 893)
Cash and cash equivalents in cash flow statement	**143 237**	**76 635**

16. ISSUED CAPITAL AND RESERVES

In thousands of €	Number of shares	Share Capital	Share Premium
At April 1, 2008	**11 625 000**	**186 000**	**8 788**
At March 31, 2009	**11 625 000**	**186 000**	**8 788**
At March 31, 2010	**11 625 000**	**186 000**	**8 788**

The capital used by the Group is managed so as to:

- ensure the continuity of the Group's operations;
- maintain an appropriate ratio of shareholders' equity to debt in order to minimize the cost of capital.

In addition, in order to maintain or adjust its capital structure, the Group may be prompted to take out new debt or repay existing debt, adjust the amount of its dividends paid to shareholders, conduct a capital repayment to shareholders, issue new shares or sell assets in order to reduce debt levels.

Share premium includes following equity warrants:

- 1.690.000 warrants issued on December 3, 2004, for 2.415 K€ and subscribed by Frozendir (a management held entity). Exercise of these warrants will give rise to issuance of 1.690.000 ordinary shares of Picard Group. Considering that those subscriptions were realized at fair value, no share based payment expense was recognized (see paragraph 20).
- 728.340 share options issued on December 3, 2004, for 6.373 K€. These share options have been issued as part as bonds which had been raised on December 3, 2004 and reimbursed on June, 2006. Exercise of these share options will give rise to issuance of 728.340 ordinary shares of Picard Group.

17. DIVIDENDS PAID

The Group did not pay any dividends during the years ending 31 March 2010 and 31 March 2009.

18. PROVISIONS

In thousand of €	Risks related to the operations	Disputes and litigations	Total
Provision as at 31.03.09	**2 008**	**1 190**	**3 197**
Allowances	89	1 381	1 470
Reversal	(1 098)	(532)	(1 630)
Provision as at 31.03.10	**999**	**2 040**	**3 039**

Provision for risks related to the operations

The allowance during the period is explained by the tax reassessment received from Tax Authorities related to a tax audit.

Provision for disputes and litigations

These provisions primarily concern provisions for employee litigations, provisions for disputes and provisions for various taxes.

19. EMPLOYEE BENEFITS

The Group has two defined benefit pension plans, covering substantially all of its Italian and French employees, both of which are unfunded plans. Those two plans are mandatory in France and Italy.

In France, employees are entitled to a lump sum when they retire depending on their length of service and on final salary.

In Italy, employees are entitled to a lump sum when they leave the company. Since 2007, future rights are provided to employees through a defined contribution arrangement. The remaining liability in the Group's balance sheet is related to the service accrued before this change in legal requirement.

Contributions paid to the defined contribution plan in Italy amount to K€ 143 and K€ 402 for fiscal year ending March 31, 2010 and March 31, 2009 respectively.

The following tables summarise the components of net benefit expense recognised in the income statement and the unfunded status and amounts recognised in the statement of financial position for these plans:

	As at March 31,	
In thousand of €	2010	2009
Current service cost	183	162
Interest cost	245	263
Net benefit expense	**428**	**425**
recognized in operating income	183	162
recognized in financial income	245	263

The position recorded in the balance sheet breaks down as follows:

	As at March 31,	
In thousand of €	2010	2009
Benefit obligation	2 916	2 428
Fair value of plan assets	—	—
Unfunded status	**(2 916)**	**(2 428)**
Unrecognized prior service cost	—	—
Net periodic benefit cost	**(2 916)**	**(2 428)**

The company's liability for defined benefit plans was K€ 2,916 and K€ 2,428 as of March 31, 2010 and 2009 respectively.

Changes in employee benefit obligation are as follows:

In thousand of €	As at March 31, 2010	2009
Benefit obligation at April 1	2 428	2 407
Current service cost	183	162
Interest cost	245	263
Actuarial (gains) and losses	236	97
Benefits paid	(175)	(503)
Benefit obligation at March 31	**2 916**	**2 428**

The cumulative amounts of actuarial (gains) and losses (before taxes) recognized in the consolidated statements of comprehensive income are as follows:

In thousand of €	As at March 31, 2010	2009
Balance at April 1	97	—
Net actuarial (losses)/gains during the period	236	97
Balance at March 31	**333**	**97**

For the French retirement indemnities plan, the benefit obligation, and the experience actuarial gains (losses) are as follows:

In thousand of €	As at March 31, 2010	2009
Benefit obligation at April 1	2 550	2 049
Experience adjustments generated on the benefit obligation		
In amount	21	21
In percentage of the benefit obligation	1%	1%

The principal assumptions used in determining defined benefit obligation for the French retirement indemnities plan are shown below:

In thousand of €	As at March 31, 2010	2009
Discount rate	4.29%	5.19%
Average expected rate of salary increase	3.00%	2.60%
Withdrawal rates	[0%-21.5%]	[0%-21.5%]

For the French retirement indemnities plan, a decrease of 0.25% of the discount rate would increase the defined benefit obligation of approximately K€ 120. An increase of 0.25% of the discount rate would decrease the defined benefit obligation of approximately K€ 113.

20. SHARE-BASED PAYMENT PLANS

Stock-options plans

Two stock-options plans have been granted to some employees of the group in 2006. These options are settled in equity. The following table presents the main features of these plans:

	Class 1 options	Class 2 options
Date of the board	25/07/2006	25/07/2006
Number of instruments	125 000	125 000
Maximum number of new shares created	100 000	100 000
Unavailability	4 years	4 years
Contractual maximum life of options	12.5 years	12.5 years
Strike price	20.50€	20.50€
Performance conditions	Yes (see below)	Yes (see below)

The stock-options of the Class 1 (respectively Class 2) can be exercised if the following conditions are fulfilled:

- Before 25th July 2010: exercisable only if the beneficiary is deceased or has become invalid and if the transfer of the company has occurred with an Internal Rate of Return (IRR) higher than 24.8% (resp. 27.9%) at the date of the transfer.

- Between 26th July 2010 and 25th July 2012: exercisable if the beneficiary is still an employee of the company and if the transfer has occurred with an IRR higher than 24.8% (resp. 27.9%).

- Between 26th July 2012 and 25th January 2019, options could be exercised if one of the following conditions is met:

  - if the transfer has occurred, options are exercisable if the beneficiary is still an employee of the company and if the IRR is higher than 24.8% (resp. 27.9%) at the date of the transfer,

  - the options are exercisable if the Board notices subsequently to the 25th July 2012 that the EBITDA has risen by 17% per year over two consecutives exercises.

Fair value and expense to be recognised

The fair value of the share options is estimated at the grant date using a Monte- Carlo simulation model, taking into account the terms and conditions upon which the share options were granted. The inputs of that model were the share price, exercise price, expected volatility, option life, expected dividends and the risk free interest rate.

Picard Group being unlisted, the expected volatility has been determined as an average of historical volatility of comparable companies.

	Assumptions at grant date (25th July 2006)
Dividend yield (%)	0
Expected volatility (%)	30%
Risk-free interest rate (%)	3,75%
Model used	Monte Carlo

As at March 31st 2010 the management's best estimate of the date of transfer was September 30th 2010. Concerning the condition on the EBITDA, its achievement was never considered as probable.

The fair value of these instruments and the resulting expenses are presented below:

	Class 1 options	**Class 2 options**	**Total**
Fair value of the option (€)	1,91	1,34	
FY 2009 expense (000 €)	46	32	78
FY 2010 expense (000 €)	46	32	78

Movement during the year

The following table illustrates the number (No.), exercise prices (EP) and remaining contractual life (RCL) of, and movements in, share options during the year:

	2010			**2009**		
	No.	**EP**	**RCL**	**No.**	**EP**	**RCL**
Outstanding at 1st April	**250 000**	**20,5 €**	**9,82**	**250 000**	**20,5 €**	**10,82**
Granted during the year (*)	—	—	—	—	—	—
Forfeited during the year	—	—	—	—	—	—
Exercised during the year	—	—	—	—	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at 31th March	**250 000**	**20,5 €**	**8,82**	**250 000**	**20,5 €**	**9,82**

(*) until 25th July 2012, forfeited options are reallocated to remaining option-holders

Shares and warrants subscribed by some managers

At the time of the investment of BC Partners fund in the capital of Picard Group (December 2004), some managers of Picard have been given the option of subscribing to shares and warrants of the group. Those investments were made through few dedicated companies held by the managers.

Those subscriptions were realized at fair value; thus no share based payment expense was recognized.

21. TRADE AND OTHER PAYABLES

In thousand of €	As at March 31, 2010	2009
Trade payables	130 619	93 978
Payables to suppliers of fixed assets	6 233	4 973
Social liabilities	30 931	28 597
Tax payables	9 042	8 301
Other payables	237	253
Trade and other payables	**177 062**	**136 102**

Social liabilities include variable components of salaries which are not due for payment yet, accrued costs in relation with paid vacations, "recoverable" days in accordance with the agreement concerning the "Reduction of working time", and legal and contractual profit sharing.

22. RELATED PARTY DISCLOSURES

The financial statements include the financial statements of the Group and the subsidiaries listed in the following table:

Name	Country of incorporation	% equity interest 2010	2009
Picard Groupe	France	100.00%	100.00%
SA OBO 6	France	100.00%	100.00%
Picard Surgelés SA	France	100.00%	100.00%
Picard I Surgelati SPA	Italy	100.00%	100.00%
Primex International SA	France	37.21%	37.21%

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

		Dividends from related parties €000	Purchases from related parties €000	Amounts owed by related parties* €000	Amounts owed to related parties* €000
Associate:	2010	156	45.280	—	5.617
Primex International SA	2009	170	41.274	—	4.542

* *Amounts are classified as trade receivables / trade payables respectively*

Compensation of key management personnel of the Group

	2010 €000	2009 €000
Total compensation paid to key management personnel	1 853	1 289

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

23. COMMITMENTS AND CONTINGENCIES

Operating lease commitments—Group as lessee

The Group has entered into commercial leases on commercial premises and warehouses. These leases have an average life of three years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2010 are as follows:

In thousand of €	Total	Less than one year	Between 1 and 5 years	More than 5 years
Operating leases	93 133	40 402	45 073	7 658

Mortgages and pledges

Following guarantees have been granted by Picard Groupe to secure the €770.000 thousand bank loan:

- Pledge of Picard Groupe's bank accounts;
- Pledge of the account of financial instruments relating to the financial instruments held by Picard Groupe in Picard Surgelés share capital.

Partnership

The Picard Surgelés subsidiary enters into frame agreements with some of its suppliers with a commitment on an annual volume of purchase. Suppliers may produce and store products dedicated to Picard Surgelés. Nevertheless, the transfer of ownership of these products occurs only at delivery of goods in Picard Surgelés or subcontractors warehouses.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

To manage this risk, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At 31 March 2010, after taking into account the effect of interest rate swaps, the net debt of the Group is at a fixed rate of interest, and there is no material sensitivity to a reasonably possible change in interest rates, after the impact of hedge accounting.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Considering its activity, the Group is not exposed to credit risk from operating activities. Furthermore, the Group is not exposed to credit risk from its financing activities (deposits with banks and financial institutions and other financial instruments) as investments of surplus funds are made only with approved counterparties.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and finance leases. 14.7% of the Group's debt will mature in less than one year at 31 March 2010 (09: 11.9%) based on the carrying value of borrowings reflected in the financial statements.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at the maturity date.

	Year ended 31 March 2009			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial Liabilities				
Fixed rate borrowing	—	—	852 570	852 570
Obligation under finance leases	1 093	13 406	—	14 499
Floating rate borrowings	59 764	674 617	—	734 381
Trade and other payables	136 102	—	—	136 102
Bank overdraft	10 893	—	—	10 893
Total	**207 852**	**688 023**	**852 570**	**1 748 445**

	Year ended 31 March 2010			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial Liabilities				
Fixed rate borrowing	—	—	852 570	852 570
Obligation under finance leases	4 539	9 179	—	13 718
Floating rate borrowings	67 642	595 652	—	663 295
Trade and other payables	177 062	—	—	177 062
Bank overdraft	984	—	—	984
Total	**250 227**	**604 831**	**852 570**	**1 707 629**

Upon the occurrence of a change of control, Picard Groupe would repurchase the fixed rate borrowing and the floating rate borrowing at a redemption price which amounts to the principal and interests due as of the day of repayment.

25. EVENTS AFTER THE REPORTING PERIOD

On May 28, 2010, tax authority notified the Group a tax reassessment of K€ 4 404 (including K€ 528 for late payment interests). The board of directors, after taking professional advice from its legal advisers, considers this reassessment as unfounded. The amount the Group may pay, the case may be, is difficult to estimate at this stage of the procedure. The Group will dispute all amounts included in this claim. Thus, no accrual related to this claim has been recorded as of March 31, 2010.

26. CONSOLIDATED ENTITIES AS OF MARCH 31, 2010

Name	Country of incorporation	Consolidation method	% of interest	% of control
Picard Groupe	France	Full	100.00%	100.00%
SA OBO 6	France	Full	100.00%	100.00%
Picard Surgelés SA	France	Full	100.00%	100.00%
Picard I Surgelati SPA	Italy	Full	100.00%	100.00%
Primex International SA	France	Equity method	37.21%	37.21%
Frozendir	France	Not integrated	0.00%	51.00%
Frozenop	France	Not integrated	16.78%	51.00%
Frozenciv	France	Not integrated	16.26%	51.00%

Although Picard Groupe holds 51% of control on Frozendir, Frozenop and Frozenciv, these entities being ad hoc structures with no operating activity, this control is ineffective. Consequently, these entities were not consolidated in the group Consolidated Financial Statements.

PICARD GROUPE

Consolidated Financial Statements

30 June 2010

PICARD GROUPE SA
Consolidated financial statements at June 30, 2010

CONSOLIDATED BALANCE SHEET

ASSETS **In thousands of euros**	**June 30, 2010** **Gross value**	**Depreciation, amortization and provisions**	**Net value**	**March 31, 2010**
Intangible assets				
Goodwill	1,183,003	330,255	852,748	867,536
Leasehold rights	32,942	317	32,625	32,575
Other intangible assets	17,668	10,052	7,616	6,210
Property, plant and equipment				
Land	7,411		7,411	7,411
Buildings	73,845	38,226	35,619	36,380
Other property, plant and equipment	338,557	193,893	144,664	144,426
Financial fixed assets				
Long-term investments	4,124		4,124	4,122
Investments accounted for under the equity method	8,037		8,037	7,832
Lease deposits	8,520		8,520	8,457
Non-current assets	**1,674,107**	**572,743**	**1,101,364**	**1,114,949**
Inventories				
Goods for resale	72,960	949	72,011	71,747
Accounts receivable				
Services rebilled to suppliers	2,918		2,918	2,756
Trade accounts receivable	867	389	478	405
Other receivables	9,479		9,479	8,188
Deferred tax assets	0	0	0	0
Cash and cash equivalents				
Marketable securities	118,330		118,330	132,225
Cash	9,366	88	9,278	11,996
Adjustment accounts				
Prepaid expenses	17,319		17,319	17,293
Current assets	**231,239**	**1,426**	**229,813**	**244,610**
Total assets	**1,905,346**	**574,169**	**1,331,177**	**1,359,559**

PICARD GROUPE SA
Consolidated financial statements at June 30, 2010

CONSOLIDATED BALANCE SHEET

STOCKHOLDERS' EQUITY AND LIABILITIES **In thousands of euros**	**June 30, 2010**	**March 31, 2010**
Common stock	186,000	186,000
Additional paid-in-capital — equity warrants	2,415	2,415
Retained earnings (accumulated losses)	(114,673)	(104,038)
Net income (loss) for the period	(4,776)	(10,634)
Stockholders' equity	**68,966**	**73,743**
Non-controlling interests in retained earnings (accumulated losses)		
Non-controlling interests in net income (loss)		
Non-controlling interests in stockholders' equity		
Stockholders' equity (before allocation of net loss)	**68,966**	**73,743**
Provisions for deferred taxes	**21,814**	**21,920**
Provisions for risks and charges	**7,624**	**7,683**
Liabilities		
Bonds	431,024	422,694
Bank loans and borrowings	624,100	653,639
Liabilities under finance leases	1,707	1,759
Other financial debt	1,261	1,059
Trade accounts payable	132,735	136,852
Tax and social liabilities	41,719	39,973
Other liabilities	227	237

Total liabilities	**1,232,773**	**1,256,213**
Total liabilities and stockholders' equity	**1,331,177**	**1,359,559**

PICARD GROUPE SA
Consolidated financial statements at June 30, 2010

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT In thousands of euros	June 30, 2010	June 30, 2009
Sales of goods	**271,705**	**258,330**
Purchases of goods	(156,369)	(150,540)
Gross margin	**115,336**	**107,790**
% sales excluding VAT	*42.45%*	*41.73%*
Other purchases and external expenses	(40,366)	(39,457)
Own work capitalized	435	81
Miscellaneous revenue	86	195
	(39,845)	(39,181)
Value added	**75,491**	**68,609**
Taxes other than on income	(5,590)	(4,892)
Wages and salaries	(25,911)	(23,770)
Payroll charges	(9,094)	(7,940)
	(40,595)	(36,602)
EBE	**34,896**	**32,007**
Depreciation, amortization and provisions	(6,577)	(6,556)
Reversal of provisions and expense transfers	299	79
Other expenses	(547)	(296)
	(6,825)	(6,773)
Net operating income	**28,071**	**25,234**
Financial expenses	(12,472)	(15,728)
Financial income	176	342
Net financial expense	**(12,296)**	**(15,386)**
Recurring income before tax	**15,775**	**9,848**
Non-recurring expenses	(1,035)	(175)
Non-recurring income	409	141
Net non-recurring expense	**(626)**	**(34)**
Income before tax and amortization of goodwill	**15,149**	**9,814**
Corporate income tax and deferred taxes	(5,343)	(3,506)
Share of profit of associates	206	179
Net income before amortization of goodwill	**10,012**	**6,487**
Attributable to owners of the parent	10,012	6,487
Attributable to non-controlling interests		
Goodwill amortization	(14,788)	(14,788)
Net loss for the year	**(4,776)**	**(8,301)**
Attributable to owners of the parent	(4,776)	(8,301)
Attributable to non-controlling interests		

PICARD GROUPE SA
Consolidated financial statements at June 30, 2010

CASH-FLOW STATEMENT

In thousands of euros	Quarter ended June 30, 2010 (3 months)	Year ended March 31, 2010 (12 months)
OPERATING ACTIVITIES		
NET OPERATING INCOME	**28,071**	**132,569**
Reversal of depreciation, amortization and provisions	(299)	(1,884)
Additions to depreciation, amortization and provisions	6,577	27,442
Net cash provided by operating activities (excluding change in working capital requirements and before net financial expense, corporate income tax and non-recurring items)	**34,349**	**158,127**
NET CHANGE IN OPERATING ITEMS		
Change in inventories	(268)	3,677
Change in trade accounts receivable	346	1,295
Change in trade accounts payable	(4,116)	37,901
Change in tax and social liabilities	1,746	3,075
Change in other liabilities	(2,009)	(610)
Net change in working capital requirements	**(4,301)**	**45,338**
Net cash provided by operating activities before net financial expense, corporate income tax and non-recurring items	**30,048**	**203,465**
NET CHANGE IN NON-OPERATING ITEMS	***(18,132)***	***(82,768)***
Financial expenses	(12,472)	(59,421)
Financial income	175	922
Dividends received from associates	0	156
Sub-total — Net financial expense	***(12,297)***	***(58,343)***
Corporate income tax (net)	(5,449)	(24,635)
Non-recurring operating items	(473)	(631)
Proceeds from disposals of property, plant and equipment and intangible assets	87	325
Proceeds from disposals of financial fixed assets	0	516
Net cash provided by operating activities	**11,916**	**120,697**
INVESTING ACTIVITIES		
Purchases of intangible assets	(1,942)	(8,517)
Purchases of property, plant and equipment	(5,524)	(28,056)
Investment subsidies received	0	0
Acquisition of financial fixed assets	(63)	(527)
Acquisitions and disposals of subsidiaries	0	(338)
Net cash used by investing activities	**(7,529)**	**(37,438)**
FINANCING ACTIVITIES		
Increase in share capital or contributions	0	0
Dividends paid to owners of the parent	0	0
Dividends paid to non-controlling interests	0	0
Change in other equity	0	0
Increase in borrowings / accrued or capitalized interest	8,334	31,403
Repayment of borrowings	(29,537)	(47,997)
Net cash used by financing activities	**(21,203)**	**(16,594)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(16,816)**	**66,665**
Effects of changes in exchange rates		
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**143,326**	**76,661**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**126,510**	**143,326**

Significant accounting policies

The significant accounting policies applied by the Group are described below.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Picard Groupe were drawn up in accordance with the French accounting principles and standards defined by regulation 99.02 issued by the French Accounting Board (*Comité de la Réglementation Comptable* — CRC), and in particular CRC regulations on the definition, recognition and measurement of assets (CRC 2004-06) and on the depreciation, amortization and impairment of assets (CRC 2002-10).

FINANCIAL YEAR

The June 30, 2010 reporting date covers a 3-month period.

CONSOLIDATION METHOD

Companies directly or indirectly controlled by Picard Groupe are fully consolidated.

Companies in which Picard Groupe exercises significant influence but not control, are accounted for under the equity method.

Other investments are shown in the consolidated balance sheet at the lower of acquisition cost and estimated realizable value.

ELIMINATION OF INTERCOMPANY TRANSACTIONS

All intercompany transactions are eliminated. Margins on intercompany sales of goods are eliminated when the goods remain in inventory at the reporting date. The corresponding inventories carried in the balance sheet are written down by this margin.

Any intercompany dividends have also been eliminated.

FOREIGN CURRENCY TRANSLATION

The financial statements of all Group companies are domiciled in the eurozone.

CONSISTENCY OF FINANCIAL STATEMENTS

The presentation of the financial statements of foreign subsidiaries is brought into line with the presentation adopted by French entities and complies with French accounting standards.

When a subsidiary uses a measurement method that is not in line with the Group's method, and this method results in a substantially different accounting position, the subsidiary's financial statements are adjusted in line with Group standards.

Accounting methods used by the Group's foreign subsidiaries are adjusted in line with Group methods, in particular as concerns the depreciation and useful lives of property, plant and equipment.

INTANGIBLE ASSETSbGOODWILL

Goodwill represents the difference between the acquisition price of consolidated companies or associates and the Group's equity in their net assets, calculated based on the fair value of the assets and liabilities at the acquisition date.

Goodwill is amortized on a straight-line basis over a period based on the useful lives of the assets employed in the core business of Group companies. This approach is consistent with the calculation of overall return used to measure Picard Groupe's investments.

Goodwill is defined as the excess return on equity based on the future economic benefits expected to derive from the asset.

At the end of each reporting period, an independent expert compares the excess return on equity with the net carrying amount of goodwill in the balance sheet. If the excess return on equity is lower than the net carrying amount, a write-down is recognized immediately as accelerated amortization. b**LEASEHOLD RIGHTS**

Leasehold rights comprise any amounts paid to owners of leased property at the time of new store openings. The gross value carried in assets on the balance sheet consists of the purchase cost.

Owing to legal protection attached to leasehold rights in France, these rights are not amortized.

At the end of each reporting period, the value of leasehold rights per store is reviewed in light of that store's financial position. If a decrease in value is identified, a write-down is recorded. b**SOFTWARE**

Software acquired by the company is recorded in intangible assets at acquisition cost, and amortized on a straight-line basis over a maximum period of three years.

Software developed and intended for internal use is recorded in intangible assets at development cost and is amortized on a straight-line basis over a maximum period of three years.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at acquisition cost.

Maintenance and repair costs are expensed. Costs incurred within the scope of multi-annual store refurbishment programs are not capitalized, with the exception of freezers and signs.

Depreciation is recognized on a straight-line basis as a decrease in the gross value of property, plant and equipment over the period during which the company expects to use the assets:

	Group method	
Type	**Method**	**Useful life**
Intangible assets		
Concessions, patents and licenses	Straight-line	3 years
Property, plant and equipment		
Buildings	Straight-line	20 years
Building improvements	Straight-line	20 years
Technical fittings	Straight-line	5 - 10 years
Equipment and industrial tools	Straight-line	5 - 10 years
General installations, miscellaneous fixtures and fittings	Straight-line	5 - 20 years
Vehicles	Straight-line	4 years
Office and IT equipment	Straight-line	3 - 5 years
Furniture	Straight-line	10 years

FINANCIAL FIXED ASSETS

Non-consolidated investments are recorded at acquisition price.

At the end of the reporting period, these investments are measured according to the same criteria as those used at the acquisition or investment date.

A write-down is recorded if there is an adverse change in these criteria.

LEASESb**FINANCE LEASES**

Stores and warehouses held under finance leases are adjusted on consolidation so as to present the value of the buildings and land concerned in assets and the related financial debt in liabilities.

Annual lease expenses are eliminated and replaced by:

- a depreciation charge calculated according to the principles applicable to the non-current assets concerned;
- a financial expense relating to the loan resulting from the adjustment of the lease transactions. b**OPERATING LEASES**

Lease agreements considered to meet the definition of operating leases are not adjusted in the consolidated financial statements.

The criteria used to distinguish finance leases from operating leases are:

– the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain that the option will be exercised;

– the leased assets are of such a specialized nature than only the lessee can use them without major modifications;

– the lease term is for the major part of the economic life of the asset;

– the present value of the minimum lease payments is equal to or more than the fair value of the leased asset.

If the lease agreement meets any one of these four criteria, the lease is considered to be a finance lease.

INVENTORIES

The gross value of goods for resale and supplies corresponds to their purchase price plus ancillary costs. Cost price therefore includes the external cost of transporting goods to the warehouses, customs duties and, where appropriate, any packaging costs incurred. The cost of transporting goods from warehouses to stores is not included in the cost of inventories.

Goods for resale are measured based on the last known purchase price, taking into account the high inventory turnover.

Goods intended for packaging by the company (but still in a pre-sale condition) are measured by batch.

A provision for impairment is recorded based on the following criteria:

- A 50% write-down is taken on frozen (and non-frozen) goods no longer appearing in the catalog but with remaining quantities to be sold in stores.

- A 75% write-down is taken on goods for which quantities in inventory are higher than the forecast sales of goods for the period determined by the Group.

- A 75% write-down is taken on goods that are likely to be written down due to regulations concerning the period over which they can be sold.

- A 100% write-down is taken on non-marketable products no longer appearing in the catalog.

RECEIVABLES

Receivables are carried at their nominal value including taxes, and measured on a case-by-case basis. Where appropriate, a provision for impairment is recognized to take into account any difficulties that might arise concerning collection.

This relates to certain accounts receivable concerning home delivery or local authority customers who can benefit from favorable payment terms.

STORE OPENING COSTS

These costs are recognized in full within operating expenses as incurred.

DEFERRED TAXES

Deferred taxes are recorded in the income statement and in the balance sheet to reflect differences in the timing of recognition of certain income and expenses for accounting and tax purposes.

Deferred taxes are calculated using the balance sheet liability method for any temporary differences resulting from the difference between the value of assets and liabilities for accounting and tax purposes.

The tax rate applied is the official rate enacted at the end of the reporting period based on the reversal of the temporary difference.

Deferred tax assets or liabilities reflect:

- the impact of temporary differences between income and expenses included in the calculation of consolidated income for accounting purposes and those included in the calculation of income for tax purposes.

Tax loss carryforwards give rise to a deferred asset in the balance sheet. A provision is recognized where appropriate if it is unlikely that sufficient taxable income will be generated against which the tax losses can be utilized.

MARKETABLE SECURITIES

Marketable securities are recorded in the balance sheet at the lower of historical cost and market value as of the end of the reporting period.

PROVISIONS FOR RISKS AND CHARGES

The estimated amount of all provisions for contingencies and expenses is based on economic and legal data that may change over time and is therefore subject to the uncertainties inherent to any estimates. b**RETIREMENT INDEMNITIES**

Retirement indemnities are calculated on the basis of the collective bargaining agreement for the food industry ("*Commerce à prédominance alimentaire*").

Retirement indemnities are calculated for each employee using demographic (mortality tables, estimated staff turnover and seniority) and financial (salary increase, inflation rate) assumptions. They are discounted based on the yield on 10-year French Treasury bonds (OAT), and include payroll charges measured at current rates.

Retirement benefits are recognized as and when they are vested by employees.

A provision is also recorded for retirement indemnities in balance sheet liabilities. b**OTHER PROVISIONS FOR CONTINGENCIES AND EXPENSES**

These include estimated costs relating to litigation, disputes and other claims from third parties, particularly employees.

EMPLOYEE PROFIT-SHARING

The cost of employee profit-sharing is covered by a provision in the financial statements of Picard Surgelés.

TAXATIONb**TAX CONSOLIDATION GROUP**

Picard Groupe is the head of a tax group it forms with its subsidiaries OBO 6 and Picard Surgelés.

Companies included in tax consolidation for the 3-month period closed at June 30, 2010 are as follows:

- SA Picard Groupe, head of tax group
- SA Picard Surgelés
- SA OBO 6

LIST OF CONSOLIDATED COMPANIES

At June 30, 2010, companies included in Picard Groupe's scope of consolidation were as follows:

Company	Registered office	SIREN	% interest at June 30, 2010	% interest at June 30, 2010
Fully consolidated companies				
SA PICARD GROUPE	54, avenue Marceau 75008 Paris, France	421 896 457	Parent company	Parent company
SA OBO 6	54, avenue Marceau 75008 Paris, France	435 355 631	100%	100%
Picard I Surgelati SPA	21042 Caronno, Italy	1 275 750 121	100%	100%
Picard Surgelés SA...............	37 bis rue Royale, 77300 Fontainebleau, France	784 939 688	100%	100%
Companies accounted for under the equity method (associates)				
Primex International SA.......	87 avenue Niel 75017 Paris, France	328 667 944	37.21%	37.21%

Balance sheet items—Assets

NON-CURRENT ASSETSb**GOODWILL**

Goodwill arising on the acquisition by Picard Groupe of the Financière Fontainebleau group reflects the difference between the acquisition price of the securities and the Group's share in the net assets of companies acquired, determined based on the fair value of the assets and liabilities at November 30, 2004.

The acquisition price used for the calculation of goodwill includes the legal (net of the related tax credit) and advisory fees incurred in connection with the acquisition.

The fair value of the assets and liabilities of the companies acquired was valued by an independent expert and gave rise to the revaluation of property, plant and equipment property, plant and equipment (buildings) belonging to Picard Surgelés at €34.3 million. A depreciation charge based on the depreciable period applicable to the assets concerned was recorded in the consolidated financial statements.

The gross value of the goodwill was €1,183 million at June 30, 2010.

All goodwill relates to Picard Surgelés.

At June 30, 2010, accumulated amortization recognized in respect of goodwill, calculated using the straight-line method over 20 years, amounted to €330 million (of which €14.8 million over the period).

Goodwill	
Gross value at March 31, 2010	**1,183,003**
Increases	**0**
Decreases / adjustment	**0**
Gross value at June 30, 2010	**1,183,003**

Goodwill	
Amortization at March 31, 2010	**315,467**
Increases	**14,788**
Decreases / adjustment	**0**
Amortization at June 30, 2010	**330,255**

b**INTANGIBLE ASSETS**

In thousands of euros	Concessions, patents and licenses	Leasehold rights	Other intangible assets	Total
Gross value at June 30, 2010	**12,200**	**32,942**	**5,468**	**50,610**
Acquisitions	254	50	1,638	**1,942**
Disposals	(150)	0	0	**(150)**
Gross value at March 31, 2010	**12,096**	**32,892**	**3,830**	**48,818**

Capital expenditure recorded under *Concessions, patents and licenses* mainly corresponds to the acquisition of computer software.

The increase in *Other intangible assets* (€1,638 thousand) mainly reflects certain internal and external costs recorded over the year with regard to the proposed overhaul of part of the Company's information system (installation of SAP for the monitoring and control of goods and inventories).

In thousands of euros	Concessions, patents and licenses	Leasehold rights	Other intangible assets	Total
Amortization and provisions at June 30, 2010	**10,053**	**317**	**0**	**10,370**
Amortization	383	0	0	**383**
Reversals	(46)	0	0	**(46)**
Reclassifications				**0**
Amortization and provisions at March 31, 2010	**9,716**	**317**	**0**	**10,033**

b**PROPERTY, PLANT AND EQUIPMENT**

In thousands of euros	Land	Buildings	Technical fittings, machinery and equipment	Other property, plant and equipment	Total
Gross value at June 30, 2010	**7,411**	**73,844**	**154,946**	**183,613**	**419,814**
Acquisitions	0	19	3,017	2,486	**5,522**
Disposals	0	0	(1,265)	(340)	**(1,605)**
Gross value at March 31, 2010	**7,411**	**73,825**	**153,194**	**181,467**	**415,897**

In thousands of euros	Buildings	Technical fittings, machinery and equipment	Other property, plant and equipment	Total
Depreciation at June 30, 2010	**38,226**	**94,468**	**99,425**	**232,119**
Depreciation	781	2,748	2,380	**5,909**
Reversals	0	(1,165)	(305)	**(1,470)**
Reclassifications				**0**
Depreciation at March 31, 2010	**37,445**	**92,885**	**97,350**	**227,680**

b**FINANCIAL FIXED ASSETS**

In thousands of euros	Investments	Deposits and guarantees	Investments in companies under the equity method	Total
Gross value at June 30, 2010	**4,124**	**8,520**	**8,037**	**20,681**
Increase	2	63	205	270
Decrease	0	0	0	0
Gross value at March 31, 2010	**4,122**	**8,457**	**7,832**	**20,411**

Investments accounted for under the equity method comprise the 37.21% interest held by Picard Surgelés in Primex, corresponding to the par value of the shares on creation of that company on January 13, 1984.

Primex is also a supplier of Picard Surgelés.

Receivables and payables related to Primex are as follows:

In thousands of euros	June 30, 2010	March 31, 2010
Trade accounts receivable	**2**	**3**
Trade accounts payable	**3,189**	**5,617**

CURRENT ASSETS

In thousands of euros	June 30, 2010
Less than 1 year	**226,976**
Between 1 and 5 years	**1,885**
More than 5 years	**810**
Total	**229,671**

Most current assets have maturities of less than one year. Current assets with maturities of more than one year correspond to the balance of entry fees that are being amortized over the term of the lease. b**INVENTORIES**

	June 30, 2010		March 31, 2010	
In thousands of euros	Gross	Net	Gross	Net
Consumables	86	**86**	**0**	**0**
Packaging	230	**230**	175	**175**
Unpackaged goods	7,098	**7,098**	5,361	**5,361**
Packaged goods	65,546	**64,597**	67,157	**66,211**
Total	**72,960**	**72,011**	**72,693**	**71,747**

b**RECEIVABLES**

Trade accounts receivable

	June 30, 2010		March 31, 2010	
In thousands of euros	Gross	Net	Gross	Net

Trade accounts receivable	867	**478**	797	**405**

Other receivables

In thousands of euros	June 30, 2010	March 31, 2010
Personnel and related accounts	**365**	**394**
VAT, social security and income tax	**5,421**	**5,739**
Services rebilled to suppliers	**2,918**	**2,756**
Tax receivables	**937**	**1,028**
Other receivables	**2,756**	**1,027**
Total	**12,397**	**10,944**

Other receivables mainly include advances granted to various debtors (within the scope of the rebillings to lessors of stores in the course of opening), credit notes and volume and promotional rebates from suppliers (not yet invoiced).

Prepaid Expenses

In thousands of euros	June 30, 2010	March 31, 2010
Prepaid expenses	17,319	17,293
Total	**17,319**	**17,293**

Prepaid expenses include in particular store rental expenses, insurance premiums and advertising costs. b**CASH AND MARKETABLE SECURITIES**

	June 30, 2010		March 31, 2010	
In thousands of euros	Gross	Net	Gross	Net
Marketable securities	118,330	118,330	132,225	132,225
Cash	9,366	9,278	12,085	11,996
Total	**127,696**	**127,608**	**144,310**	**144,221**

Marketable securities comprise investments in UCITs.

Balance sheet items—Liabilities

STOCKHOLDERS' EQUITY

At June 30, 2010, the share capital of Picard Groupe, the consolidating entity, amounted to €186,000,000, breaking down as 11,625,000 shares with a par value of €16.

In thousands of euros	Common stock	Equity warrants	Retained earnings	Consolidated net income (loss)	Stockholders' equity
Balance at June 30, 2010	**186,000**	**2,415**	**(114,673)**	**(4,776)**	**68,966**
Allocation of net income			(10,634)	10,634	**0**
Consolidated net income for financial year (group share)				(4,776)	**(4,776)**
Balance at March 31, 2010	**186,000**	**2,415**	**(104,038)**	**(10,634)**	**73,743**

b**Equity warrants attached to shares issued by PICARD GROUPE:**

The Combined Shareholders' Meeting of December 3, 2004 authorized the issue of 1,690,000 equity warrants (categories 1 to 6).

These equity warrants were subscribed in full by Frozendir for a total amount of €2,415,000.

The exercise of all these warrants would lead to the issuance of 1,690,000 new Picard Groupe shares with a par value of €16.

The equity warrants can be exercised subject to certain terms and conditions, including a change of control of Picard Groupe and the achievement of a project internal rate of return.

PROVISIONS FOR DEFERRED TAX LIABILITIES

The €21.8 million provision for deferred tax liabilities recorded at June 30, 2010 mainly relates to Picard Surgelés and reflects the deferred tax liabilities recorded on the revaluation of certain buildings resulting from the difference between accounting and tax depreciation periods.

PROVISIONS FOR RISKS AND CHARGES

In thousands of euros	Retirement indemnities	Operational risks	Disputes and litigation	Total
Provision at June 30, 2010	**4,740**	**934**	**1,949**	**7,623**
Allowances	104	2	138	**244**
Reversal	(8)	(67)	(230)	**(306)**
Provision at March 31, 2010	**4,644**	**999**	**2,040**	**7,683**

b**PROVISIONS FOR DISPUTES AND OTHER PROVISIONS**

These primarily concern provisions for labor disputes, litigation and various taxes.

At June 30, 2010, the reversal of the provision for labor disputes of €195 thousand was not utilized during the period. b**PROVISIONS FOR OPERATIONAL RISKS**

The increase in tax provisions mainly reflects the impact of the tax deficiency notice received from the French tax authorities further to the tax audit. b**PROVISIONS FOR RETIREMENT INDEMNITIES**

The increase in this provision mainly reflects the change in the discount rate (OAT 10-year).

FINANCIAL DEBT

In thousands of euros	March 31, 2010	Increase	Decrease	June 30, 2010
Financial debt / Borrowings				
Convertible bond	39,178	725		**39,903**
Ordinary bond	383,516	7,605		**391,121**
Bank loan	653,549	1,423	(30,959)	**624,013**
Swaps and caps	90	2,707	(2,710)	**87**

Total financial debt / borrowings	**1,076,333**	**12,460**	**(33,669)**	**1,055,124**
Other financial debt				
Bank credit facility	984	202		**1,186**
Finance lease	1,759		(52)	**1,707**
Other	75			**75**
Total other financial debt	**2,818**	**202**	**(52)**	**2,968**
Total	**1,079,151**	**12,662**	**(33,721)**	**1,058,092**

b**BONDS**

Convertible bond

On December 3, 2004, Picard Groupe issued €26,693,770 worth of convertible bonds, breaking down as 2,669,377 bonds with a par value of €10.

The bond has a term of 14.5 years and mature on June 3, 2019. The bond bears annual interest of 7.5%. Interest is capitalized annually.

Each convertible bond gives the right to subscribe, subject to certain Group performance conditions and at the holder's option, to one OBO6 share with a par value of €10. All outstanding bonds are redeemable at term.

Ordinary bond

On December 3, 2004, Picard Groupe issued €252,306,230 worth of ordinary bonds, breaking down as 25,230,623 bonds with a par value of €10.

The bond has a term of 14.5 years and mature on June 3, 2019. The bond bears annual interest of 8.05%. Interest is capitalized annually.

The bonds are redeemable at term. b**BANK LOANS**

Bank loan

A loan of €770,000,000 was contracted on June 27, 2007. This loan is being amortized over five years, with the last repayment being due on June 27, 2012.

The loan bears interest at a variable rate set with reference to market rates (1, 3 or 6-month Euribor), plus a margin that may vary depending on Group EBITDA.

Interest rate risk on this loan is hedged through June 27, 2012 with interest rate caps and swaps. b**OTHER FINANCIAL DEBT**

This item notably includes:

- Creditor current bank accounts relating mainly to Picard Surgelés in an amount of €1,186 thousand at June 30, 2010;
- Financial debt relating to stores and warehouses financed by various leases for an amount of €1,707 thousand at June 30, 2010.

The breakdown of financial debt by maturity is presented below:

In thousands of euros	**June 30, 2010**	**March 31, 2010**
Less than 1 year	**71,735**	**64,153**
Between 1 and 5 years	**554,614**	**591,537**
More than 5 years	**431,743**	**423,461**
Total	**1,058,092**	**1,079,151**

b**Foreign exchange risk**

The Group's activities are carried out by subsidiaries mainly operating in the eurozone.

CURRENT LIABILITIES AND OTHER DEBTbTRADE ACCOUNTS PAYABLE

Trade accounts payable consist of the following:

In thousands of euros	June 30, 2010	March 31, 2010
Trade accounts payable	126,438	130,619
Amounts owed to suppliers of fixed assets	6,297	6,233
Total	**132,735**	**136,852**

Trade accounts payable break down as follows by company:

In thousands of euros	June 30, 2010	March 31, 2010
Trade accounts payable Picard Groupe	1,330	259
Trade accounts payable Picard Surgelés	122,843	128,022
Trade accounts payable Picard I Surgelati	2,261	2,338
Other Group companies	4	—
Total trade accounts payable and related accounts	**126,438**	**130,619**

Amounts owed to suppliers of fixed assets break down as follows by company:

In thousands of euros	June 30, 2010	March 31, 2010
Amounts owed to suppliers of fixed assets Picard Surgelés	6,297	6,233
Total suppliers of fixed assets	**6,297**	**6,233**

The change in *Amounts owed to suppliers of fixed assets Picard Surgelés* is essentially dependent on the new store opening schedule. b**TAX AND SOCIAL LIABILITIES**

In thousands of euros	June 30, 2010	March 31, 2010
Social liabilities—personnel	24,948	20,721
Social liabilities—social organizations	11,982	10,210
Tax payables	2,463	3,377
Organic, agefiph tax payable	2,326	5,665
Total	**41,719**	**39,973**

- Social liabilities related to personnel include variable remuneration whose payment is deferred by one or several months, accrued costs in relation to paid vacations, recoverable days under the French working time reduction law (RTT), and statutory and contractual profit-sharing.

In accordance with the LME law (*Loi de Modernisation de l'Economie)* published in August 2008, tax payables at June 30, 2010 include Tascom in an amount of €1,412 thousand (compared to €3,409 thousand at March 31, 2010).

Off-balance sheet commitments

FINANCIAL COMMITMENTS

At June 30, 2010, the Group operated 43 stores financed under lease agreements that are accounted for as operating leases. These agreements are not adjusted in the consolidated financial statements. The principal outstanding at June 30, 2010 amounted to €11,738 thousand.

MORTGAGES AND PLEDGES

As part of the bank loan subscribed for €770,000,000, Picard Groupe granted a pledge on financial instruments (including the cash account) relating to the securities held by Picard Groupe in Picard Surgelés.

OTHER COMMITMENTS GRANTED AND RECEIVED

- **Partnerships**

Group subsidiary Picard Surgelés enters into partnership agreements with some of its suppliers, with commitments generally based on an annual volume of purchases. Under the agreements, suppliers produce and store products intended for Picard Surgelés. However, the transfer of ownership of these products only takes place on delivery of goods to the warehouses of Picard Surgelés or its subcontractors.

- **Commitment to sell and purchase securities**

- Sale and purchase commitment between Frozenciv shareholders and Picard Groupe

All shareholders of SAS Frozenciv are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozenciv shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozenciv shareholders a portion of their Frozenciv shares subject to certain terms and conditions.

- Unilateral sale and purchase commitment between Frozendir shareholders and Picard Groupe

All shareholders of SAS Frozendir are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozendir shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozendir shareholders a portion of their Frozendir shares subject to certain terms and conditions.

- Sale and purchase commitment between Frozenop shareholders and Picard Groupe

All shareholders of SAS Frozenop are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozenop shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozenop shareholders a portion of their Frozenop shares subject to certain terms and conditions.

- Other commitments and information

Under the authorization granted by the Extraordinary Shareholders' Meeting of December 3, 2004, on July 25, 2006 the Board of Directors set up a share subscription option plan for Picard Groupe effective from that date. Under the plan, the Group awarded 125,000 class 1 options granting the right to subscribe to 100,000 ordinary shares in the Company and 125,000 class 2 options granting the right to subscribe to 100,000 ordinary shares in the Company. These options were granted for a period of 12 years and can be exercised subject to certain conditions. No options were exercised during the period.

A tax audit is in progress in the tax consolidation group relating to the 2004-2005, 2005-2006 and 2006-2007 financial years. However, the tax audits relating to Picard Surgelés and Financière Fontainebleau within this tax group have now been completed.

- **Equity warrants**

- Commitment related to equity warrants attached to shares

Refer to the note on changes in consolidated stockholders' equity.

- Equity warrants attached to bonds

Mezzanine OBSA

600,300 equity warrants were attached to 1,380 Mezzanine OBSA bonds issued on December 3, 2004 and repaid in June 2006. These equity warrants are now detached from the bonds and grant the right to the issue of 600,300 Picard Groupe shares with a par value of €16. At June 30, 2010, none of the bonds had been exercised. These bonds are not valued in the financial statements at June 30, 2010. They are exercisable subject to certain conditions.

Junior Mezzanine OBSA

128,040 equity warrants were attached to 220 Junior Mezzanine OBSA bonds issued on December 3, 2004 and repaid in June 2006. These equity warrants are now detached from the bonds and grant the right to the issue of 128,040 Picard Groupe shares with a par value of €16. At June 30, 2010, none of these bonds had been exercised. These bonds are not valued in the financial statements at June 30, 2010. They are exercisable subject to certain conditions.

Subsequent events

On May 28, 2010 the French tax authorities issued a tax deficiency notice to Picard Groupe for an amount of €4,404 thousand, including €528 thousand in late payment interest. After consulting its advisors, the Board of Directors considers this proposed adjustment to be highly contestable and the corresponding risk non-quantifiable and therefore uncertain at this stage of the proceedings. The Company intends to vigorously contest the proposed adjustment. In this context, and in accordance with accounting standards, no provisions have been set aside by Picard Groupe in respect of this tax deficiency notice in the financial statements at June 30, 2010.

Income statement items

SALES OF GOODS

Sales of goods mainly consist of frozen food sold under the *Picard* or *Picard I Surgelati* trade marks.

In thousands of euros	June 30, 2010	March 31, 2010
Sales of goods France	**267,163**	**254,204**
Other	**267**	**281**
Total sales of goods—France	**267,430**	**254,485**
Sales of goods—Export	**4,275**	**3,845**
Total sales of goods—Export	**4,275**	**3,845**
Total sales of goods	**271,705**	**258,330**

STATUTORY AUDITORS' FEES

For the period ended June 30, 2010, fees invoiced in respect of the audit of the financial statements amounted to €138 thousand.

Fees invoiced for advisory and other services during the period amounted to €3 thousand.

TAXES OTHER THAN ON INCOME

In thousands of euros	June 30, 2010	March 31, 2010
Taxes on salaries	**817**	**677**
Business tax	**2,050**	**1,922**
Land taxes *(taxe professionnelle)*	**243**	**222**
Other local taxes	**115**	**22**
Tax on company vehicles	**18**	**23**
Solidarity and Tascom contributions	**1,135**	**1,102**
Other taxes	**1,212**	**924**
Total	**5,590**	**4,892**

At June 30, 2010, other taxes include the 2% fish tax payable on seafood since January 2008 in the amount of €971 thousand (€845 thousand at June 30, 2009). In accordance with the LME law published in August 2008, Tascom levies were recognized in the amount of €706 thousand at June 2010 (compared to €693 thousand at the end of June 2009).

WAGES AND SALARIES

In thousands of euros	June 30, 2010	June 30, 2009
Salaries	**23,262**	**21,410**
Social charges	**7,859**	**7,181**
Other social charges	**726**	**703**
Other personnel costs	**27**	**56**
Contractual profit-sharing	**482**	**0**
Statutory profit-sharing	**2,649**	**2,360**
Total	**35,005**	**31,710**

HEADCOUNT

The Group's average headcount during the period ended June 30, 2010 was as follows:

	June 30, 2010	June 30, 2009
Managerial	**177**	**175**
Technicians and supervisors	**1,027**	**983**
Employees	**3,242**	**3,228**
Total	**4,446**	**4,386**

DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	June 30, 2010	June 30, 2009
Amortization of intangible assets	**385**	**344**

Depreciation of property, plant and equipment	**5,908**	**5,704**
Sub-total depreciation and amortization	**6,293**	**6,048**
Additions to provisions for non-current assets	**0**	**0**
Additions to provisions for risks and charges	**246**	**477**
Additions to provisions for bad debt	**34**	**31**
Additions to other provisions	**4**	**0**
Sub-total additions to provisions on current assets	**38**	**31**
Total	**6,577**	**6,556**

REVERSALS OF DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	**June 30, 2010**	**June 30, 2009**
Reversals of provisions for risks and charges	**263**	**69**
Reversals of provisions for bad debt	**36**	**8**
Reversals of other provisions	**0**	**2**
Total reversals	**299**	**79**

OTHER EXPENSES

In thousands of euros	**June 30, 2010**	**June 30, 2009**
Royalties	**104**	**100**
Losses on bad debt	**391**	**137**
Other operating charges	**52**	**59**
Total	**547**	**296**

FINANCIAL INCOME AND EXPENSE

In thousands of euros	**June 30, 2010**	**June 30, 2009**
Financial expenses		
Interest expenses	**9,765**	**10,418**
Foreign exchange losses	**0**	**1**
Other financial expenses	**2,707**	**5,309**
Sub-total financial expenses	**12,472**	**15,728**
Financial income		
Interest income on loans and receivables	**1**	**1**
Interest income on marketable securities	**155**	**315**
Foreign exchange gains	**0**	**0**
Other financial income	**19**	**26**
Sub-total financial income	**175**	**342**
Addition to provisions for financial assets		
Additions to provisions for other financial assets	**0**	**0**
Sub-total additions to provisions for financial assets	**0**	**0**
Reversals of provisions for financial assets		
Reversals of provisions for other financial assets	**1**	**0**
Sub-total reversals of provisions for financial assets	**1**	**0**
Net financial expense	**(12,296)**	**(15,386)**

- Other financial expenses for the period ended June 30, 2010 concern expenses in respect of swaps in an amount of €2,707 thousand (Euribor for the period was lower than the hedging rate).

NON-RECURRING INCOME AND EXPENSE

In thousands of euros	**June 30, 2010**	**June 30, 2009**
Non-recurring expenses		
Non-recurring expenses related to operations	**780**	**1**
Net book value of intangible assets sold	**104**	**8**
Net book value of property, plant and equipment sold	**135**	**161**
Net book value of financial assets sold	**0**	**0**
Other non-recurring expenses	**14**	**4**
Sub-total non-recurring expenses	**1,033**	**174**
Non-recurring income		
Non-recurring income related to operations	**21**	**27**
Proceeds from sales of intangible assets	**0**	**0**

Proceeds from sales of property, plant and equipment assets	**87**	**111**
Other non-recurring income	**301**	**3**
Sub-total non-recurring income	**409**	**141**
Non-recurring depreciation allowances		
Non-recurring additions to provisions for risks and charges	**2**	**1**
Non-recurring additions to tax depreciation		
Sub-total non-recurring depreciation	**2**	**1**
Non-recurring reversals		
Non-recurring reversals of provisions for risks and charges	**0**	**0**
Non-recurring reversals of provisions for tax depreciation		
Sub-total non-recurring reversals	**0**	**0**
Non-recurring income	**(626)**	**(34)**

CORPORATE INCOME TAX AND DEFERRED TAXES

In thousands of euros	**June 30, 2010**	**June 30, 2009**
Current tax	**(5,451)**	**(3,376)**
Deferred tax	**108**	**(130)**
Total	**(5,343)**	**(3,506)**

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PICARD GROUPE

Statutory auditors' report on the consolidated financial statements
For the year ended 31 March 2010

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PICARD GROUPE

Statutory auditors' report on the consolidated financial statements
For the year ended 31 March 2010

To the Shareholders

In compliance with the assignment entrusted to us by your General Shareholders' Meeting we hereby report to you, for the year ended 31 March 2010, on:

- the audit of the accompanying consolidated financial statements of PICARD GROUPE;
- 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 sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March month 2010 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we draw your attention to the matter set out in the note relating to post-closing events in the consolidated financial statements regarding the tax authority notification dated 28 May 2010. The outcome is uncertain as of the date of issue of this report.

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:

The deterioration in market conditions and in the economic environment continues to have wide-ranging impacts on companies, notably in terms of business activity and financing. This situation has created specific conditions for the preparation of the financial statements, especially as regards accounting estimates. In this context and 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:

As described in the paragraph relating to the goodwill in the note "Accounting principles, methods of valuation and consolidation procedures", goodwill is amortized according to the straight-line method over a period determined based on the estimated life of the assets used for the purpose of the Group companies' main activities. At each year end, a valuation made by an independent expert measures this excess return in order to compare it with the net book value; if a negative difference is identified, a write-down corresponding to the amount of the difference is immediately recorded as accelerated amortization.

We examined the methods used to estimate the utility value of the goodwill created further to the acquisition of Picard Surgelés and the excess return as of the closing date.

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.

Paris and Neuilly-sur-Seine, on 8 June 2010

The statutory auditors

PricewaterhouseCoopers Audit	M.B.V. & Associés
Alain Le Barbanchon	Paul Evariste Vaillant

PICARD GROUPE

Consolidated Financial Statements
31 March 2010

PICARD GROUPE SA
Consolidated Financial Statements at March 31, 2010

CONSOLIDATED BALANCE SHEET

ASSETS In thousands of euros	March 31, 2010 Gross value	 Depreciation, amortization and provisions	 Net value	March 31, 2009
Intangible assets				
Goodwill	1,183,003	315,467	867,536	926,686
Leasehold rights	32,892	317	32,575	29,189
Other intangible assets	15,926	9,716	6,210	3,026
Property, plant and equipment				
Land	7,411		7,411	7,411
Buildings	73,825	37,445	36,380	39,479
Other property, plant and equipment	334,661	190,235	144,426	137,106
Financial fixed assets				
Long-term investments	4,122		4,122	4,638
Investments accounted for under the equity method	7,832		7,832	7,130
Lease deposits	8,457		8,457	7,930
Non-current assets	**1,668,129**	**553,180**	**1,114,949**	**1,162,595**
Inventories				
Goods for resale	72,693	946	71,747	75,445
Accounts receivable				
Services rebilled to suppliers	2,756		2,756	2,437
Trade accounts receivable	797	392	405	513
Other receivables	8,188		8,188	10,000
Deferred tax assets	0	0	0	0
Cash and cash equivalents				
Marketable securities	132,225	0	132,225	79,729
Cash	12,085	89	11,996	7,799
Adjustment accounts				
Prepaid expenses	17,293	0	17,293	16,451
Current assets	**246,037**	**1,427**	**244,610**	**192,374**
Total assets	**1,914,166**	**554,607**	**1,359,559**	**1,354,969**

CONSOLIDATED BALANCE SHEET

STOCKHOLDERS' EQUITY AND LIABILITIES In thousands of euros	March 31, 2010	March 31, 2009
Common stock	186,000	186,000
Additional paid-in capital—equity warrants	2,415	2,415
Retained earnings (accumulated losses)	(104,038)	(95,823)
Net income (loss) for the period	(10,634)	(8,216)
Stockholders' equity	**73,743**	**84,376**
Non-controlling interests in retained earnings (accumulated losses)		
Non-controlling interests in net income (loss)		
Non-controlling interests in stockholders' equity		
Stockholders' equity (before allocation of net loss)	**73,743**	**84,376**
Provisions for deferred taxes	**21,920**	**21,415**
Provisions for risks and charges	**7,683**	**7,542**
Liabilities		
Bonds	422,694	390,986
Bank loans and borrowings	653,639	701,942
Liabilities under finance leases	1,759	1,640
Other financial debt	1,059	10,966
Trade accounts payable	136,852	98,951
Tax and social liabilities	39,973	36,898
Other liabilities	237	253
Total liabilities	**1,256,213**	**1,241,636**
Total liabilities and stockholders' equity	**1,359,559**	**1,354,969**

INCOME STATEMENT

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Sales of goods	1,149,101	1,108,249
Purchases of goods	(667,181)	(647,733)
Gross margin	**481,920**	**460,516**
% sales excluding VAT	*41.94%*	*41.55%*
Other purchases and external expenses	(167,333)	(154,603)
Own work capitalized	541	73
Miscellaneous revenue	862	550
	(165,930)	(153,980)
Value added	**315,990**	**306,536**
Taxes other than on income	(21,774)	(21,302)
Wages and salaries	(100,676)	(95,318)
Payroll charges	(33,825)	(30,504)
	(156,275)	(147,124)
EBE	**159,715**	**159,412**
Depreciation, amortization and provisions	(27,442)	(26,045)
Reversal of provisions and expense transfers	1,902	1,525
Other expenses	(1,606)	(1,523)
	(27,146)	(26,043)
Net operating income	**132,569**	**133,369**
Financial expenses	(59,488)	(86,081)
Financial income	926	32,692
Net financial expense	**(58,562)**	**(53,389)**
Recurring income before tax	**74,007**	**79,980**
Non-recurring expenses	(2,521)	(3,851)
Non-recurring income	1,286	861
Net non-recurring expense	**(1,235)**	**(2,990)**
Income before tax and amortization of goodwill	**72,772**	**76,990**
Corporate income tax and deferred taxes	(25,113)	(26,697)
Share of profit of associates	857	641
Net income before amortization of goodwill	**48,516**	**50,934**
Attributable to owners of the parent	48,516	50,934
Attributable to non-controlling interests		
Goodwill amortization	(59,150)	(59,150)
Net loss for the year	**(10,634)**	**(8,216)**
Attributable to owners of the parent	(10,634)	(8,216)

PICARD GROUPE SA
Consolidated Financial Statements at March 31, 2010

STATEMENT OF CASH FLOWS

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
OPERATING ACTIVITIES		
NET OPERATING INCOME	**132,569**	**133,369**
Reversal of depreciation, amortization and provisions	(1,884)	(1,455)
Additions to depreciation, amortization and provisions	27,442	26,045
Net cash provided by operating activities (excluding change in working capital requirement and before net financial expense, corporate income tax and non-recurring items)	**158,127**	**157,959**
NET CHANGE IN OPERATING ITEMS		
Change in inventories	3,677	(13,249)
Change in trade accounts receivable	1,295	(1,023)
Change in trade accounts payable	37,901	(7,949)
Change in tax and social liabilities	3,075	5,092
Change in other liabilities	(610)	(1,531)
NET CHANGE IN WORKING CAPITAL REQUIREMENTS	**45,338**	**(18,660)**
Net cash provided by operating activities before net financial expense, corporate income tax and non-recurring items	**203,465**	**139,299**
NET CHANGE IN NON-OPERATING ITEMS	***(82,768)***	***(89,610)***
Financial expenses	(59,421)	(86,055)
Financial income	922	32,683
Dividends received from associates	156	170
Sub-total—Net financial expense	***(58,343)***	***(53,202)***
Corporate income tax (net)	(24,635)	(36,026)
Non-recurring operating items	(631)	(796)
Proceeds from disposals of property, plant and equipment and intangible assets	325	390
Proceeds from disposals of financial fixed assets	516	24
Net cash provided by operating activities	**120,697**	**49,689**
INVESTING ACTIVITIES		
Purchases of intangible assets	(8,517)	(4,798)
Purchases of property, plant and equipment	(28,056)	(29,314)
Investment subsidies received	0	0
Acquisitions of financial fixed assets	(527)	(884)
Acquisitions and disposals of subsidiaries	(338)	(1,689)
Net cash used by investing activities	**(37,438)**	**(36,685)**
FINANCING ACTIVITIES		
Increase in share capital or contributions	0	0
Dividends paid to owners of the parent	0	0
Dividends paid to non-controlling interests	0	0
Change in other equity	0	0
Increase in borrowings/accrued or capitalized interest	31,403	72,350
Repayment of borrowings	(47,997)	(118,777)
Net cash used by financing activities	**(16,594)**	**(46,427)**
CHANGE IN CASH AND CASH EQUIVALENTS	**66,665**	**(33,423)**
Effects of changes in exchange rates		
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**76,661**	**110,084**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**143,326**	**76,661**

Significant accounting policies

The significant accounting policies applied by the Group are described below.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Picard Groupe were drawn up in accordance with the French accounting principles and standards defined by regulation 99.02 issued by the French Accounting Board (*Comité de la Réglementation Comptable*—CRC), and in particular CRC regulations on the definition, recognition and measurement of assets (CRC 2004-06) and on the depreciation, amortization and impairment of assets (CRC 2002-10).

FINANCIAL YEAR

The March 31, 2010 reporting date covers a 12-month period.

CONSOLIDATION METHOD

Companies directly or indirectly controlled by Picard Groupe are fully consolidated.

Companies in which Picard Groupe exercises significant influence but not control, are accounted for under the equity method.

Other investments are shown in the consolidated balance sheet at the lower of acquisition cost and estimated realizable value.

ELIMINATION OF INTERCOMPANY TRANSACTIONS

All intercompany transactions are eliminated. Margins on intercompany sales of goods are eliminated when the goods remain in inventory at the reporting date. The corresponding inventories carried in the balance sheet are written down by this margin.

Any intercompany dividends have also been eliminated.

FOREIGN CURRENCY TRANSLATION

The financial statements of all Group companies are domiciled in the eurozone.

CONSISTENCY OF FINANCIAL STATEMENTS

The presentation of the financial statements of foreign subsidiaries is brought into line with the presentation adopted by French entities and complies with French accounting standards.

When a subsidiary uses a measurement method that is not in line with the Group's method, and this method results in a substantially different accounting position, the subsidiary's financial statements are adjusted in line with Group standards.

Accounting methods used by the Group's foreign subsidiaries are adjusted in line with Group methods, in particular as concerns the depreciation and useful lives of property, plant and equipment.

INTANGIBLE ASSETSbGOODWILL

Goodwill represents the difference between the acquisition price of consolidated companies or associates and the Group's equity in their net assets, calculated based on the fair value of the assets and liabilities at the acquisition date.

Goodwill is amortized on a straight-line basis over a period based on the useful lives of the assets employed in the core business of Group companies. This approach is consistent with the calculation of overall return used to measure Picard Groupe's investments.

Goodwill is defined as the excess return on equity based on the future economic benefits expected to derive from the asset.

At the end of each reporting period, an independent expert compares the excess return on equity with the net carrying amount of goodwill in the balance sheet. If the excess return on equity is lower than the net carrying amount, a write-down is recognized immediately as accelerated amortization. b**LEASEHOLD RIGHTS**

Leasehold rights comprise any amounts paid to owners of leased property at the time of new store openings. The gross value carried in assets on the balance sheet consists of the purchase cost.

Owing to legal protection attached to leasehold rights in France, these rights are not amortized.

At the end of each reporting period, the value of leasehold rights per store is reviewed in light of that store's financial position. If a decrease in value is identified, a write-down is recorded. b**SOFTWARE**

Software acquired by the company is recorded in intangible assets at acquisition cost, and amortized on a straight-line basis over a maximum period of three years.

Software developed and intended for internal use is recorded in intangible assets at development cost and is amortized on a straight-line basis over a maximum period of three years.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at acquisition cost.

Maintenance and repair costs are expensed. Costs incurred within the scope of multi-annual store refurbishment programs are not capitalized, with the exception of freezers and signs.

Depreciation is recognized on a straight-line basis as a decrease in the gross value of property, plant and equipment over the period during which the company expects to use the assets:

	Group method	
Type	**Method**	**Useful life**
Intangible assets		
Concessions, patents and licenses	Straight-line	3 years
Property, plant and equipment		
Buildings	Straight-line	20 years
Building improvements	Straight-line	20 years
Technical fittings	Straight-line	5 - 10 years
Equipment and industrial tools	Straight-line	5 - 10 years
General installations, miscellaneous fixtures and fittings	Straight-line	5 - 20 years
Vehicles	Straight-line	4 years
Office and IT equipment	Straight-line	3 - 5 years
Furniture	Straight-line	10 years

FINANCIAL FIXED ASSETS

Non-consolidated investments are recorded at acquisition price.

At the end of the reporting period, these investments are measured according to the same criteria as those used at the acquisition or investment date.

A write-down is recorded if there is an adverse change in these criteria.

LEASESb**FINANCE LEASES**

Stores and warehouses held under finance leases are adjusted on consolidation so as to present the value of the buildings and land concerned in assets and the related financial debt in liabilities.

Annual lease expenses are eliminated and replaced by:

- a depreciation charge calculated according to the principles applicable to the non-current assets concerned;
- a financial expense relating to the loan resulting from the adjustment of the lease transactions. b**OPERATING LEASES**

Lease agreements considered to meet the definition of operating leases are not adjusted in the consolidated financial statements.

The criteria used to distinguish finance leases from operating leases are:

– the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain that the option will be exercised;

– the leased assets are of such a specialized nature than only the lessee can use them without major modifications;

– the lease term is for the major part of the economic life of the asset;

– the present value of the minimum lease payments is equal to or more than the fair value of the leased asset.

If the lease agreement meets any one of these four criteria, the lease is considered to be a finance lease.

INVENTORIES

The gross value of goods for resale and supplies corresponds to their purchase price plus ancillary costs. Cost price therefore includes the external cost of transporting goods to the warehouses, customs duties and, where appropriate, any packaging costs incurred. The cost of transporting goods from warehouses to stores is not included in the cost of inventories.

Goods for resale are measured based on the last known purchase price, taking into account the high inventory turnover.

Goods intended for packaging by the company (but still in a pre-sale condition) are measured by batch.

A provision for impairment is recorded based on the following criteria:

• A 50% write-down is taken on frozen (and non-frozen) goods no longer appearing in the catalog but with remaining quantities to be sold in stores.

• A 75% write-down is taken on goods for which quantities in inventory are higher than the forecast sales of goods for the period determined by the Group.

• A 75% write-down is taken on goods that are likely to be written down due to regulations concerning the period over which they can be sold.

• A 100% write-down is taken on non-marketable products no longer appearing in the catalog.

RECEIVABLES

Receivables are carried at their nominal value including taxes, and measured on a case-by-case basis. Where appropriate, a provision for impairment is recognized to take into account any difficulties that might arise concerning collection.

This relates to certain accounts receivable concerning home delivery or local authority customers who can benefit from favorable payment terms.

STORE OPENING COSTS

These costs are recognized in full within operating expenses as incurred.

DEFERRED TAXES

Deferred taxes are recorded in the income statement and in the balance sheet to reflect differences in the timing of recognition of certain income and expenses for accounting and tax purposes.

Deferred taxes are calculated using the balance sheet liability method for any temporary differences resulting from the difference between the value of assets and liabilities for accounting and tax purposes.

The tax rate applied is the official rate enacted at the end of the reporting period based on the reversal of the temporary difference.

Deferred tax assets or liabilities reflect:

- the impact of temporary differences between income and expenses included in the calculation of consolidated income for accounting purposes and those included in the calculation of income for tax purposes.

Tax loss carryforwards give rise to a deferred asset in the balance sheet. A provision is recognized where appropriate if it is unlikely that sufficient taxable income will be generated against which the tax losses can be utilized.

MARKETABLE SECURITIES

Marketable securities are recorded in the balance sheet at the lower of historical cost and market value as of the end of the reporting period.

PROVISIONS FOR RISKS AND CHARGES

The estimated amount of all provisions for contingencies and expenses is based on economic and legal data that may change over time and is therefore subject to the uncertainties inherent to any estimates. b**RETIREMENT INDEMNITIES**

Retirement indemnities are calculated on the basis of the collective bargaining agreement for the food industry ("*Commerce à prédominance alimentaire*").

Retirement indemnities are calculated for each employee using demographic (mortality tables, estimated staff turnover and seniority) and financial (salary increase, inflation rate) assumptions. They are discounted based on the yield on 10-year French Treasury bonds (OAT), and include payroll charges measured at current rates.

Retirement benefits are recognized as and when they are vested by employees.

A provision is also recorded for retirement indemnities in balance sheet liabilities. b**OTHER PROVISIONS FOR CONTINGENCIES AND EXPENSES**

These include estimated costs relating to litigation, disputes and other claims from third parties, particularly employees.

EMPLOYEE PROFIT-SHARING

The cost of employee profit-sharing is covered by a provision in the financial statements of Picard Surgelés.

TAXATIONb**TAX CONSOLIDATION GROUP**

Picard Groupe is the head of a tax group it forms with its subsidiaries OBO 6 and Picard Surgelés.

Companies included in tax consolidation for the 2007-2008 financial year are as follows:

- SA Picard Groupe, head of tax group
- SA Picard Surgelés
- SA OBO 6

LIST OF CONSOLIDATED COMPANIES

At March 31, 2010, companies included in Picard Groupe's scope of consolidation were as follows:

Company	Registered office	SIREN	% interest at March 31, 2010	% interest at March 31, 2009
Fully consolidated companies				
SA PICARD GROUPE	54, avenue Marceau 75008 Paris, France	421 896 457	Parent company	Parent company
SA OBO 6	54, avenue Marceau 75008 Paris, France	435 355 631	100%	100%
Picard I Surgelati SPA	21042 Caronno, Italy	1 275 750 121	100%	100%
Picard Surgelés SA	37 bis rue Royale 77300 Fontainebleau, France	784 939 688	100%	100%
Companies accounted for under the equity method (associates)				
Primex International SA	87 avenue Niel 75017 Paris, France	328 667 944	37.21%	37.21%

Balance sheet items—Assets

NON-CURRENT ASSETSb**GOODWILL**

Goodwill arising on the acquisition by Picard Groupe of the Financière Fontainebleau group reflects the difference between the acquisition price of the securities and the Group's share in the net assets of companies acquired, determined based on the fair value of the assets and liabilities at November 30, 2004.

The acquisition price used for the calculation of goodwill includes the legal (net of the related tax credit) and advisory fees incurred in connection with the acquisition.

The fair value of the assets and liabilities of the companies acquired was valued by an independent expert and gave rise to the revaluation of property, plant and equipment property, plant and equipment (buildings) belonging to Picard Surgelés at €34.3 million. A depreciation charge based on the depreciable period applicable to the assets concerned was recorded in the consolidated financial statements.

The gross value of the goodwill was €1,183 million at March 31, 2010.

All goodwill relates to Picard Surgelés.

At March 31, 2010, accumulated amortization recognized in respect of goodwill, calculated using the straight-line method over 20 years, amounted to €315 million (of which €59 million for the year ended March 31, 2010).

Goodwill	
Gross value at March 31, 2009	**1,183,003**
Increases	0
Decreases / adjustment	0
Gross value at March 31, 2010	**1,183,003**

Goodwill	
Amortization at March 31, 2009	**256,317**
Increases	59,150
Decreases / adjustment	0
Amortization at March 31, 2010	**315,467**

b**INTANGIBLE ASSETS**

In thousands of euros	Concessions, patents and licenses	Leasehold rights	Other intangible assets	Total
Gross value at March 31, 2010	**12,096**	**32,892**	**3,830**	**48,818**
Acquisitions	1,847	3,385	3,285	8,517
Disposals	(798)	(8)	0	(806)
Gross value at March 31, 2009	**11,047**	**29,515**	**545**	**41,107**

Capital expenditure recorded under *Concessions, patents and licenses* mainly corresponds to the acquisition of computer software.

The increase in *Other intangible assets* (€3,285 thousand) mainly reflects certain internal and external costs recorded over the year with regard to the proposed overhaul of part of the Company's information system (installation of SAP for the monitoring and control of goods and inventories).

In thousands of euros	Concessions, patents and licenses	Leasehold rights	Other intangible assets	Total
Amortization and provisions at March 31, 2010	**9,716**	**317**	**0**	**10,033**
Amortization	1,459			**1,459**
Reversals	(309)	(9)		**(318)**
Reclassifications				**0**
Amortization and provisions at March 31, 2009	**8,566**	**326**	**0**	**8,892**

b**PROPERTY, PLANT AND EQUIPMENT**

In thousands of euros	Land	Buildings	Technical fittings, machinery and equipment	Other property, plant and equipment	Total t
Gross value at March 31, 2010	**7,411**	**73,825**	**153,194**	**181,467**	**415,897**
Acquisitions		409	13,608	14,541	**28,558**
Disposals		(1)	(6,055)	(1,729)	**(7,785)**
Gross value at March 31, 2009	**7,411**	**73,417**	**145,641**	**168,655**	**395,124**

In thousands of euros	Buildings	Technical fittings, machinery and equipment	Other property, plant and equipment	Total t
Depreciation at March 31, 2010	**37,445**	**92,885**	**97,350**	**227,680**
Depreciation	3,507	10,474	9,447	**23,428**
Reversals	0	(5,525)	(1,350)	**(6,875)**
Depreciation at March 31, 2009	**33,938**	**87,936**	**89,253**	**211,127**

b**FINANCIAL FIXED ASSETS**

In thousands of euros	Investments	Deposits and guarantees	Investments in companies under the equity method	Total
Gross value at March 31, 2010	**4,122**	**8,457**	**7,832**	**20,411**
Increase	0	527	702	1,229
Decrease	(516)	0	0	(516)
Gross value at March 31, 2009	**4,638**	**7,930**	**7,130**	**19,698**

Investments accounted for under the equity method comprise the 37.21% interest held by Picard Surgelés in Primex, corresponding to the par value of the shares on creation of that company on January 13, 1984.

Primex is also a supplier of Picard Surgelés.

Receivables and payables related to Primex are as follows:

In thousands of euros	March 31, 2010	March 31, 2009
Trade accounts receivable	3	0
Trade accounts payable	5,617	4,542

CURRENT ASSETS

In thousands of euros	March 31, 2010
Less than 1 year	241,801
Between 1 and 5 years	1,949
More than 5 years	860
Total	**244,610**

Most current assets have maturities of less than one year. Current assets with maturities of more than one year correspond to the balance of entry fees that are being amortized over the term of the lease. b**INVENTORIES**

	March 31, 2010		March 31, 2009	
In thousands of euros	Gross	Net	Gross	Net
Packaging	175	**175**	178	**178**
Unpackaged goods	5,361	**5,361**	4,406	**4,406**
Packaged goods	67,157	**66,211**	71,786	**70,861**
Total	**72,693**	**71,747**	**76,370**	**75,445**

b**RECEIVABLES**

- **Trade accounts receivable**

	March 31, 2010	March 31, 2009

	Net	Gross	Net	
Trade accounts receivable	797	**405**	**809**	**513**

- **Other receivables**

In thousands of euros	March 31, 2010	March 31, 2009
Personnel and related accounts	**394**	**402**
VAT, social security and income tax	**5,739**	**6,339**
Services rebilled to suppliers	**2,756**	**2,437**
Tax receivables	**1,028**	**2,022**
Other receivables	**1,027**	**1,237**
Total	**10,944**	**12,437**

Other receivables mainly include advances granted to various debtors (within the scope of the rebillings to lessors of stores in the course of opening), credit notes and volume and promotional rebates from suppliers (not yet invoiced).

- **PREPAID EXPENSES**

In thousands of euros	March 31, 2010	March 31, 2009
Prepaid expenses	17,293	16,451
Total	**17,293**	**16,451**

Prepaid expenses include in particular store rental expenses, insurance premiums and advertising costs. b**CASH AND MARKETABLE SECURITIES**

	March 31, 2010		March 31, 2009	
In thousands of euros	Gross	Net	Gross	Net
Marketable securities	132,225	**132,225**	79,729	**79,729**
Cash	12,085	**11,996**	7,825	**7,799**
Total	**144,310**	**144,221**	**87,554**	**87,528**

Marketable securities comprise investments in UCITs.

Balance sheet items—Liabilities

STOCKHOLDERS' EQUITY

At March 31, 2010, the share capital of Picard Groupe, the consolidating entity, amounted to €186,000,000, breaking down as 11,625,000 shares with a par value of €16.

In thousands of euros	Common stock	Equity warrants	Retained earnings	Consolidated net income (loss)	Stockholders' equity
Balance at March 31, 2010	**186,000**	**2,415**	**(104,038)**	**(10,634)**	**73,743**
Allocation of net loss			(8,216)	8,216	**0**
Consolidated net loss for the year (attributable to owners of the parent)				(10,634)	**(10,634)**
Balance at March 31, 2009	**186,000**	**2,415**	**(95,823)**	**(8,216)**	**84,376**

b**EQUITY WARRANTS ATTACHED TO SHARES ISSUED BY PICARD GROUPE**

The Combined Shareholders' Meeting of December 3, 2004 authorized the issue of 1,690,000 equity warrants (categories 1 to 6).

These equity warrants were subscribed in full by Frozendir for a total amount of €2,415,000.

The exercise of all these warrants would lead to the issuance of 1,690,000 new Picard Groupe shares with a par value of €16.

The equity warrants can be exercised subject to certain terms and conditions, including a change of control of Picard Groupe and the achievement of a project internal rate of return.

PROVISIONS FOR DEFERRED TAX LIABILITIES

The €21.9 million provision for deferred tax liabilities recorded at March 31, 2010 mainly relates to Picard Surgelés and reflects the deferred tax liabilities recorded on the revaluation of certain buildings resulting from the difference between accounting and tax depreciation periods.

PROVISIONS FOR RISKS AND CHARGES

In thousands of euros	Retirement indemnities	Operational risks	Disputes and litigation	Total
Provision at March 31, 2010	**4,644**	**999**	**2,040**	**7,683**
Additions	312	89	1,381	**1,782**
Reversal	(12)	(1,098)	(532)	**(1,641)**
Reclassification	0	0	0	**0**
Provision at March 31, 2009	**4,344**	**2,008**	**1,191**	**7,543**

b**PROVISIONS FOR DISPUTES AND OTHER PROVISIONS**

These primarily concern provisions for labor disputes, litigation and various taxes.

At March 31, 2010, the reversal of the provision for labor disputes of €532 thousand was utilized in an amount of €413 thousand. b**PROVISIONS FOR OPERATIONAL RISKS**

The increase in tax provisions mainly reflects the impact of the tax deficiency notice received from the French tax authorities further to the tax audit. b**PROVISIONS FOR RETIREMENT INDEMNITIES**

The increase in this provision mainly reflects the change in the discount rate (OAT 10-year).

FINANCIAL DEBT

In thousands of euros	March 31, 2009	Increase	Decrease	March 31, 2010
Financial debt / Borrowings				
Convertible bond	36,410	2,768		**39,178**
Ordinary bond	354,576	28,940	0	**383,516**
Bank loan	701,661	7,650	(55,762)	**653,549**

Swaps and caps	280	19,984	(20,174)	**90**
Total financial debt / borrowings	**1,092,927**	**59,342**	**(75,936)**	**1,076,333**
Other financial debt				
Bank credit facility	10,893	0	(9,909)	**984**
Finance lease	1,640	291	(172)	**1,759**
Other	73	2		**75**
Total other financial debt	**12,606**	**293**	**(10,081)**	**2,818**
Total	**1,105,533**	**59,635**	**(86,017)**	**1,079,151**

b**BONDS**

- **Convertible bond**

On December 3, 2004, Picard Groupe issued €26,693,770 worth of convertible bonds, breaking down as 2,669,377 bonds with a par value of €10.

The bond has a term of 14.5 years and mature on June 3, 2019. The bond bears annual interest of 7.5%. Interest is capitalized annually.

Each convertible bond gives the right to subscribe, subject to certain Group performance conditions and at the holder's option, to one OBO6 share with a par value of €10. All outstanding bonds are redeemable at term.

- **Ordinary bond**

On December 3, 2004, Picard Groupe issued €252,306,230 worth of ordinary bonds, breaking down as 25,230,623 bonds with a par value of €10.

The bond has a term of 14.5 years and mature on June 3, 2019. The bond bears annual interest of 8.05%. Interest is capitalized annually.

The bonds are redeemable at term. b**BANK LOANS**

- **Bank loan**

A loan of €770,000,000 was contracted on June 27, 2007. This loan is being amortized over five years, with the last repayment being due on June 27, 2012.

The loan bears interest at a variable rate set with reference to market rates (1, 3 or 6-month Euribor), plus a margin that may vary depending on Group EBITDA.

Interest rate risk on this loan is hedged through June 27, 2012 with interest rate caps and swaps. b**OTHER FINANCIAL DEBT**

This item notably includes:

– Creditor current bank accounts relating mainly to Picard Surgelés in an amount of €984 thousand at March 31, 2010;

– Financial debt relating to stores and warehouses financed by various leases for an amount of €1,759 thousand at March 31, 2010.

The breakdown of financial debt by maturity is presented below:

In thousands of euros	March 31, 2010	March 31, 2009
Less than 1 year	**64,153**	**59,572**
Between 1 and 5 years	**591,537**	**654,216**
More than 5 years	**423,461**	**391,745**
Total	**1,079,151**	**1,105,533**

b**FOREIGN EXCHANGE RISK**

The Group's activities are carried out by subsidiaries mainly operating in the eurozone.

CURRENT LIABILITIES AND OTHER DEBTb**TRADE ACCOUNTS PAYABLE**

Trade accounts payable consist of the following:

In thousands of euros	March 31, 2010	March 31, 2009
Trade accounts payable	130,619	93,978
Amounts owed to suppliers of fixed assets	6,233	4,973
Total	**136,852**	**98,951**

Trade accounts payable break down as follows by company:

In thousands of euros	March 31, 2010	March 31, 2009
Trade accounts payable Picard Groupe	259	40
Trade accounts payable Picard Surgelés	128,022	92,109
Trade accounts payable Picard I Surgelati	2,338	1,829
Other Group companies	—	—
Total	**130,619**	**93,978**

Amounts owed to suppliers of fixed assets break down as follows by company:

In thousands of euros	March 31, 2010	March 31, 2009
Amounts owed to suppliers of fixed assets Picard Surgelés	6,233	4,973
Total suppliers of fixed assets	**6,233**	**4,973**

The change in *Amounts owed to suppliers of fixed assets Picard Surgelés* is essentially dependent on the new store opening schedule. b**TAX AND SOCIAL LIABILITIES**

In thousands of euros	March 31, 2010	March 31, 2009
Social liabilities—personnel	20,721	19,386
Social liabilities—social organizations	10,210	9,211
Tax payables	3,377	2,694
Organic, agefiph tax payable	5,665	5,607
Total	**39,973**	**36,898**

Social liabilities related to personnel include variable remuneration whose payment is deferred by one or several months, accrued costs in relation to paid vacations, recoverable days under the French working time reduction law (RTT), and statutory and contractual profit-sharing.

In accordance with the LME law (*Loi de Modernisation de l'Economie)* published in August 2008, tax payables at March 31, 2010 include Tascom in an amount of €3,409 thousand covering the charge relating to the period from January 2009 to March 2010 (compared to €3,322 thousand in March 2009 covering the period from January to March 2009). This tax is calculated over the calendar year and will be paid in June 2010.

Off-balance sheet commitments

bFINANCIAL COMMITMENTS

At March 31, 2010, the Group operated 43 stores financed under lease agreements that are accounted for as operating leases. These agreements are not adjusted in the consolidated financial statements. The principal outstanding at March 31, 2010 amounted to €12,328 thousand. b**MORTGAGES AND PLEDGES**

As part of the bank loan subscribed for €770,000,000, Picard Groupe granted a pledge on financial instruments (including the cash account) relating to the securities held by Picard Groupe in Picard Surgelés. b**OTHER COMMITMENTS GRANTED AND RECEIVED**

- **Partnerships**

Group subsidiary Picard Surgelés enters into partnership agreements with some of its suppliers, with commitments generally based on an annual volume of purchases. Under the agreements, suppliers produce and store products intended for Picard Surgelés. However, the transfer of ownership of these products only takes place on delivery of goods to the warehouses of Picard Surgelés or its subcontractors.

- **Commitment to sell and purchase securities**

- Sale and purchase commitment between Frozenciv shareholders and Picard Groupe

All shareholders of SAS Frozenciv are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozenciv shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozenciv shareholders a portion of their Frozenciv shares subject to certain terms and conditions.

- Unilateral sale and purchase commitment between Frozendir shareholders and Picard Groupe

All shareholders of SAS Frozendir are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozendir shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozendir shareholders a portion of their Frozendir shares subject to certain terms and conditions.

- Sale and purchase commitment between Frozenop shareholders and Picard Groupe

All shareholders of SAS Frozenop are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozenop shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozenop shareholders a portion of their Frozenop shares subject to certain terms and conditions.

- Other commitments and information

Under the authorization granted by the Extraordinary Shareholders' Meeting of December 3, 2004, on July 25, 2006 the Board of Directors set up a share subscription option plan for Picard Groupe effective from that date. Under the plan, the Group awarded 125,000 class 1 options granting the right to subscribe to 100,000 ordinary shares in the Company and 125,000 class 2 options granting the right to subscribe to 100,000 ordinary shares in the Company. These options were granted for a period of 12 years and can be exercised subject to certain conditions. No options were exercised during the year ended March 31, 2010.

A tax audit is in progress in the tax consolidation group relating to the 2004-2005, 2005-2006 and 2006-2007 financial years. However, the tax audits relating to Picard Surgelés and Financière Fontainebleau within this tax group have now been completed.

- **Equity warrants**

- Commitment related to equity warrants attached to shares

Refer to the note on changes in consolidated stockholders' equity.

- Equity warrants attached to bonds

Mezzanine OBSA

600,300 equity warrants were attached to 1,380 Mezzanine OBSA bonds issued on December 3, 2004 and repaid in June 2006. These equity warrants are now detached from the bonds and grant the right to the issue of 600,300 Picard Groupe shares with a par value of €16. At March 31, 2010, none of the bonds had been exercised. These bonds are not valued in the financial statements at March 31, 2010. They are exercisable subject to certain conditions.

Junior Mezzanine OBSA

128,040 equity warrants were attached to 220 Junior Mezzanine OBSA bonds issued on December 3, 2004 and repaid in June 2006. These equity warrants are now detached from the bonds and grant the right to the issue of 128,040 Picard Groupe shares with a par value of €16. At March 31, 2010, none of these bonds had been exercised. These bonds are not valued in the financial statements at March 31, 2010. They are exercisable subject to certain conditions.

Subsequent events

On May 28, 2010 the French tax authorities issued a tax deficiency notice to Picard Groupe for an amount of €4,404 thousand, including €528 thousand in late payment interest. After consulting its advisors, the Board of Directors considers this proposed adjustment to be highly contestable and the corresponding risk non-quantifiable at this stage of the proceedings. The Company intends to vigorously contest the proposed adjustment. In this context, and in accordance with accounting standards, no provisions have been set aside by Picard Groupe in respect of this tax deficiency notice in the financial statements at March 31, 2010.

Income statement items

SALES OF GOODS

Sales of goods mainly consist of frozen food sold under the *Picard* or *Picard I Surgelati* trade marks.

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Sales of goods France	1,130,643	1,088,276
Other	1,629	1,994
Total sales of goods—France	**1,132,272**	**1,090,270**
Sales of goods—Export	16,829	17,979
Total sales of goods—Export	**16,829**	**17,979**
Total sales of goods	1,149,101	1,108,249

STATUTORY AUDITORS' FEES

For the year ended March 31, 2010, fees invoiced in respect of the audit of the financial statements amounted to €338 thousand.

Fees invoiced for advisory and other services during the year amounted to €4 thousand.

TAXES OTHER THAN ON INCOME

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Taxes on salaries	2,980	2,678
Business tax *(taxe professionelle)*	8,066	6,904
Land taxes	988	661
Other local taxes	272	100
Tax on company vehicles	82	89
Solidarity and Tascom contributions	4,530	5,063
Other taxes	4,856	5,807
Total	**21,774**	**21,302**

At March 31, 2010, other taxes include the 2% fish tax payable on seafood since January 2008 in the amount of €3,889 thousand (€3,932 thousand at March 31, 2009). In accordance with the LME law published in August 2008, Tascom levies were recognized in the amount of €2,715 thousand covering the period from April 2009 to March 2010 (compared to €3,322 thousand at end-March 2009 covering the period from January 2008 to March 2009).

WAGES AND SALARIES

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Salaries	**89,290**	**83,815**
Social charges	**29,527**	**27,338**
Other social charges	**3,618**	**2,942**
Other personnel costs	**329**	**223**
Contractual profit-sharing	**351**	**0**
Statutory profit-sharing	**11,386**	**11,503**
Total	**134,501**	**125,821**

HEADCOUNT

The Group's average headcount during the year ended March 31, 2010 was as follows:

	Year ended March 31, 2010	Year ended March 31, 2009
Managerial	**178**	**171**
Technicians and supervisors	**1,020**	**972**
Employees	**3,227**	**3,037**
Total	**4,425**	**4,180**

DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Amortization of intangible assets	**1,443**	**1,152**
Depreciation of property, plant and equipment	**23,371**	**22,249**
Sub-total depreciation and amortization	**24,814**	**23,401**
Additions to provisions for non-current assets	**0**	**131**
Additions to provisions for risks and charges	**1,494**	**2,366**
Additions to provisions for bad debt	**198**	**147**
Additions to other provisions	**936**	**0**
Sub-total additions to provisions for current assets	**1,134**	**147**
Total	**27,442**	**26,045**

REVERSALS OF DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Reversals of provisions for risks and charges	**879**	**1,248**
Reversals of provisions for bad debt	**102**	**50**
Reversals of other provisions	**903**	**157**
Total reversals	**1,884**	**1,455**

OTHER EXPENSES

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Royalties	**417**	**369**
Losses on bad debt	**835**	**910**
Other operating charges	**354**	**244**
Total	**1,606**	**1,523**

FINANCIAL INCOME AND EXPENSE

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Financial expenses		
Interest expenses	**39,434**	**62,957**
Foreign exchange losses	**3**	**3**
Other financial expenses	**19,984**	**23,095**
Sub-total financial expenses	**59,421**	**86,055**
Financial income		
Interest income on loans and receivables	**2**	**18**
Interest income on marketable securities	**832**	**4,389**
Foreign exchange gains	**0**	**0**
Other financial income	**88**	**28,276**
Sub-total financial income	**922**	**32,683**
Additions to provisions for financial assets		
Additions to provisions for other financial assets	**67**	**26**
Sub-total additions to provisions for financial assets	**67**	**26**
Reversals of provisions for financial assets		
Reversals of provisions for other financial assets	**4**	**9**
Sub-total reversals of provisions for financial assets	**4**	**9**
Net financial expense	**(58,562)**	**(53,389)**

- Other financial expenses for the year ended March 31, 2010 concern expenses in respect of swaps in an amount of €19,984 thousand (Euribor for the period was lower than the hedging rate).

- Other financial income and expenses for the year ended March 31, 2009 concerned interest rate hedges recorded in income for €28,055 thousand (Euribor for the period being higher than the applicable cap and swap hedging rates), offset in part by another swap in an amount of €22,315 thousand and a €780 thousand premium relating to a new cap recognized under other financial expenses.

NON-RECURRING INCOME AND EXPENSE

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Non-recurring expenses		
Non-recurring expenses related to operations	**235**	**1,238**
Net book value of intangible assets sold	**496**	**129**
Net book value of property, plant and equipment sold	**775**	**1,023**
Other non-recurring expenses	**599**	**14**
Sub-total non-recurring expenses	**2,105**	**2,404**
Non-recurring income		
Non-recurring income related to operations	**203**	**308**
Proceeds from sales of intangible assets	**0**	**0**
Proceeds from sales of property, plant and equipment	**325**	**390**
Other non-recurring income	**0**	**148**
Sub-total non-recurring income	**528**	**846**
Non-recurring additions to provisions		
Non-recurring additions to provisions for risks and charges	**416**	**1,447**
Non-recurring additions to provisions for tax depreciation		
Sub-total Non-recurring depreciations	**416**	**1,447**
Non-recurring reversals		
Non-recurring reversals of provisions for risks and charges	**758**	**15**
Non-recurring reversals of provisions for tax depreciation		
Sub-total non-recurring reversals	**758**	**15**
Net non-recurring expense	**(1,235)**	**(2,990)**

At March 31, 2009 excess depreciation on provisions for risks and charges comprised €1,247 thousand relating to the impact of the tax deficiency notice received from the French tax authorities further to the tax audit at Picard Surgelés covering 2005, 2006 and 2007

CORPORATE INCOME TAX AND DEFERRED TAXES

In thousands of euros	Year ended March 31, 2010	Year ended March 31, 2009
Current tax	**(24,607)**	**(26,438)**
Deferred tax	**(506)**	**(259)**
Total	**(25,113)**	**(26,697)**

PICARD GROUPE

Statutory auditors' report on the consolidated financial statements
For the year ended 31 March 2009

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PICARD GROUPE

Statutory auditors' report on the consolidated financial statements
For the year ended 31 March 2009

To the Shareholders

In compliance with the assignment entrusted to us by your General Shareholders' Meeting we hereby report to you, for the year ended 31 March 2009, on:

- the audit of the accompanying consolidated financial statements of Picard Groupe;
- 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 sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2009 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

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:

The economic and financial crisis has wide-ranging impacts on companies, notably in terms of business activity and financing. The high level of instability on those financial markets which have remained active, the significant drop in transactions on financial markets which have become inactive as well as the lack of visibility going forward have created specific conditions for the preparation of the financial statements, especially as regards accounting estimates. In this context and 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:

As described in the paragraph relating to the goodwill in the note "Accounting principles, methods of valuation and consolidation procedures", goodwill is amortized according to the straight-line method over a period determined based on the estimated life of the assets used for the purpose of the Group companies' main activities. At each year end, a valuation made by an independent expert measures this excess return in order to compare it with the net book value; if a negative difference is identified, a write-down corresponding to the amount of the difference is immediately recorded as accelerated amortization.

We examined the methods used to estimate the utility value of the goodwill created further to the acquisition of Picard Surgelés and the excess return as of the closing date.

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, on 10 June 2009

The statutory auditors

PricewaterhouseCoopers Audit	M.B.V. & Associés
Alain Le Barbanchon	Paul Evariste Vaillant

PICARD GROUPE

Consolidated Financial Statements
31 March 2009

PICARD GROUPE
Consolidated financial statements at March 31, 2009

CONSOLIDATED BALANCE SHEET

ASSETS **In thousands of euros**	**March 31, 2009** **Gross value**	**March 31, 2009** **Depreciation, amortization and impairment**	**March 31, 2009** **Net value**	**March 31, 2008**
Intangible assets				
Goodwill	1,183,003	256,317	926,686	985,836
Leasehold rights	29,515	326	29,189	26,127
Other intangible assets	11,592	8,566	3,026	2,967
Property, plant and equipment				
Land	7,411		7,411	7,124
Buildings	73,417	33,938	39,479	42,171
Other property, plant and equipment	314,295	177,189	137,106	128,382
Financial fixed assets				
Long-term investments	4,638		4,638	3,744
Investments accounted for under the equity method	7,130		7,130	6,660
Lease deposits	7,930		7,930	7,070
Non-current assets	**1,638,931**	**476,336**	**1,162,595**	**1,210,081**
Inventories				
Goods for resale	76,370	925	75,445	62,048
Accounts receivable				
Services rebilled to suppliers	2,437		2,437	3,843
Trade accounts receivable	809	296	513	365
Other receivables	10,000		10,000	8,042
Deferred tax assets	0	0	0	0
Cash and cash equivalents				
Marketable securities	79,729	0	79,729	101,849
Cash	7,825	26	7,799	9,629
Adjustment accounts				
Prepaid expenses	16,451	0	16,451	14,670
Current assets	**193,621**	**1,247**	**192,374**	**200,446**
Total assets	**1,832,552**	**477,583**	**1,354,969**	**1,410,527**

CONSOLIDATED BALANCE SHEET

STOCKHOLDERS' EQUITY AND LIABILITIES

In thousands of euros	**March 31, 2009**	**March 31, 2008**
Common stock	186,000	186,000
Additional paid-in capital—equity warrants	2,415	2,415
Retained earnings (accumulated losses)	(95,823)	(95,482)
Net income (loss) for the period	(8,216)	(340)
Stockholders' equity	**84,376**	**92,593**
Non-controlling interests in retained earnings		
Non-controlling interests in net income (loss)		
Non-controlling interests in stockholders' equity		
Stockholders' equity (before allocation of net loss)	**84,376**	**92,593**
Provisions for deferred taxes	**21,415**	**21,155**
Provisions for risks and charges	**7,542**	**5,395**
Liabilities		
Bonds	390,986	361,913
Bank loans and borrowings	701,942	777,441
Liabilities under finance leases	1,640	1,966
Other financial debt	10,966	1,475
Trade accounts payable	98,951	106,905
Tax and social liabilities	36,898	41,368
Other liabilities	253	316
Total liabilities	**1,241,636**	**1,291,384**
Total liabilities and stockholders' equity	**1,354,969**	**1,410,527**

PICARD GROUPE
Consolidated Financial Statements at March 31, 2009

INCOME STATEMENT

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Sales of goods	1,108,249	1,060,636
Purchases of goods	(647,733)	(626,724)
Gross margin	**460,516**	**433,912**
% sales excluding VAT	*41,55%*	*40,91%*
Other purchases and external expenses	(154,603)	(144,836)
Own work capitalized	73	208
Miscellaneous revenue	550	695
	(153,980)	(143,933)
Value added	**306,536**	**289,979**
Taxes other than on income	(21,302)	(12,139)
Wages and salaries	(95,318)	(89,491)
Payroll charges	(30,504)	(28,400)
	(147,124)	(130,030)
EBE	**159,412**	**159,949**
Depreciation, amortization and provisions	(26,045)	(23,877)
Reversals of provisions and expense transfers	1,525	802
Other expenses	(1,523)	(1,092)
	(26,043)	(24,167)
Net operating income	**133,369**	**135,782**
Financial expenses	(86,081)	(68,917)
Financial income	32,692	14,548
Net financial expense	**(53,389)**	**(54,369)**
Recurring income before tax	**79,980**	**81,413**
Non-recurring expenses	(3,851)	(3,942)
Non-recurring income	861	1,582
Net non-recurring expense	**(2,990)**	**(2,360)**
Income before tax and amortization of goodwill	**76,990**	**79,053**
Corporate income tax and deferred taxes	(26,697)	(27,246)
Deferred tax related to previous year	0	6,245
Share of profit of associates	641	758
Net income before amortization of goodwill	**50,934**	**58,810**
Attributable to owners of the parent	50,934	58,810
Attributable to non-controlling interests		
Goodwill amortization	(59,150)	(59,150)
Net loss for the year	**(8,216)**	**(340)**
Attributable to owners of the parent	(8,216)	(340)

PICARD GROUPE
Consolidated Financial Statements at March 31, 2009

STATEMENT OF CASH FLOWS

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
OPERATING ACTIVITIES		
NET OPERATING INCOME	**133,369**	**135,782**
Reversal of depreciation, amortization and provisions	(1,455)	(680)
Additions to depreciation, amortization and provisions	26,045	23,877
Net cash provided by operating activities (excluding change in working capital requirement and before net financial expense, corporate income tax and non-recurring items)	**157,959**	**158,979**
NET CHANGE IN OPERATING ITEMS		
Change in inventories	(13,249)	674
Change in trade accounts receivable	(1,023)	(1,679)
Change in trade accounts payable	(7,949)	9,140
Change in tax and social liabilities	5,092	(1,449)
Change in other operating liabilities	(1,531)	(1,592)
NET CHANGE IN WORKING CAPITAL REQUIREMENTS	**(18,660)**	**5,094**
Net cash provided by operating activities before net financial expense, corporate income tax and non-recurring items	**139,299**	**164,073**
NET CHANGE IN NON-OPERATING ITEMS	***(89,610)***	***(76,171)***
Financial expenses	(86,055)	(68,914)
Financial income	32,683	14,548
Dividends received from associates	170	170
Sub-total—Net financial expense	***(53,202)***	***(54,196)***
Corporate income tax (net)	(36,026)	(20,461)
Non recurring operating items	(796)	(2,139)
Proceeds from disposals of property, plant and equipment and intangible assets	390	623
Proceeds from disposals of financial fixed assets	24	2
Net cash provided by operating activities	**49,689**	**87,902**
INVESTING ACTIVITIES		
Purchases of intangible assets	(4,798)	(5,288)
Purchases of property, plant and equipment	(29,314)	(27,515)
Investment subsidies received	0	0
Acquisitions of financial fixed assets	(884)	(490)
Acquisitions and disposals of subsidiaries	(1,689)	0
Net cash used by investing activities	**(36,685)**	**(33,293)**
FINANCING ACTIVITIES		
Increase in share capital or contributions	0	0
Dividends paid to owners of the parent	0	0
Dividends paid to non-controlling interests	0	0
Change in other equity	0	0
Increase in borrowings/ accrued or capitalized interest	72,350	827,877
Repayment of borrowings	(118,777)	(870,746)
Net cash used by financing activities	**(46,427)**	**(42,869)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(33,423)**	**11,740**
Effects of changes in exchange rates		
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**110,084**	**98,344**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**76,661**	**110,084**

Significant accounting policies

The significant accounting policies applied by the Group are described below.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Picard Groupe were drawn up in accordance with the French accounting principles and standards defined by regulation 99.02 issued by the French Accounting Board (*Comité de la Réglementation Comptable*—CRC), and in particular CRC regulations on the definition, recognition and measurement of assets (CRC 2004-06) and on the depreciation, amortization and impairment of assets (CRC 2002-10).

FINANCIAL YEAR

The March 31, 2009 reporting date covers a 12-month period.

CONSOLIDATION METHOD

Companies directly or indirectly controlled by Picard Groupe are fully consolidated.

Companies in which Picard Groupe exercises significant influence but not control, are accounted for under the equity method.

Other investments are shown in the consolidated balance sheet at the lower of acquisition cost and estimated realizable value.

ELIMINATION OF INTERCOMPANY TRANSACTIONS

All intercompany transactions are eliminated. Margins on intercompany sales of goods are eliminated when the goods remain in inventory at the reporting date. The corresponding inventories carried in the balance sheet are written down by this margin.

Any intercompany dividends have also been eliminated.

FOREIGN CURRENCY TRANSLATION

– The financial statements of all Group companies are domiciled in the eurozone.

CONSISTENCY OF FINANCIAL STATEMENTS

The presentation of the financial statements of foreign subsidiaries is brought into line with the presentation adopted by French entities and complies with French accounting standards.

When a subsidiary uses a measurement method that is not in line with the Group's method, and this method results in a substantially different accounting position, the subsidiary's financial statements are adjusted in line with Group standards.

Accounting methods used by the Group's foreign subsidiaries are adjusted in line with Group methods, in particular as concerns the depreciation and useful lives of property, plant and equipment.

INTANGIBLE ASSETSb**GOODWILL**

Goodwill represents the difference between the acquisition price of consolidated companies or associates and the Group's equity in their net assets, calculated based on the fair value of the assets and liabilities at the acquisition date.

Goodwill is amortized on a straight-line basis over a period based on the useful lives of the assets employed in the core business of Group companies. This approach is consistent with the calculation of overall return used to measure Picard Groupe's investments.

Goodwill is defined as the excess return on equity based on the future economic benefits expected to derive from the asset.

At the end of each reporting period, an independent expert compares the excess return on equity with the net carrying amount of goodwill in the balance sheet. If the excess return on equity is lower than the net carrying amount, a write-down is recognized immediately as accelerated amortization. b**LEASEHOLD RIGHTS**

Leasehold rights comprise any amounts paid to owners of leased property at the time of new store openings. The gross value carried in assets on the balance sheet consists of the purchase cost.

Owing to legal protection attached to leasehold rights in France, these rights are not amortized.

At the end of each reporting period, the value of leasehold rights per store is reviewed in light of that store's financial position. If a decrease in value is identified, a write-down is recorded. b**SOFTWARE**

Software acquired by the company is recorded in intangible assets at acquisition cost, and amortized on a straight-line basis over a maximum period of three years.

Software developed and intended for internal use is recorded in intangible assets at development cost and is amortized on a straight-line basis over a maximum period of three years.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at acquisition cost.

Maintenance and repair costs are expensed. Costs incurred within the scope of multi-annual store refurbishment programs are not capitalized, with the exception of freezers and signs.

Depreciation is recognized on a straight-line basis as a decrease in the gross value of property, plant and equipment over the period during which the company expects to use the assets:

	Group method	
Type	**Method**	**Useful life**
Intangible assets		
Concessions, patents and licenses	Straight-line	3 years
Property, plant and equipment		
Buildings	Straight-line	20 years
Building improvements	Straight-line	20 years
Technical fittings	Straight-line	5 - 10 years
Equipment and industrial tools	Straight-line	5 - 10 years
General installations, miscellaneous fixtures and fittings	Straight-line	5 - 20 years
Vehicles	Straight-line	4 years
Office and IT equipment	Straight-line	3 - 5 years
Furniture	Straight-line	10 years

FINANCIAL FIXED ASSETS

Non-consolidated investments are recorded at acquisition price.

At the end of the reporting period, these investments are measured according to the same criteria as those used at the acquisition or investment date.

A write-down is recorded if there is an adverse change in these criteria.

LEASESb**FINANCE LEASES**

Stores and warehouses held under finance leases are adjusted on consolidation so as to present the value of the buildings and land concerned in assets and the related financial debt in liabilities.

Annual lease expenses are eliminated and replaced by:

- a depreciation charge calculated according to the principles applicable to the non-current assets concerned;
- a financial expense relating to the loan resulting from the adjustment of finance lease transactions. b **OPERATING LEASES**

Lease agreements considered to meet the definition of operating leases are not adjusted in the consolidated financial statements.

The criteria used to distinguish finance leases from operating leases are:

- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain that the option will be exercised;

- the leased assets are of such a specialized nature than only the lessee can use them without major modifications;

- the lease term is for the major part of the economic life of the asset;

- the present value of the minimum lease payments is equal to or more than the fair value of the leased asset.

If the lease agreement meets any one of these four criteria, the lease is considered to be a finance lease.

INVENTORIES

The gross value of goods for resale and supplies corresponds to their purchase price plus ancillary costs. Cost price therefore includes the external cost of transporting goods to the warehouses, customs duties and, where appropriate, any packaging costs incurred. The cost of transporting goods from warehouses to stores is not included in the cost of inventories.

Goods for resale are measured based on the last known purchase price, taking into account the high inventory turnover.

Goods intended for packaging by the company (but still in a pre-sale condition) are measured by batch.

A provision for impairment is recorded based on the following criteria:

- A 50% write-down is taken on frozen (and non-frozen) goods no longer appearing in the catalog but with remaining quantities to be sold in stores.

- A 75% write-down is taken on goods for which quantities in inventory are higher than the forecast sales of goods for the period determined by the Group.

- A 75% write-down is taken on goods that are likely to be written down due to regulations concerning the period over which they can be sold.

- A 100% write-down is taken on non-marketable products no longer appearing in the catalog.

RECEIVABLES

Receivables are carried at their nominal value including taxes, and measured on a case-by-case basis. Where appropriate, a provision for impairment is recognized to take into account any difficulties that might arise concerning collection.

This relates to certain accounts receivable concerning home delivery or local authority customers, who can benefit from favorable payment terms.

STORE OPENING COSTS

These costs are recognized in full within operating charges as incurred.

DEFERRED TAXES

Deferred taxes are recorded in the income statement and in the balance sheet to reflect differences in the timing of recognition of certain income and expenses for accounting and tax purposes.

Deferred taxes are calculated using the balance sheet liability method for any temporary differences resulting from the difference between the value of assets and liabilities for accounting and tax purposes.

The tax rate applied is the official rate enacted at the end of the reporting period based on the reversal of the temporary difference.

Deferred tax assets and liabilities reflect:

- the impact of temporary differences between income and expenses included in the calculation of consolidated income for accounting purposes and those included in the calculation of income for tax purposes.

Tax loss carryforwards give rise to a deferred asset in the balance sheet. A provision is recognized where appropriate if it is unlikely that sufficient taxable income will be generated against which the tax losses can be utilized.

MARKETABLE SECURITIES

Marketable securities are recorded in the balance sheet at the lower of historical cost and market value as of the end of the reporting period.

PROVISIONS FOR RISKS AND CHARGES

The estimated amount of all provisions for contingencies and expenses is based on economic and legal data that may change over time and is therefore subject to the uncertainties inherent to any estimates. b**RETIREMENT INDEMNITIES**

Retirement indemnities are calculated on the basis of the collective bargaining agreement for the food industry (“*Commerce à prédominance alimentaire*”).

Retirement indemnities are calculated for each employee using demographic (mortality tables, estimated staff turnover and seniority) and financial (salary increase, inflation rate) assumptions. They are discounted based on the yield on 10-year French Treasury bonds (OAT), and include payroll charges measured at current rates.

Retirement benefits are recognized as and when they are vested by employees.

A provision is also recorded for retirement indemnities in balance sheet liabilities. b**OTHER PROVISIONS FOR RISKS AND CHARGES**

These include estimated costs relating to litigation, disputes and other claims from third parties, particularly employees.

EMPLOYEE PROFIT-SHARING

The cost of employee profit-sharing is covered by a provision in the financial statements of Picard Surgelés.

TAXATIONb**TAX CONSOLIDATION GROUP**

Picard Groupe is the head of a tax group it forms with its subsidiaries OBO 6 and Picard Surgelés.

Companies included in tax consolidation for the 2007-2008 financial year are as follows:

- SA PICARD GROUPE, head of tax group
- SA Picard Surgelés
- SA OBO 6

LIST OF CONSOLIDATED COMPANIES

At March 31, 2009, companies included in Picard Groupe’s scope of consolidation were as follows:

Company	Registered office	SIREN	% interest at March 31, 2009	% interest at March 31, 2008
Fully consolidated companies				
SA PICARD GROUPE	54, avenue Marceau 75008 Paris, France	421 896 457	Parent company	Parent Company
SA OBO 6	54, avenue Marceau 75008 Paris, France	435 355 631	100%	100%
Picard I Surgelati SPA	21042 Caronno, Italy	1 275 750 121	100%	100%
Picard Surgelés SA	37 bis rue Royale 77300 Fontainebleau, France	784 939 688	100%	100%
Companies accounted for under the equity method (associates)				
Primex International SA	87 avenue Niel 75017 Paris, France	328 667 944	37.21%	37.21%

Balance sheet items—Assets

NON-CURRENT ASSETSbGOODWILL

Goodwill arising on the acquisition by Picard Groupe of the Financière Fontainebleau group reflects the difference between the acquisition price of the securities and the Group's share in the net assets of companies acquired, determined based on the fair value of the assets and liabilities at November 30, 2004.

The acquisition price used for the calculation of goodwill includes the legal (net of the related tax credit) and advisory fees incurred in connection with the acquisition.

The fair value of the assets and liabilities of the companies acquired was measured by an independent expert and gave rise to the revaluation of property, plant and equipment (buildings) belonging to Picard Surgelés at €34.3 million. A depreciation charge based on the depreciable period applicable to the assets concerned was recorded in the consolidated financial statements.

The gross value of the goodwill was €1,183 million at March 31, 2009.

All goodwill relates to Picard Surgelés.

At March 31, 2009, accumulated amortization in respect of goodwill, calculated using the straight-line method over 20 years, amounted to € 256 million (of which €59 million for the year ended March 31, 2009).

	Goodwill
Gross value at March 31, 2008	**1,183,003**
Increases	**0**
Decreases / adjustment	**0**
Gross value at March 31, 2009	**1,183,003**
	Goodwill
Amortization at March 31, 2008	**197,167**
Increases	**59,150**
Decreases / adjustment	**0**
Amortization at March 31, 2009	**256,317**

bINTANGIBLE ASSETS

In thousands of euros	Concessions, patents, and licenses	Leasehold rights	Other intangible assets	Total
Gross value at March 31, 2009	**11,047**	**29,515**	**545**	**41,107**
Acquisitions	2,580	3,194	0	**5,774**
Disposals	(2,144)	0	(976)	**(3,120)**
Gross value at March 31, 2008	**10,611**	**26,321**	**1,521**	**38,453**

Capital expenditure recorded under *Concessions, patents and licenses* mainly corresponds to the acquisition of computer software.

In thousands of euros	Concessions, patents and licenses	Leasehold rights	Other intangible assets	Total
Amortization and provisions at March 31, 2009	**8,566**	**326**	**0**	**8,892**
Amortization	1,418	132		**1,550**
Reversals	(2,016)			**(2,016)**
Reclassifications				**0**
Amortization and provisions at March 31, 2008	**9,164**	**194**	**0**	**9,358**

bPROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Land	Buildings	Technical fittings, machinery and equipment	Other property, plant and equipment	Total
Gross value at March 31, 2009	**7,411**	**73,417**	**145,641**	**168,655**	**395,124**
Acquisitions	287	642	13,850	14,712	**29,491**
Disposals		(130)	(7,594)	(2,639)	**(10,363)**
Gross value at March 31, 2008	**7,124**	**72,905**	**139,385**	**156,582**	**375,996**

In thousands of euros	Buildings	Technical fittings, machinery and equipment	Other property, plant and equipment	Total
Depreciation at March 31, 2009	**33,938**	**87,936**	**89,253**	**211,127**
Depreciation	3,204	9,590	9,441	**22,235**
Reversals	0	(7,091)	(2,335)	**(9,426)**
Depreciation at March 31, 2008	**30,734**	**85,437**	**82,147**	**198,318**

bFINANCIAL FIXED ASSETS

In thousands of euros	Long-term investments	Lease deposits	Investments accounted for under the equity method	Total
Gross value at March 31, 2009	**4,638**	**7,930**	**7,130**	**19,698**
Increase	894	884	470	2,248
Decrease	0	(24)	0	(24)
Gross value at March 31, 2008	**3,744**	**7,070**	**6,660**	**17,474**

Investments accounted for under the equity method comprise the 37.21% interest held by Picard Surgelés in Primex, corresponding to the par value of the shares on creation of that company on January 13, 1984.

Primex is also a supplier of Picard Surgelés.

Receivables and payables related to Primex are as follows:

In thousands of euros	March 31, 2009	March 31, 2008
Trade accounts receivable	**0**	10
Trade accounts payable	**4,542**	6,034

CURRENT ASSETS

In thousands of euros	March 31, 2009	March 31, 2008
Less than 1 year	**189,206**	197,725
Between 1 and 5 years	**2,104**	1,839
More than 5 years	**1,064**	882
Total	**192,374**	**200,446**

Most current assets have maturities of less than one year. Current assets with maturities of more than one year correspond to the balance of entry fees that are being amortized over the term of the lease.

INVENTORIES

	March 31, 2009

March 31, 2008

	Net	Gross	Net	
Packaging	178	**178**	209	209
Unpackaged goods	4,406	**4,406**	2,466	2,466
Packaged goods	71,786	**70,861**	60,446	59,373
Total	**76,370**	**75,445**	**63,121**	**62,048**

b**RECEIVABLES**

- **Trade accounts receivable**

	March 31, 2009		March 31, 2008	
In thousands of euros	**Gross**	**Net**	**Gross**	**Net**
Trade accounts receivable	809	**513**	**573**	365

- **Other receivables**

In thousands of euros	**March 31, 2009**	**March 31, 2008**
Personnel and related accounts	**402**	409
VAT, social security and income tax	**6,339**	6,161
Services rebilled to suppliers	**2,437**	3,843
Tax receivables	**2,022**	—
Other receivables	**1,237**	1,472
Total	**12,437**	**11,885**

Tax receivables in the amount of €2,022 thousand result from the difference between advance payments of corporation tax paid over the 2008-2009 financial year and the definitive amount of income tax due by the Group in connection with that period.

Other receivables mainly include advances granted to various debtors (within the scope of the rebillings to lessors of stores in the course of opening), credit notes and volume and promotional rebates from suppliers (not yet invoiced).

- **Prepaid Expenses**

In thousands of euros	**March 31, 2009**	**March 31, 2008**
Prepaid expenses	**16,451**	14,670
Total	**16,451**	**14,670**

Prepaid expenses include in particular store rental expenses, insurance premiums and advertising costs. b**CASH AND MARKETABLE SECURITIES**

	March 31, 2009		March 31, 2008	
In thousands of euros	**Gross**	**Net**	**Gross**	**Net**
Marketable securities	79,729	79,729	101,849	101,849
Cash	7,825	7,799	9,638	9,629
Total	**87,554**	**87,528**	**111,487**	**111,478**

Marketable securities comprise investments in UCITs.

Balance sheet items—Liabilities

STOCKHOLDERS' EQUITY

At March 31, 2009, the share capital of Picard Groupe, the consolidating entity, amounted to €186,000,000, breaking down as 11,625,000 shares with a par value of €16.

In thousands of euros	Common stock	Equity warrants	Retained earnings	Consolidated net income (loss)	Stockholders' equity
Balance at March 31, 2009	**186,000**	**2,415**	**(95,823)**	**(8,216)**	**84,376**
Allocation of net loss			(340)	340	**0**
Consolidated net loss for the year (attributable to owners of the parent)				(8,216)	**(8,216)**
Balance at March 31, 2008	**186,000**	**2,415**	**(95,482)**	**(340)**	**92,593**

b**EQUITY WARRANTS ATTACHED TO SHARES ISSUED BY THE PICARD GROUP**

The Combined Shareholders' Meeting of December 3, 2004 authorized the issue of 1,690,000 equity warrants (categories 1 to 6).

These equity warrants were subscribed in full by Frozendir for a total amount of €2,415,000.

The exercise of all these warrants would lead to the issuance of 1,690,000 new Picard Groupe shares with a par value of €16.

The equity warrants can be exercised subject to certain terms and conditions, including a change of control of Picard Groupe and the achievement of a project internal rate of return.

PROVISIONS FOR DEFERRED TAX LIABILITIES

The €21.4 million provision for deferred tax liabilities recorded at March 31, 2009 mainly relates to Picard Surgelés and reflects the deferred tax liabilities recorded on the revaluation of certain buildings resulting from the difference between accounting and tax depreciation periods.

PROVISIONS FOR RISKS AND CHARGES

In thousands of euros	Retirement indemnities	Operational risks	Disputes and litigation	Total
Provision at March 31, 2009	**4,344**	**2,008**	**1,190**	**7,542**
Additions	893	1,942	812	**3,647**
Reversal	(234)	(842)	(424)	**(1,499)**
Reclassifications	0	0	0	**0**
Provision at March 31, 2008	**3,685**	**908**	**802**	**5,395**

b**PROVISIONS FOR DISPUTES AND OTHER PROVISIONS**

These primarily concern provisions for labor disputes, litigation and various taxes.

At March 31, 2009, the reversal of the provision for labor disputes of €447 thousand includes utilized provisions in the amount of €318 thousand. b**PROVISIONS FOR OPERATIONAL RISKS**

The increase in tax provisions mainly reflects the impact of the tax deficiency notice received from the French tax authorities further to the tax audit of Picard Surgelés. b**PROVISIONS FOR RETIREMENT INDEMNITIES**

The increase in this provision mainly reflects the change in the discount rate (OAT 10-year).

FINANCIAL DEBT

In thousands of euros	March 31, 2008	Increase	Decrease	March 31, 2009
Financial debt / Borrowings				
Convertible bond	34,089	2,581	(260)	**36,410**
Ordinary bond	327,824	26,752	0	**354,576**
Bank loan	780,946	33,493	(112,778)	**701,661**

Swaps and caps	(3,505)	9,524	(5,739)	**280**
Total financial debt / borrowings	**1,139,354**	**72,350**	**(118,777)**	**1,092,927**
Other financial debt				
Bank credit facility	1,403	9,490		**10,893**
Finance lease	1,966	0	(326)	**1,640**
Other	72	1		**73**
Total other financial debt	**3,441**	**9,491**	**(326)**	**12,606**
Total	**1,142,795**	**81,841**	**(119,103)**	**1,105,533**

b**BONDS**

- **Convertible bond**

On December 3, 2004, Picard Groupe issued €26,693,770 worth of convertible bonds, breaking down as 2,669,377 bonds with a par value of €10.

The bond has a term of 14.5 years and mature on June 3, 2019. The bond bears annual interest of 7.5%. Interest is capitalized annually.

Each convertible bond gives the right to subscribe, subject to certain Group performance conditions and at the holder's option, to one OBO6 share with a par value of €10. All outstanding bonds are redeemable at term.

- **Ordinary bond**

On December 3, 2004, Picard Groupe issued €252,306,230 worth of ordinary bonds, breaking down as 25,230,623 bonds with a par value of €10.

The bond has a term of 14.5 years and mature on June 3, 2019. The bond bears annual interest of 8.05%. Interest is capitalized annually.

The bonds are redeemable at term.

The Mezzanine PIK and senior Mezzanine bonds subscribed in December 2004 to finance the acquisition of the group by Picard Groupe on the acquisition date were repaid in full on June 27, 2006. The equity warrants relating to these loans have been detached. b**BANK LOANS**

- **Bank loan**

A loan of €770,000,000 was entered into on June 27, 2007. This loan is being amortized over five years, with the last repayment being due on June 27, 2012.

The loan bears interest at a variable rate set with reference to market rates (1, 3 or 6-month Euribor), plus a margin that may vary depending on Group EBITDA.

In addition to the annual repayments provided for in the contract (€38.5 million), the Picard Group made a further €30 million repayment in advance of term in December 2008.

The estimated net bank debt is fully or partially hedged for three years as from January 2009, with various financial instruments (swaps, collars and caps). b**OTHER FINANCIAL DEBT**

This item notably includes:

– Creditor current bank accounts relating mainly to Picard Surgelés in an amount of €10,893 thousand at March 31, 2009;

– Financial debt relating to stores and warehouses financed by various leases for an amount of €1,640 thousand at March 31, 2009.

The breakdown of financial debt by maturity is presented below:

In thousand of euros	**March 31, 2009**	**March 31, 2008**
Less than 1 year	**59,572**	**47,742**

Between 1 and 5 years	**654,216**	**732,195**
More than 5 years	**391,745**	**362,858**
Total	**1,105,533**	**1,142,795**

b**FOREIGN EXCHANGE RISK**

The Group's activities are carried out by subsidiaries mainly operating in the eurozone.

CURRENT LIABILITIES AND OTHER DEBTb**TRADE ACCOUNTS PAYABLE**

Trade accounts payable consist of the following:

In thousands of euros	March 31, 2009	March 31, 2008
Trade accounts payable	93,978	99,432
Amounts owed to suppliers of fixed assets	4,973	7,468
Total	**98,951**	**106,900**

Trade accounts payable break down as follows by company:

In thousands of euros	March 31, 2009	March 31, 2008
Trade accounts payable Picard Groupe	40	205
Trade accounts payable Picard Surgelés	92,109	96,376
Trade accounts payable Picard I Surgelati	1,829	2,849
Other Group companies	—	2
Total	**93,978**	**99,432**

Amounts owed to suppliers of fixed assets break down as follows by company:

In thousands of euros	March 31, 2009	March 31, 2008
Amounts owed to suppliers of fixed assets Picard Surgelés	4,973	7,468
Total amounts owed to suppliers of fixed assets	**4,973**	**7,468**

The change in *Amounts owed to suppliers of fixed assets Picard Surgelés* is essentially dependent on the new store opening schedule. b**TAX AND SOCIAL LIABILITIES**

In thousands of euros	March 31, 2009	March 31, 2008
Social liabilities—personnel	19,386	19,240
Social liabilities—social organizations	9,211	8,226
Tax payables	2,694	2,282
Organic, agefiph tax payable	5,607	2,058
Corporate income tax	0	9,562
Total	**36,898**	**41,368**

Social liabilities related to personnel include variable remuneration whose payment is deferred by one or several months, accrued costs in relation to paid vacations, recoverable days under the French working time reduction law (RTT), and statutory and contractual profit-sharing.

Corporate income tax debt of €9,562 thousand at March 31, 2008 represents the outstanding corporate income tax due by the Group to be paid in July 2008.

At March 31, 2009, tax receivables in the amount of €2,022 thousand were recognized in the consolidated balance sheet (see Other receivables).

Off-balance sheet commitments

b**FINANCIAL COMMITMENTS**

At March 31, 2009, the Group operated 44 stores financed under lease agreements that are accounted for as operating leases. These agreements are not adjusted in the consolidated financial statements. The principal outstanding at March 31, 2009 amounted to €13,228 thousand. b**MORTGAGES AND PLEDGES**

As part of the bank loan subscribed for €770,000,000, Picard Groupe granted a pledge on financial instruments (including the cash account) relating to the securities held by Picard Groupe in Picard Surgelés. b**OTHER COMMITMENTS GRANTED AND RECEIVED**

- **Partnerships**

Group subsidiary Picard Surgelés enters into partnership agreements with some of its suppliers, with commitments generally based on an annual volume of purchases. Under the agreements, suppliers produce and store products intended for Picard Surgelés. However, the transfer of ownership of these products only takes place on delivery of goods to the warehouses of Picard Surgelés or its subcontractors.

- **Commitments to sell and purchase securities**

- Sale and purchase commitment between Frozenciv shareholders and Picard Groupe

All shareholders of SAS Frozenciv are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozenciv shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozenciv shareholders a portion of their Frozenciv shares subject to certain terms and conditions.

- Unilateral sale and purchase commitment between Frozendir shareholders and Picard Groupe

All shareholders of SAS Frozendir are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozendir shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozendir shareholders a portion of their Frozendir shares subject to certain terms and conditions.

- Sale and purchase commitment between Frozenop shareholders and Picard Groupe

All shareholders of SAS Frozenop are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozenop shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozenop shareholders a portion of their Frozenop shares subject to certain terms and conditions.

- Other commitments and information

Under the authorization granted by the Extraordinary Shareholders' Meeting of December 3, 2004, on July 25, 2006 the Board of Directors set up a share subscription option plan for Picard Groupe effective from that date. Under the plan, the Group awarded 125,000 class 1 options granting the right to subscribe to 100,000 ordinary shares in the Company and 125,000 class 2 options granting the right to subscribe to 100,000 ordinary shares in the Company. These options were granted for a period of 12 years and can be exercised subject to certain conditions. No options were exercised during the year ended March 31, 2009.

A tax audit is in progress in the Group covering financial years 2004-2005, 2005-2006 and 2006-2007. Further to the tax audit at Picard Surgelés, the resulting tax deficiency notice, which mainly concerns business and land taxes, has been fully provided for in the financial statements at March 31, 2009. The audits of the tax consolidation group and particularly Picard Groupe are in progress.

- **Equity warrants**

- Commitment related to equity warrants attached to shares

Refer to the note on changes in consolidated stockholders' equity.

- Equity warrants attached to bonds

Mezzanine OBSA

600,300 equity warrants were attached to 1,380 Mezzanine OBSA bonds issued on December 3, 2004 and repaid in June 2006. These equity warrants are now detached from the bonds and grant the right to the issue of 600,300 Picard Groupe shares with a par value of €16. At March 31, 2009, none of the bonds had been exercised. These bonds are not valued in the financial statements at March 31, 2009. They are exercisable subject to certain conditions.

Junior Mezzanine OBSA

128,040 equity warrants were attached to 220 Junior Mezzanine OBSA bonds issued on December 3, 2004 and repaid in June 2006. These equity warrants are now detached from the bonds and grant the right to the issue of 128,040 Picard Groupe shares with a par value of €16. At March 31, 2009, none of these bonds had been exercised. These bonds are not valued in the financial statements at March 31, 2009. They are exercisable subject to certain conditions.

Income statement items

SALES OF GOODS

Sales of goods mainly consist of frozen food sold under the *Picard* or *Picard I Surgelati* trademarks.

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Sales of goods France	**1,088,276**	**1,036,954**
Other	**1,994**	**2,036**
Total sales of goods France	**1,090,270**	**1,038,990**
Sales of goods Export	**17,979**	**21,646**
Total sales of goods Export	**17,979**	**21,646**
Total sales of goods	**1,108,249**	**1,060,636**

STATUTORY AUDITORS' FEES

For the year ended March 31, 2009, fees invoiced in respect of the audit of the financial statements amounted to €314 thousand.

Fees invoiced for advisory and other services during the year amounted to €6 thousand.

TAXES OTHER THAN ON INCOME

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Taxes on salaries	**2,678**	**2,120**
Business tax (*taxe professionelle*)	**6,904**	**6,413**
Land taxes	**661**	**625**
Other local taxes	**100**	**137**
Tax on company vehicles	**89**	**93**
Solidarity and Tascom contributions	**5,063**	**1,682**
Other taxes	**5,807**	**1,069**
Total	**21,302**	**12,140**

Following the publication of the LME law in August 2008, a new tax called Tascom (tax on business premises previously known as TACA) is now payable by all stores belonging to distribution chains whose consolidated commercial area exceeds 4,000 square meters. A provision of €3,322 thousand was recognized at March 31, 2009 covering the period from January 1, 2008 to March 31, 2009.

At March 31, 2009, *Other taxes* include €3,932 thousand relating to the 2% tax on seafood enacted in January 2008 (€776 thousand at March 31, 2008). A charge of €230 thousand was also recognized at March 31, 2009 in relation to a new 2% tax established by the social security financing law applicable notably to statutory profit-sharing paid from January 2009.

WAGES AND SALARIES

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Salaries	**83,815**	**77,728**
Social charges	**27,338**	**25,417**
Other social charges	**2,942**	**2,682**
Other personnel costs	**223**	**301**
Contractual profit-sharing	**0**	**0**
Statutory profit-sharing	**11,503**	**11,762**
Total	**125,821**	**117,890**

HEADCOUNT

The Group's average headcount during the year ended March 31, 2009 was as follows:

	Year ended March 31, 2009	Year ended March 31, 2008
Managerial	**171**	**167**

Technicians and supervisors	**972**	**908**
Employees	**3,037**	**2,949**
Total	**4,180**	**4,024**

DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Amortization of intangible assets	**1,152**	**675**
Depreciation of property, plant and equipment	**22,249**	**20,879**
Sub-total depreciation and amortization	**23,401**	**21,554**
Additions to provisions for non-current assets	**131**	**4**
Additions to provisions for risks and charges	**2,366**	**1,912**
Additions to provisions for bad debt	**147**	**93**
Additions to other provisions	**0**	**314**
Sub-total additions to provisions for current assets	**147**	**407**
Total	**26,045**	**23,877**

REVERSALS OF DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Reversals of provisions for risks and charges	**1,248**	**617**
Reversals of provisions for bad debt	**50**	**32**
Reversals of other provisions	**157**	**30**
Total reversals	**1,455**	**679**

OTHER EXPENSES

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Royalties	**369**	**289**
Losses on bad debt	**910**	**569**
Other operating expenses	**244**	**234**
Total	**1,523**	**1,092**

FINANCIAL INCOME AND EXPENSE

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Financial expenses		
Interest expenses	**62,957**	**68,843**
Foreign exchange losses	**3**	**71**
Other financial expenses	**23,095**	**0**
Sub-total financial expenses	**86,055**	**68,914**
Financial income		
Interest income on loans and receivables	**18**	**29**
Interest income on marketable securities	**4,389**	**3,427**
Foreign exchange gains	**0**	**21**
Other financial income	**28,276**	**11,071**
Sub-total financial income	**32,683**	**14,548**
Additions to provisions for financial assets		
Additions to provisions for other financial assets	**26**	**3**
Sub-total additions to provisions for financial assets	**26**	**3**
Reversals of provisions for financial assets		
Reversals of provisions for other financial assets	**9**	**0**
Sub-total reversals of provisions for financial assets	**9**	**0**
Net financial expense	**(53,389)**	**(54,369)**

NON-RECURRING INCOME AND EXPENSE

In thousands of euros	Year ended March 31, 2009	Year ended March 31, 2008
Non-recurring expenses		

Non-recurring expenses related to operations	**1,238**	**66**
Net book value of intangible assets sold	**0**	**0**
Net book value of property, plant and equipment sold	**1,152**	**840**
Other non-recurring expenses	**14**	**3,033**
Sub-total non-recurring expenses	**2,404**	**3,939**
Non-recurring income		
Non-recurring income related to operations	**308**	**218**
Proceeds from sales of intangible assets	**0**	**0**
Proceeds from sales of property, plant and equipment	**390**	**623**
Other non-recurring income	**148**	**741**
Sub-total non-recurring income	**846**	**1,582**
Non-recurring additions to provisions		
Non-recurring additions to provisions for risks and charges	**1,447**	**3**
Non-recurring additions to provisions for tax depreciation		
Sub-total non-recurring depreciations	**1,447**	**3**
Non-recurring reversals		
Non-recurring reversals of provisions for risks and charges	**15**	**0**
Non-recurring reversals of provisions for tax depreciation		
Sub-total non-recurring reversals	**15**	**0**
Net non-recurring expense	**(2,990)**	**(2,360)**

Net non-recurring expense for the year ended March 31, 2008 includes €3,030 thousand in fees, expenses and commissions relating to the refinancing transaction of June 27, 2007.

At March 31, 2009, non-recurring additions to provisions for risks and charges include €1,247 thousand in tax deficiency notifications further to the Picard Surgelés tax audit covering 2005, 2006 and 2007.

GROUP TAX AND DEFERRED TAX

In thousands of euros	**Year ended March 31, 2009**	**Year ended March 31, 2008**
Current tax	**(26,438)**	**(27,545)**
Deferred tax	**(259)**	**299**
Deferred tax related to previous years	**0**	**6,245**
Total	**(26,697)**	**(21,001)**

"Deferred tax related to a previous years" in the amount of €6,245 thousand for the year ended March 31, 2008 reflect an adjustment to deferred tax liabilities recorded in the consolidated financial statements at December 31, 2004, which had been overestimated.

PICARD GROUPE

Statutory auditors' report on the consolidated financial statements
For the year ended 31 March 2008

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PICARD GROUPE

Statutory auditors' report on the consolidated financial statements
For the year ended 31 March 2008

To the Shareholders

In compliance with the assignment entrusted to us by your General Shareholders' Meeting we have audited the accompanying consolidated financial statements of PICARD GROUPE (ex-OBO 2) for the year ended 31 March 2008.

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 sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2008 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

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:

As described in the paragraph relating to the goodwill in the note "Accounting principles, methods of valuation and consolidation procedures", goodwill is amortized according to the straight-line method over a period determined based on the estimated life of the assets used for the purpose of the Group companies' main activities. Goodwill is defined as the excess return generated by the net equity based on expected future financial benefits. At each year end, a valuation made by an independent expert measures this excess return in order to compare it with the net book value; if a negative difference is identified, a write-down corresponding to the amount of the difference is immediately recorded as accelerated amortization.

We examined the methods used to estimate the utility value of the goodwill created further to the acquisition of Picard Surgelés and the excess return as of the closing date and we assessed whether these estimates were reasonable.

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

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, on 9 June 2008

The statutory auditors

PricewaterhouseCoopers Audit
Alain Le Barbanchon

M.B.V. & Associés
Paul Evariste Vaillant

PICARD GROUPE

Consolidated Financial Statements
31 March 2008

PICARD GROUPE
Consolidated Financial Statements at March 31, 2008

CONSOLIDATED BALANCE SHEET

ASSETS In thousands of euros	March 31, 2008 Gross value	 Depreciation, amortization and impairment	 Net value	March 31, 2007
Intangible assets				
Goodwill	1,183,003	197,167	985,836	1,044,986
Leasehold rights	26,321	194	26,127	23,154
Other intangible assets	12,132	9,165	2,967	1,409
Property, plant and equipment				
Land	7,124		7,124	7,368
Buildings	72,905	30,734	42,171	44,397
Other property, plant and equipment	295,966	167,584	128,382	120,045
Financial fixed assets				
Long-term investments	3,744		3,744	3,744
Investments accounted for under the equity method	6,660		6,660	6,072
Lease deposits	7,070		7,070	6,582
Non-current assets	**1,614,925**	**404,844**	**1,210,081**	**1,257,757**
Inventories				
Goods for resale	63,121	1,073	62,048	63,006
Accounts receivable				
Services rebilled to suppliers	3,843		3,843	3,243
Trade accounts receivable	573	208	365	327
Other receivables	8,042		8,042	7,099
Deferred tax assets	0	0	0	0
Cash and cash equivalents				
Marketable securities	101,849	0	101,849	103,510
Cash	9,638	9	9,629	12,991
Adjustment accounts				
Prepaid expenses	14,670	0	14,670	13,166
Current assets	**201,736**	**1,290**	**200,446**	**203,342**
Total assets	**1,816,661**	**406,134**	**1,410,527**	**1,461,099**

PICARD GROUPE
Consolidated Financial Statements at March 31, 2008

CONSOLIDATED BALANCE SHEET

STOCKHOLDERS' EQUITY AND LIABILITIES

In thousands of euros	**March 31, 2008**	**March 31, 2007**
Common stock	186,000	186,000
Additional paid-in capital—equity warrants	2,415	2,415
Retained earnings (accumulated losses)	(95,482)	(68,110)
Net income (loss) for the period	(340)	(27,377)
Stockholders' equity	**92,593**	**92,928**
Non-controlling interests in retained earnings (accumulated losses)		
Non-controlling interests in net income (loss)		
Non-controlling interests in stockholders' equity		
Stockholders' equity (before allocation of net loss)	**92,593**	**92,928**
Provisions for deferred taxes	**21,155**	**27,698**
Provisions for risks and charges	**5,395**	**4,442**
Liabilities		
Bonds	361,913	334,695
Bank loans and borrowings	777,441	847,528
Liabilities under finance leases	1,966	1,849
Other financial debt	1,475	18,230
Trade accounts payable	106,905	97,765
Tax and social liabilities	41,368	35,729
Other liabilities	316	235
Total liabilities	**1,291,384**	**1,336,031**
Total liabilities and stockholders' equity	**1,410,527**	**1,461,099**

PICARD GROUPE
Consolidated Financial Statements at March 31, 2008

INCOME STATEMENT

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Sales of goods	**1,060,636**	**992,941**
Purchases of goods	(626,724)	(586,397)
Gross margin	**433,912**	**406,544**
% sales excluding VAT	*40.91%*	*40.94%*
Other purchases and external expenses	(144,836)	(130,591)
Own work capitalized	208	17
Miscellaneous revenue	695	818
	(143,933)	(129,756)
Value added	**289,979**	**276,788**
Taxes other than on income	(12,139)	(11,167)
Wages and salaries	(89,491)	(83,122)
Payroll charges	(28,400)	(29,147)
	(130,030)	(123,436)
EBE	**159,949**	**153,352**
Depreciation, amortization and provisions	(23,877)	(23,006)
Reversals of provisions and expense transfers	802	1,516
Other expenses	(1,092)	(1,106)
	(24,167)	(22,596)
Net operating income	**135,782**	**130,756**
Financial expenses	(68,917)	(76,979)
Financial income	14,548	5,993
Net financial expense	**(54,369)**	**(70,986)**
Recurring income before tax	**81,413**	**59,770**
Non-recurring expenses	(3,942)	(14,118)
Non-recurring income	1,582	1,442
Net non-recurring expense	**(2,360)**	**(12,676)**
Income before tax and amortization of goodwill	**79,053**	**47,094**
Corporate income tax and deferred taxes	(27,246)	(16,383)
Deferred tax related to previous year	6,245	0
Share of profit of associates	758	830
Net income before amortization of goodwill	**58,810**	**31,541**
Attributable to owners of the parent	58,810	31,541
Attributable to non-controlling interests		
Goodwill amortization	(59,150)	(58,918)
Net loss for the year	**(340)**	**(27,377)**
Attributable to owners of the parent	(340)	(27,377)

PICARD GROUPE
Consolidated Financial Statements at March 31, 2008

STATEMENT OF CASH FLOWS

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
OPERATING ACTIVITIES	**135,782**	**130,756**
NET OPERATING INCOME	(680)	(1,350)
Reversals of depreciation, amortization and provisions	23,877	23,006
Additions to depreciation, amortization and provisions		
Net cash provided by operating activities (excluding change in working capital requirement and before net financial expense, corporate income tax and non-recurring items)	**158,979**	**152,412**
NET CHANGE IN OPERATING ITEMS		
Change in inventories	674	(3,769)
Change in trade accounts receivable	(1,679)	37,651
Change in trade accounts payable	9,140	(1,745)
Change in tax and social liabilities	(1,449)	5,549
Change in other operating liabilities	(1,592)	(829)
NET CHANGE IN WORKING CAPITAL REQUIREMENTS	**5,094**	**36,857**
Net cash provided by operating activities before net financial expense, corporate income tax and non-recurring items	**164,073**	**189,269**
NET CHANGE IN NON-OPERATING ITEMS	***(76,171)***	***(87,822)***
Financial expenses	(68,914)	(76,908)
Financial income	14,548	5,485
Dividends received from associates	170	179
Sub-total—Net financial expense	***(54,196)***	***(71,244)***
Corporate income tax (net)	(20,461)	(4,583)
Non-recurring operating items	(2,139)	(12,602)
Proceeds from disposals of property, plant and equipment and intangible assets	623	602
Proceeds from disposals of financial fixed assets	2	5
Net cash provided by operating activities	**87,902**	**101,447**
INVESTING ACTIVITIES		
Purchases of intangible assets	(5,288)	(3,024)
Purchases of property, plant and equipment	(27,515)	(25,768)
Investment subsidies received	0	0
Acquisitions of financial fixed assets	(490)	(592)
Acquisitions and disposals of subsidiaries	0	0
Net cash used by investing activities	**(33,293)**	**(29,384)**
FINANCING ACTIVITIES		
Increase in share capital or contributions	0	0
Dividends paid to owners of the parent	0	0
Dividends paid to non-controlling interests	0	0
Change in other equity	0	0
Increase in borrowings/accrued or capitalized interest	827,877	960,036
Repayment of borrowings	(870,746)	(1,005,211)
Net cash used by financing activities	**(42,869)**	**(45,175)**
CHANGE IN CASH AND CASH EQUIVALENTS	**11,740**	**26,888**
Effects of changes in exchange rates		
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**98,344**	**71,456**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**110,084**	**98,344**

Significant accounting policies

The significant accounting policies applied by the Group are described below.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Picard Groupe were drawn up in accordance with the French accounting principles and standards defined by regulation 99.02 issued by the French Accounting Board (*Comité de la Réglementation Comptable*—CRC), and in particular CRC regulations on the definition, recognition and measurement of assets (CRC 2004-06) and on the depreciation, amortization and impairment of assets (CRC 2002-10).

FINANCIAL YEAR

The March 31, 2008 reporting date covers a 12-month period.

CONSOLIDATION METHOD

Companies directly or indirectly controlled by Picard Groupe are fully consolidated.

Companies in which the Picard Group exercises significant influence but not control, are accounted for under the equity method.

Other investments are shown in the consolidated balance sheet at the lower of acquisition cost and estimated realizable value.

ELIMINATION OF INTERCOMPANY TRANSACTIONS

All intercompany transactions are eliminated. Margins on intercompany sales of goods are eliminated when the goods remain in inventory at the reporting date. The corresponding inventories carried in the balance sheet are written down by this margin.

Any intercompany dividends have also been eliminated.

FOREIGN CURRENCY TRANSLATION

The financial statements of all Group companies are domiciled in the eurozone.

CONSISTENCY OF FINANCIAL STATEMENTS

The presentation of the financial statements of foreign subsidiaries is brought into line with the presentation adopted by French entities and complies with French accounting standards.

When a subsidiary uses a measurement method that is not in line with the Group’s method, and this method results in a substantially different accounting position, the subsidiary’s financial statements are adjusted in line with Group standards.

Accounting methods used by the Group’s foreign subsidiaries are adjusted in line with Group methods, in particular as concerns the depreciation and useful lives of property, plant and equipment.

INTANGIBLE ASSETSbGOODWILL

Goodwill represents the difference between the acquisition price of consolidated companies or associates and the Group’s equity in their net assets, calculated based on the fair value of the assets and liabilities at the acquisition date.

Goodwill is amortized on a straight-line basis over a period based on the useful lives of the assets employed in the core business of Group companies. This approach is consistent with the calculation of overall return used to measure the Picard Group’s investments.

Goodwill is defined as the excess return on equity based on the future economic benefits expected to derive from the asset.

At the end of each reporting period, an independent expert compares the excess return on equity with the net carrying amount of goodwill in the balance sheet. If the excess return on equity is lower than the net carrying amount, a write-down is recognized immediately as accelerated amortization. b**LEASEHOLD RIGHTS**

Leasehold rights comprise any amounts paid to owners of leased property at the time of new store openings. The gross value carried in assets on the balance sheet consists of the purchase cost.

Owing to legal protection attached to leasehold rights in France, these rights are not amortized.

At the end of each reporting period, the value of leasehold rights per store is reviewed in light of that store's financial position. If a decrease in value is identified, a write-down is recorded. b**SOFTWARE**

Software acquired by the company is recorded in intangible assets at acquisition cost, and amortized on a straight-line basis over a maximum period of three years.

Software developed and intended for internal use is recorded in intangible assets at development cost and is amortized on a straight-line basis over a maximum period of three years.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at acquisition cost.

Maintenance and repair costs are expensed. Costs incurred within the scope of multi-annual store refurbishment programs are not capitalized, with the exception of freezers and signs.

Depreciation is recognized on a straight-line basis as a decrease in the gross value of property, plant and equipment over the period during which the company expects to use the assets, as follows:

	Group method	
Type	**Method**	**Useful life**
Intangible assets		
Concession, patents and licenses	Straight-line	3 years
Property, plant and equipment		
Buildings	Straight-line	20 years
Building improvements	Straight-line	20 years
Technical fittings	Straight-line	5 - 10 years
Equipment and industrial tools	Straight-line	5 - 10 years
General installations, miscellaneous fixtures and fittings	Straight-line	5 - 20 years
Vehicles	Straight-line	4 years
Office and IT equipment	Straight-line	3 - 5 years
Furniture	Straight-line	10 years

FINANCIAL FIXED ASSETS

Non-consolidated investments are recorded at acquisition price.

At the end of the reporting period, these investments are measured according to the same criteria as those used at the acquisition or investment date.

A write-down is recorded if there is an adverse change in these criteria.

LEASESb**FINANCE LEASES**

Stores and warehouses held under finance leases are adjusted on consolidation so as to present the value of the buildings and land concerned in assets and the related financial debt in liabilities.

Annual lease expenses are eliminated and replaced by:

- a depreciation charge calculated according to the principles applicable to the non-current assets concerned;

- a financial expense relating to the loan resulting from the adjustment of finance lease transactions. b**OPERATING LEASES**

Lease agreements considered to meet the definition of operating leases are not adjusted in the consolidated financial statements.

The criteria used to distinguish finance leases from operating leases are:

– the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain that the option will be exercised;

– the leased assets are of such a specialized nature than only the lessee can use them without major modifications;

– the lease term is for the major part of the economic life of the asset;

– the present value of the minimum lease payments is equal to or more than the fair value of the leased asset.

If the lease agreement meets any one of these four criteria, the lease is considered to be a finance lease.

INVENTORIES

The gross value of goods for resale and supplies corresponds to their purchase price plus ancillary costs. Cost price therefore includes the external cost of transporting goods to the warehouses, customs duties and, where appropriate, any packaging costs incurred. The cost of transporting goods from warehouses to stores is not included in the cost of inventories.

Goods for resale are measured based on the last known purchase price, taking into account the high inventory turnover.

Goods intended for packaging by the company (but still in a pre-sale condition) are measured by batch.

A provision for impairment is recorded based on the following criteria:

- A 50% write-down is taken on frozen (and non-frozen) goods no longer appearing in the catalog but with remaining quantities to be sold in stores.

- A 75% write-down is taken on goods for which quantities in inventory are higher than the forecast sales of goods for the period determined by the Group.

- A 75% write-down is taken on goods that are likely to be written down due to regulations concerning the period over which they can be sold.

- A 100% write-down is taken on non-marketable products no longer appearing in the catalog.

RECEIVABLES

Receivables are carried at their nominal value including taxes, and measured on a case-by-case basis. Where appropriate, a provision for impairment is recognized to take into account any difficulties that might arise concerning collection.

This relates to certain accounts receivable concerning home delivery or local authority customers, who can benefit from favorable payment terms.

STORE OPENING COSTS

These costs are recognized in full within operating expenses as incurred.

DEFERRED TAXES

Deferred taxes are recorded in the income statement and in the balance sheet to reflect differences in the timing of recognition of certain income and expenses for accounting and tax purposes.

Deferred taxes are calculated using the balance sheet liability method for any temporary differences resulting from the difference between the value of assets and liabilities for accounting and tax purposes.

The tax rate applied is the official rate enacted at the end of the reporting period based on the reversal of the temporary difference.

Deferred tax assets and liabilities reflect:

- the impact of temporary differences between income and expenses included in the calculation of consolidated income for accounting purposes and those included in the calculation of income for tax purposes.

Tax loss carryforwards give rise to a deferred asset in the balance sheet. A provision is recognized where appropriate if it is unlikely that sufficient taxable income will be generated against which the tax losses can be utilized.

MARKETABLE SECURITIES

Marketable securities are recorded in the balance sheet at the lower of historical cost and market value as of the end of the reporting period.

PROVISIONS FOR RISKS AND CHARGES

The estimated amount of all provisions for contingencies and expenses is based on economic and legal data that may change over time and is therefore subject to the uncertainties inherent to any estimates. b**RETIREMENT INDEMNITIES**

Retirement indemnities are calculated on the basis of the collective bargaining agreement for the food industry ("*Commerce à prédominance alimentaire*").

Retirement indemnities are calculated for each employee using demographic (mortality tables, estimated staff turnover and seniority) and financial (salary increase, inflation rate) assumptions. They are discounted based on the yield on 10-year French Treasury bonds (OAT), and include payroll charges measured at current rates.

Retirement benefits are recognized as and when they are vested by employees.

A provision is also recorded for retirement indemnities in balance sheet liabilities. b**OTHER PROVISIONS FOR RISKS AND CHARGES**

These include estimated costs relating to litigation, disputes and other claims from third parties, particularly employees.

EMPLOYEE PROFIT-SHARING

The cost of employee profit-sharing is covered by a provision in the financial statements of Picard Surgelés.

TAXATIONb**TAX CONSOLIDATION GROUP**

Picard Groupe is the head of a tax group it forms with its subsidiaries OBO 6 and Picard Surgelés.

Companies included in tax consolidation for the 2007-2008 financial year are as follows:

- SA Picard Groupe, head of tax group
- SA Picard Surgelés
- SA OBO 6

LIST OF CONSOLIDATED COMPANIES

At March 31, 2008, companies included in Picard Groupe's scope of consolidation were as follows:

Company	Registered office	SIREN	% interest at March 31, 2008	% interest at March 31, 2007
Fully consolidated companies				
SA Picard Group	54, avenue Marceau 75008 Paris, France	421 896 457	Parent company	Parent Company
SA OBO 6	54, avenue Marceau 75008 Paris, France	435 355 631	100%	100%
Picard I Surgelati SPA	21042 Caronno, Italy	1 275 750 121	100%	100%
Picard Surgelés SA	37 bis rue Royale 77300 Fontainebleau, France	784 939 688	100%	100%
Companies accounted for under the equity method (associates)				
Primex International SA	87 avenue Niel 75017 Paris, France	328 667 944	37.21%	37.21%

Balance sheet items—Assets

NON-CURRENT ASSETSb**GOODWILL**

Goodwill arising on the acquisition by Picard Groupe of the Financière Fontainebleau group reflects the difference between the acquisition price of the securities and the Group's share in the net assets of companies acquired, determined based on the fair value of the assets and liabilities at November 30, 2004.

The acquisition price used for the calculation of goodwill includes the legal (net of the related tax credit) and advisory fees incurred in connection with the acquisition.

The fair value of the assets and liabilities of the companies acquired was measured by an independent expert and gave rise to the revaluation of property, plant and equipment (buildings) belonging to Picard Surgelés at €34.3 million. A depreciation charge based on the depreciable period applicable to the assets concerned was recorded in the consolidated financial statements.

The gross value of the goodwill was €1,183 million at March 31, 2008.

All goodwill relates to Picard Surgelés.

At March 31, 2008, accumulated amortization recognized in respect of goodwill, calculated using the straight-line method over 20 years, amounted to €197 million (of which €59 million for the year ended March 31, 2008).

	Goodwill
Gross value at March 31, 2007	**1,183,003**
Increases	**0**
Decreases / adjustment	**0**
Gross value at March 31, 2008	**1,183,003**
	Goodwill
Amortization at March 31, 2007	**138,017**
Increases	**59,150**
Decreases / adjustment	**0**
Amortization at March 31, 2008	**197,167**

b**INTANGIBLE ASSETS**

	Concessions, patents, licenses	Leasehold rights	Other intangible assets	Total
Gross value at March 31, 2008	**10,611**	**26,321**	**1,521**	**38,453**
Acquisitions	1,199	2,976	1,113	**5,288**
Disposals	(121)	0	0	**(121)**
Reclassifications	0	0	0	**0**
Gross value at March 31, 2007	**9,533**	**23,345**	**408**	**33,286**

Capital expenditure recorded under *Concessions, patents and licenses* mainly corresponds to the acquisition of computer software.

	Concessions, patents, licenses	Leasehold rights	Other intangible assets	Total
Amortization and provisions at March 31, 2008	**9,164**	**194**	**0**	**9,358**
Amortization	674	3		**677**
Reversals	(41)			**(41)**
Reclassifications				**0**
Amortization and provisions at March 31, 2007	**8,531**	**191**	**0**	**8,722**

b**PROPERTY, PLANT AND EQUIPMENT**

In thousands of euros	Land	Buildings	Technical fittings, machinery and equipment	Other property, plant and equipment	Total
Gross value at March 31, 2008	**7,124**	**72,905**	**139,385**	**156,582**	**375,996**

Acquisitions	70	1,038	13,362	13,045	**27,515**
Disposals	(314)	(206)	(4,121)	(1,435)	**(6,076)**
Gross value at March 31, 2007	**7,368**	**72,073**	**130,144**	**144,972**	**354,557**

In thousands of euros	Buildings	Technical fittings, machinery and equipment	Other property, plant and equipment	Total
Depreciation at March 31, 2008	**30,734**	**85,437**	**82,147**	**198,318**
Depreciation	3,264	8,724	8,890	**20,878**
Reversals	(206)	(3,857)	(1,243)	**(5,306)**
Depreciation at March 31, 2007	**27,676**	**80,570**	**74,500**	**182,746**

b**FINANCIAL FIXED ASSETS**

In thousands of euros	Long-term investments	Lease deposits	Investments accounted for under the equity method	Total
Gross value at March 31, 2008	**3,744**	**7,070**	**6,660**	**17,474**
Increase	0	490	588	1,078
Decrease	0	(2)	0	(2)
Gross value at March 31, 2007	**3,744**	**6,582**	**6,072**	**16,398**

Investments accounted for under the equity method comprise the 37.21% interest held by Picard Surgelés in Primex, corresponding to the par value of the shares on creation of that company on January 13, 1984.

Primex is also a supplier of Picard Surgelés.

Receivables and payables related to Primex are as follows:

In thousands of euros	March 31, 2008	March 31, 2007
Trade accounts receivable	**10**	0
Trade accounts payable	**6,034**	4,697

CURRENT ASSETS

In thousands of euros	March 31, 2008	March 31, 2007
Less than 1 year	**197,725**	201,063
Between 1 and 5 years	**1,839**	1,682
More than 5 years	**882**	597
Total	**200,446**	**203,342**

Most current assets have maturities of less than one year. Current assets with maturities of more than one year correspond to the balance of entry fees that are being amortized over the term of the lease. b**INVENTORIES**

	March 31, 2008		March 31, 2007	
In thousands of euros	Gross	Net	Gross	Net
Packaging	209	**209**	207	207
Unpackaged goods	2,466	**2,466**	6,677	6,677
Packaged goods	60,446	**59,373**	56,911	56,122
Total	**63,121**	**62,048**	**63,795**	**63,006**

b**RECEIVABLES**

- **Trade accounts receivable**

	March 31, 2008		March 31, 2007	
In thousands of euros	Gross	Net	Gross	Net
Trade accounts receivable	573	**365**	475	327

- **Other receivables**

In thousands of euros	March 31, 2008	March 31, 2007

Personnel and related accounts	**409**	267
VAT, social security and income tax	**6,161**	5,322
Services rebilled to suppliers	**3,843**	3,243
Deferred tax assets	**—**	—
Other receivables	**1,472**	1,510
Total	**11,885**	**10,342**

Other receivables mainly include advances granted to various debtors (within the scope of the rebillings to lessors of stores in the course of opening), credit notes and volume and promotional rebates from suppliers (not yet invoiced).

- **Prepaid Expenses**

In thousands of euros	**March 31, 2008**	**March 31, 2007**
Prepaid expenses	**14,670**	13,166
Total	**14,670**	**13,166**

Prepaid expenses include in particular store rental expenses, insurance premiums and advertising costs. b**CASH AND MARKETABLE SECURITIES**

	March 31, 2008		**March 31, 2007**	
In thousands of euros	**Gross**	**Net**	**Gross**	**Net**
Marketable securities	**101,849**	**101,849**	**103,510**	**103,510**
Cash	**9,638**	**9,629**	**12,997**	**12,991**
Total	**111,487**	**111,478**	**116,507**	**116,501**

Marketable securities comprise investments in UCITs.

Balance sheet items—Liabilities

STOCKHOLDERS' EQUITY

At March 31, 2008, the share capital of Picard Groupe, the consolidating entity, amounted to €186,000,000, breaking down as 11,625,000 shares with a par value of €16.

In thousands of euros	Common stock	Equity warrants	Retained earnings	Consolidated net income (loss)	Stockholders' equity
Balance at March 31, 2008	**186,000**	**2,415**	**(95,482)**	**(340)**	**92,593**
Allocation of net loss			(27,377)	27,377	**0**
Consolidated net loss for the year (attributable to owners of the parent)				(340)	**(340)**
Balance at March 31, 2007	**186,000**	**2,415**	**(68,110)**	**(27,377)**	**92,928**

bEQUITY WARRANTS ATTACHED TO SHARES ISSUED BY PICARD GROUPE

The Combined Shareholders' Meeting of December 3, 2004 authorized the issue of 1,690,000 equity warrants (categories 1 to 6).

These equity warrants were subscribed in full by Frozendir for a total amount of €2,415,000.

The exercise of all these warrants would lead to the issuance of 1,690,000 new Picard Groupe shares with a par value of €16.

The equity warrants can be exercised subject to certain terms and conditions, including a change of control of Picard Groupe and the achievement of a project internal rate of return.

PROVISIONS FOR DEFERRED TAX LIABILITIES

The €21.1 million provision for deferred tax liabilities recorded at March 31, 2008 mainly relates to Picard Surgelés and reflects the deferred tax liabilities recorded on the revaluation of certain buildings resulting from the difference between accounting and tax depreciation periods.

PROVISIONS FOR RISKS AND CHARGES

In thousands of euros	Retirement indemnities	Operational risks	Disputes and litigation	Total
Provision at March 31, 2008	**3,685**	**908**	**802**	**5,395**
Additions	368	824	535	**1,727**
Reversal	(77)	(135)	(562)	**(774)**
Reclassifications	0	0	0	**0**
Provision at March 31, 2007	**3,394**	**219**	**829**	**4,442**

Reversals of provisions in the amount of €135 thousand correspond to unutilized provisions for taxes.

bPROVISIONS FOR DISPUTES AND OTHER PROVISIONS

These primarily concern provisions for labor disputes, litigation and various taxes.

At March 31, 2008, the reversal of the provision for labor disputes of €447 thousand includes utilized provisions in an amount of €318 thousand.

FINANCIAL DEBT

In thousands of euros	March 31, 2007	Increase	Decrease	March 31, 2008
Financial debt / Borrowings				
Convertible bond	31,673	2,416		**34,089**
Ordinary bond	303,022	24,802		**327,824**
Bank loan senior A	341,494	4,235	(345,729)	**0**
Bank loan senior B	507,939	7,348	(515,287)	**0**
Bank loan	0	799,902	(18,956)	**780,946**
Swaps and caps	(1,905)	(10,826)	9,226	**(3,505)**
Total financial debt / borrowings	**1,182,223**	**827,877**	**(870,746)**	**1,139,354**

Other financial debt				
Bank credit facility	18,163	0	(16,760)	**1,403**
Finance lease	1,849	388	(271)	**1,966**
Other	67	5		**72**
Total other financial debt	**20,079**	**393**	**(17,031)**	**3,441**
Total	**1,202,302**	**828,270**	**(887,777)**	**1,142,795**

b**BONDS**

- **Convertible bond**

On December 3, 2004, Picard Groupe issued €26,693,770 worth of convertible bonds, breaking down as 2,669,377 bonds with a par value of €10.

The bond has a term of 14.5 years and mature on June 3, 2019. The bond bears annual interest of 7.5%. Interest is capitalized annually.

Each convertible bond gives the right to subscribe, subject to certain Group performance conditions and at the holder's option, to one OBO6 share with a par value of €10. All outstanding bonds are redeemable at term.

- **Ordinary bond**

On December 3, 2004, Picard Groupe issued €252,306,230 worth of ordinary bonds, breaking down as 25,230,623 bonds with a par value of €10.

The bond has a term of 14.5 years and mature on June 3, 2019. The bond bears annual interest of 8.05%. Interest is capitalized annually.

The bonds are redeemable at term.

The Mezzanine PIK, senior Mezzanine bonds and bank loans subscribed in December 2004 to finance the acquisition of the group by the Picard Group were repaid in full on June 27, 2006. b**BANK LOANS**

The bank debts of Picard Group at end-March 2008 reflect a further refinancing transaction entered into on June 27, 2007. As part of this transaction, the previous senior bank loans (A and B tranches) contracted in June 2006 were repaid in full.

- **Bank loan**

A further loan of €770,000,000 was contracted on June 27, 2007. This loan is being amortized over five years, with the last repayment being due on June 27, 2012.

The loan bears interest at a variable rate set with reference to market rates (1, 3 or 6-month Euribor), plus a margin that may vary depending on Group EBITDA.

Interest rate risk on this loan is hedged through December 31, 2008 with interest rate caps and swaps.

The strike of the caps entered into in 2005 is 3.20% and the strike of the additional caps contracted in July 2006 is 3.917%. b**OTHER FINANCIAL DEBT**

This item notably includes:

– Creditor current bank accounts relating mainly to Picard Surgelés in an amount of €1,403 thousand at March 31, 2008;

– Financial debt relating to stores and warehouses financed by various leases for an amount of €1,966 thousand at March 31, 2008.

The breakdown of financial debt by maturity is presented below:

In thousand of euros	**March 31, 2008**	**March 31, 2007**
Less than 1 year	**47,742**	**51,892**

Between 1 and 5 years	**732,195**	**274,606**
More than 5 years	**362,858**	**875,804**
Total	**1,142,795**	**1,202,302**

b**FOREIGN EXCHANGE RISK**

The Group's activities are carried out by subsidiaries mainly operating in the eurozone.

CURRENT LIABILITIES AND OTHER DEBTb**TRADE ACCOUNTS PAYABLE**

Trade accounts payable consist of the following:

In thousands of euros	March 31, 2008	March 31, 2007
Trade accounts payable	99,432	91,544
Amounts owed to suppliers of fixed assets	7,468	6,221
Total	**106,900**	**97,765**

Trade accounts payable break down as follows by company:

In thousands of euros	March 31, 2008	March 31, 2007
Trade accounts payable OBO 2	205	239
Trade accounts payable Picard Surgelés	96,376	88,336
Trade accounts payable Picard I Surgelati	2,849	2,965
Other Group companies	2	4
Total	**99,432**	**91,544**

Amounts owed to suppliers of fixed assets break down as follows by company:

In thousands of euros	March 31, 2008	March 31, 2007
Amounts owed to suppliers of fixed assets	7,468	6,221
Total amounts owed to suppliers of fixed assets	**7,468**	**6,221**

The change in *Amounts owed to suppliers of fixed assets Picard Surgelés* is essentially dependent on the new store opening schedule. b**TAX AND SOCIAL LIABILITIES**

In thousands of euros	March 31, 2008	March 31, 2007
Social liabilities—personnel	19,240	21,450
Social liabilities—social organizations	8,226	7,384
Tax payables	2,282	2,520
Organic, agefiph tax payable	2,058	1,901
Corporate income tax	9,562	2,474
Total	**41,368**	**35,729**

Social liabilities related to personnel include variable remuneration whose payment is deferred by one or several months, accrued costs in relation to paid vacations, recoverable days under the French working time reduction law (RTT), and statutory and contractual profit-sharing.

Corporate income tax debt of €9,562 thousand represents the outstanding corporate income tax due by the Group to be paid in July 2008.

Off-balance sheet commitments

bFINANCIAL COMMITMENTS

At March 31, 2008, the Group operated 44 stores financed under lease agreements that are accounted for as operating leases. These agreements are not adjusted in the consolidated financial statements. The principal outstanding at March 31, 2008 amounted to €14,063 thousand. b**MORTGAGES AND PLEDGES**

As part of the bank loan subscribed for €770,000,000, Picard Groupe granted a pledge on financial instruments (including the cash account) relating to the securities held by the Picard Group in Picard Surgelés. b**OTHER COMMITMENTS GRANTED AND RECEIVED**

- **Partnerships**

Group subsidiary Picard Surgelés enters into partnership agreements with some of its suppliers, with commitments generally based on an annual volume of purchases. Under the agreements, suppliers produce and store products intended for Picard Surgelés. However, the transfer of ownership of these products only takes place on delivery of goods to the warehouses of Picard Surgelés or its subcontractors.

- **Commitments to sell and purchase securities**

- Sale and purchase commitment between Frozenciv shareholders and Picard Groupe

All shareholders of SAS Frozenciv are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozenciv shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozenciv shareholders a portion of their Frozenciv shares subject to certain terms and conditions.

- Unilateral sale and purchase commitment between Frozendir shareholders and Picard Groupe

All shareholders of SAS Frozendir are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozendir shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozendir shareholders a portion of their Frozendir shares subject to certain terms and conditions.

- Sale and purchase commitment between Frozenop shareholders and Picard Groupe

All shareholders of SAS Frozenop are contractually and irrevocably committed to selling to Picard Groupe all or a portion of their Frozenop shares subject to certain terms and conditions. Picard Groupe is contractually committed to purchasing from Frozenop shareholders a portion of their Frozenop shares subject to certain terms and conditions.

- Other commitments

Under the authorization granted by the Extraordinary Shareholders' Meeting of December 3, 2004, on July 25, 2006 the Board of Directors set up a share subscription option plan for Picard Groupe effective from that date. Under the plan, the Group awarded 125,000 class 1 options granting the right to subscribe to 100,000 ordinary shares in the Company and 125,000 class 2 options granting the right to subscribe to 100,000 ordinary shares in the Company. These options were granted for a period of 12 years and can be exercised subject to certain conditions. No options were exercised during the year ended March 31, 2008.

- **Equity warrants**

- Commitment related to equity warrants attached to shares

Refer to the note on changes in consolidated stockholders' equity.

- Equity warrants attached to bonds

Mezzanine OBSA

600,300 equity warrants were attached to 1,380 Mezzanine OBSA bonds issued on December 3, 2004 and repaid in June 2006. These equity warrants are now detached from the bonds and grant the right to the issue of 600,300 Picard Groupe shares with a par value of €16. At March 31, 2008, none of the bonds had been exercised.

These bonds are not valued in the financial statements at March 31, 2008. They are exercisable subject to certain conditions.

Junior Mezzanine OBSA

128,040 equity warrants were attached to 220 Junior Mezzanine OBSA bonds issued on December 3, 2004 and repaid in June 2006. These equity warrants are now detached from the bonds and grant the right to the issue of 128,040 Picard Groupe shares with a par value of €16. At March 31, 2008, none of these bonds had been exercised

These bonds are not valued in the financial statements at March 31, 2008. They are exercisable subject to certain conditions. b**SUBSEQUENT EVENTS**

On May 5, 2008, OBO2 changed its name to Picard Groupe.

On May 16, 2008, the French tax authorities notified Picard Surgelés of a tax audit relating to fiscal years 2004-2005, 2005-2006 and 2006-2007.

Income statement items

SALES OF GOODS

Sales of goods mainly consist of frozen food sold under the *Picard* or *Picard I Surgelati* trademarks.

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Sales of goods France	**1,036,954**	**970,224**
Other	**2,036**	**1,569**
Total sales of goods France	**1,038,990**	**971,793**
Sales Export	**21,646**	**21,148**
Total sales of goods Export	**21,646**	**21,148**
Total sales of goods	**1,060,636**	**992,941**

TAXES OTHER THAN ON INCOME

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Taxes on salaries	**2,120**	**1,818**
Business tax (*taxe professionelle*)	**6,413**	**5,979**
Land taxes	**625**	**616**
Other local taxes	**137**	**112**
Tax on company vehicles	**93**	**92**
Solidarity contribution	**1,682**	**1,590**
Other taxes	**1,069**	**960**
Total	**12,139**	**11,167**

WAGES AND SALARIES

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Salaries	**77,729**	**72,132**
Social charges	**25,417**	**23,213**
Other social charges	**2,682**	**2,264**
Other personnel costs	**301**	**369**
Contractual profit-sharing	**0**	**3,300**
Statutory profit-sharing	**11,762**	**10,991**
Total	**117,891**	**112,269**

HEADCOUNT

The Group's average headcount during the year ended March 31, 2008 was as follows:

	Year ended March 31, 2008	Year ended March 31, 2007
Managerial	**167**	**159**
Technicians and supervisors	**908**	**842**
Employees	**2,949**	**2,938**
Total	**4,024**	**3,939**

DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Amortization of intangible assets	**675**	**669**
Depreciation of property, plant and equipment	**20,879**	**19,941**
Sub-total depreciation and amortization	**21,554**	**20,610**
Additions to provisions for non-current assets	**4**	**44**
Additions to provisions for operating risks and charges	**1,912**	**1,573**
Additions to provisions for bad debt	**93**	**41**
Additions to other provisions	**314**	**738**
Sub-total additions to provisions for current assets	**407**	**779**
Total	**23,877**	**23,006**

REVERSALS OF DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Reversals of provisions for risks and charges	**617**	**493**
Reversals of provisions for bad debt	**32**	**738**
Reversals of other provisions	**31**	**119**
Total reversals	**680**	**1,350**

OTHER EXPENSES

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Royalties	**289**	**266**
Losses on bad debt	**569**	**655**
Other operating expenses	**234**	**185**
Total	**1,092**	**1,106**

FINANCIAL INCOME AND EXPENSE

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Financial expenses		
Interest expenses	**68,843**	**76,189**
Foreign exchange losses	**71**	**4**
Other financial expenses	**0**	**715**
Sub-total financial expenses	**68,914**	**76,908**
Financial income		
Interest income on loans and receivables	**29**	**0**
Interest income on marketable securities	**3,427**	**2,521**
Foreign exchange gains	**21**	**0**
Other financial income	**11,071**	**2,964**
Sub-total financial income	**14,548**	**5,485**
Additions to provisions for financial assets		
Additions to provisions for other financial assets	**3**	**71**
Sub-total additions to provisions for financial assets	**3**	**71**
Reversals of provisions for financial assets		
Reversal of provisions for other financial assets	**0**	**508**
Sub-total reversals of provisions for financial assets	**0**	**508**
Net financial expense	**(54,369)**	**(70,986)**

NON-RECURRING INCOME AND EXPENSE

In thousands of euros	Year ended March 31, 2008	Year ended March 31, 2007
Non-recurring expenses		
Non-recurring expenses related to operations	**66**	**25**
Net book value of intangible assets sold	**0**	**0**
Net book value of property, plant and equipment sold	**840**	**988**
Other non-recurring expenses	**3,033**	**13,091**
Sub-total non-recurring expenses	**3,939**	**14,104**
Non-recurring income		
Non-recurring income related to operations	**218**	**45**
Proceeds from sales of intangible assets	**0**	**0**
Proceeds from sales of property, plant and equipment	**623**	**607**
Other non-recurring income	**741**	**469**
Sub-total non-recurring income	**1,582**	**1,121**
Non-recurring additions to provisions		
Non-recurring additions to provisions for risks and charges	**3**	**14**
Non-recurring additions to provisions for tax depreciation		
Sub-total non-recurring additions to provisions	**3**	**14**
Non-recurring reversals		
Non-recurring reversals of provisions for risks and charges	**0**	**321**
Non-recurring reversals of provisions for tax depreciation		

Sub-total non-recurring reversals	**0**	**321**
Net non-recurring expense	**(2,360)**	**(12,676)**

Net non-recurring expense for the years ended March 31, 2008 and March 31, 2007 includes fees, expenses and commissions relating to the refinancing transactions of June 27, 2007 and June 27, 2006, in the amounts of €3,030 thousand and €12,779 thousand, respectively.

CORPORATE INCOME TAX AND DEFERRED TAXES

In thousands of euros	**Year ended March 31, 2008**	**Year ended March 31, 2007**
Current tax	**(27,545)**	**(6,974)**
Deferred tax	**299**	**(9,409)**
Deferred tax related to previous years	**6,245**	**0**
Total	**(21,001)**	**(16,383)**

"Deferred tax related to a previous years" in the amount of €6,245 thousand reflects an adjustment to deferred tax liabilities recorded in the consolidated financial statements at December 31, 2004, which had been overestimated. Accordingly, the income tax charge for the period was reduced by €6,245 thousand.

REGISTERED OFFICE OF THE ISSUER

Picard Bondco S.A.
13-15, avenue de la Liberté
L-1931 Luxembourg
Luxembourg

LEGAL ADVISORS TO THE ISSUER

As to U.S. law
Cravath, Swaine & Moore LLP
CityPoint
One Ropemaker Street
London EC2Y 9HR
United Kingdom

As to French law
SJ Berwin AARPI
64, avenue Kléber
75116 Paris
France

As to Luxembourg law
Arendt & Medernach
14, rue Erasme
L-2082 Luxembourg
Luxembourg

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. law
Shearman & Sterling (London) LLP
Broadgate West
9 Appold Street
London EC2A 2AP
United Kingdom

As to French law
Shearman & Sterling LLP
114, avenue des Champs-Elysées
75008 Paris
France

As to Luxembourg law
Oostvogels Pfister Feyten
291, route d'Arlon
L-2016 Luxembourg
Luxembourg

TRUSTEE, SECURITY AGENT, PRINCIPAL PAYING AGENT, TRANSFER AGENT AND ESCROW AGENT
Citibank, N.A., London Branch
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR
Citigroup Global Markets Deutschland AG
5th Floor Reuterweg 16
60323 Frankfurt
Germany

IRISH PAYING AGENT
Citibank Europe, plc
1 North Wall Quay
Dublin 1
Ireland

LEGAL ADVISORS TO THE TRUSTEE
White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

INDEPENDENT AUDITORS OF THE COMPANY

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

M.B.V. & Associés
39, avenue de Friedland
75008 Paris
France

LISTING AGENT
The Bank of New York Mellon (Ireland) Limited
Hanover Building
Windmill Lane
Dublin 2
Ireland

Picard Bondco S.A.

€300,000,000 9% Senior Notes due 2018

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OFFERING MEMORANDUM

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November 4, 2010