ANNUAL REPORT

2011-2012

PARIS ORLÉANS

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ANNUAL REPORT 2011/2012

CONTENTS

Activity report

Financial report

51 Management's report

111 Financial statements

197 Combined General Meeting of 27 September 2012

MESSAGE FROM THE CHAIRMAN

Ladies, Gentlemen, Dear Shareholders,

We continue to navigate the crisis that erupted with intense vigour in 2008. During the past four years major risks to world economic growth have emerged, and the crisis has taken on a different form from one year to the next - the most recent being the strong risk of a destabilisation of the Euro.

Despite these many difficulties and uncertainties we continue to look forward, supported by our long history and past successes. Established 200 years ago, Rothschild continues to make progress and this year we reaffirmed our goal of continuing to build and reorganise our Group to prepare for the future.

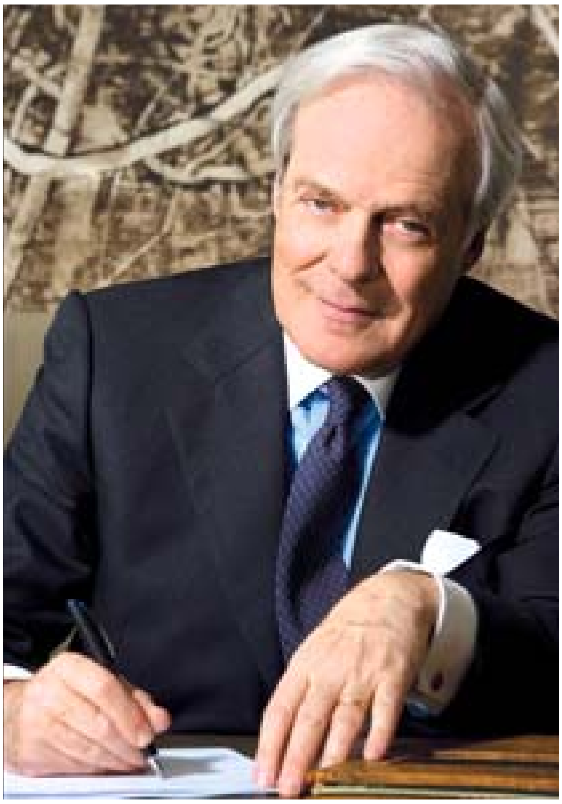
The confidence you, our main shareholders and the various branches of my family, have shown in us this year has allowed us to complete a major phase in Paris Orléans' reorganisation while at the same time ensuring the family's lasting commitment and control. This is an essential part of the Rothschild Group's culture and competitive positioning. Our structure and governance have been simplified, thus improving the operating efficiency of our two core businesses. As a result of this reorganisation, the Group intends to take a number of initiatives to improve its profitability. Furthermore our regulatory capital has been optimised and strengthened ahead of the new Basel III prudential requirements. Our aim has been to secure the benefits sought by our clients, our staff and our shareholders.

With a two-fold increase in its market capitalisation, Paris Orléans is now the Rothschild Group's parent company with control of Rothschild & Cie Banque and Rothschilds Continuation Holdings, the Paris and London-based operational entities that control the Group's activities worldwide. The new organisation is managed by its Chief Executive Officers, Nigel Higgins and Olivier Pécoux.

This time last year, this message was addressed to you by the Chairman of the Executive Board, Sylvain Héfès. I would like to express my gratitude to Sylvain and the other Executive Board members. As Chairman of the Executive Board from 2005 until the end of March this year, Sylvain played an active role in the construction of the Group, which began in 2003 with the joint ownership under the French and English branches. Under his chairmanship, the coordination and management of our proprietary investments activities, in particular, enabled us to complete several transactions that generated excellent capital gains, including this year a gain of €69 million on disposals totalling €167 million. Sylvain's appointment to the Paris Orleans Supervisory Board ensures that we shall continue to have his valuable support.

In these continuing uncertain conditions, our, consolidated net banking income for the financial year ended 31 March 2012 was €1,139.9 million compared with €1,214.6 million the previous year, corresponding to a decrease of €74.7 million or 6.2%.

Consolidated net profit was €141.5 million, down by €127.7 million from the previous year. After taking non-controlling interests into account, net profit attributable - Group share totalled €37.2 million compared with €102.4 million the previous year. It should be noted that in 2010/2011, this figure included a revaluation gain of €31.4 million arising from the first-time consolidation in Paris Orléans' accounts of the activities



of Rothschild & Cie Banque, and a gain of €1.7 million on the disposal of the Sélection R asset management platform.

Income from our Global Financial Advisory business was down by 9%, affected by the slowdown in world economic activity, except in Germany and some emerging countries. In particular Transaction R, which operates in the small and medium-sized M&A market, has been particularly successful and will continue its international expansion. Rothschild continues to be one of the leading independent financial advisory firms, ranking third globally in M&A by number of announced deals, and advising on approximately 500 transactions with a total value of US$ 400 billion.

Revenues from our Wealth Management and Asset Management activities were down only slightly relative to last year, despite volatile financial market conditions. Excluding the impact of the sale of Selection R, net capital inflow amounted to €1.4 billion.

As at 31 March 2012, our Investment activity now includes proprietary investment and merchant banking activities. The proprietary portfolio was valued at €420 million, while the merchant banking activity conducted through the Five Arrows funds comprised €1.3 billion of assets under management.

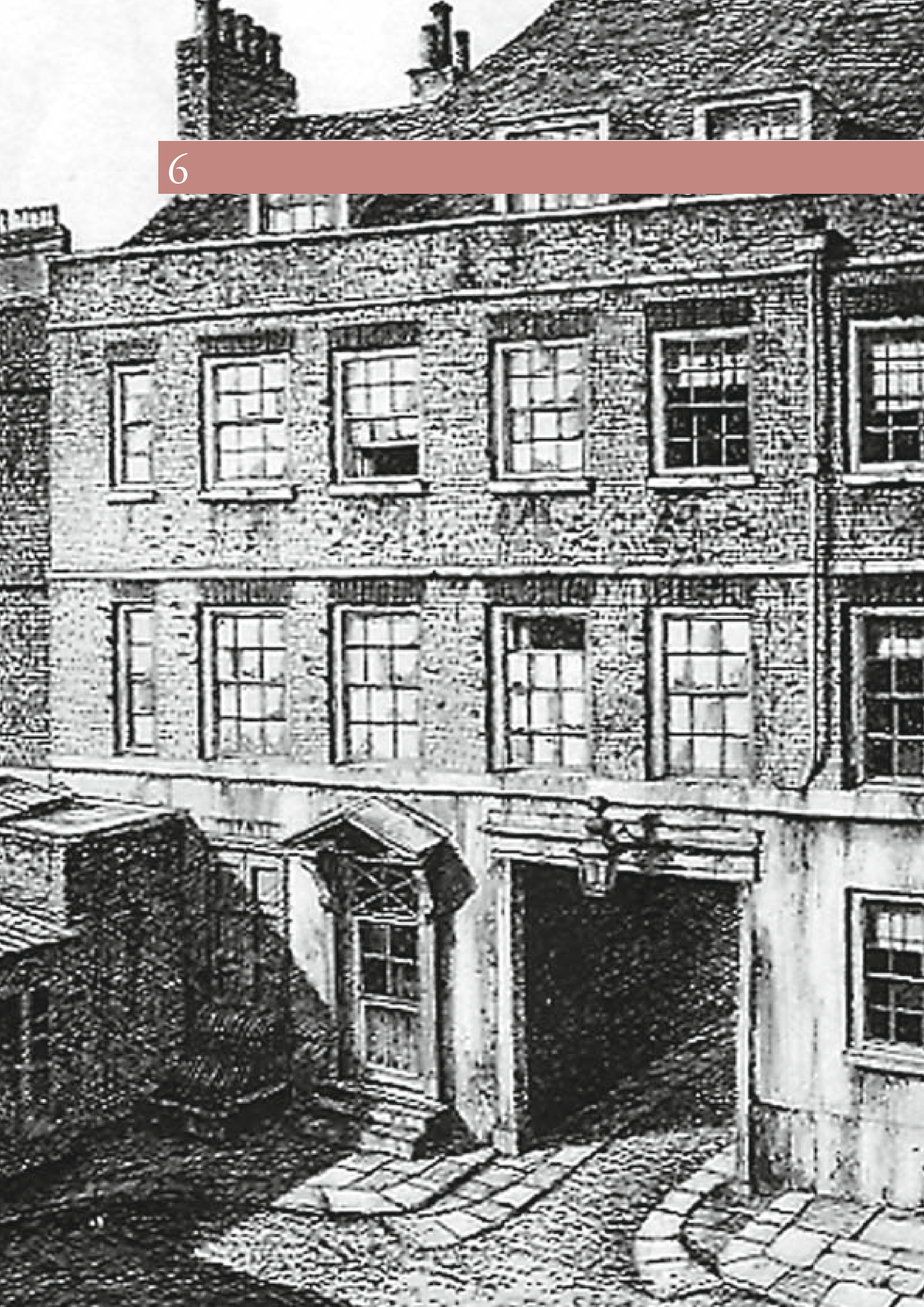
It should be stressed that in the current period of financial market turbulence, our objective is to maintain significant liquidity by reducing our balance sheet commitments, and increasing the diversity and duration of funding.

At 31 March 2012, cash with central banks and other financial institutions represented 50% of balance sheet assets compared with 43% the previous year. At the same date, consolidated equity totalled €1,705.1 million versus €1,684.5 million at 31 March 2011.

As we announced in the context of the Paris Orléans reorganisation, and with the Supervisory Board's agreement, we propose to pay a dividend of €0.50 per share this year compared with €0.40 per share last year. This dividend will be paid on 4 October 2012.

David de Rothschild
Chairman of PO Gestion, Manager

6



PROFILE

FIRST NEW COURT (1809-1862)

For over five generations of the Rothschild family, St Swithin’s Lane has been a daily destination and New Court has been the constant centre of our business.

In the end, after a long search, Nathan Mayer Rothschild bought the lease of No.2, New Court. He and his family moved here in March 1809. The building had an attached warehouse so that he could continue his business as a merchant.

New Court had been a modest location. Its real life only began when Nathan Mayer Rothschild settled there.

Source: The Rothschild Archive.

PARIS ORLÉANS

HISTORY

1838	1937	1982
Creation of Paris Orléans, a French rail company.	Paris Orléans discontinues its railway business.	Relaunch of Rothschild's French activities through Paris Orléans following the nationalisation of the Rothschild family's bank in 1981.

PARIS ORLÉANS, PARENT COMPANY OF THE ROTHSCHILD GROUP

Paris Orléans focuses on financial advisory and specialist finance activities, and investment activities.

- Financial advisory and specialist finance activities comprise Global financial advisory, Wealth management and Asset management and Specialist finance.
- Investment activities comprise Proprietary investment and Merchant banking.

2003

Move to unify and optimise the worldwide group structures with the creation of a new lead entity, Concordia BV, held equally by Paris Orléans and the English branch of the Rothschild family.

2007-2008

Acquired control of the banking activities at a global level, and completed reorganisation of family shareholdings.

2012

Paris Orléans' reorganisation to streamline its organisation, optimise its regulatory capital and ensure family control.

Overview of Group's activities

FINANCIAL ADVISORY AND SPECIALIST FINANCE ACTIVITIES

Rothschild is one of the world's largest independent financial advisory groups, employing more than 2,800 people in 40 countries around the world. Rothschild has been at the centre of the world's financial markets for more than 200 years.

From our historical roots in Europe we have developed a unique global footprint. Today we have full-scale advisory businesses across the world including locally staffed offices in China, Brazil, India, the United States of America, the Middle East and Asia Pacific.

Our activities are conducted through the following businesses: Global Financial Advisory, Wealth Management & Trust, Institutional Asset Management and Specialist Finance.

Global Financial Advisory

Comprised of:
- M&A and strategic advisory
- Debt advisory and restructuring
- Equity advisory

Approximately 900 advisers in 40 countries, of which approximately 190 are managing directors

Number 3 by number of announced deals in the 2011 global M&A league tables

Advisor on approximately 500 transactions with a value in excess of US$400 billion during the 2011 calendar year

Group M&A market share

	1995		2011
Global	3,0%	↗	8,7%
Bglobal cross border	6,8%	↗	9,9%
Europe	7,5%	↗	13,0%
USA	1,0%	↗	8,4%
Asia (ex Japan)	5,2%	↘	4,1%
India	NA	↗	5,4%
Brazil	NA	↗	10,3%
Australia	5,0%	↗	7,7%
South Africa	0,5%	↗	13,1%

Wealth Management and Asset Management

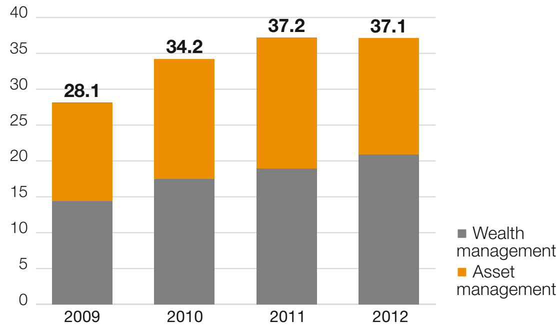
Comprised of:
- Wealth Management & Trust
- Institutional Asset Management

170 relationship managers based in Paris, Zurich and London

€37.1 billion in assets under management, of which 56% are relating to wealth management

Assets under management over the past four years

(in billions of euros)



Specialist Finance

In addition to our core areas of expertise, we offer specialist finance services to corporate and private clients around the world. Our Specialist Finance business offers services in private client banking, commercial lending and asset finance.

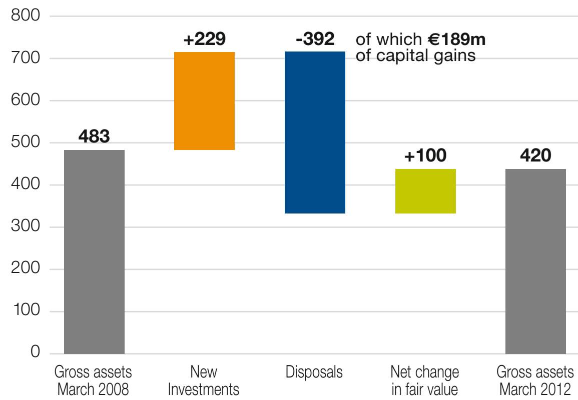
Several years ago, the Group decided to gradually withdraw from the corporate banking business, carried out solely in the UK, in order to focus on specialist financing.

INVESTMENT ACTIVITIES

Proprietary investment

Investment strategy	• Equity investments • Minority shareholdings • Fewer constraints than traditional private equity funds
Geography	World
Vehicles	Directly on the balance sheet of Paris Orléans or subsidiaries
Assets under management as at 31 March 2012	€411m invested with a fair market value of €420m
Investment team	5 people
Contribution to the consolidated result	• Capital gains related to investment disposals • For the financial year 2011/2012: €167m of disposals, of which €69m is income and capital gains [(1)]

Gross assets evolution over 4 years
(in millions of euros)

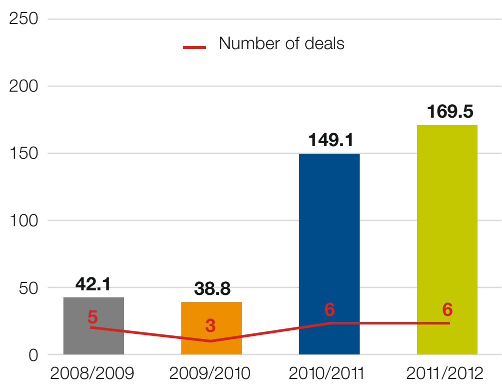


(1) Non-accounting data.

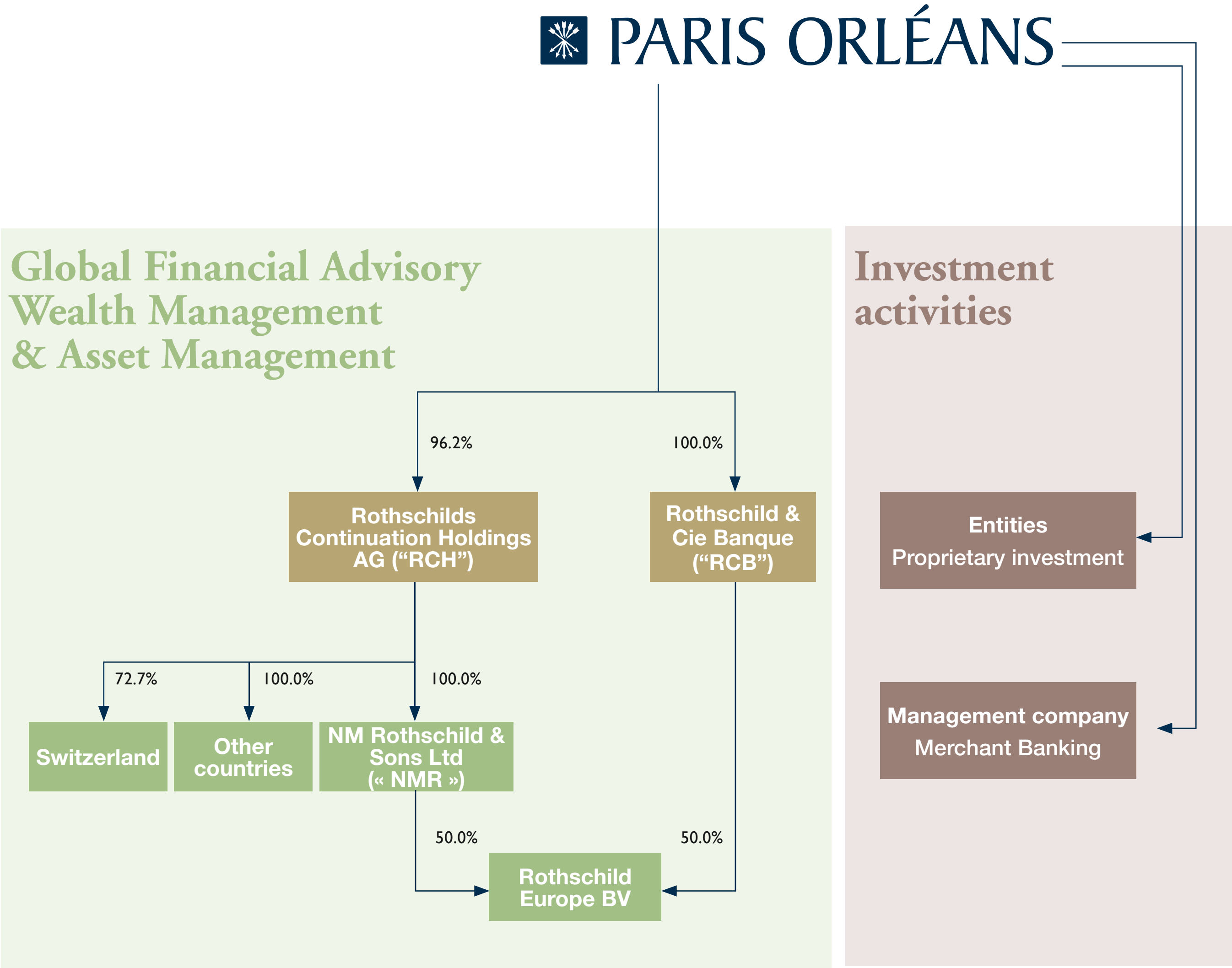
Merchant banking

Investment strategy	• Equity investments, structured instruments (mezzanine, convertibles…) • Repurchase on the secondary market • Minority shareholdings
Geography	Europe
Vehicles	• 1 seed fund restricted to the Group • 7 funds open to third parties
Assets under management as at 31 March 2012	€1.3 billion of which €426 million of commitment from the Group
Investment team	30 people
Contribution to the consolidated result	• % of management fees depending on Assets under Management • Carried interest representing a portion of capital gains generated from investments' disposals above performance threshold for each fund

Cash drawn *(in millions of euros)*
and number of deals over 4 years



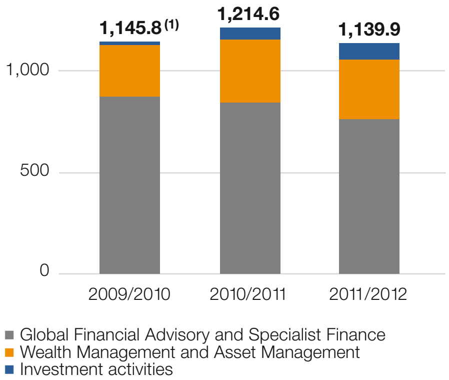
Group's organisation chart as at 30 June 2012



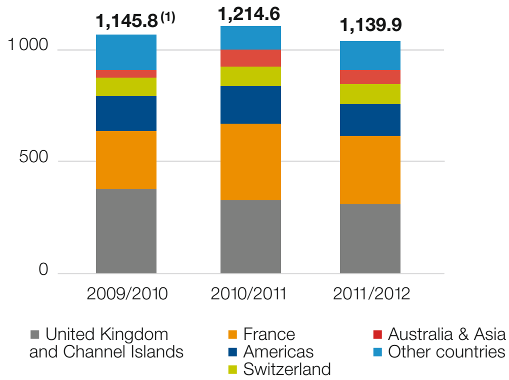
Key figures

Net banking income *(in millions of euros)*

By activity

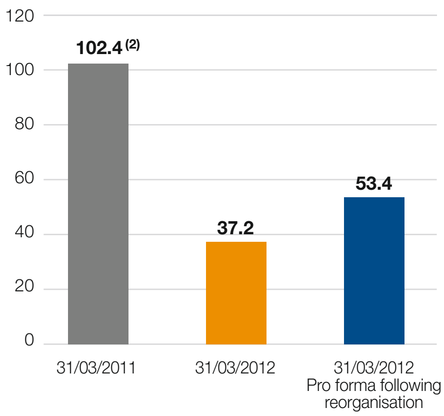


By location



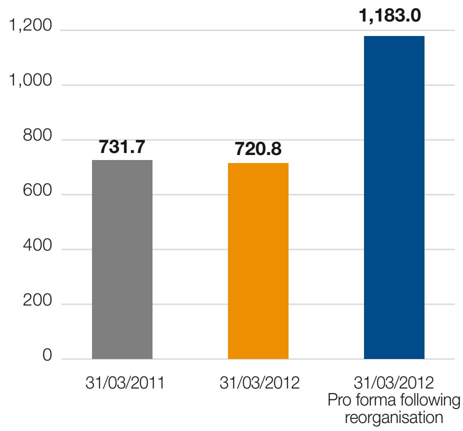
Net income – Group share

(in millions of euros)

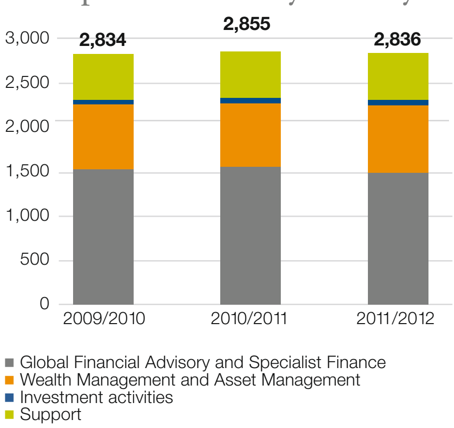


Shareholders' equity – Group share

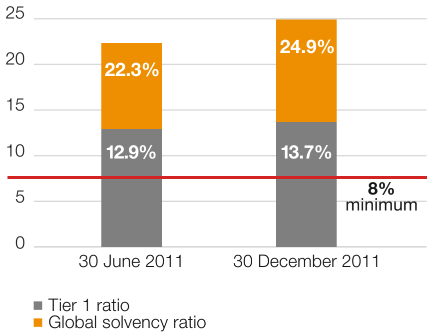
(in millions of euros)



Group headcount by activity



Group solvency ratios



Source: Paris Orléans. Unaudited figures.

(1) Pro forma, including Rothschild & Cie Banque, (fully consolidated since 1 April 2010).
(2) This net income included €31.4m of revaluation gains arising from the first time full consolidation of Rothschild & Cie Banque and €1.7m of capital gain on the sale of the French asset management company Sélection 1818.

Corporate governance

On 8 June 2012, Paris Orléans was converted into a French partnership limited by shares (*société en commandite par actions*). It is managed by PO Gestion SAS, general partner and first Manager appointed by the Articles of Association for the life of the Company. The Supervisory Board's main duty is to permanently oversee the management of the Company by the Manager, in particular on matters relating to the annual and consolidated financial statements.

MANAGEMENT – PO GESTION SAS

PO Gestion SAS has wide ranging powers to act in any circumstances in the Company's name and on its behalf, in accordance with the law and with the Company's Articles of Association. PO Gestion is managed by its President, David de Rothschild, and by its two Chief Executive Officers, Nigel Higgins and Olivier Pécoux.

David de Rothschild

David de Rothschild is President of PO Gestion SAS and also Chairman of Rothschild Concordia SAS, the family holding company and main shareholder of Paris Orléans, which holds the combined interests of the English and French branches of the Rothschild family.

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

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

He graduated from the *Institut d'Études Politiques* of Paris.

Nigel Higgins

Nigel Higgins is Chief Executive Officer of PO Gestion SAS. He was appointed Chief Executive Officer of Rothschilds Continuation Holdings AG in March 2010. He is also Co-Head of Rothschild's Global Financial Advisory division.

He joined Rothschild in 1982. Since the late 1990s he has held a number of senior positions within Rothschild, including Head of UK Investment Banking and Co-Head of European Investment Banking.

He graduated from Oxford University.

Olivier Pécoux

Olivier Pécoux is Chief Executive Officer of PO Gestion SAS. Its appointment on 30 March 2010 as a member of the Executive Board and Chief Executive Officer (*Directeur général*) of Paris Orléans already reflected the importance of the Group's banking activities within Paris Orléans and strengthened the role of Paris Orléans as the holding company for the Rothschild banking group.

He joined Rothschild & Cie Banque in 1991 and was subsequently appointed Managing Partner in 1996. He is also Co-Head of the Group's Global Financial Advisory business within Paris Orléans and Chairman of the RCB's Executive Committee.

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

He graduated from the *Institut d'Études Politiques* of Paris.

SUPERVISORY BOARD

The Supervisory Board consists of 13 members, all of them were appointed on 8 June 2012 following Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*).

Éric de Rothschild

Éric de Rothschild was appointed on 8 June 2012 as Chairman of the Supervisory Board, a position he held from 2004 until the conversion. He joined Paris Orléans in 1974 as Chairman of the Board of Directors. Along with David de Rothschild, he was the main driving force in bringing together the English and French branches of the Rothschild family, and holds several other duties and positions within the Group and the family's wine-making companies. He is also a member of the Board of Directors and Chief Executive Officer (*Directeur général*) of Rothschild Concordia SAS.

He graduated from the *École Polytechnique* of Zurich (Switzerland).

André Lévy-Lang

André Lévy-Lang was appointed as an independent member and also, as from 8 June 2012, Vice-Chairman of the Supervisory Board, a position he held from 2008 until the conversion. He was a member of the Audit Committee from 2004 until the conversion. He was also appointed, as from 8 June 2012, Chairman of the Audit Committee and member of the Strategy Committee of Paris Orléans.

He began his career in 1960 at the Atomic Energy Commission (*Commissariat à l'Énergie Atomique*). After holding various management positions within Schlumberger Group from 1965 to 1974 both in France and abroad, he joined Paribas and became Chairman of the Executive Board from 1990 to 1999 until the merger with BNP, creating BNP Paribas.

He graduated from the *École Polytechnique* and has a Ph.D. from Stanford University.

François Henrot

François Henrot was appointed on 8 June 2012 as Vice-Chairman of the Supervisory Board, and a member of the Strategy Committee. He was, from 2010 to 29 March 2012, a member of the Supervisory Board, then, from 29 March 2012 until the conversion, the permanent representative of Rothschild & Cie Banque to the Board. His appointment reflected Paris Orleans' strengthened position as holding company of the Rothschild Group.

As a member of the French State Council (*Conseil d'État*), he formerly worked at the French Telecommunications Department where he oversaw the design, development and marketing of the Minitel programme. He subsequently moved to the private sector, where he became Chief Executive Officer then Chairman of la Compagnie Bancaire. After holding the position's as Chairman of Crédit du Nord and member of the Management Board of Paribas from 1995 to 1997, he joined Rothschild & Cie as a Managing Partner. He is currently Chairman of the Rothschild Group's Global Financial Advisory business.

He graduated from the *École Nationale d'Administration* (ÉNA) and from Stanford University.

Martin Bouygues

Martin Bouygues was appointed as an independent and a member of the Supervisory Board and member of the Strategy Committee. He was previously a member of the Board from 2007 until the conversion.

He has served as Chairman and Chief Executive Officer of Bouygues since 1989 and Director of TF1 since 1987. He was the founder and Chairman of Maison Bouygues from 1978 to 1986, and Chairman and Chief Executive Officer of Saur from 1986 to 1997.

Sylvain Héfès

Sylvain Héfès joined the Supervisory Board on 29 March 2012 before the conversion. As Chairman of the Executive Board of Paris Orléans from 2005 to March 2012, he participated in the consolidation and alignement between the English and French branches of the Rothschild family which began in 2003. His term as Chairman of the Executive Board was characterised by a robust performance of the Proprietary Investment business. He held positions in Rothschild Concordia SAS, Rothschilds Continuation Holdings AG and Rothschild Bank AG. He is also a member of the Audit Committee of Paris Orléans and Chairman of the Remuneration Committee of Rothschilds Continuation Holdings AG.

He began his career in 1974 as a Financial *Attaché* with the French Embassy in Canada. He was Deputy Chief Executive Officer of Rothschild Bank in Paris from 1976 to 1980, and later he joined NMR in London for two years before returning to the Paris-based bank where he was Deputy Chief Executive Officer from 1982 to 1989. In 1990, he joined Goldman Sachs in London where he was a general partner from 1992 to 2004. He held the positions of Head of French Operations, Chief Executive Officer for the European private banking operations, Co-Chairman of the International Advisory Board of Goldman Sachs International and Chairman of the Board of Directors of Goldman Sachs Bank AG.

He graduated from HEC and is a member of the Board of Directors of NYSE – Euronext.

Christian de Labriffe

Christiane de Labriffe is also a member of the Audit Committee of Paris Orléans. He was a member of the Board and Chairman of the Audit Committee from 2004 until the conversion. He joined Paris Orléans as a member of the Board of Directors, an appointment he held from 1996 to 2004. He also has roles relating to internal control within the Group, as a member of the Audit Committee of Rothschild & Cie Banque.

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

He graduated from the *Institut Supérieur du Commerce* of Paris.

Lord Leach

Lord Leach is an independent member of the Supervisory Board. His appointment reflects Paris Orléans' desire to involve the Jardine Matheson Group in its governance following the Group's reorganisation.

Since 1984, Lord Leach has been a Director of Jardine Matheson, Jardine Strategic, Dairy Farm, HongKong Land and Mandarin Oriental. He is also Vice-Chairman of Jardine Lloyd Thompson. He has dedicated his career to the banking industry and to corporate banking business. He was a Director of Rothschilds Continuation Holdings AG until the conversion. Lord Leach is a member of the House of Lords within the British Parliament.

He graduated from Oxford University.

Lucie Maurel-Aubert

Lucie Maurel-Aubert is also a member of the Strategy Committee of Paris Orléans. Her appointment reflects Paris Orléans' desire to involve the Compagnie Financière Martin Maurel in its governance following the Group's reorganisation. Lucie Maurel was a business laywer at Gide Loyrette Nouel for fifteen years. In 2002, Lucie Maurel joined the Maurel family bank, where she has been a Director since 1999. She was appointed Deputy Chief Executive Officer of the Compagnie Financière Martin Maurel in 2007, she is a member of the Executive Board of the Martin Maurel Bank. She is also Vice-Chairman of the Groupement Européen des Banques (GEB) and member of the Supervisory Board of the Fonds de Garantie des Dépôts. She is also a member of the Supervisory Board of Foncière Inea and a Director of the Fondation Hôpital Saint-Joseph in Marseilles, the first non-profit private hospital in France.

She has a Master's degree in international business law.

Philippe de Nicolay

Philippe de Nicolay is a member of the Supervisory Board from 2007 until the conversion. He joined Rothschild & Cie Banque in Paris in 1990 and was appointed as a Managing Partner in 2002. His role was focused on the Group's third-party asset management, both in France and abroad. He began his career in 1980 as an analyst with la Société d'Analyse Financière et Économique (SAFE) and then joined Rothschild International Management in London in 1983.

He graduated from the Southern California University in Los Angeles.

Jacques Richier

Jacques Richier is an independent member of the Supervisory Board. He was a member of the Board from 27 September 2010 until the conversion. His re-appointment reflects Paris Orléans' desire to involve one of its main shareholders, Allianz Vie, of which he is Chairman and Chief Executive Officer, to the governance bodies. He is also Chairman and Chief Executive Officer of Allianz IARD. He has held several positions in the insurance industry. He was also Chairman of the Board of Directors of AGF, and Chairman and Chief Executive Officer of SwissLife France group in which he also held several other positions including Chairman of the Boards of Directors of SwissLife Prévoyance et Santé, of SwissLife Assurance des biens, of SwissLife Assurance et Patrimoine and of SwissLife Banque.

He has a French Master's degree in physics of materials, a Master in Business Administration (MBA) from HEC and is an engineer from the INSA of Lyon. He is also a member of the Supervisory board of Euler Hermès.

Alexandre de Rothschild

Alexandre de Rothschild is also a member of the Strategy Committee of Paris Orléans. He joined the Group in 2008, participating in the development of the Group's merchant banking activities. He is also a member of the Group Management Committee. Before joining the Group, Alexandre de Rothschild had roles reporting to the Head of Strategy within the Jardine Matheson Group. He previously worked at Argan Capital, an independent private equity fund, which is based in London and leads on the European market, where he focused on acquisitions and the development of European middle-sized companies. For two years, he was in charge of the constitution, financial analysis and modelling, evaluation and asset management of investment portfolios, mainly in France. He was also a member of the Supervisory Board of Delsey, Enricau SAS and Vuarchex SAS. Before joining Argan, he spent two years as an analyst within the Merger & Acquisition division of Bear Sterns Investment Banking in New York. He is a Director of Rothschild Concordia and was a Director of Rothschilds Continuation Holdings AG until the conversion.

He graduated from the *École Supérieure du Commerce Extérieur*.

Anthony de Rothschild

Anthony de Rothschild, son of Sir Evelyn de Rothschild, represents the English branch of the Rothschild family within the Group. For the past fifteen years, he has concentrated most of his investments in areas of lifestyle and leisure activities such as music, fashion and sports. He is currently a Director of Rothschild Concordia SAS, and was a Director of Rothschilds Continuation Holdings AG until the conversion.

Sipko Schat

Sipko Schat is an independent member of the Supervisory Board of Paris Orléans. His appointment reflects Paris Orléans' desire to involve the Rabobank Group in its governance following the Group's reorganisation. He was a Director of Rothschilds Continuation Holdings AG until the conversion.

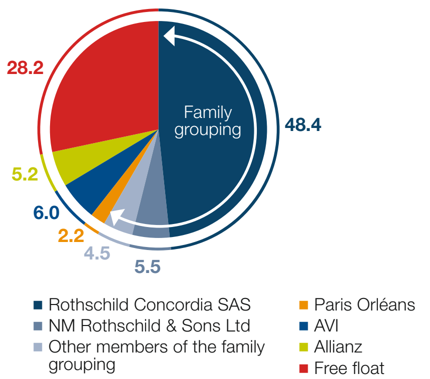
Sipko Schat has worked for Rabobank for over 25 years. In July 2006, he was appointed as a member of the Executive Board of Rabobank Nederland. He is responsible for Rabobank International's Wholesale Clients division, leading the Wholesale MT. His areas of responsibility include Wholesale Clients the Netherlands, Wholesale Clients International, Professional Products and Global Financial Markets. He has extensive international experience. Sipko Schat sits on the company boards of Bank Sarasin & Co and Rabo Vastgoedgroep Holding NV.

He graduated from the University of Groningen where he earned a Bachelor of Law (LLB).

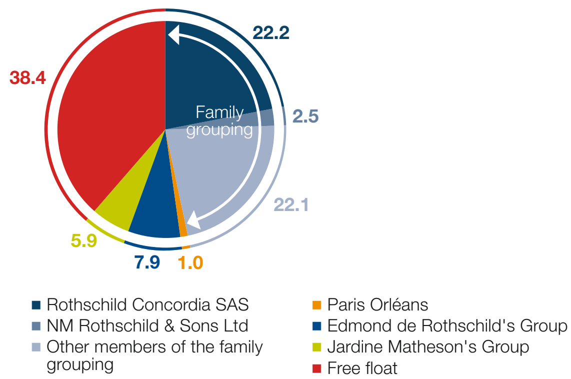
Shareholder information

Shareholding

Share capital breakdown as at 31 March 2012 *(in %)*

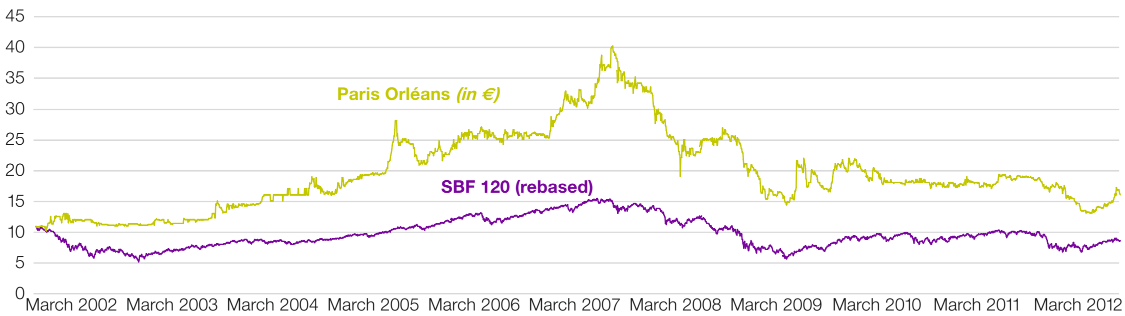


Share capital breakdown after the reorganisation as at 30 June 2012 *(in %)*



Share information

Paris Orléans share price performance over 10 years



Share price

In euros	31/03/2008	31/03/2009	31/03/2010	31/03/2011	31/03/2012
Highest	41.0	27.8	23.5	20.3	20.3
Lowest	20.0	15.1	16.0	18.0	14.0
Closing price at end of period	23.9	16.3	18.8	19.6	17.0
NET DIVIDEND	**0.55**	**0.35**	**0.35**	**0.40**	**0.50** (1)

(1) Dividend proposed at the General Meeting to be held on 27 September 2012.

Liquidity

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

As at 31 March 2012, 47,400 shares and €5.9 million were booked to the liquidity contract[1].

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

Dividends

The payment of a dividend of €0.50 per share for existing shares as at 31 March 2012, i.e. a total dividend of €16,257,793.50 is proposed at the General Meeting.

It should be noted that the shares issued in consideration of the contributions made as a result of the reorganisation are not entitled to this dividend.

The dividend will be paid on 4 October 2012.

Financial communication and shareholder information

Paris Orléans provides its shareholders with information throughout the year, through press releases on publication of the annual and half-yearly results, quarterly revenues or any other major event concerning the Group in accordance with regulations and practices for publication.

Paris Orléans' website allows visitors to browse the latest updates, share prices and its publications. The annual report may be consulted on and downloaded from the Paris Orléans' website: **www.paris-orleans.com**.

Visitors can also join Paris Orléans' mailing list to receive the latest news about the company. At any time, visitors can also request information from the investor relations department.

Shareholders and investors may obtain complete information about the company by contacting Paris Orléans.

All information regarding the Rothschild Group's activities is available at **www.rothschild.com**.

Agenda

- Financial information 1st quarter 2012/2013: 10 August 2012
- General meeting: 27 September 2012
- Dividend payment: 4 October 2012
- Half yearly results as at 30 September 2012: 30 November 2012
- Financial information 3rd quarter 2012/2013: 15 February 2013
- Annual results as at 31 March 2013: 27 June 2013

Contacts

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Share information

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

(1) See page 56 section entitled "Buyback of own shares".

20

FINANCIAL ADVISORY AND SPECIALIST FINANCE ACTIVITIES

SECOND NEW COURT (1865-1962)

The plans for St Swithin's Lane lifted the Bank's image to a new plane. The domestic, almost ramshackle feel of the old building was to be swept aside in favour of something much more imposing and businesslike, in a style which echoed the palazzo of the great Italian banks in their heyday.

Source: The Rothschild Archive.

Introduction

Rothschild employs approximately 2,800 people in 40 countries around the world. Our group provides strategic, M&A, wealth management and fundraising advice and services to governments, companies and individuals worldwide.

Our financial advisory and specialist finance activities are divided into three areas:

- Financial advisory, which comprises mergers & acquisitions and strategic advisory and financing advisory, including restructuring and equity capital markets (conducted through the Global Financial Advisory business);
- Wealth and asset management which includes wealth structuring, investment management, banking and trust services (conducted through the Wealth Management business in France, and the Wealth Management & Trust business in Switzerland and other parts of the world) as well as investment management and advisory services to institutional clients, financial intermediaries, external distributors and private clients (conducted through Institutional Asset Management business);
- Specialist finance which includes specialist finance services to corporate and private clients around the world, including private client banking, commercial lending and leasing financing (conducted throughout specialist finance business).

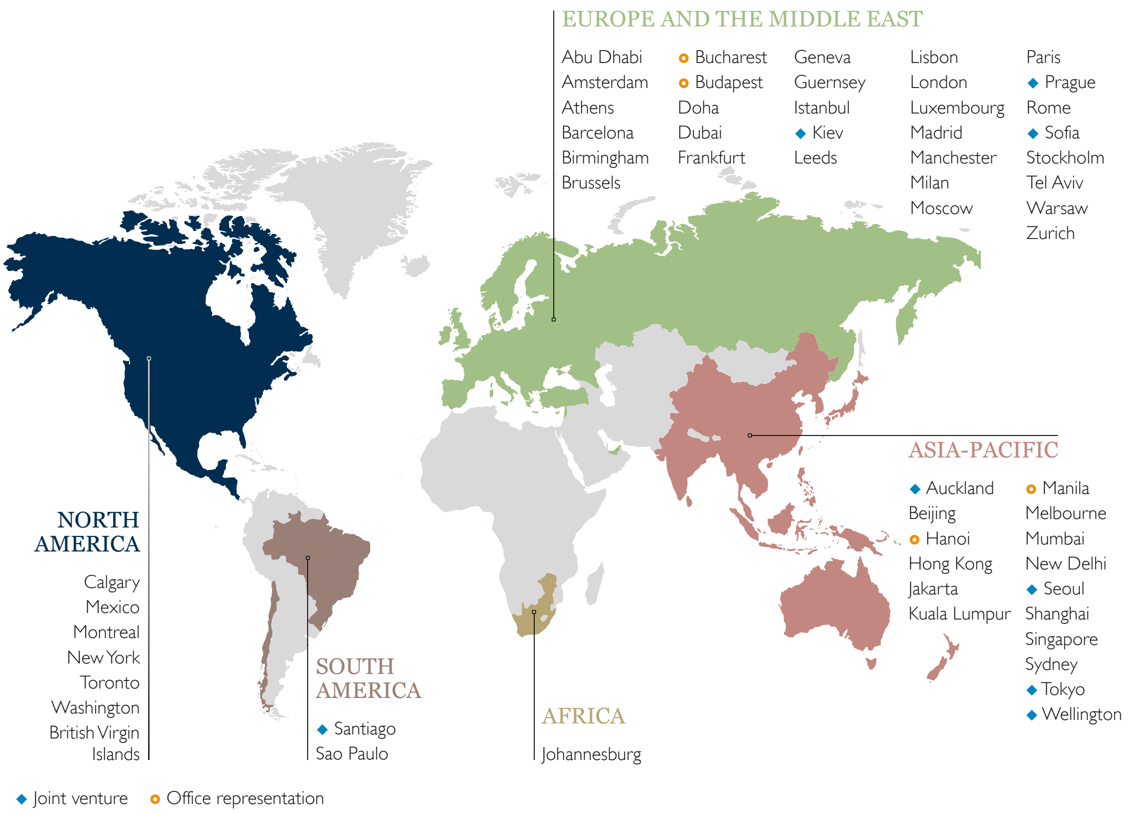
Several years ago, the Group decided to gradually withdraw from corporate banking, conducted in the UK, to focus on specialist finance.

As announced on 4 April 2012, the Group has been reorganised in order to pursue its international development and simplify its structure.

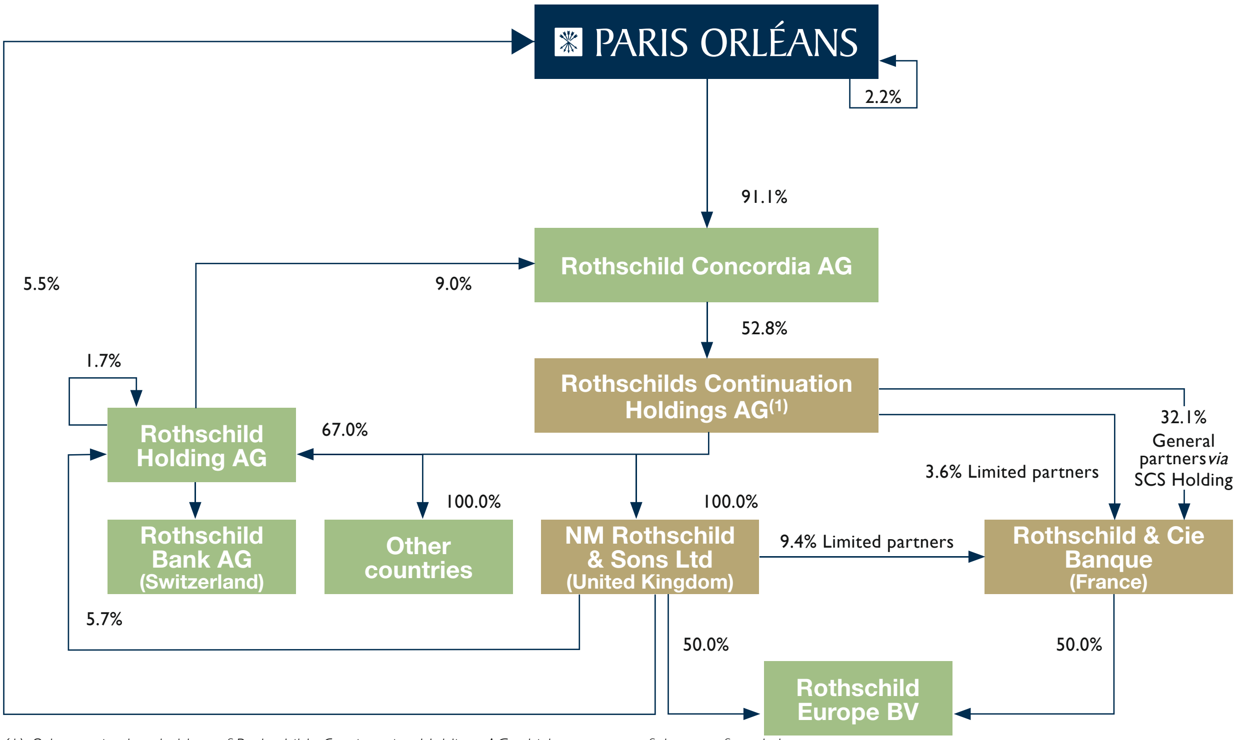
This reorganisation, approved by the General Meeting on 8 June 2012, comprised the transfer to Paris Orléans of several participating interests held by third parties in certain of its subsidiaries (Rothschild & Cie Banque, Financière Rabelais and Rothschilds Continuation Holdings). These transfers were settled through the issue of new ordinary shares in Paris Orléans.

The reorganisation, led by the management, has simplified the Group's structure, unified its management and streamlined decision making.

PO Gestion, Paris Orléans' managing partner, is headed by David de Rothschild, the Group's long-standing Chairman, with Nigel Higgins and Olivier Pécoux as Chief Executive Officers.

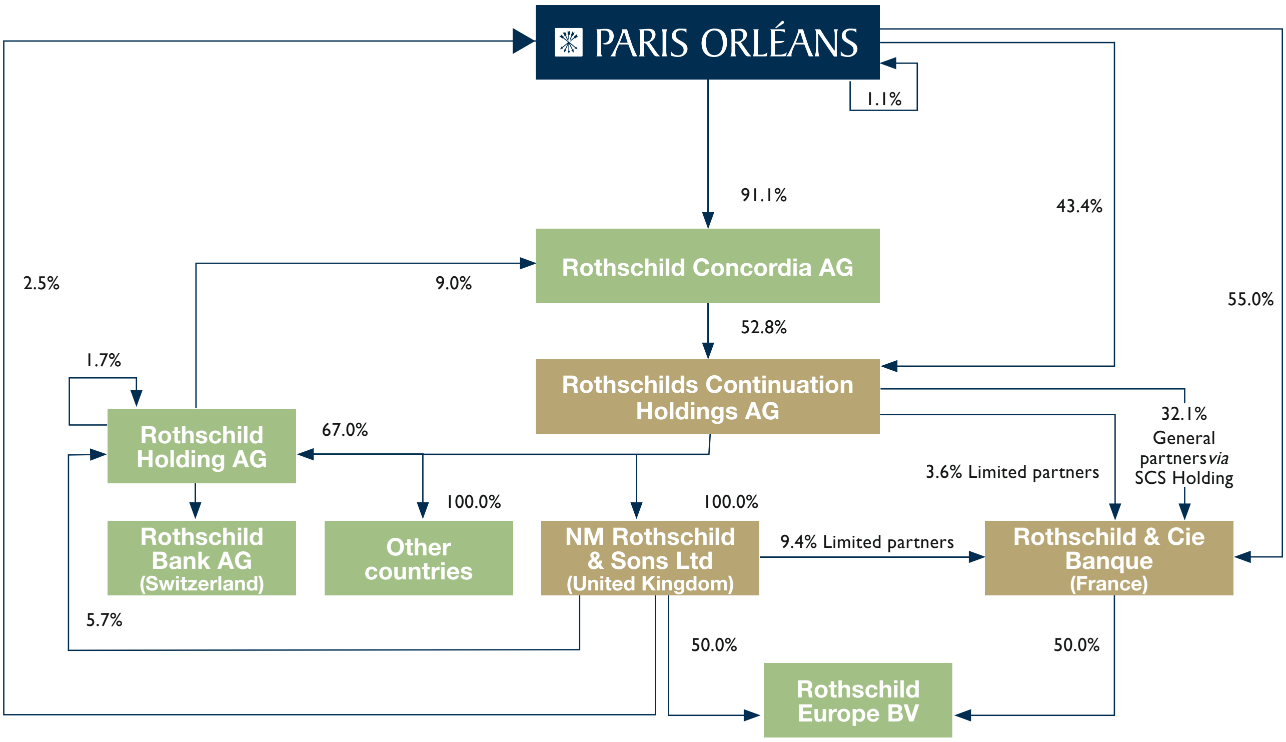


Group's organisation chart as at 31 March 2012 (before the reorganisation)



(1) Other main shareholders of Rothschilds Continuation Holdings AG, which were part of the transferred shares:
- *Jardine Matheson 20.1%*
- *Banque Privée Edmond de Rothschild 11.2%*
- *Rabobank 7.5%*

Group's organisation chart as at 30 June 2012 (after the reorganisation)



Financial review

The consolidated results of the banking activities of the Paris Orléans Group by full consolidation include:

- Rothschilds Continuation Holdings AG ("RCH") and,
- Rothschild & Cie Banque ("RCB").

As previously mentioned following the Group's reorganisation a more detailed analysis of earnings is provided. The shares in RCH and RCB held by third parties have been transferred to Paris Orléans, in exchange for the issue of new ordinary Paris Orléans shares.

ROTHSCHILDS CONTINUATION HOLDINGS AG ("RCH")

RCH was the holding company for the advisory activities. RCH's main subsidiaries are NM Rothschild & Sons Limited ("NMR") in the United Kingdom, Rothschild North America Inc. in the United States and Rothschild Bank Zurich ("RBZ") in Switzerland and along with many other subsidiaries in Europe through Rothschild Europe BV (owned equally with Rothschild & Cie Banque) and in the rest of the world.

In millions of euros (1)	2011/2012 Financial year	2010/2011 Financial year	2009/2010 Financial year
Income statement figures			
Net banking income	811.7	855.2	891.0
Operating expenses	(717.5)	(736.4)	(664.8)
Profit before tax	62.0	113.8	140.5
Profit attributable to equity holders of the parent	5.0	47.4	98.3
Balance sheet figures			
Balance sheet total	7,293.5	6,971.3	7,195.4
Loans and advances to banks - Cash and balances at central banks	3,554.6	2,841.7	2,689.4
Available-for-sale financial assets	579.9	1,087.8	1,506.3
Loans and advances to customers	1,625.4	1,664.1	1,787.8
Shareholders' equity	1,242.1	1,316.1	1,208.9
Shareholders' equity - Group share	779.2	871.2	759.0

(1) Exchange rate movements affect the analysis and the presentation of RCH and its subsidiaries' results because a significant part of the businesses operate in Sterling and in Swiss francs, and to a lesser extent in US dollars.

Net banking income for the year was €812 million, €43 million (-5%) lower than that achieved last year as challenging market conditions returned in mid-2011 due to the uncertainties surrounding the Eurozone and the deterioration in global economic conditions.

Global Financial Advisory revenues remained resilient, falling 8% in the difficult business environment.

The Wealth Management and Asset Management businesses (excluding Paris) have some €17 billion of assets under management. In UK and Swiss based businesses, net new assets increased by €1.2 billion despite the turmoil in the financial markets.

The Corporate banking business has further reduced its loan book in line with our stated strategy. However impairment charges in the banking portfolio have increased, due to the worsening economic conditions (€16 million for the year).

This year's profit before tax of €62 million (€114 million for the previous year) has decreased due to weaker net banking income which was partially offset by lower general and administrative expenses. These expenses declined from €736 million in the previous year to €717 million this year, the decrease mainly due to lower variable staff compensation. Staff costs accounted for 78% of total general and administrative expenses for the year, compared to 79% for the previous year.

Total assets stood at €7,294 million, an increase of €322 million from the previous year. The increase is due to a combination of an increase in customer deposits in our Swiss business and a decrease resulting from continuing asset disposals across the Corporate Banking portfolio. The overall leverage of the balance sheet continues at a very low level.

RCH has maintained high levels of liquidity since the onset of the credit crisis in 2007. Despite the small increase in balance sheet footings, the duration and diversity of the funding base remains appropriate. Cash at central banks and at other banks accounts for 50% of total assets (41% in 2011).

In relation to Shareholders' equity, the Group share has decreased from €871 million to €779 million as at 31 March 2012, largely due to downward revaluation of securities through reserves, actuarial losses on defined benefit pension schemes and payment of a dividend in respect of the previous year's profit, partially offset by the result for this year and exchange gains on translation as the Euro weakened.

ROTHSCHILD & CIE BANQUE ("RCB")

In millions of euros	2011 Financial year	2010 Financial year	2009 Financial year
Income statement figures			
Net banking income	289.4	301.4	248.9
Operating expenses	(178.0)	(187.0)	(164.5)
Profit before tax net of privileged allocation ("*préciput*")	32.5	30.5	27.5
Balance sheet figures			
Balance sheet total	1,194.9	1,270.8	819.2
Shareholders' equity - Group share (included result of the year)	239.7	228.1	215.2

For RCB, the year showed a slight fall of around 4% in net banking income.

Although the market was severely affected by worsening sovereign risk, with increasing tensions in the financial markets and still uncertain macroeconomic conditions, Global Financial Advisory revenues remained firm. RCB advised several major corporations on structuring deals in their home markets and in a number of emerging markets due to its strong geographic coverage.

In its Wealth Management and Asset Management businesses, RCB recorded a net inflow of funds of close to €0.5 billion. Assets under management remained stable at around €20.4 billion despite the partial sale of Sélection R (impact: €1.5 billion), sold to Banque Privée 1818 in early 2011.

The commercial strategy in 2011 had a dual focus: the first to consolidate and accelerate RCB's development in France, its core market, with regard to both the institutional portion and external distribution, and the second to strengthen the international activities initiated in 2010, particularly in Europe.

Within RCB, Global Financial Advisory accounted for 55% of consolidated profit before tax (vs. 70% in 2010) while Wealth Management and Asset Management activities accounted for the remaining 45% (vs. 30% in 2010).

Total consolidated assets amounted to €1,195 million at the end of 2011 compared with €1,271 million at the end of 2010. As at 31 December 2011 shareholder equity attributable to equity holders of the parent, without the result of the year, amounted to €143 million, same as the previous year.

Review of operations

GLOBAL FINANCIAL ADVISORY

The Global Financial Advisory business comprises mergers acquisitions and strategic advisory and financing advisory including restructuring. This business provides impartial, expert advice to corporations, governments, institutions and individuals.

With close to 900 advisers based in 40 countries around the world, we use our scale, reach and local knowledge to develop relationships and deliver effective solutions to support our clients worldwide. This activity is driven by a worldwide committee and is co-managed by the Managing Directors of PO Gestion: Nigel Higgins and Olivier Pécoux, who are co-heads of Global Financial Advisory.

Rothschild's independence, its global network, and its commitment to a relationship-driven approach, combine to create value for our clients; building value through stability, integrity, and creativity.

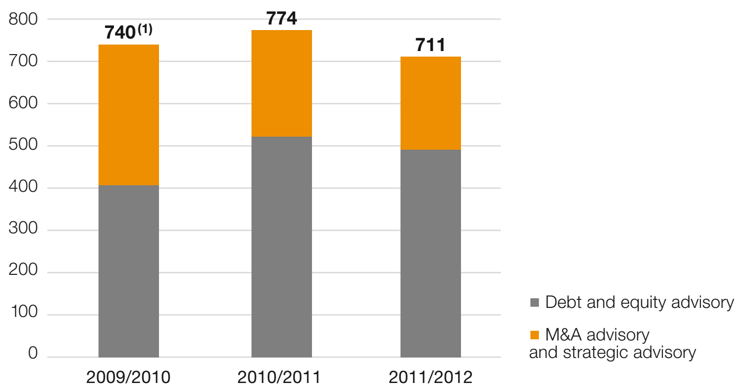
We are uniquely positioned to leverage opportunities in the market with our global network, spread of businesses and reputation for giving robust impartial advice.

We are the only independent house with both a truly global footprint and a broad and integrated financing advisory team. This allows us to provide quality advicea-cross the totality of clients' needs, while also providing a stable source of income throughout the economic cycle. We are committed to delivering outstanding client service and demonstrating the highest standards of professional integrity.

We distinguish ourselves from our competitors in the following respects:

- **Focused on clients** - Nothing gets in the way of our impartial advice for each and every client. We sell nothing but the best advice and execution capabilities.
- **Expert** - Senior bankers lead every assignment from start to finish. Our work has included many of the most complex and transformational assignments in the world. All clients benefit from our collective intellectual capital, specialist sector and product expertise and wealth of experience.
- **Informed** - We combine global scale with deep local networks, with a presence of all continents.
- **Long term** - As a family-controlled business, we are unconstrained by short-term thinking. We take a long-term view to deliver each client's interests.
- **Trusted & independent** - We know that long-lasting relationships depend on the quality of our advice. We care about our clients' success as much as they do. The scale of our business means that we are not dependent on the outcome of any one transaction.

Split of Net Banking Income *(in millions of euros)* **from Global Financial Advisory over the last 3 years**



(1) Pro forma, including Rothschild & Cie Banque, (fully consolidated since 1 April 2010).

Overview of the financial advisory market

After growing strongly in recent years in tandem with business liberalisation and globalisation, the financial advisory market is global, sophisticated, highly competitive and sensitive to many factors.

As a strong value added market with low entry barriers and requiring mainly expertise and a network of bankers, the market is very competitive.

Propelled by the major international banks and specialised firms (particularly in the United States and Europe), the market has structured to meet the demands of increasingly sophisticated and varied clients: businesses of all sizes, private equity funds, financial institutions, governments and local government bodies and individuals.

This has seen the emergence of specialised activities that meet specific client needs:

- M&A advisory,
- debt and restructuring advisory, and
- equity advisory.

The financial advisory market is sensitive to various factors:

- general factors linked to macroeconomic conditions, such as economic activity at the national and world levels, economic and fiscal policies, the availability and cost of financing from banks and financial markets, technological progress, asset prices and financial market trends and stability; and
- client-specific factors such as business growth, maintaining or improving operating and financial profitability, financial structure and shareholder issues.

M&A advisory in particular experiences peaks that generally coincide with peaks in economic activity. In contrast, debt and restructuring advisory is less cyclical. This segment has grown strongly in recent years, more particularly since the financial crisis began.

M&A and strategic advisory

Despite the difficult business environment and continuing economic uncertainty we have remained resilient and continued to maintain our market share in 2011, as clients attach ever-greater importance to the independence of their adviser. In 2011, Rothschild continued to rank first in the European, French and UK league tables by deals completed. Rothschild Group has an unparalleled track record, advised on more European M&A deals than any other adviser for each of the past ten years.

This global success is a result of:

- our business model focused on objective advice, free from conflicts of interest and cross-sellings. Our trusted partnerships with clients, who value our global perspective and depth of industry expertise in helping them to achieve long-term objectives;
- our global presence, which enables us to bring in-depth insight to complex cross-border transactions across world markets, and superior expertise in domestic markets;
- our integrated global network of industry sector specialists, which allows us to pool knowledge from across local markets;
- our extensive experience in mergers, acquisitions and disposals, strategy and corporate governance, bid defences, joint ventures and strategic alliances, de-mergers and spin-offs, and fairness opinions.

Globally in 2011 Rothschild was ranked third by number of announced deals, and achieved top ten positions in most of our key markets. We also held top five positions for M&A advice in the consumer products, hotels and leisure, infrastructure, property, media, telecoms, transport and utilities sectors.

The table below presents Rothschild's M&A ranking by country/region during the past two years

	Rank by number		Rank by value	
	2011	2010	2011	2010
Country				
Worldwide	3	5	11	11
Worldwide cross-border	6	5	9	11
Europe	1	1	8	7
Central & Eastern Europe	1	1	1	5
Latin America	5	9*	8	2*
Asia (ex. Japan)	7	3*	9	4*
Middle East & North Africa	1	3	8	12
Region				
UK	1	1	4	3
France	1	1	2	1
Germany	1	4	3	9
Italy	3	5	14	6
Spain	5*	3	7*	8
United States	10	13	10	15
India	3	1*	1	1*
Australia	8	5	14	7

** Source: Dealogic.*
Source: Thomson Reuters. Rankings are for announced or completed deals.

During 2011, Rothschild advised on some of the largest and most transformational deals of the year and strengthened its position in growth markets particularly in BRIC nations (Brazil – Russia – India – China).

Notable deals we advised upon during the year include:

Cairn Energy (2011)
US$6.0bn disposal of a 40% stake in Cairn India to Vedanta Resources

Volkswagen (2011)
€3.7bn public tender offer for all shares outstanding of MAN SE

GDF SUEZ (2011)
Acquisition of 30% of GDF Suez's Exploration & Production division by China Investment Corporation for a cash consideration of $3.3bn

Polkomtel (2011)
Disposal of the company to Spartan Capital Holdings for €4.5bn

Level 3 Communications (2011)
Acquisition of 100% of Global Crossing in an all stock merger valuing the company at US$3bn

Anadolu Efes (2012)
Adviser to Anadolu Efes on the formation of a strategic alliance with SABMiller in Turkey, Russia, and Central Asia

Rolls-Royce (2011)
€3.8bn public tender offer for Tognum effected *via* a JV between Rolls-Royce and Daimler

EDP (current)
€2.7bn sale of a 21.35% stake by the Portuguese State & Strategic Partnership with the acquirer, China Three Gorges

Telemar Participações (2011)
US$4.7bn capitalisation and industrial alliance with Portugal Telecom

China Huaneng Group (2011)
Acquisition of a 50% stake in InterGen from GMR Group for US$1.2bn

Walmart (2011)
Acquisition of a controlling interest in Massmart for an aggregate consideration of c.US$2.5bn

Queensland Government (2011)
Chair of the Lead Adviser Consortium on A$16bn infrastructure asset sales programme

In 2011 and 2012, we also continued to receive industry awards across our global franchise:

The Banker (2011)
Europe M&A Deal of the Year:
GDF Suez/International Power

The Banker Investment Banking awards (2011)
Most Innovative Investment Bank for M&A

Real Deals Private Equity Awards (2012)
UK Deal of the Year and Grand Prix Deal of the Yea: ISIS/Wiggle

Private Equity News Europe (2012)
Financial Sponsors Coverage Team of the Year

BVCA/Real Deals Private Equity Awards (2011)
Deal of the Year, UK Grand Prix: Buyout Deal of the Year Pets At Home

FT & mergermarket European Awards (2011)
Mid-market Financial Adviser of the Year

The Banker Investment Banking awards (2011)
Most Innovative Investment Bank for Growth Companies

FinanceAsia (2011)
Best Private Equity Deal in Asia:
BFI Finance Indonesia /TPG and Northstar

Financial News Europe Awards (2011)
European Independent Adviser of the Year

Debt advisory and restructuring

Our debt advisory and restructuring expertise is focused on providing capital structure advice to companies, creditors, governments and private equity houses to optimise both the terms and sources of debt financings, refinancings and restructurings.

Capital structure, access to financing, and liquidity remain priority issues for clients in the present economic environment. We have continued to strengthen our position in all segments of financing advisory in order to respond to our clients' needs.

With debt advisory and restructuring professionals in five continents, we are well positioned to provide world-leading, independent advice without the conflicts of interest faced by 'bulge bracket' banks.

Our constant dialogue with banks, investors and rating agencies allows us to understand the real picture.

Rothschild has the largest and most experienced independent debt advisory and restructuring practices in the world.

Our debt advisory expertise includes refinancings, supporting acquisitions and funding developments, credit ratings, hedging and derivatives and Islamic finance.

Our restructuring expertise includes lender negotiations, recapitalisations, capital raising exchange offers, distressed M&A, in-court and out-of-court transactions and creditor representation.

Our clients benefit from our:

- objective, independent, client-focused advice, free from the conflicts of interest faced by 'bulge bracket' banks;
- expertise across bank, bond and fund markets;
- strong relationships with all major market participants;
- creative and resourceful approach, bringing solutions to maximise value and options for our clients.

After a peak period in 2009, debt restructuring and financing activities have slowed since 2010, as can be seen from the chart on page 26. However, despite lower market activity, Rothschild teams delivered consistent deal volumes, using market-leading technologies.

Our track record includes:

- advising on approximately US$850 billion of debt advisory and restructuring assignments since January 2009;
- leading the global and EMEA restructuring league tables and holding top five positions in the US and Asia Pacific in 2011.

The table below presents Rothschild's debt restructuring league table ranking by country/region during the past two years:

Country/Region	Rank by number of announced deals	
	2011	2010
EMEA (Europe, Middle East and Africa)	1	1
Global	1	2
USA	4*	4*

** Based on completed deals.*
Source: Thomson Reuters.

Our ability to advise on complex projects for both corporate clients and state/government organisations was reflected in the following landmark transactions:

Transactions related to financings and credit facilities:

Iceland management and co-investors (2012)
Debt advice on raising £885m of senior facilities backing management's buyout of Iceland Foods

Alibaba Group Holding Limited (2012)
US$3.0bn debt financing for the privatisation of Alibaba.com from the Hong Kong Stock Exchange and corporate purposes

De Beers (2011)
Debt advice on the signing of a new US$2bn multicurrency Credit Facility

Transactions related to debt restructuring or/and debt refinancing:

Seat Pagine Gialle (2010)
€2.7bn restructuring of its capital structure

Associated British Ports (2011)
Debt and derivatives advice on comprehensive refinancing of the group through a £2.4bn secured corporate programme

Nakheel (2011)
Restructuring of US$10.3bn of external debt facilities, US$9bn of customer claims, US$5.1bn of trade creditor claims

Pamplona Capital Management (2011)
Advice to Sponsor on US$2.1bn financial restructuring of KCA Deutag

Yell Group (2011)
Debt advice on a covenant reset for its existing c.£3.1bn bank facilities

YRC Worldwide (2011)
US$1.5bn restructuring and US$500m capital raising

American International Group (2011)
Adviser to Special Restructuring Committee of Board of Directors of AIG on plan to repay U.S. Government obligations totalling over US$130bn

Minister for Finance of the Republic of Ireland (2011)
€30bn restructuring of State-owned Anglo Irish Bank
Financial Advisor

TDF (2011)
Advice on €4.1bn LBO debt Amend & Extend and inaugural rating

Industry awards:

Private Equity News Europe (2011)
Turnaround and Restructuring Adviser of the Year

IFR (2011)
EMEA Restructuring of the Year: Truvo

The Banker (2011)
Middle East Restructuring Deal of the Year: Nakheel

Equity advisory

Rothschild offers independent advice to clients on a wide range of equity capital raising transactions. With teams on the ground in key markets around the world, we have an unparalleled global footprint and deeper resources than any other adviser in this area. Teams work in combination with the industry sector teams from M&A strategic advisory, as well as the market-leading debt advisory team.

Rothschild is the leading adviser in equity transactions worldwide, with equity advisory specialists in London, Paris, Frankfurt, Milan, Moscow, Hong Kong, Sydney and New York.

Since January 2009, we have acted as an independent adviser on more equity deals globally than any of our competitors and have advised on more than 100 IPOs, secondary offerings, block trades, spin-offs and convertible bonds in 21 countries with a combined deal value of US$270 billion.

Our high volume of assignments enables us to gain a detailed understanding of investor behaviour, optimal deal structure, performance of key market participants and the latest market trends. As a result, our teams can provide clients with unique insights into the execution of recent offerings and the track record of bookrunners, and equip clients with the latest deal technology.

Our pure advisory business model enables us to focus solely on achieving the best possible result for our clients and minimising their execution risk by:

- providing an honest, strategic view of what is achievable in prevailing markets;
- providing rigorous analysis, support for issuers in negotiations, and tactical judgements;
- coordinating of bookrunners to maximise value for our clients, bringing discipline and precision to the execution of equity offerings.

We have advised on some of the world's largest equity capital markets transactions during the past year.

IPOs:

Chow Tai Fook Jewellery Group Limited (2011)
US$20bn listing on the Main Board
of the Hong Kong Stock Exchange
Financial Adviser

Royal Bank of Scotland (2011)
US$1.25bn IPO of Samsonite
on the Hong Kong Stock Exchange
Adviser to Shareholder

Garuda Indonesia (2011)
Adviser to Garuda Indonesia on its US$533m IPO
on the Indonesia Stock Exchange

NORMA Group (2011)
€336m IPO of NORMA Group

Magazine Luiza (2011)
Advisor to one of Brazil's largest durable
goods retailers in its US$584m IPO

Shares operations:

Porsche SE (2011)
€5.0bn rights issue
Financial adviser to Porsche Automobil Holding SE

BC Partners & Cinven (2011)
€570m sell-down in Amadeus IT Holding

Carlyle & Vestar (2011-2012)
£466m by way of 3 accelerated book builds

Lenzing (2011)
€616.4m re-IPO
Adviser to company and shareholders

WEALTH MANAGEMENT AND ASSET MANAGEMENT

Backed by a 200 year long history of banking, the Group continues its strategy of specialising in wealth management and asset management with a view to the conservation, growth and transmission of its clients' wealth.

As a result of our family-controlled ownership structure, we can focus on our clients' long-term interests. The strength of our business model is demonstrated by our ability to attract clients, win new assets and generate solid performances on our investment portfolios. Objective and transparent advice and support to our clients underpins our business model and are the cornerstones of our strategy for lasting and profitable growth.

Our activities are based in Paris, Zurich, London, Brussels, Frankfurt, Guernsey, Geneva, Singapore, Hong Kong and New York.

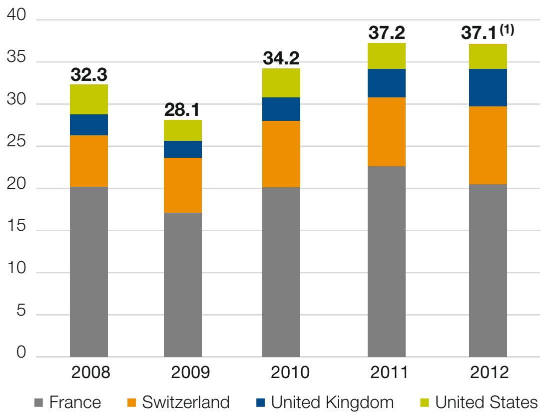
Wealth Management and Asset Management work with approximately 6,600 clients in 70 countries, and employ more than 750 people.

The businesses had a total of €37.1 billion in assets under management at the end of March 2012, stable relative to the previous year despite the sale of part of the assets of Sélection R (€1.5 billion), split between France (€20.4 billion), Switzerland (€9.4 billion), the United Kingdom (€4.2 billion) and the United States (€3.1 billion).

Assets under management over the past five years *(in billions of euros)*

By business

By country



(1) 2011/2012 includes the outflow of €1.5 billion of assets under management linked to the partial sale of Sélection R in France.

Overview of the wealth management and asset management market

The wealth and asset management market has experienced contrasting trends in the past few years. After years of steady growth, the market suffered the backlash from the financial crisis and slumped dramatically in 2009 before rebounding in 2010 and 2011.

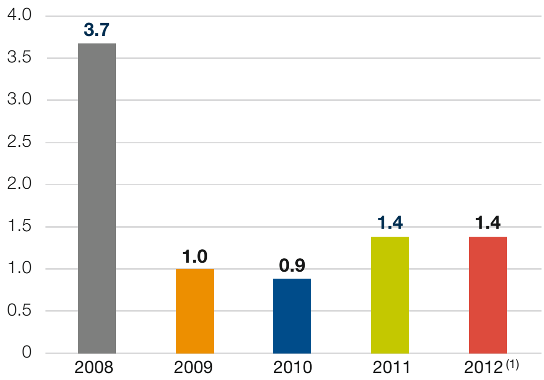
The market has been affected by the fall in asset prices, particularly in the equity markets, and the slowdown in investment flows. In the wake of the financial crisis, regulatory requirements have become tighter in many countries throughout Europe, particularly in Switzerland, an historical private banking centre, but also throughout Europe.

The momentum in the market nonetheless remains positive due to the rebound experienced in 2010 and 2011, as well as strongly growing demand in emerging markets which have benefited from strong economic growth and the emergence of a new population of wealthy clients.

This market is a global market that involves a multitude of players. It is strongly dominated by a small number of major long-established private banks, particularly in Switzerland, and by the specialised subsidiaries of generalist banks and insurance companies.

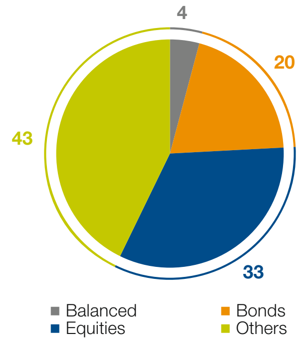
In this environment, players face a double challenge. They must increase incoming investment flows and improve profitability at a time when regulatory tensions are having a negative impact, particularly by pushing up operating costs.

Net new assets over 5 years
(in billions of euros)



(1) The net balance for 2011/2012 excludes the outflow of €1.5 billion of assets under management linked to the partial sale of Sélection R in France.

Assets under management distribution as at 31 March 2012 *(in %)*



Wealth Management & Trust

Our Wealth Management & Trust business provides wealth structuring, investment management, banking and trust services to wealthy individuals, families, trusts and charities.

Our clients benefit from short-term services, reflected in optimising the organisation of their assets, combined with long-term services consisting of overseeing their wealth and financial assets over time.

Clients can draw on specialised teams who determine the composition of the portfolios based on each client's objectives, expectations and accepted level of risk.

Our expertise includes advising high-net-worth families and business leaders seeking to consolidate their wealth or to transmit the result of their business success.

These activities are managed through two divisions:

- one based in France, grouping the activities in France and Belgium (Wealth Management);
- a second based in Switzerland, which covers the international activities with offices located in Switzerland, the United Kingdom, Germany and Guernsey (Wealth Management & Trust).

Wealth Management – French division

The French division is based in Paris and Brussels.

At the end of March 2012, assets under management in Wealth Management in France and Belgium amounted to € 7.0 billion, against € 7.1 billion a year earlier, as the result of a negative market impact.

2011 was marked by the appointment of Alain Massiera in October as Managing Partner of Rothschild & Cie Gestion, responsible for Wealth management, and to the Board of Directors of Rothschild Bank Zurich, to strengthen the business across the Rothschild Group.

The strategic priority for 2011 remained the commercial development of the High Net Worth segment, mainly entrepreneurs, while also diversifying prospects to be targeted. The bank provides a bespoke wealth planning, financial management and family office services for clients with more than €5 million of financial assets (which represents more than 70% of assets under management).

The investment team in Paris has also been strengthened, and efforts related to the strategic asset allocation plan for private clients continue around an asset and liabilities approach. This strategy will be reinforced in 2012, further underpinning the commercial development of the business.

Wealth Management & Trust – Swiss division

The Swiss division includes operations based in Zurich, London, Frankfurt, Guernsey, Singapore and Hong Kong.

Wealth Management & Trust assets rose strongly during the year to €13.7 billion against €11.8 billion a year before. Net new assets are over €1.2 billion, despite the turmoil in financial markets. We are operating profitably around the world, revenues are at an all-time high and we have won some of our largest mandates to date in line with our strategy of targeting a higher minimum client size.

Our reputation for conserving and growing the real value of clients' wealth is increasingly finding favour with wealthy individuals and families in the UK, Europe and Asia. Existing clients continued to remain loyal due to the trusted and long-term relationships we have established.

The strategic changes we have made to optimise our capacity in key markets ensure that we are best placed to grow our business.

This includes strengthening the onshore wealth management business in Europe, specifically in the UK, Switzerland and Germany. There is new management in our Geneva and Frankfurt offices, which will open up access to new client segments and build a closer co-operation between Global Financial Advisory and Wealth Management & Trust.

We have made further key hires in our Ultra High Net Worth and family office teams, which target clients with more than €20 million. We also plan to continue to grow the number of client advisers in these core markets over the next five years. We are looking to recruit more senior private bankers for this area.

We have also begun building our presence in Asia by hiring additional people in Singapore and Hong Kong. We hold an investment advisory licence in both locations, and client assets will continue to be booked in Europe.

The trust business has also strengthened under the auspices of a new CEO and a stronger regional organisation.

We are focused on strengthening our investment research and, as a result, the investment team has more than doubled in size in the last five years to over 60 individuals, primarily in London and Zurich. We will continue to invest in our investment engine, strengthening our expertise specifically in emerging markets and real estate, as well as building a specialised investment team in Asia.

The new investment process we introduced in 2011 places greater emphasis on medium and long term trends and investment strategies. It has delivered strong returns for clients in difficult market conditions, while keeping volatility to a minimum. Compared to its peers, Rothschild has 1st quartile sterling and dollar performance over 3 and 5 years across most risk profiles.

Underpinning our focused growth strategy is the introduction of a single, state of the art, IT system for the whole business across all markets. The new operating platform encompasses all the functionality that the business requires and was introduced across London and Zurich in June 2012. This enables us to achieve operational excellence in handling the increasing complexity of global wealth management activities and improve internal processing, data management, the booking and trading of orders, as well as client reporting.

Rothschild was a finalist in the Image & Reputation category (Ultra High Net Worth) at the Private Asset Managers (PAM) Awards 2012. A number of individuals working for our business were recognised through industry awards during the year, including Private Banker of the Year at Spear's Wealth Management Awards 2011, at which Rothschild was also shortlisted in the Top 3 for Private Bank of the Year, and Woman of the Year at the CityWealth's Magic Circle Awards 2011.

As ever, there is a strengthening co-operation between the different businesses within Wealth Management & Trust and across the Group. This has resulted in significant introductions being made across the business. For example, in London, almost half of new business has some involvement with the Global Financial Advisory and Merchant Banking businesses. Developing these bonds across our Group continues to be a focus moving forward, in particular in the context of the Group's recent reorganisation.

Institutional Asset Management

Our Institutional Asset Management business provides investment management and advisory services to institutional clients, financial intermediaries, external distributors and private clients worldwide.

These services are provided through two specialised subsidiaries:

- Rothschild & Cie Gestion (RCG) - based in France, Rothschild & Cie Gestion manages our French, German and Swiss activities. It focuses on European assets including equities, bonds (government, corporate and convertible) diversified funds and funds of funds (conventional and hedge funds);
- Rothschild Asset Management Inc (RAM Inc) - based in New York, RAM Inc specialises in balanced US equity portfolios and long-short strategies, mainly for North American clients.

Our Institutional Asset Management business is differentiated by our independence, our in-depth knowledge of the institutional and regulatory environment, and the quality and personalisation of the services provided.

The sales and investment teams pool their skills and knowledge to offer clients the solutions best suited to their investment objectives and constraints. Over the years, the Group's strong corporate culture has consistently emphasised personalised service and close relationships with clients.

Rothschild & Cie Gestion ("RCG")

Rothschild & Cie Gestion is based in France and is focused on serving French and European clients.

We provide a client-focused service, based on trust and availability, and offer both active management and tailored management services. Maintaining a close relationship with our clients is a constant priority.

Our activities include various client segments:

- French institutional clients (pension funds, prudential institutions, mutual companies and insurers), which account for the bulk of the company's managed assets and to which the Group provides a customised management offer according to each client's specific constraints;
- French distributors, consisting of financial professionals (multi-manager funds, private banks, bank and insurance networks, independent wealth management advisors, etc.) who market in house products *via* their own networks or to their own clients or for whom RCG has created specific products (white label or own-brand funds);
- International clients, mainly European, expanded more recently with the opening of a branch in Zurich to market funds in Switzerland, with the benefit of a dedicated sales team to cover the Benelux countries and Spain and with the distribution partnership agreement with a German company to market products listed in Germany.

International expansion is a major element of the company's development strategy for the coming years, both for institutional investors (in particular through listings as a supplier of management expertise by major international advisors) and for distribution networks.

At 31 March 2012, RCG had a team of 100 people based in Paris, including 40 market professionals – asset managers, analysts and, macroeconomic researchers – and €13.4 billion in assets under management. 130 funds are managed within this business, including funds open to the public and dedicated funds.

The decrease, of €1.8 billion, is explained by a market and exchange rate effect of €0.8 billion and the partial sale of Selection R (€1.5 billion), and by net new assets of €0.5 billion.

During 2011, Sélection R, a platform dedicated to independent wealth advisers, was partially sold to Banque Privée 1818. The new entity, which is 66% owned by Banque Privée 1818 and 34% owned by Rothschild & Cie Banque, has been named Sélection 1818. The European Commission and the French Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel)* have approved the transaction.

Despite difficult economic conditions and the outflow of part of Sélection R's assets, net inflow of €0.5 billion has been recorded in 2011. The inflow of funds came mainly from the French institutional, French external distributor and international client segments and was concentrated mainly on dedicated funds and institutional mandates.

The investment team is organised by specialisation: European equities – both large and small caps - fixed income (government, corporate and convertible bonds), diversified funds, funds of funds and funds of hedge funds. Over the years, RCG has managed to attract and retain top talent. The investment teams are composed of highly experienced professionals, most of whom have been with the company for many years.

Lastly, in February 2012, RCG added to its expertise in multi-manager alternative investment by acquiring an independent multi-manager alternative investment portfolio manager, Héritage Asset Management. This company, which has been renamed Rothschild Investment Solutions, has built up established expertise in the field of alternative investment. Strengthening its position in this asset class reflects RCG's determination to develop a competitive asset management offer and to become a benchmark player in multi-manager alternative investment in France.

Rothschild Asset Management Inc (RAM Inc)

Rothschild Asset Management Inc is the U.S.-based investment management business of the Group, specialising in active portfolio management for institutional and high-net-worth investors.

As at 31 March 2012, RAM Inc employed 38 staff members in its New York office. RAM Inc has $4.1 billion in assets under management on behalf of a broad range of clients, including corporations, endowments, foundations, healthcare organisations, individual investors and public pension funds.

The firm's disciplined investment process combines quantitative analysis and fundamental research by our portfolio managers to identify companies with favourable business trends and whose stocks are reasonably valued. This approach is applied consistently across each of our investment strategies, including large-cap, small/mid-cap and small-cap equities, as well as balanced and long/short strategies.

Despite a volatile stock market, the firm posted a strong investment performance for the year ended 31 March 2012, with all of its large-cap, small-cap and small/mid-cap strategies outpacing their respective benchmarks, extending a record of strong long-term investment performance.

CORPORATE LENDING AND SPECIALIST FINANCE

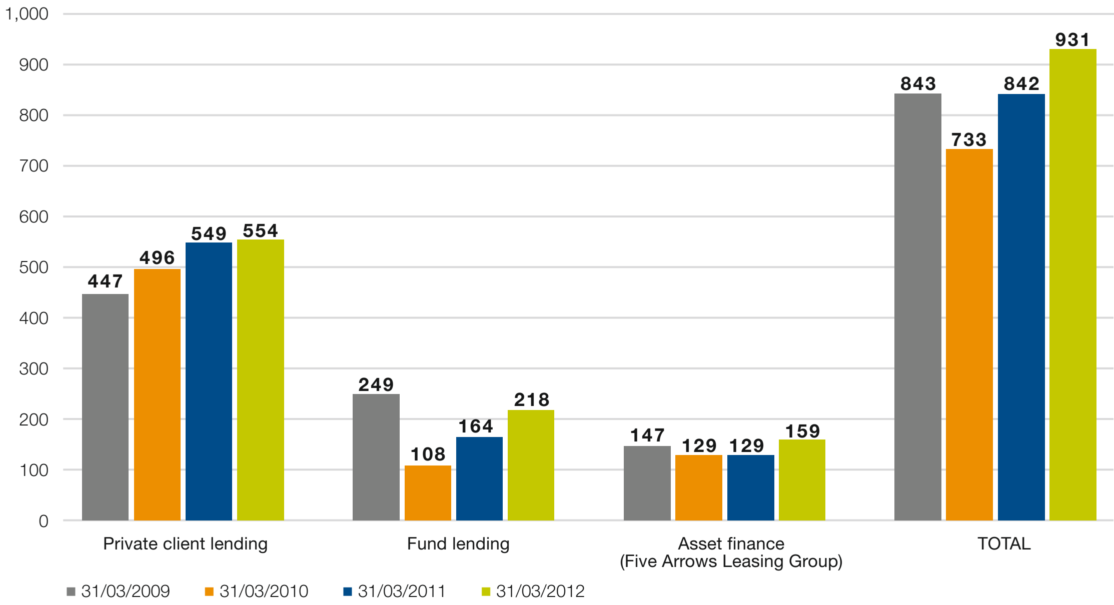
Several years ago, the Group decided to gradually withdraw from corporate lending, only conducted in the UK, in order to focus on specialist finance.

As at 31 March 2012, the total loan portfolio was €1.7 billion (compared to €1.8 billion last year) is split between:

- a growing portfolio of specialist finance, consisting of private client lending, fund lending and asset finance (through Five Arrows Leasing Group) of €0.9 billion; and
- a decreasing portfolio of corporate lending loans, consisting of lending to UK property companies, larger European leveraged buy-outs and natural resource companies of €0.8 billion.

Specialist Finance

Split by nature of lending over 4 years *(in millions of euros)*



Private client lending

Rothschild's banking activities, managed through the Group's Switzerland, UK and Guernsey banks provide a range of lending products to private clients focused on residential property mortgages and loans secured on investments.

Fund lending

This activity is carried out through the Group's bank in Guernsey. It provides leverage to the fund secured against the investments in the fund.

The funds' assets, over which we have security, consist of well diversified portfolios of assets.

The conservative "Loan to Value" covenants for the facilities are monitored weekly and the assets can be liquidated within 12 days.

Asset finance (Five Arrows Leasing Group)

The Five Arrows Leasing Group businesses provide a range of specialist asset finance facilities to UK companies.

Specific niches include print finance, broadcast, asset based lending and vehicles to local authorities. The in-depth knowledge of these sectors has resulted in the businesses delivering a strong performance, based upon good margin income and continuing low levels of impairment.

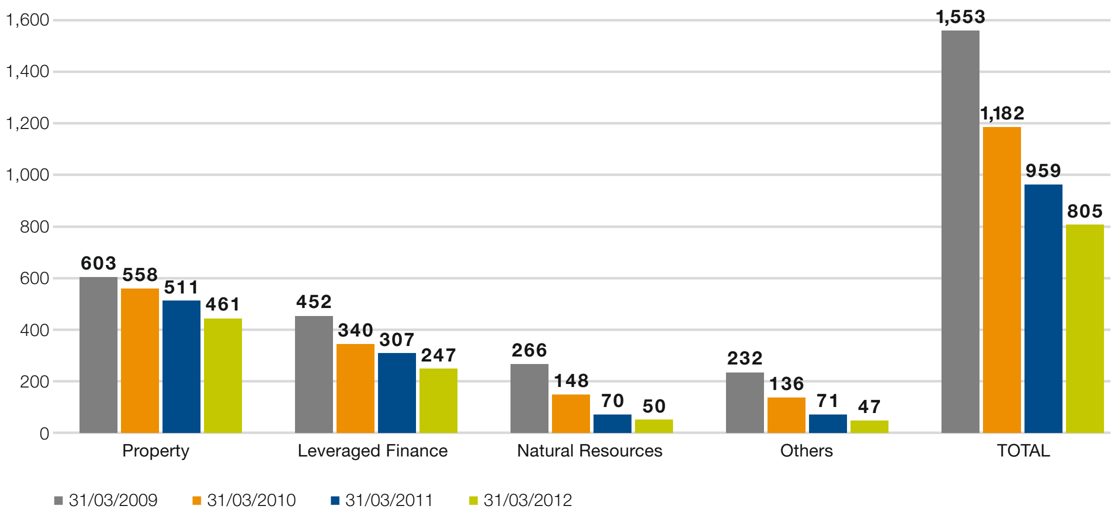
Corporate lending

As at 31 March 2012, the corporate lending loan books amounted of €0.8 billion (compared to €1 billion the previous year) and consist primarily of the property loan portfolio which is secured principally on UK commercial property, the leveraged finance loan portfolio which comprises senior and mezzanine debt in the larger European leveraged buy-outs and, to a small extent, loans in the natural resources sector.

As planned, there has been a further reduction in these loan books during the year.

The €150 million decrease is largely a result of loan repayments and, to a lesser extent, asset disposals. Impairment levels have increased compared to last year which reflects a cautious approach in the light of the current uncertain economic outlook.

Corporate loan book over 4 years *(in millions of euros)*



40

INVESTMENT ACTIVITIES

SECOND NEW COURT (1865-1962)

The design retained the basic shape of the old buildings. An imposing stone range faced St Swithin's Lane, like its predecessor approached by an arched gateway, this time with great mahogany doors, closed at night and at weekends.

This second New Court survived for almost exactly a century, even enduring the Blitz unscathed.

Source: The Rothschild Archive.

Proprietary investments

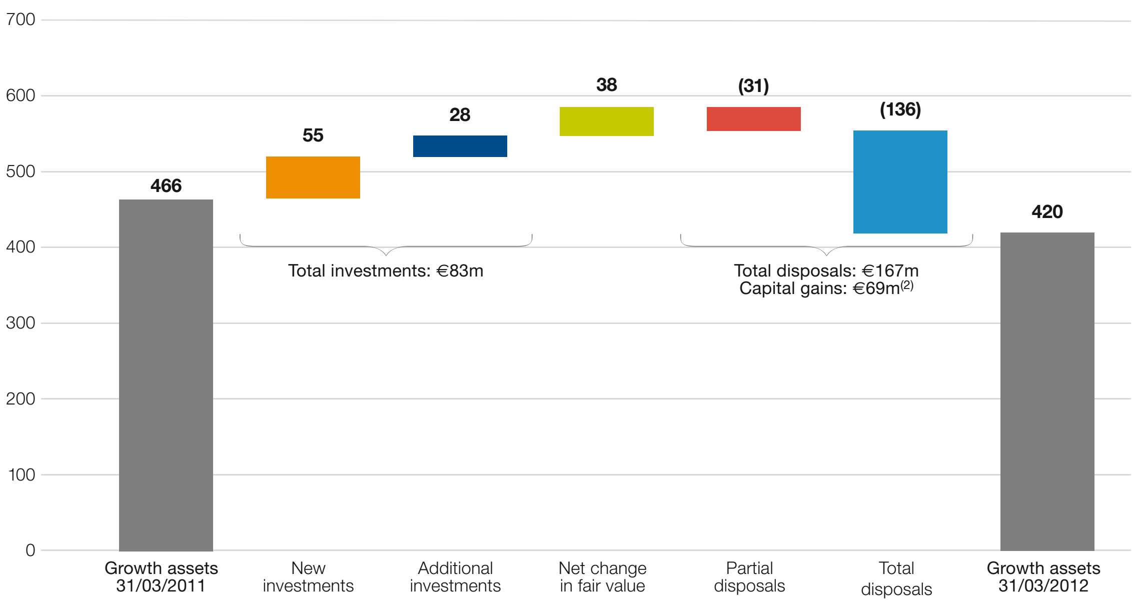
Portfolio valuation as at 31 March 2012

	31/03/2012				31/03/2011		Variation	
	Number of holdings	Net investment *(€m)*	Fair Value *(€m)*	% total	Fair Value *(€m)*	% total	*In €m*	*In %*
LBO - Equity	22	90	92	22%	97	21%	(6)	-6%
LBO - Mezzanine debt	15	57	55	13%	75	16%	(20)	-27%
Growth Capital	11	35	41	10%	39	8%	2	5%
Property	5	25	22	5%	32	7%	(11)	-33%
Listed companies	13	69	59	14%	60	13%	(1)	-1%
Other	3	2	9	2%	16	3%	(7)	-43%
Subtotal of direct investments	**69**	**278**	**277**	**66%**	**320**	**69%**	**(43)**	**-13%**
Group funds[1]	17	75	72	17%	77	17%	(5)	-6%
Private Equity funds	51	49	53	13%	52	11%	1	1%
Subtotal of funds	**68**	**124**	**402**					
Treasury shares	n.s.	9	18	4%	17	4%	1	4%
TOTAL GROSS ASSETS	137	411	420	100%	466	100%	(46)	-10%

(1) Detailed analysis of Group funds is presented in section "Merchant Banking", page 46.

For information, Debt net of cash and cash equivalents, amounted to €59 million as at 31 March 2012 compared with €128 million as at 31 March 2011.

Changes in the investment portfolio year 2011/2012 *(in € millions)*



(2) Non-accounting data.

PORTFOLIO REVIEW

LBO - Equity and Mezzanine debt

Paris Orléans takes part in leveraged buy outs (LBO) of companies through equity investments or mezzanine debt.

The average effective holding period for this type of deal is between four and six years, after which the company may be sold, merged with another company or floated on the stock market, depending on the opportunities that arise, or except in the case of early repayment when the company performs better than initially forecast.

As at 31 March 2012, the portfolio comprised 22 equity holdings representing a total net investment of €90 million, with a fair value of €92 million, and 15 mezzanine holdings representing a total net investment of €57 million, with a fair value of €55 million.

Strategy

Paris Orléans' policy is to co-invest by taking minority shareholdings in medium-sized LBO deals alongside specialist funds. Paris Orléans, historically, had gradually built up a portfolio of mezzanine debt, mainly concentrated on small to midcap deals. Paris Orléans arranged mezzanine financing alongside LBO funds.

There has been no new investment in mezzanine debt since 2008. This confirms Paris Orléans' strategy of avoiding this type of investment, unless a particularly attractive opportunity arises.

Significant events of the year

LBO - Equity

Total acquisitions came to €42 million, with the biggest transaction concerning Siaci Saint-Honoré with €30 million reinvested (Insurance broker). The shareholders jointly completed a recapitalisation, which meant that Paris Orléans was able to reduce its exposure while generating a capital gain in its accounts of €33 million (cash in of €60 million).

Three new acquisitions were made for a total amount of €12.1 million:

- RAC, provider of roadside breakdown services in the UK;
- Fircosoft, provider of banking transaction filtering software solutions;
- ECF, leading distributor of small equipment for the catering industry in France.

In addition to the recapitalisation of Saint Honore Siaci presented above, Converteam (a manufacturer of power supply systems) was sold during the year amounting to €7.6 million and generating a capital gain of €3.2 million.

LBO - Mezzanine debt

Four lines were repaid during the year, corresponding to a total of €17.6 million (of which € 5.2 million was capital gains), reflecting the good performances recorded by a number of portfolio companies:

- €15.6 million was repaid in full (AOS for €6.5 million, Alkan for €6.1 million and Armatis for €3 million);
- €2 million in partial repayments (Réponse Invest);

A few companies in the portfolio encountered further financial difficulties this year, leading to joint action by managers, shareholders and creditors.

Growth capital

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

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

As at 31 March 2012, the portfolio comprised 11 holdings representing a total net investment of €35 million, with a fair value of €41 million.

Strategy

Paris Orléans usually takes a non-controlling interest alongside specialist funds and invests between €3 million and €5 million, in one or more instalments, depending on the company's needs. Paris Orléans continued its already successful strategy of investing in emerging countries, alongside such funds in Africa, Brazil, China.

Significant events of the year

Three new investments were made during the year, notably one in Brazil (car leasing industry) and one in China, for a total investment of €9.9 million.

The only disposal during the year concerned Atlas Copper Mine (Copper mine in Philippines) for a total of €16.1 million, with a capital gain of €11.6 million.

The investments to date are all valued above their original valuations, with the exception of one holding on which an impairment of less than 50% has been recognised.

Property

Property investments consist mainly of shareholdings in property development projects.

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

As at 31 March 2012, the portfolio comprised 5 holdings representing a total net investment of €25 million, with a fair value of €22 million.

Strategy

Historically, Paris Orléans has invested in the development of shopping centre in Europe in partnership with Foncière Euris and property developers Apsys and Sonae.

Since 2007, no new investment has been made.

Significant events of the year

Capital repayments amounting to €8.3 million have been made during the year including Beaugrenelle and Weiterstadt.

The Beaugrenelle shopping centre, located in the fifteenth arrondissement of Paris, remains the largest portfolio investment (it is due to open in spring 2013). Paris Orléans remaining exposure was €12.9 million (following various repayments already made) as at 31 March 2012.

Listed companies

Paris Orléans has holdings in listed companies mainly for historical reasons or as the result of private equity investments in companies that have subsequently been floated.

The disposal of these holdings is monitored on a case-by-case basis, based on the stock market and financial performance of the companies in question, with a view to a medium-term investment horizon.

As at 31 March 2012, the portfolio consists of around 12 holdings for a total net investment of €69 million, valued at €59 million.

Strategy

Apart from the legacy holdings in listed companies or listed companies following their initial public offering, Paris Orléans has gradually built up a portfolio invested mainly in small and mid-cap listed companies.

Significant events of the year

Euris Group continues to be the largest holding with a value of €28.3 million on a total of € 59.0 million.

Paris Orléans is a shareholder through Finatis, the Euris group's holding company, in which Paris Orléans owns a 5% stake, and through Rallye, in which Paris Orléans owns approximately a 1.27% stake.

Other significant holdings of Paris Orleans are linked to IPOs of portfolio companies.

Some examples:

- Kinder Morgan, co-investment in the US pipeline operator;
- Tudou, co-investment in the leading video-sharing website in China;
- Caesars Entertainment, co-investment in the leading operator of casinos in the US;
- APR Energy, a US based leading global provider of emergency power generation solutions for emerging markets.

Private equity funds

The purpose of the private equity funds is to seize opportunities in a number of areas of activity.

Each of the investment teams are specialised either by sector, by region, or focused on a specific development stage (early stage, growth, turnaround, …) or on investments in other funds.

As at 31 March 2012, the portfolio comprised 51 holdings representing a total net investment of €49 million, with a fair value of €53 million.

Strategy

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

Except for the Group's initiatives in the activity of Merchant Banking business, in recent years, the Group's focus has been on taking direct holdings in companies rather than through investment funds.

Significant events of the year

During the year, Paris Orléans:

- committed to no new funds;
- was called on for €6.1 million;
- received €10.1 million in distributions.

Merchant Banking

Our Merchant Banking business was formed in 2007 building upon the tradition of private equity investment within the Rothschild Group and the investment track record amongst shareholders. The business primarily makes direct investments in private transactions on behalf of both the Group and our third party investors, either *via* funds managed by the Group or in proprietary transactions, by a team of 30 people.

Deal opportunities are sourced from the investment team's own channels and benefit significantly from the Group's Global Financial Advisory and Wealth Management & Trust network.

Merchant Banking aims to partner with operating companies (entrepreneurs or financial sponsors); it does not assume operational control of investee companies but takes minority stakes (as co-investment, growth capital investments or through structured instruments such as mezzanine debt, preferred stock or convertible securities).

The business revenues comprise both management fees calculated from assets under management and investment profits (carried interest).

The business currently manages €1.3 billion of private equity funds globally, spread across four separate initiatives.

- In 2009, the **Five Arrows Principal Investments ("FAPI")** fund was launched. This fund concentrates on European buyout, expansion and replacement capital deals in the mid-market segment, with a focus on France, the UK, Germany and Italy. FAPI closed with committed capital of €583 million, of which €375 million came from external parties and the remainder from the Group. The fund has now made eight investments, deploying some €280 million of its capital. During 2011 the portfolio companies performed well with most achieving double-digit growth rates.

Prior to launching FAPI, in 2007 and 2008, the Merchant Banking team invested on behalf of the Group in eight private companies *via* a seed fund. Two significant exits from these participations were achieved during the year, with aggregate proceeds equivalent between 1.6x and 2x cost despite a difficult economic backdrop. A third exit from this portfolio was achieved just after the year end, which generated an aggregate return of 2.4x cost. As at 31 March 2012, the net cash drawn after distributions was €56 million.

- During the early part of 2011, a team of five experienced professionals was recruited to focus on investing in secondary private equity transactions. A new fund **Five Arrows Secondary Opportunities III ("FASO")** was subsequently closed in June 2012. Committed capital amounted to €259 million, well above its target of €200 million, of which €40 million came from the Group.

■ **R Capital Management**, established in 2000, this fund focuses on European technology growth companies. Its most recent fund (2008) has committed capital of €100 million. The team of five targets equity or quasi-equity investments in the €5 – 20 million range. The focus is on profitable and established businesses with significant growth potential.

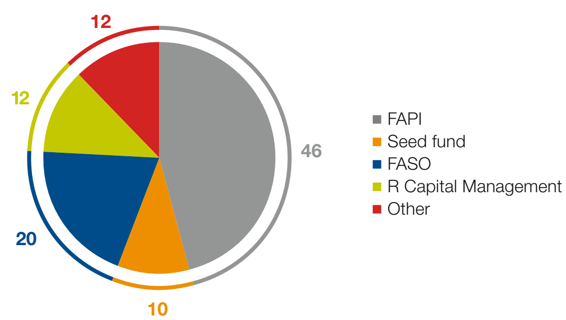
■ Finally, two investments had been made in Asia, including one in the Bank of Qingdao - a Chinese city commercial bank with US$10 billion of total assets and US$79 million net profit in 2010.

From 1 April 2012, the Merchant Banking division also incorporates Rothschild's **Debt Fund Management ("DFM")** business, conducted through the UK company NM Rothschild & Sons. The DFM business currently has around €2 billion of European leveraged loan assets under management. During the year, the business acquired Elgin Capital, a manager of CLOs that looks after €1.3 billion of senior debt. This acquisition has enabled the Group to achieve critical mass and strengthen its expertise in this business, thereby creating a springboard for launching new debt funds.

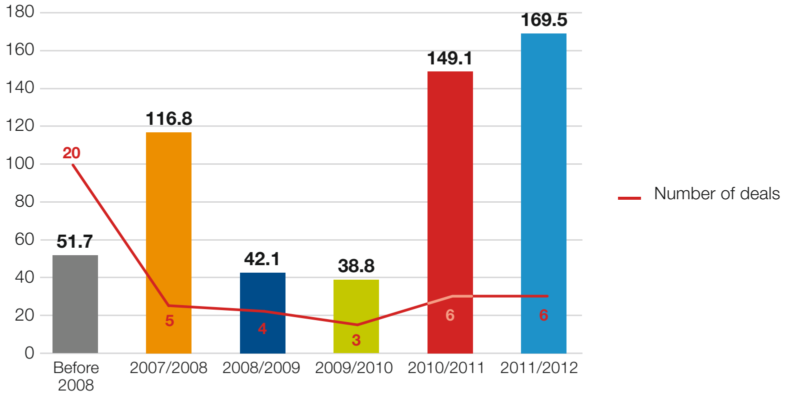
DFM is run by a team of 15 specialist credit executives. As with the existing Merchant Banking business, the affiliation with Rothschild's Global Financial Advisory business provides unique sector and industry knowledge.

The Merchant Banking business has performed strongly since launch and its growth potential and synergistic opportunities following the integration of the DFM business leave it well positioned to become an increasingly significant element of the Group.

Split of Assets under Management by vehicles as at 31 March 2012 *(in %)*



Cash drawn in *(in millions of euros)* and number of deals realised by year



Group's contribution to Merchant Banking as at 31 March 2012

In millions of euros	Fund size	Fund Cash drawn	Group's Commitment	Group's net cash drawn	PO's net cash drawn (1)
FAPI	583	283	168	83	23
Seed fund	120	91	91	56	28
FASO	257	2	40	0	0
R Capital Management	157	89	19	8	5
Other	147	103	108	36	16
TOTAL	**1,264**	**568**	**426**	**183**	**72**

(1) Same total as page 42.

During the year, Paris Orléans:

- has invested €16 million in Group Funds;
- has received €34 million of sales proceeds of which €13.5 million of capital gains, particularly in the Seed Fund;
- has increased the fair market value of investment by €13 million.

50

MANAGEMENT'S REPORT
for the financial year ended 31 March 2012

THIRD NEW COURT (1965-2007)

By the 1960s the Victorian New Court was beginning to show its age. New methods of working and a growing staff required different working spaces.

The building was demolished in 1962 and a third New Court was completed and occupied by Rothschild in 1965.

Source: The Rothschild Archive.

In view of Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*) and contributions of the shareholdings in Rothschild & Cie Banque SCS, Financière Rabelais SAS and Rothschilds Continuation Holdings AG, approved by the General Meeting of shareholders on 8 June 2012, the report previously presented by the Executive Board will from now on be presented by Paris Orléans' Management.

It presents, in addition to the parent company and consolidated financial statements, the legal and financial information required by legal and regulatory provisions applicable at the end of the 2011/2012 financial year. Due to the significant impact of the decisions taken by the General Meeting of shareholders on 8 June 2012 on the content and presentation of this information, most of the information disclosed has been updated as at the date of this report.

The transactions submitted for approval to the General Meeting of shareholders on 8 June 2012 and the consequences of such decisions are presented in detail in the information document filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on 16 May 2012 under registration number E.12-019. This document is available on Paris Orléans' website, www.paris-orleans.com, and on the French Financial Markets Authority's website, www.amf-france.org.

Results of the Group

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

In millions of euros	**2011/2012**	**2010/2011**
Income statement		
Net banking income	1,139.9	1,214.6
Gross operating income	197.2	243.2
Operating income	170.9	229.5
CONSOLIDATED NET PROFIT	**141.5**	**269.3**
Of which attributable to equity holders of the parent	*37.2*	*102.4*
Of which non-controlling interests	*104.3*	*166.8*
Balance sheet		
Total assets	8,923.5	8,615.7
Available-for-sale financial assets	1,056.4	1,675.9
Loans and advances to banks	1,660.8	2,696.0
Loans and advances to customers	1,685.7	1,719.8
SHAREHOLDERS' EQUITY	**1,705.1**	**1,684.5**
Of which attributable to equity holders of the parent	*720.8*	*731.7*
Of which non-controlling interests	*984.3*	*952.8*

Net banking income to 31 March 2012 came to €1,139.9 million, compared with €1,214.6 million in the previous financial year, representing a decline of €74.7 million (-6.2%).

The Global Financial Advisory activity saw a fall in revenue of 8.9% attributable to a slowdown in business levels (mergers and acquisitions advisory, financing and debt restructuring advisory and capital markets advisory services) in all countries in which the Group operates, with the exception of Germany and certain emerging countries.

The Corporate Banking activity in the UK continued to downsize its portfolio. Impairment charges on the banking portfolio, included in the "cost of risk", increased nonetheless due to a deterioration in certain property loans.

Despite a very volatile financial market environment, revenue from the Wealth Management and Asset Management activities declined only slightly in relation to the previous financial year thanks to positive inflows of new assets over the period (+€1.4 billion), excluding the impact of the sale of the Sélection 1818 asset management activity in France.

The Proprietary investment activity carried out by Paris Orléans generated capital gains of €55.5 million on assets sold of €153.3 million. Note that the SIACI-Saint Honoré transaction alone generated a capital gain of €33 million.

Impairment charges and loan provisions increased from €13.7 million to €26.2 million over the period.

Operating income came to €170.9 million, a decline from €229.5 million the previous year.

Consolidated net income for the 2011/2012 financial year came to €141.5 million, down on that of the previous year (€127.8 million).

After taking non-controlling interests into account, the Group net income was €37.2 million, compared with €102.4 million one year earlier. It should be noted that in 2010/2011, this income included a revaluation gain of €31.4 million arising from the first-time full consolidation of Rothschild & Cie Banque SCS, our French bank, in the accounts of Paris Orléans along with a capital gain of €1.7 million on the sale of part of the French asset management activity, Sélection 1818.

REVIEW OF THE PARENT COMPANY FINANCIAL STATEMENTS

In millions of euros	2011/2012	2010/2011
Income statement		
Current income before tax	3.1	(0.4)
Income from capital transactions	(117.6)	21.4
NET INCOME	**(114.3)**	**21.0**
Balance sheet		
Balance sheet total	964.6	1,099.1
Non-current financial assets	792.9	913.4
Current assets	168.7	183.5
Borrowings and other financial liabilities	89.7	119.8
SHAREHOLDERS' EQUITY	**813.9**	**938.5**

Paris Orléans, in its company only results, ended the 2011/2012 financial year with a net loss of €114.3 million compared with net income of €21.0 million in respect of the previous financial year. This adverse performance is attributable to provisions amounting to €121.4 million for impairment of the shareholdings held by Paris Orléans Holding Bancaire (POHB) SAS, which holds the group's banking assets. In accordance with French accounting regulations, at the end of each accounting year, Paris Orléans reassesses the value of its portfolio of participating interests. In the context of this analysis, the value-in-use of the shares of its subsidiary Paris Orléans Holding Bancaire (POHB) SAS was determined based on its net asset value on the basis of the valuations used for Rothschilds Continuation Holdings AG (the holding company for the banking activities outside France) and for Rothschild & Cie Banque SCS (holding company for the French banking activities).

These valuations are based on multiple criteria: discounted cash flows and peer-group multiples for Rothschilds Continuation Holdings AG and sum of parts valuation of operating divisions, earnings aggregates and peer-group multiples for Rothschild & Cie Banque SCS.

Capital transactions therefore generated a loss of €117.6 million.

During the 2011/2012 financial year, the Company received dividends amounting to €13.7 million from its subsidiaries and other portfolio companies (including €10.5 million from its subsidiary K Développement SAS), resulting in current income before tax of €3.1 million compared with a loss of €0.4 million the previous year.

With regard to the balance sheet structure, the asset disposals made during the year mainly at the level of the Proprietary investment activity enabled net borrowings to be reduced by around €40 million.

Paris Orléans and its shareholders

SHARE OWNERSHIP STRUCTURE

Structure as at 31 March 2012 and 31 March 2011

In accordance with statutory requirements, the table below lists the shareholders of Paris Orléans that hold, as at 31 March 2012 and 31 March 2011, a percentage of the share capital or of the theoretical voting rights that exceeds the thresholds for disclosure as required under Article L. 233-9 of the French commercial code (*Code de commerce*):

As at 31 March 2012

	Number of shares and investment certificates	% of the share capital	Number of voting rights certificates	Number of exercisable voting rights	% of exercisable voting rights
Rothschild Concordia SAS	15,738,000	48.40%	-	15,738,000	52.21%
NM Rothschild & Sons Ltd (treasury shares with no voting rights)	1,800,000	5.54%	-	-	-
Other members of the Rothschild family	1,456,902	4.48%	-	1,456,902	4.83%
Total enlarged family grouping(1)	**18,994,902**	**58.42%**	**-**	**17,194,902**	**57.04%**
Asset Value Investors	1,949,707	6.00%	-	1,949,707	6.47%
Allianz Vie	1,686,692	5.19%	-	1,686,692	5.59%
Paris Orléans(2)	714,120	2.20%	-	-	-
Free float	9,170,166	28.20%	145,040	9,315,206	30.90%
TOTAL	**32,515,587(3)**	**100.00%**	**145,040**	**30,146,507(4)**	**100.00%**

As at 31 March 2011

	Number of shares and investment certificates	% of the share capital	Number of voting rights certificates	Number of exercisable voting rights	% of exercisable voting rights
Rothschild Concordia SAS	15,738,000	48.61%	-	15,738,000	52.03%
NM Rothschild & Sons Ltd (treasury shares with no voting rights)	1,800,000	5.56%	-	-	-
Other members of the Rothschild family	1,456,902	4.50%	340,190	1,797,092	5.94%
Total enlarged family grouping(1)	**18,994,902**	**58.67%**	**340,190**	**17,535,092**	**57.98%**
Asset Value Investors	1,962,687	6.06%	-	1,962,687	6.49%
Allianz Vie	1,645,729	5.08%	-	1,645,729	5.44%
Paris Orléans(2)	813,320	2.51%	-	-	-
Free Float	8,956,877	27.67%	145,040	9,101,917	30.09%
TOTAL	**32,373,515(3)**	**100.00%**	**485,230**	**30,245,425(4)**	**100.00%**

(1) Concert agreement between the shareholders of Rothschild Concordia SAS (David de Rothschild Branch, Éric de Rothschild Branch, and English Branch of the Rothschild family) and the other members of the Rothschild family (Édouard de Rothschild Branch, Philippe de Nicolay, NM Rothschild & Sons Ltd – assumed concert – and the Eranda foundation) disclosed by the French Financial Markets Authority (Autorité des marchés financiers) on 25 January 2008 (Decision and Information notice No. 208C0180).

(2) As at 31 March 2012, 569,080 shares (including 47,400 shares allocated to a liquidity agreement) and 145,040 investment certificates owned by Paris Orléans and, as at 31 March 2011, 328,090 shares (including 146,600 shares allocated to a liquidity agreement) and 485,230 investment certificates owned by Paris Orléans.

(3) Including 145,040 investment certificates as at 31 March 2012, and 485,230 investment certificates as at 31 March 2011.

(4) Total of 32,660,627 theoretical voting rights as at 31 March 2012 and of 32,858,745 theoretical voting rights as at 31 March 2011.

As at 31 March 2012, the share capital and voting rights of Rothschild Concordia SAS were divided as follows: David de Rothschild Branch (25.82%), Éric de Rothschild Branch (38.67%) and the English Branch of the Rothschild family (35.51%) (Rothschild Trust (Schweiz) AG and, directly and indirectly, Integritas BV).

The provisions of the Rothschild Concordia SAS shareholders' agreement were communicated to and disclosed by the French Financial Markets Authority (*Autorité des marchés financiers*) on 25 January 2008 (Decision and Information notice No. 208C0180).

During the 2011/2012 financial year, Paris Orléans was not informed of any threshold crossing within the meaning of Article L. 233-7 of the French Commercial Code (*Code de commerce*) or Article 8 of the Company's Articles of Association.

Situation as at the date of this report

Given the approval by the General Meeting of shareholders of 8 June 2012 of the reorganisation of Paris Orléans, the transfers carried out within the context of the buy-out offer initiated jointly by Rothschild Concordia SAS and PO Gestion SAS and the reclassifications following it, the share capital ownership structure as at the date of this report is detailed in page 93 of this report.

COMPOSITION OF THE SHARE CAPITAL

Situation as at 31 March 2012

As at 31 March 2012, Paris Orléans' share capital was divided into 32,370,547 ordinary shares and 145,040 investment certificates, with no voting rights by nature. Moreover, 145,040 voting right certificates, not included in the share capital, were also circulating. A whole share is automatically consolidated by combining an investment certificate with a voting right certificate.

Paris Orléans' share capital evolved during the 2011/2012 financial year as follows.

- Following Paris Orléans' buyback, on 16 May 2011, of 340,190 voting right certificates from a member of the Rothschild family, 340,190 ordinary shares were consolidated by the combination of 340,190 voting right certificates with 340,190 investment certificates owned by Paris Orléans. This transaction modified the share capital structure, without having any incidence on its amount, by increasing the number of shares to 32,228,475 and by decreasing the number of investment certificates to 145,040. Following this transaction, 145,040 voting right certificates were still in circulation[1].

- Paris Orléans' shareholders, for the dividend in respect of the 2010/2011 financial year, were given the option to receive payment of their dividend in the form of new shares, for all or part of the dividend due to them. The issue price of the new shares issued in payment of the dividend was calculated based on 90% of the average closing price of Paris Orléans shares over the twenty stock market trading sessions immediately preceding the date of the General Meeting, after deducting the net amount of the dividend and rounding up to the next whole euro cent, which amounted to €16.07.

On expiry of the period for exercising this option, the share capital of the Company was increased by €284,144, through the issuance of 142,072 new shares with a par value of €2 each. The share capital was raised from €64,747,030 to €65,031,174. The amount corresponding to the difference between the global amount of the capital increase and the par value of the newly issued shares, i.e. €1,998,953.04 was transferred to a "premium issue" account.

These newly issued shares qualified for dividends as from 1 April 2011 and share identical rights with all other Paris Orléans shares.

Situation as at the date of this report

After the closing of the 2011/2012 financial year, the approval by the General Meeting of shareholders of 8 June 2012 of contributions of interests and shares in Rothschild & Cie Banque SCS, Financière Rabelais SAS and Rothschilds Continuation Holdings AG, led to the issuance of 38,387,442 new ordinary shares with a par value of €2 each, qualifying for dividends as from 1 April 2012.

(1) Press release of 17 May 2011.

Paris Orléans' share capital was increased by a total of €76,774,884, from €65,031,174 to €141,806,058. As at the date of this report, it is divided into 70,757,989 shares and 145,040 investment certificates.

Furthermore, the same General Meeting approved the allocation of double voting rights to holders of shares registered in the nominative form for at least the past two years. As at the date of this report, Paris Orléans' voting rights are consequently divided as follows:

Total number of voting rights	
Exercisable	86,800,611
Theoretical (1)	89,176,741

(1) After excluding the non exercisable voting rights attached to shares held by Paris Orléans (570,030 shares, including 54,350 shares allocated to a liquidity agreement), and to shares held by NM Rothschild & Sons Ltd (1,800,000 shares) and Rothschild & Cie Banque SCS (100 shares).

BUYBACK OF OWN SHARES

Buyback by the Company of its own shares

Use of the authorisations granted to the Executive Board by the General Meeting

The Combined General Meeting of shareholders of 27 September 2010, then of 27 September 2011, authorised the Executive Board to purchase or arrange the purchase of Paris Orléans shares up to a maximum limit of 10% of the share capital on the purchase date of these shares, in accordance with Articles L. 225-209 onwards of the French Commercial Code (*Code de commerce*).

Each authorisation was granted for a maximum effective period of 18 months. The authorisation granted by the General Meeting of shareholders of 27 September 2010, which would have expired during the 2011/2012 financial year, was thus renewed by the authorisation granted by the General Meeting of shareholders of 27 September 2011.

As required under Article L. 225-211 of the French Commercial Code (*Code de commerce*), the table below summarises the transactions carried out by the Company under these authorisations during the 2011/2012 financial year.

Number of shares purchased	130,782
Number of shares sold	229,982
Number of shares cancelled	-
Average price of purchases and sales (1)	
Purchases	*€17.29*
Sales	*€17.37*
Number of shares allocated to the liquidity agreement as at 31 March 2012	47,400
Total number of shares held as at 31 March 2012	569,080
Number of investment certificates held as at 31 March 2012	145,040
TOTAL OF SHARES AND INVESTMENT CERTIFICATES (2) HELD BY PARIS ORLÉANS AS AT 31 MARCH 2012	**714,120**
% of the share capital	*2.20%*
Book value as at 31 March 2012	*€5,058,865.72*

(1) Arithmetic mean of the share market prices for transactions initiated from 1 April and settled until 31 March 2012.
(2) Par value of €2.

In accordance with Article L. 225-211 of the French Commercial Code (*Code de commerce*), Paris Orléans provides the French Financial Markets Authority (*Autorité des marchés financiers*) with a monthly report on the shares acquired, sold, cancelled or transferred by the Company in application of Article L. 225-209 of said Code. These reports may be consulted on the French Financial Markets Authority's (*Autorité des marchés financiers*) website (www.amf-france.org).

Authorisation granted after the end of the financial year

It is hereby specified that, after the end of the 2011/2012 financial year and given Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*), the General Meeting of shareholders of 8 June 2012 granted to the Management a new authorisation to purchase or arrange the purchase of Paris Orléans shares within the context of a share buyback program. This new authorisation was granted for a period of 18 months, under the same conditions as those of the authorisation granted to the Executive Board by the General Meeting of shareholders of 27 September 2011, and cancelled the unused portion of the latter.

Buyback of voting right certificates by the Company

Within the frame of the simplification of Paris Orléans' share capital structure, which has been initiated many years ago, Paris Orléans proceeded, on 16 May 2011, to the buyback of 340,190 voting right certificates held by a member of the Rothschild family. This transaction resulted in the consolidation of 340,190 ordinary shares, by the combination of these 340,190 voting right certificates with 340,190 investment certificates held by the Company.

TREASURY SHARES

As at 31 March 2012, NM Rothschild & Sons Ltd, which is indirectly controlled by Paris Orléans, held 1,800,000 Paris Orléans shares, corresponding to 5.54% of the share capital.

As at the date of this report:

- the number of Paris Orléans shares owned by NM Rothschild & Sons Ltd has not changed, but only represents 2.54% of the share capital given the approval by the General Meeting of shareholders of 8 June 2012 of the contributions in kind submitted to it;
- Rothschild & Cie Banque SCS, a company indirectly controlled by Paris Orléans, owns 100 Paris Orléans shares, representing a non-significant percentage of the share capital.

DELEGATION OF AUTHORITY AND AUTHORISATIONS granted by the General Meetings of shareholders in order to increase and decrease the share capital

Given Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*) approved by the General Meeting of shareholders of 8 June 2012, the delegations of authority and authorisations granted to the Executive board by the General Meetings of shareholders of 29 September 2009, of 27 September 2010 and of 27 September 2011, were replaced by the delegations of authority and authorisations granted to the Management by the General Meeting of shareholders of 8 June 2012. The use of delegations of authority and authorisations granted to the Executive Board, and then to the Management, is summarised below.

Use by the Executive Board during the 2011/2012 financial year of the delegations of authority and authorisations granted by the General Meetings of shareholders of 29 September 2009 and of 27 September 2010

None of the delegations of authority and authorisations granted to the Executive Board by the General Meetings of shareholders of 29 September 2009 and of 27 September 2010 were used during the 2011/2012 financial year[1]. These delegations of authority and authorisations to the Executive Board related to the following subjects:

(1) Nor were they used until the General Meeting of shareholders of 8 June 2012.

Combined General Meeting of 29 September 2009

Purpose	Resolution number	Amount	Period (1)	Use during 2011/2012 financial year
To grant bonus shares to employees and corporate officers of the Company and/or associated companies (Articles L. 225-197-1, L. 225-197-2 onwards of the French Commercial Code [*Code de commerce*])	11	Limited to 5% of the share capital	28/11/2012	None
To grant options to subscribe for or purchase the Company's shares to employees and corporate officers of the Company and/or associated companies (Articles L. 225-177 onwards of the French Commercial Code [*Code de commerce*])	12	Limited to 5% of the share capital	28/11/2012	None

(1) The period indicated is the initial period. The delegations of authority and authorisations approved by the General Meeting of shareholders of 8 June 2012 cancelled the existing delegations of authority and authorisations.

Combined General Meeting of 27 September 2010

Purpose	Resolution number	Amount	Period (1)	Use during 2011/2012 financial year
To decrease share capital by cancelling shares purchased within the frame of share buy-back programs (Article L. 225-209 of the French Commercial Code [*Code de commerce*])	21	Limited to 10% of the share capital per 24-month periods	26/09/2012	None
To increase the share capital by capitalisation of reserves, income or issue premiums (Articles L. 225-129 onwards of the French Commercial Code [*Code de commerce*])	22	Limited to a nominal amount of €50m (this limit is independent from the limit set for the other authorisations)	26/11/2012	None
To issue transferrable securities with preferential subscription rights maintained (Articles L. 225-129 onwards of the French Commercial Code [*Code de commerce*])	23	Limited to a nominal amount of €50m	26/11/2012	None
To issue transferrable securities with waiver of preferential subscription rights (Articles L. 225-129 onwards of the French Commercial Code [*Code de commerce*])	24	Limited to a nominal amount of €50m or to the available balance within the limit set for the issue of securities with preferential rights maintained	26/11/2012	None
To issue transferrable securities with waiver of preferential subscription rights and free fixing of issue price (Article L. 225-136 of the French Commercial Code [*Code de commerce*])	25	Limited to 10% of the share capital per year	26/11/2012	None
To increase the share capital by issuing new shares reserved for employees (Articles L. 225-129-6, 2nd paragraph and L. 225-138-1 of the French Commercial Code [*Code de commerce*], Articles L. 3332-21 onwards of the French Labour Code [*Code du travail*])	27	Limited to a nominal amount of €1m	26/11/2012	None

(1) The period indicated is the initial period. The delegations of authority and authorisations approved by the General Meeting of shareholders of 8 June 2012 cancelled the existing delegations of authority and authorisations.

Delegations of authority and authorisations granted to the Management by the General Meeting of shareholders of 8 June 2012

Given Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*) after the end of the 2011/2012 financial year, the General Meeting of shareholders of 8 June 2012 granted to the Management new delegations of authority and authorisations in the continuity of those previously granted to the Executive Board.

These delegations of authority and authorisations, which use will be submitted to you in the Management's report on the 2012/2013 financial year, relate to the following subjects:

Combined General Meeting of 8 June 2012

Purpose	Resolution number	Amount	Period	Use as at the date of this report
To decrease, in one or several transactions, share capital by cancelling shares purchased within the frame of share buy-back programs (Article L. 225-209 of the French Commercial Code [*Code de commerce*])	84	Limited to 10% of the share capital per 24-month periods	26 months	None
To increase the share capital by incorporation of all or part of reserves, income or issue, merger or contribution premiums, by granting bonus shares, by increasing the par value of existing shares or by using such two methods jointly (Articles L. 225-129 onwards of the French Commercial Code [*Code de commerce*])	85	Limited to a nominal amount of €50m (this limit is independent from the limit set for the other authorisations)	26 months	None
To issue transferrable securities with preferential subscription rights maintained, giving access to the Company's share capital (Articles L. 225-129 onwards of the French Commercial Code [*Code de commerce*])	86	Limited to a nominal amount of €50mn (capital share securities) or €200m (debt instrument), with a deduction on the aggregate limit (1)	26 months	None
To issue transferrable securities with waiver of preferential subscription rights, giving access to the Company's share capital (Articles L. 225-129 onwards and L. 225-135 et 136 of the French Commercial Code [*Code de commerce*]) and public offer	87	Limited to a nominal amount of €50m (capital share securities) or €200m (debt instrument), with a deduction on the aggregate limit (1)	26 months	None
To issue transferrable securities with waiver of preferential subscription rights and free fixing of issue price, giving access to the Company's share capital (Articles L.225-129 onwards and L.225-135 and 225-136 (1°) of the French Commercial Code [*Code de commerce*])	88	Limited to 10% of the share capital per year (capital share securities) or €200m (debt instrument) with a deduction on the aggregate limit (1)	26 months	None
To increase the number of securities to be issued when increasing the share capital with waiver or not of preferential subscription rights (article L. 225-135-1 of the French Commercial Code [*Code de commerce*])	89	To be deducted on the individual limit as stipulated in the resolution in respect thereof the initial issuance is decided, with a deduction on the aggregate limit (1)	26 months	None

.../...

To issue transferrable securities with waiver of preferential subscription rights and giving access to the Company's share to the benefit of members of one or several employee savings schemes (article L. 225-129-6 of the French Commercial Code [*Code de commerce*])	90	Limited to a nominal amount of €1m, to be deducted from the aggregate limit (1)	26 months	None
To grant bonus shares to employees and corporate officers of the Company and/or associated companies (Articles L. 225-197-1, L. 225-197-2 onwards of the French Commercial Code [*Code de commerce*])	91	Limited to 5% of the share capital as of the date of the decision to grant bonus shares (this limit is independent from the limit set for the other authorisations)	38 months	None
To grant options to subscribe for or purchase the Company's shares to employees and corporate officers of the Company and/or associated companies (Articles L. 225-177 onwards of the French Commercial Code [*Code de commerce*])	92	Limited to 5% of the share capital as of the date of the General Meeting of shareholders of 8 June 2012, to be deducted from the aggregate limit (1)	38 months	None

(1) Aggregate limit fixed by resolution No. 93 adopted by the General Meeting of shareholders of 8 June 2012 to €50 million for the share capital securities and to €200 million for the debt instruments, which are applicable to the delegations of authority and authorisations granted to the Management in respect to resolutions No. 86, 87, 88, 89, 90 and 92.

EMPLOYEE SHARE OWNERSHIP

As required under Article L. 225-102 of the French Commercial Code (*Code de commerce*), employee share ownership in the share capital of the Company as at 31 March 2012 amounted to 0.18% of the share capital, held by a company mutual fund (*Fonds Commun de Placement d'Entreprise*) within the frame of an employee share ownership scheme (*Plan d'Épargne d'Entreprise*).

As at the date of this report and given the approval by the General Meeting of shareholders of 8 June 2012 of the contributions submitted thereto, this percentage has decreased to 0.08%.

TRANSACTIONS INVOLVING THE COMPANY'S SECURITIES REALISED BY CORPORATE OFFICERS OR SIMILAR PERSONS OR PERSONS RELATED TO THEM

(Article L. 621-18-2 of the French Monetary and Financial Code [*Code monétaire et financier*])

Pursuant to the provisions of Article 223-26 of the General Regulations of the French Financial Markets Authority (Règlement général de l'*Autorité des marchés financiers*), the transactions involving the Company's securities during the 2011/2012 financial year, realised by persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and disclosed to the Financial Markets Authority (*Autorité des Marchés Financiers*) are summarised in the table below.

Martin Bouygues, member of the Supervisory Board

Financial instrument	Nature of the transaction	Date of the transaction	Place of the transaction	Unit price	Total amount
Shares	Purchase	24/05/2011	NYSE Euronext Paris	€19.98	€605,415.21

The Paris Orléans shares granted to some corporate officers or similar persons or persons related to them, as referred to in Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*), within the frame of the contributions in kind approved by the General Meeting of shareholders of 8 June 2012, were disclosed after the end of the financial year under review. They will be presented in the Management's report for the 2012/2013 financial year.

FACTORS THAT COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

Taking into account the approval by the General Meeting of shareholders of 8 June 2012 of Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*) and the new Articles of Association resulting from it, the contributions of interests and shares in Rothschild & Cie Banque SCS, Financière Rabelais SAS and Rothschilds Continuation Holdings AG, and the appointments of the members composing Paris Orléans' new Supervisory Board, we present below the factors that could, as at the date of this report, have an impact in the event of a takeover bid on the Company's shares.

Share ownership structure

The share ownership structure is described on pages 55 and 56 of this report. Following Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*), this structure has a particularity linked to the existence of two categories of partners: general partners and limited partners.

A change of control therefore implies a change in the composition of these two categories of partners. Subject to the other elements described below that could have an impact in the event of a takeover bid on the Company's shares, a third party could, through takeover bid, acquire control of the capital and the related voting rights. It could not, however, take control of the general partners. In these conditions, a third party that would acquire the control of Paris Orléans would, in particular, be unable to modify the Articles of Association or dismiss the Manager as such decisions can only be made with the unanimous agreement of the general partners.

Also, general partners may not transfer the shares they hold without the unanimous agreement of all the general partners.

These provisions are such as to prevent a change of control of Paris Orléans without the unanimous agreement of the general partners.

Statutory restrictions on the exercise of voting rights and share transfers, clauses of agreements declared to the Company pursuant to Article L. 233-11 of the French Commercial Code (*Code de commerce*) and shareholders' agreements of which the Company is aware and which could restrict the transfer of shares and exercise of voting rights

Statutory restrictions on the exercise of voting rights and share transfers

Paris Orléans' Articles of Association do not put any direct restrictions on the exercise of voting rights and share transfers.

However, Article 7.3 of Paris Orléans' Articles of Association, approved by the General Meeting of shareholders of 8 June 2012 establishes disclosure obligations for shareholders whose failure to comply could result in restrictions on the exercise of the voting rights attached to all or part of their shares. The terms of this Article are as follows.

"Without prejudice to the provisions of the law, any individual or legal entity, acting alone or in concert with others, that holds shares or bearer investment certificates and that comes into possession of a number of shares or voting rights equal to or greater than 1% of the total number of Company shares and investment certificates, or of voting rights in the Company, and each time it crosses a multiple of this threshold in terms of share capital or voting rights, must inform the Company within the timeframe provided for by law, by registered letter with acknowledgement of receipt, stating whether the number of shares, investment certificates or voting rights are or are not held on behalf of, under the control of or in concert with other individuals or legal entities.

This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below the thresholds mentioned in the previous paragraph.

The person or entity required to make the disclosure shall specify the number of securities held giving entitlement to the Company's shares in the future, as well as the voting rights attached thereto.

Fund management companies are required to disclose this information for all the voting rights attached to the Company shares held by the funds they manage.

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

Subject to the specific provisions stated above, this statutory obligation is governed by the same rules that apply to the legal obligation, including in particular the cases of assimilation of securities held provided for by law."

Clauses of agreements declared to the Company pursuant to Article L. 233-11 of the French Commercial Code (*Code de commerce*) and shareholders' agreements of which the Company is aware and which could restrict the transfer of shares and exercise of voting rights

The French Financial Markets Authority (*Autorité des marchés financiers*) was informed by letter received on 14 June 2012 of the existence of a new shareholders' agreement between some members of the extended family group acting in concert that controls Paris Orléans (Rothschild Concordia SAS, David de Rothschild, Financière de Tournon SAS, Éric de Rothschild, Béro SCA, Ponthieu Rabelais SAS, Édouard de Rothschild, Holding Financier Jean Goujon SAS, Philippe de Nicolay, Alexandre de Rothschild, Olivier Pécoux, François Henrot and Compagnie Financière Martin Maurel).

The agreement is governed by French law and has been entered into for an initial term of 10 years, renewable by tacit agreement for successive periods of 10 years.

The French Financial Markets Authority (*Autorité des marchés financiers*) has published the main provisions of this agreement (Decision & Information notice No. 212C0752 dated 13 June 2012 and Decision & Information notice No. 212C0783 dated 19 June 2012). These are summarised below.

- The shareholders act in concert. They shall make their best endeavours to reach a consensus as to how they shall vote at each General Meeting of shareholders of Paris Orléans. If they fail to reach a consensus, they undertake to vote in accordance with the recommendations made by the Chairman of Rothschild Concordia SAS (David de Rothschild at the date of this report).

- Each of the shareholders concerned has undertaken to keep at least the following proportions of the Paris Orléans shares issued to them as remuneration for the transfers approved by the General Meeting of shareholders of 8 June 2012:
  - 100% during 12 months as from 8 June 2012; and
  - 50% during the subsequent 24 months.

- In the event of sale or transfer of Paris Orléans shares by a shareholder, Rothschild Concordia SAS has a right of first refusal (together with a right of substitution, in the exercise of this right by Rothschild Concordia SAS, by any person it chooses providing said person acts in concert with it). Rothschild Concordia SAS's right of first refusal applies to all Paris Orléans shares held by any shareholder at 8 June 2012, whether the shares came into the shareholder's possession as a result of the transfers approved by the General Meeting of shareholders of 8 June 2012 or by any other means.

Rothschild Concordia SAS may exercise its right of first refusal (i.e. the priority right to acquire them) in respect of all or part of the shares concerned, at a price equal to the volume weighted average price of the Paris Orléans share on NYSE Euronext Paris during the 20 trading days preceding the date of notification of Rothschild Concordia SAS by the shareholder concerned.

Rothschild Concordia SAS's right of first refusal shall also apply in the case of the sale or transfer by a shareholder of preferential subscription rights, preference rights or share subscription warrants issued or allocated by Paris Orléans in the context of a capital increase.

- The shareholders shall receive the totality of the dividends distributed by Paris Orléans in respect of the share they hold and shall dispose of these amounts freely, it being nonetheless specified that if these dividends are paid in Paris Orléans shares, the shares thus received shall be governed by the agreement in the same way as the shares in respect of which the dividend in shares was received.

- The shareholders are free (in compliance with the legal regulations, particularly those relating to insider trading) to acquire additional shares in Paris Orléans, it being specified that such shares will not be governed by the agreement and that any shareholders planning to increase their shareholdings in Paris Orléans must first:

  - inform the other shareholders in order to assess the impact of the planned increase on the shareholders' overall shareholdings in Paris Orléans; and

  - if necessary, obtain all derogations to any obligation to make tender offer for the Paris Orléans shares and/or the relevant authorisations from the supervisory bodies.

The provisions of this new agreement are without prejudice to the provisions of the shareholders' agreement entered into on 22 January 2008 between the initial members of Paris Orléans' family concert, composed of partners of Rothschild Concordia SAS. The main provisions of this agreement were notified to the French Financial Markets Authority (*Autorité des marchés financiers*) by letter dated 23 January 2008 and duly published by the latter (Decision & Information notice No. 208C0180 of 25 January 2008). In particular, this shareholders' agreement includes a lock-up clause governing the Company's shares for a period of 10 years from the date of signing, subject to certain exceptions.

The provisions of this new agreement coexist with the provisions of the share disposal agreement signed on 22 January 2008 between the Eranda foundation and Paris Orléans. The main provisions of this agreement were notified to the French financial markets authority (*Autorité des marchés financiers*) by letter dated 23 January 2008 and duly published by the French Financial Markets Authority (*Autorité des marchés financiers*) (Decision & Information notice No. 208C0180 of 25 January 2008). This share disposal agreement, which covers the terms and conditions of sale by the Eranda foundation of its shares in Paris Orléans, provides in particular for a right of first refusal for Paris Orléans, or any person it shall designate, which shall apply, with some exceptions, in the event of transfer of the shares held by the Eranda foundation.

Moreover, as a result of the approval of the Group's reorganisation by the General Meeting of shareholders of 8 June 2012, and of the buyout offer initiated jointly by Rothschild Concordia SAS and PO Gestion SAS following Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*), various lock-up undertakings in respect of Paris Orléans shares have been entered into. These are described in sections 18.4.1.2.2 and 18.4.2 on pages 124 to 126 of the information document filed with the French Financial Markets Authority (*Autorité des marchés financiers*) under registration number E.12-019 on 16 May 2012.

- Within the context of the buyout offer hereinabove referred to, several reclassification undertakings were signed with new investors, who undertook to acquire, within a limit of €50 million, the shares presented to the offer and, if necessary, some of the shares in Jardine Matheson. In this context, these new investors undertook to keep the Paris Orléans shares acquired as the result of such undertakings for a minimum period of six months to one year from the date of settlement/delivery of the shares presented to the offer or of the shares in Jardine Matheson. The acquisitions resulting from application of these undertakings are described in pages 91 and 92 of this report.

- Within the context of the above-mentioned reorganisation, shareholders agreements were signed with the contributor shareholders, not members of the extended family concert that contributed their interests in Rothschild & Cie Banque SCS and their shares in Financière Rabelais and in Rothschilds Continuation Holdings AG.

  - Pursuant to said agreements, the contributors, not members of the extended family concert, of interests in Rothschild & Cie Banque SCS and shares in Financière Rabelais are under an obligation to hold all the Paris Orléans shares received in exchange for their contributions for lock-up periods ranging from 1 to 18 years and also have an obligation to notify Paris Orléans and Rothschild Concordia SAS before any sale of said shares. Some of these agreements, which concern natural persons occupying functions within the Group, grant Paris Orléans a call option on the shares in the event the shareholder ceases to occupy his/her functions before the end of the applicable lock-up period.

  - Pursuant to the shareholders agreements referred to above, the contributors of shares in Rothschilds Continuation Holdings AG are under an obligation to hold all the Paris Orléans shares received in exchange for their contributions for lock-up periods ranging from six months to one year.

In addition, the collective lock-up agreement entered into by Rothschild Concordia SAS, David de Rothschild, Éric de Rothschild and Alexandre de Rothschild on 28 October 2009 pursuant to Article 787 B of the French Tax Code (*Code général des impôts*) was extended on 13 January 2012 and its scope widened to include the Paris Orléans shares held by PO Gestion SAS. Since 1 June 2012, it has been relayed by individual undertakings from each of these shareholders based on the same provisions, which, like the collective lock-up agreement, apply to all the shares these shareholders hold in the Company.

Direct or indirect interests in the Company of which it has been informed pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code (*Code de commerce*)

The share ownership structure as at the date of this report, indicating in particular all direct and indirect shareholdings subject to a disclosure obligation under Article L. 233-7 of the French Commercial Code (*Code de commerce*), is presented on page 93 of this report. The treasury shares held by NM Rothschild & Sons Ltd and Rothschild & Cie Banque SCS are described on page 57 of this report.

Holders of securities granting special rights of control

As at the date of this report, there were no securities granting special rights of control.

However, Paris Orléans' general partners, PO Gestion SAS and PO Commandité SAS, have some rights that could be assimilated to special rights of control:

- except for the appointment of members of the Supervisory Board, the appointment and dismissal of the Statutory Auditors, the distribution of dividends for the financial year and the approval of agreements and commitments subject to authorisation pursuant to Articles L. 225-38 onwards of the French Commercial Code (*Code de commerce*), no decision of the General Meeting of shareholders is valid unless unanimously approved (or approved by a majority in the case of a change in the Company's status to that of *société anonyme* or *société à responsabilité limitée*) by the general partners;
- any transaction whose purpose or effect could fundamentally call into question the Group's independence, tradition of excellence, link to the Rothschild family or the role played by the Rothschild family, its use of the Rothschild name or the fact that the Group's main activities are financial activities must be approved by the general partners, including when such transactions do not require authorisation from the General Meeting of shareholders.

Control mechanisms provided for in an employee share ownership scheme, when the rights of control are not exercised by the employees

None.

Rules applicable to the appointment and replacement of the Management and the members of the Supervisory Board

The rules that apply to the appointment and replacement of the Manager are laid down in the Articles of Association. The Managers are appointed by unanimous decision of Paris Orléans' general partners, with approval from the Extraordinary General Meeting of limited partners acting by a qualified majority of two thirds when the Manager is statutory (as is the case at the date of this report). The same rule applies to dismissals, solely on fair grounds. Managers are free to resign subject to giving 9 months notice.

If the position of Manager is unoccupied, it shall be filled by the general partners until a new Manager has been appointed.

The impact of these rules in the case of a takeover bid for the Company's shares is described on page 61 of this report, together with the impact of the ownership structure in the case of a takeover bid for the Company's shares.

The rules that apply to the appointment and replacement of members of the Supervisory Board are set forth in the Articles of Association. Supervisory Board members are appointed and dismissed by the Ordinary General Meeting of limited partners based on deliberations in which the general partners may not take part. It is nonetheless specified that Rothschild Concordia SAS, following on from the contribution of shares in Rothschilds Continuation Holdings AG made by Jardine Strategic Investment Holdings Sàrl and Rabobank International Holding BV and approved by the General Meeting of shareholders of 8 June 2012, has given an undertaking:

- to vote in favour of the appointment to the Supervisory Board of a representative of Jardine Matheson for as long as Jardine Matheson holds at least 5% of the share capital of Paris Orléans; and
- to vote in favour of the appointment to the Supervisory Board of a representative of Rabobank for as long as Rabobank holds at least 4% of the share capital of Paris Orléans.

Management's powers, particularly with regard to the issue or purchase of shares

The Management's powers with regard to the issue or purchase of shares are described in pages 56 and 57 of this report.

Agreements entered into by the Company that change or cease in the event of a change of control of the Company

Some of the loan agreements entered into by the Group with third parties contain early call clauses in the event of a change of control, which are normal clauses in this type of loan agreement. They could be triggered by a takeover bid for the Company's shares.

Agreements providing for indemnification of the Management or Supervisory Board members

None.

Corporate governance

MANAGEMENT AND SUPERVISORY BODIES

As at 31 March 2012

As at 31 March 2012, the corporate governance of Paris Orléans, a French limited company (*société anonyme*) at that time, was based on a dual structure composed of a collegial management body, the Executive Board, and a supervisory body, the Supervisory Board. This structure was modified by the decisions of the General Meeting of shareholders on 8 June 2012, approving Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*).

- The Executive Board, which could be composed of at least two members and of up to the maximum number authorised by law and the regulations, was appointed by the Supervisory Board for a term of two years. Members of the Executive Board could be removed from office by the General Meeting of shareholders or by the Supervisory Board.

The Supervisory Board appointed one of the Executive Board members as Chairman. It also had the power to appoint, from among the Executive Board members, one or more Chief Executive Officers with the power, in the same way as the Chairman, to represent the Company with regard to third parties.

The Executive Board had full powers to act in the Company's name in all circumstances, subject to the powers expressly reserved by law to the Supervisory Board and General Meetings of shareholders.

- The Supervisory Board could be composed of at least three members and of up to the maximum number of members authorised by applicable legal and regulatory provisions, appointed by the General Meeting of shareholders, which also had the power to remove them from office.

The Supervisory Board appointed two of its members to act as, respectively, Chairman and Vice-Chairman.

The Supervisory Board exercised permanent control over the Company's management by the Executive Board and was responsible for granting the Executive Board the necessary authorisation to carry out transactions that could not be carried out without its approval.

Detailed information on the Supervisory Board's functions and powers, and on its work in the 2011/2012 financial year are provided in pages 94 onwards of this report, in the section entitled "Chairman of the Supervisory Board's report".

As at the date of this report

As at the date of this report, given the decision by the General Meeting of shareholders of 8 June 2012 to approve Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*), Paris Orleans' governance structure was based on an executive body, the Management, and a supervisory body, the Supervisory Board, with a certain number of specific features linked to the existence of two categories of partners, limited partners (also called the shareholders) and general partners.

- The limited partners incur the same liabilities as those of a shareholder of a limited company: their liability is limited to the amount of their investment. In contrast, the general partners have joint and several liability for all the Company's debts.

Paris Orléans' first two general partners were designated in the Articles of Association. These are PO Gestion SAS, to which the Articles of Association also confer the role of Manager, and PO Commandité SAS. Both companies are owned by members of the Rothschild family.

The general partners have specific powers, including that of appointing the Manager. Except for the appointment of members of the Supervisory Board, the appointment and dismissal of the Statutory Auditors, the distribution of dividends for the year and the approval of agreements and commitments subject to authorisation pursuant to Articles L. 225-38 et seq. of the French Commercial Code (*Code de commerce*), no decision of the General Meeting of shareholders is valid unless unanimously approved (or approved by a majority in the case of the Company's conversion into a *société anonyme* or into a *société à responsabilité limitée*) by the general partners. Also, any transaction whose purpose or effect could fundamentally call into question the Group's independence, tradition of excellence, links to the Rothschild family or the role played by the Rothschild family, its use of the Rothschild name or the fact that the Group's main activities are financial activities must be approved by the general partners, including when such transactions do not require authorisation from the General Meeting of shareholders.

- Paris Orléans's first Manager was appointed in the Articles of Association for the duration of the Company. Any other statutory Manager will be appointed by the general partners, with the approval of the General Meeting of shareholders. Any non-statutory Manager will be appointed by the general partners. The same rule applies to dismissals, solely on fair grounds. If the position of Manager is unoccupied, it shall be filled by the general partners until a new Manager or new Managers has/have been appointed.

The Manager is responsible for the overall management of the Company's business, convening General Meetings of shareholders and drawing up the agendas for such meetings, and for preparing the financial statements. The Manager has full power to act in all circumstances in the Company's name and on its behalf.

As at the date of this report, PO Gestion SAS, Paris Orléans' first statutory Manager was headed by a Chairman, David de Rothschild, and two Chief Executive Officers, Nigel Higgins and Olivier Pécoux, who have the same powers as the Chairman.

- For its part, the Supervisory Board shall be composed of six to eighteen members, shareholders in the Company, who are appointed by the General Meeting of shareholders, without the general partners being able to participate in the deliberations, for a term of office decided by the General Meeting.

The Supervisory Board appoints a Chairman and one or more Vice-Chairmen from among its members.

The Supervisory Board is responsible for permanent control of the Company's management, particularly its consolidated and solo financial statements, and may convene General Meetings of shareholders. It also has the duty of expressing its opinion in a consultative capacity to the Manager and in the form of recommendations to the shareholders on a certain number of issues defined in the Articles of Association.

COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES

Situation as at 31 March 2012 and as at the date of the Company's conversion into a French partnership limited by shares (*société en commandite par actions*)

Name	Nationality	Date of birth	Age	Positions held at Paris Orléans	Date of first appointment	End of term of office	Number of shares held
David de Rothschild	French	15/12/1942	69	Member of the Executive Board Chairman of the Executive Board since 29/03/2012	29/09/2008	08/06/2012(1)	10
Olivier Pécoux	French	09/09/1958	53	Member of the Executive Board Chief Executive Officer	30/03/2010	08/06/2012(1)	0
Michele Mezzarobba	Italian	25/09/1967	44	Member of the Executive Board	31/01/2006	08/06/2012(1)	0
Éric de Rothschild	French	03/10/1940	71	Chairman of the Supervisory Board	29/10/2004	08/06/2012(1)	10
André Lévy-Lang	French	26/11/1937	74	Vice-Chairman and independent member of the Supervisory Board Member of the Audit Committee	29/10/2004	08/06/2012(1)	103
Martin Bouygues	French	03/05/1952	59	Independent member of the Supervisory Board	07/12/2007	08/06/2012(1)	35,501
Claude Chouraqui	French	12/02/1937	75	Member of the Supervisory Board	29/10/2004	08/06/2012(1)	100
Russell Edey	British	02/08/1942	69	Member of the Supervisory Board	29/10/2004	08/06/2012(1)	100
Christian de Labriffe	French	13/03/1947	65	Member of the Supervisory Board Chairman of the Audit Committee	29/10/2004	08/06/2012(1)	200
Philippe de Nicolay	French	01/08/1955	56	Member of the Supervisory Board	07/12/2007	08/06/2012(1)	102
Robert de Rothschild	French	14/04/1947	64	Member of the Supervisory Board	29/10/2004	08/06/2012(1)	100
Philippe Sereys	French	28/05/1963	48	Independent member of the Supervisory Board Member of the Audit Committee	29/10/2004	08/06/2012(1)	100
Rothschild & Cie Banque SCS	French	n/a	n/a	Member of the Supervisory Board	07/12/2007	08/06/2012(1)	100
François Henrot	French	03/07/1949	62	Permanent representative of Rothschild & Cie Banque SCS to the Supervisory Board	29/03/2012	08/06/2012(1)	10

(1) Paris Orléans' conversion into a French partnership limited by shares (société en commandite par actions) approved by the General Meeting of shareholders of 8 June 2012.

Name	Nationality	Date of birth	Age	Positions held at Paris Orléans	Date of first appointment	End of term of office	Number of shares held
Jacques Richier	French	12/02/1955	57	Independent member of the Supervisory Board	27/09/2010	08/06/2012(1)	10
Sylvain Héfès	French	28/03/1952	60	Chairman of the Executive Board until 29/03/2012 Member of the Supervisory Board from 29/03/2012	29/03/2012	08/06/2012(1)	10
Michel Cicurel	French	05/09/1947	64	Non-voting member (*Censeur*)	29/09/2005	08/06/2012(1)	100
Marc-Olivier Laurent	French	04/03/1952	60	Permanent representative of Rothschild & Cie Banque SCS to the Supervisory Board until 29/03/2012	07/12/2007	29/03/2012	0

(1) Paris Orléans' conversion into a French partnership limited by shares (société en commandite par actions) approved by the General Meeting of shareholders of 8 June 2012.

Situation following the Company's conversion into a French partnership limited by shares (*société en commandite par actions*)

Name	Nationality	Date of birth	Age	Positions held at Paris Orléans	Date of first appointment	End of term of office(2)	Number of shares held
PO Gestion SAS	French	n/a	n/a	Manager appointed by the Company's Articles of Association	08/06/2012(1)	Indefinite	1
David de Rothschild	French	15/12/1942	69	President of PO Gestion SAS	06/06/2012	Indefinite	349,356
Nigel Higgins	British	25/09/1960	51	Chief Executive Officer of PO Gestion SAS	06/06/2012	Indefinite	0
Olivier Pécoux	French	09/09/1958	53	Chief Executive Officer of PO Gestion SAS	06/06/2012	Indefinite	429,050
Éric de Rothschild	French	03/10/1940	71	Chairman of the Supervisory Board	08/06/2012(1)	General Meeting 2013/2014	329,105
André Lévy-Lang	French	26/11/1937	74	Vice-Chairman and independent member of the Supervisory Board Member and Chairman of the Audit Committee Member of the Strategy Committee	08/06/2012(1)	General Meeting 2013/2014	103
François Henrot	French	03/07/1949	62	Vice-Chairman of the Supervisory Board Member of the Strategy Committee	08/06/2012(1)	General Meeting 2013/2014	752,460
Lucie Maurel-Aubert	French	18/02/1962	50	Member of the Supervisory Board Member of the Strategy Committee	08/06/2012(1)	General Meeting 2014/2015	10

(1) Paris Orléans' conversion into a French partnership limited by shares (société en commandite par actions) approved by the General Meeting of shareholders of 8 June 2012.
(2) General Meeting 2013/2014: General Meeting of shareholders called to approve the financial statements for the financial year 2013/2014; General Meeting 2014/2015: General Meeting of shareholders called to approve the financial statements for the financial year 2014/2015.

Name	Nationality	Date of birth	Age	Positions held at Paris Orléans	Date of first appointment	End of term of office (2)	Number of shares held
Martin Bouygues	French	03/05/1952	60	Independent mem-ber of the Supervisory Board Member of the Strategy Committee	08/06/2012(1)	General Meeting 2013/2014	35,501
Alexandre de Rothschild	French	03/12/1980	31	Member of the Supervisory Board Member of the Strategy Committee	08/06/2012(1)	General Meeting 2014/2015	10
Anthony de Rothschild	British	30/01/1977	35	Member of the Supervisory Board	08/06/2012(1)	General Meeting 2014/2015	10
Christian de Labriffe	French	13/03/1947	65	Member of the Supervisory Board Member of the Audit Committee	08/06/2012(1)	General Meeting 2013/2014	1,137,410
Philippe de Nicolay	French	01/08/1955	56	Member of the Supervisory Boar	08/06/2012(1)	General Meeting 2013/2014	102
Jacques Richier	French	12/02/1955	57	Independent member of the Supervisory Board	08/06/2012(1)	General Meeting 2013/2014	10
Sylvain Héfès	French	28/03/1952	60	Member of the Supervisory Board Member of the Audit Committee	08/06/2012(1)	General Meeting 2014/2015	10
Lord Leach	British	01/06/1934	78	Independent member of the Supervisory Board	08/06/2012(1)	General Meeting 2014/2015	10
Sipko Schat	Dutch	21/03/1960	52	Independent member of the Supervisory Board	08/06/2012(1)	General Meeting 2014/2015	10

(1) Paris Orléans' conversion into a French partnership limited by shares (société en commandite par actions) approved by the General Meeting of shareholders of 8 June 2012.

(2) General Meeting 2013/2014: General Meeting of shareholders called to approve the financial statements for the financial year 2013/2014; General Meeting 2014/2015: General Meeting of shareholders called to approve the financial statements for the financial year 2014/2015.

LIST OF DIRECTORSHIPS AND POSITIONS HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

In compliance with the provisions of Article L. 225-102-1 paragraph 4 of the French Commercial Code (*Code de commerce*), a list of all directorships and positions held during the financial year under review in other companies by each of the corporate officers of the Company is presented below.

Supervisory Board

Éric de Rothschild

- Chairman of:

– Rothschild Holding AG (Switzerland)
– Rothschild Bank AG (Switzerland)
– Rothschild Asset Management Holding AG (Switzerland)
– Société du Château Rieussec SAS

- Director and Chief Executive Officer of:

– Rothschild Concordia SAS

- General Partner and Manager of:

– Béro SCA

- Permanent representative of Béro SCA as Manager of:

– Château Lafite Rothschild SC
– Château Duhart-Milon SC
– La Viticole de Participation SCA

- Director of:

– Continuation Investments NV (The Netherlands)
– Baronnes et Barons Associés SAS
– Christie's France SA
– DBR USA (United States of America)
– NM Rothschild & Sons Ltd (United Kingdom)
– Rothschilds Continuation Holdings AG (Switzerland)
– Rothschild Concordia AG (Switzerland)
– Los Vascos (Chile)

- Member of the Supervisory Board of:

– Newstone Courtage SA
– SIACI Saint-Honoré SA

- Member of the:

– Remuneration and Nominations Committee of Rothschilds Continuation Holdings AG (Switzerland)

- Chairman of:

– La Fondation du Risque (association)
– Institut Français des Relations Internationales (association)
– Institut Louis Bachelier (association)

- Vice-Chairman of:

– Institut Europlace de Finance (association)

- Director of:

– Hôpital Américain de Paris (association)
– Institut des Hautes Études Scientifiques (association)
– Groupe des Écoles Nationales d'Économie et Statistique
– Paris Sciences et Lettres (association)

André Lévy-Lang

- Chairman of the Supervisory Board of:

– Les Échos SAS

Martin Bouygues

- Chairman and Chief Executive Officer of:

– Bouygues SA

- President of:

– SCDM SAS

- Director of:

– TF1 SA

- Permanent representative of SCDM SAS as Chairman of:

– SCDM Invest 3 SAS
– SCDM Participations SAS
– Actiby SAS

Claude Chouraqui

- Chairman of the Supervisory Board of:

– SIACI SA
– Newstone Courtage SA

- Director of:

– ART (Assurances et Réassurances Techniques) SA

Russell Edey

- Chairman of:

– Anglogold Ashanti Ltd (South Africa)

- Vice-Chairman of:

– NM Rothschild Corporate Finance Ltd (United Kingdom)

- Director of:

– Rothschild (South Africa) Pty Ltd (South Africa)
– Rothschild China Holding AG (Switzerland)
– Rothschild Australia Ltd (Australia)
– Rothschilds Continuation Ltd (United Kingdom)
– Shield MBCA Ltd (United Kingdom)
– Shield Trust Ltd (United Kingdom)
– Southern Arrows (Proprietary) Ltd (South Africa)

- Non-executive Director and Chairman of:

– Avocet Mining Plc (United Kingdom)

- Non-executive Director of:

– Old Mutual Plc (United Kingdom)

Sylvain Héfès (Chairman of the Executive Board until 29 March 2012, then member of the Supervisory Board from 29 March 2012)

- Senior Advisor of:

– NM Rothschild & Sons Ltd (United Kingdom)

- Chairman of the:

– Remuneration and Nominations Committee of Rothschilds Continuation Holdings AG (Switzerland)

- Chairman of:

– Francarep, Inc. (United States of America)

- Director of:

– Rothschild Concordia SAS
– Rothschilds Continuation Holdings AG (Switzerland)
– Rothschild Europe BV (The Netherlands)
– Rothschild Bank AG (Switzerland)
– Five Arrows Capital Ltd (British Virgin Islands)
– NYSE Euronext, Inc. (United States of America)

- Member of the Advisory Committee:

– Five Arrows Managers SAS
– General Atlantic LLC (United States of America)

- Member of the:

– Group Risk Committee
– Audit Committee of Rothschilds Continuation Holdings AG (Switzerland)
– Audit Committee of Rothschild Bank AG (Switzerland)
– Investment Committee of Five Arrows Principal Investments

François Henrot (member of the Supervisory Board until 29 March 2012, then Permanent Representative of Rothschild & Cie Banque SCS to the Supervisory Board from 29 March 2012)

- General partner and Manager of:

– Rothschild & Cie SCS
– Rothschild & Cie Banque SCS

- Director of:

– Rothschilds Continuation Holdings AG (Switzerland)
– Yam Invest NV (The Netherlands)

- Member of the Supervisory Board of:

– 3 Suisses SA

- Chairman of the Global Financial Advisory activity

Christian de Labriffe

- General Partner and Manager of:

– Rothschild & Cie SCS
– Rothschild & Cie Banque SCS
– Transaction R SCS

- Chairman of:

– TCA Partnership SAS

- Chairman and Chairman of the Strategy Committee of:

– Financière Rabelais SAS

- Permanent Representative of Rothschild & Cie SCS as Chairman of:

– Montaigne-Rabelais SAS

- Director of:

– Christian Dior SA
– Christian Dior Couture SA

- Member of the Supervisory Board of:

– Beneteau SA

- Member of:

– Compliance and Risks Committee of Rothschild & Cie Banque SCS
– Internal Audit Committee of Rothschild & Cie Banque SCS

- Manager of:

– Parc Monceau SARL
– Delahaye Passion SC

Philippe de Nicolay

- Chairman of the Supervisory Board:

– Rothschild & Cie Gestion SCS

- Chairman of:

– Wichford Plc (Isle of Man)

- Director of:

– Elan R SICAV
– Blackpoint Management (Guernsey)
– Rothschild Japan KK (Japan)

- Member of the Supervisory Board of:

– Les Domaines Barons de Rothschild (Lafite) SCA
– Hunico SC
– Polo & Co SARL

Jacques Richier

- Chairman and Chief Executive Officer of:

– Allianz IARD SA
– Allianz Vie SA
– Allianz France SA

- Member of the Supervisory Board of:

– Allianz Global Assistance SAS
– Allianz Global Corporate & Specialty AG (Germany)
– Oddo & Cie SCA
– Euler Hermès SA

Robert de Rothschild

- Director of:

– Rothschild Concordia SAS

Rothschild & Cie Banque SCS (represented by Marc-Olivier Laurent until 29 March 2012 and by François Henrot from 29 March 2012)

- Chairman of:

– Bastia-Rabelais SAS

- Chairman and Director of:

– Montaigne-Rabelais SAS

Philippe Sereys de Rothschild

- Member of the Supervisory Board and Vice-Chairman of:

– Baron Philippe de Rothschild SA

- Member of the Supervisory Board of:

– GT Finances SA

- Manager of:

– Baronne Philippine de Rothschild GFA

Michel Cicurel

- Chairman of the Executive Board of:

– La Compagnie Financière Edmond de Rothschild Banque SA (until 23 May 2012)
– Compagnie Financière Saint Honoré SA (until 23 May 2012)

- Chairman of the Board of Directors of:

– ERS SA
– Edmond de Rothschild SGR SpA (Italy)

- Chairman of the Supervisory Board:

– Edmond de Rothschild Corporate Finance SAS

- Vice-Chairman of the Supervisory Board of:

– Edmond de Rothschild Private Equity Partners SAS

- Director of:

– Banque Privée Edmond de Rothschild SA (Switzerland)
– Edmond de Rothschild Ltd (United Kingdom)
– Edmond de Rothschild Investment Services Ltd (Israel)
– Bouygues Telecom SA
– COE-Rexecode (association)
– Société Générale SA

- Member of the Supervisory Board of:

– Publicis SA
– SIACI Saint-Honoré SA
– Newstone Courtage (until 1 December 2011)
– Milestone SAS (from 4 July 2011)

- Permanent Representative of La Compagnie Financière Edmond de Rothschild Banque SA as Chairman of the Supervisory Board of:

– Edmond de Rothschild Asset Management SAS

- Permanent Representative of La Compagnie Financière Saint Honoré SA as Director of:

– Cogifrance SA

Executive Board

David de Rothschild (member of the Executive Board until 29 March 2012, then Chairman of the Executive Board from 29 March 2012)

- Chairman of:

– Rothschild Concordia SAS
– RCB Gestion SAS
– PO Gestion SAS
– Rothschilds Continuation Holdings AG (Switzerland)
– Financière de Reux SAS
– Financière de Tournon SAS
– SCS Holding SAS

- Chairman and Director of:

– Rothschild Concordia SAS
– Rothschild Europe BV (The Netherlands)

- General Partner and Manager appointed by the Articles of Association of:

– Rothschild & Cie SCS
– Rothschild & Cie Banque SCS

- General Partner and Manager of:

– Rothschild Gestion Partenaire SNC
– Rothschild Ferrières SC
– Béro SCA (as from 29 April 2011)
– Société Civile du Haras de Reux

- Vice-Chairman of:

– Rothschild Bank AG (Switzerland)

- Director of:

– Casino SA
– La Compagnie Financière Martin Maurel SA
– Continuation Investments NV (The Netherlands)
– De Beers SA (Luxembourg)
– Rothschild Asia Holdings Ltd (China)
– Rothschild Employee Trustees Ltd (United Kingdom)
– Rothschild Concordia AG (Switzerland)
– Rothschild Holding AG (Switzerland)

- Member of the Supervisory Board of:

– Compagnie Financière Saint-Honoré SA
– Euris SAS

- Member and Chairman of:

– Group Risk Committee (until 27 June 2011)

- Member of:

– The Internal Audit Committee of Rothschild & Cie Banque SCS
– Remuneration and Nominations Committee of Rothschilds Continuation Holdings AG (Switzerland)

Olivier Pécoux

- General Partner and Manager of:

– Rothschild & Cie SCS
– Rothschild & Cie Banque SCS

- Director of:

– Essilor SA
– Rothschild España SA (Spain)
– Rothschild Italia SpA (Italy)

- Member of the Supervisory Board of:

– Rothschild GmbH (Germany)

- Co-head of the Global Financial Advisory activity worldwide

- Chairman of the:

– Corporate Banking Executive Committee of Rothschild & Cie SCS

- Member of the:

– Strategy Committee of Financière Rabelais SAS

Michele Mezzarobba

- Manager of:

– Concordia Holding SARL

- Chairman of:

– K Développement SAS
– Messine Managers Investissements SAS
– Paris Orléans Holdings Bancaire (POHB) SAS
– Ponthieu Ventures SAS

- Chairman of the Board of Directors of:

– Manon 1 Sofica
– Manon 2 Sofica
– Manon 3 Sofica

- Director and Chairman of:

– Francarep, Inc. (United States of America)

- Director of:

– Five Arrows Capital AG (Switzerland)
– FIN PO SA (Luxembourg)
– PO Invest 1 SA (Luxembourg)
– PO Invest 2 SA (Luxembourg)
– PO Participations Sàrl (Luxembourg)
– PO Titrisation Sàrl (Luxembourg)
– Rothschild Europe BV (The Netherlands)
– Kinology SA

- Director and Manager of:

– Centrum Orchidée Sàrl (Luxembourg)
– Centrum Jonquille Sàrl (Luxembourg)
– Centrum Narcisse Sàrl (Luxembourg)

- Member of the Supervisory Board of:

– Ubiqus SAS

- Permanent Representative of Paris Orléans to the Supervisory Board of:

– Santoline SAS

- Permanent Representative of K Développement SAS as President to:

– Chaptal Investissements SAS
– Clarifilter SAS (until 4 August 2011)
– Franinvest SAS
– Manufaktura SAS (until13 September 2011)
– Narcisse Investissements SAS (until 20 June 2012)
– PO Capinvest 1 SAS
– PO Capinvest 2 SAS
– PO Développement SAS
– PO Fonds SAS
– PO Mezzanine SAS
– SPCA Deux SAS
– Verseau SAS

- Permanent Representative of Ponthieu Ventures SAS as Chairman of:

– Rivoli Participation SAS

- Permanent Representative of Rivoli Participation SAS as Chairman of:

– Société des Éditions de Presse Affiches Parisiennes SA
– Claude et Goy SA

- Permanent Representative of PO Participation Sàrl (Luxembourg) to the Management Board of:

– Five Arrows Managers Sàrl (Luxembourg)

- Member of:

– Group Risk Committee (from 27 June 2011)
– Audit Committee of Rothschild & Cie Banque SCS

COMPENSATION OF CORPORATE OFFICERS

Pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*), the total gross compensation and benefits in kind paid during the last financial year to each corporate officer in office during that year by Paris Orléans, by the companies it controls and by the companies that control it within the meaning of Article L. 233-16 of the French Commercial Code (*Code de commerce*), are listed below. Given Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*) as a result of the decisions of the General Meeting of shareholders of 8 June 2012, this information relates to the compensation received by members of the management and supervisory bodies of Paris Orléans under its previous form of incorporation of limited company (*société anonyme*). The Management's report on the ongoing financial year will give detailed information relating to the compensation received by the members of the management and supervisory bodies of Paris Orléans under its new form of incorporation of French partnership limited by shares (*société en commandite par actions*).

Compensation paid to each member of the Executive Board during the 2011/2012 financial year

Given the Group's operating organisation and legal structure, no member of the Executive Board of Paris Orléans received compensation in respect of their mandate as an executive corporate officer. Moreover, with the exception of Mr. Michele Mezzarobba, no member of the Executive Board is tied to the Company by an employment contract.

Mr. David de Rothschild and Mr. Olivier Pécoux received no compensation in respect of their mandates as members of the Executive Board. In their capacities of general partners and Managers of the partnerships Rothschild & Cie Banque SCS and Rothschild & Cie SCS, their status was governed by the following rules:

- the Articles of Association of both Rothschild & Cie Banque SCS and Rothschild & Cie SCS prohibit the payment of any compensation whatsoever to general partners in respect of their duties as general partners; no general partner is tied to either company by an employment contract;
- the same Articles of Association entitle general partners to payment of a priority dividend corresponding to a distribution of pre-tax income, in exchange for their unlimited and joint liability for the companies' debts.

Mr. Michele Mezzarobba has a permanent employment contract entered into with the Company on 15 December 2003; before his appointment to the Executive Board. At its meeting on 27 September 2010 to renew the Executive Boards' mandates, the Supervisory Board noted, as it had done at each previous renewal, that his employment contract was maintained in its full application and in all its terms and conditions. Mr. Mezzarobba's compensation consists of a fixed portion and of a variable portion determined based on objective criteria linked to his position and responsibilities, and on the performance of the Company's Proprietary Investment business. The amount of this variable portion also takes into account, to a lesser extent, individual criteria defined each year by the Chairman of the Executive Board, after consultation with the other Executive Board members.

In addition, Mr. Michele Mezzarobba benefits, in the same way as all Paris Orléans' employees and in the same conditions:

- from group health, personal protection and accident insurance schemes and retirement schemes;
- from the incentive scheme currently in force, entered into on 30 June 2009. The overall incentive payment consists of two components respectively based on two of Paris Orléans' performance indicators: growth in the portfolio' value and control of operating expenses. The incentive calculation excludes the Group's banking activities. The incentive payment is pro rated to the gross salary of each beneficiary during the year under review. It does not replace any other forms of compensation that are currently paid by the Company or that could become compulsory as a result of legal or contractual stipulations. The total incentive payment has been capped at 7.5% of the combined gross salary paid to all beneficiaries during the year for which this payment is calculated. The gross salaries used for the calculation are gross taxable amounts as stated on the *Déclarations Annuelles de Données Sociales* (DADS) – employers' annual declarations of payroll data in France. The incentive bonus is paid in a single installment no later than the last day of the seventh month following the financial year-end.

Mr. Michele Mezzarobba also benefits from a defined-benefit supplementary retirement scheme, which main characteristics are the following:

- contributions financing the supplementary pension plan amount to 6% of the reference salary per year, limited to eight times the Social Security annual threshold, corresponding to €282,816 for 2011;
- the reference salary consists of the gross annual salary excluding benefits in kind, severance benefits and retirement bonuses; the exclusion also applies to any amounts that does not qualify as salary within the meaning of Article L. 242-1 of the French Social Security Code (*Code de la Sécurité Sociale*).

During the financial year under review, no bonus shares or share subscription options have been granted to corporate and executive officers of Paris Orléans, nor did they receive performance shares. Accordingly, for the sake of simplicity, the information relating to their compensation is not presented in the table format referred to in the AFEP-MEDEF recommendations of 6 October 2008 relating to the compensation of corporate officers.

The tables below summarise the compensation of each member of the Executive Board of the Company under its previous form of incorporation during the financial year under review and in the previous year. For the Executive Board members who benefit from a company car, the amounts shown on the "Benefits in kind" line relate solely to use of said cars, and exclude any other benefit in kind.

David de Rothschild, member and Chairman of the Executive Board (1)

	Amounts paid	
In thousands of euros	Financial year 2011/2012	Financial year 2010/2011
Fixed compensation (2)	401.4	377.8
Variable compensation	-	-
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kinds	6.2	-
TOTAL	**407.6**	**377.8**

(1) Chairman of the Executive Board as from 29 March 2012, position for which Mr. David de Rothschild received no compensation during the 2011/2012 financial year.
(2) Compensation received in respect of positions held at NM Rothschild & Sons Ltd and Rothschild Holding AG.

Sylvain Héfès, member and Chairman of the Executive Board (1)

In thousands of euros	Amounts paid Financial year 2011/2012	Amounts paid Financial year 2010/2011
Fixed compensation	407.8	169.7
Variable compensation (2)	1,403.5	367.6
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kinds (3)	2.4	2.1
TOTAL	**1,813.7**	**539.4**

(1) Member and Chairman of the Executive Board until 29 March 2012.
(2) The variable compensation due in respect of given financial year is paid in the same financial year.
(3) Health insurance.

Olivier Pécoux, member of the Executive Board and Chief Executive Officer

In thousands of euros	Amounts paid Financial year 2011/2012	Amounts paid Financial year 2010/2011
Fixed compensation	-	-
Variable compensation	-	-
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kinds	5.0	67.1
TOTAL	**5.0**	**67.1**

Michele Mezzarobba, member of the Exective Board and Chief Financial Officer

In thousands of euros	Amounts paid Financial year 2011/2012	Amounts paid Financial year 2010/2011
Fixed compensation (1)	250.0	250.0
Variable compensation (1, 2)	490.3	400.8
Extraordinary compensation	-	-
Attendance fees	93.8	62.5
Benefits in kinds (1, 3)	6.2	6.0
TOTAL	**840.3**	**757.8**

(1) Compensation received in respect of Michele Mezzarobba's employment contract.
(2) The variable compensation due in respect of given financial year is paid in the same financial year.
(3) Use of company car.
It is specified that Mr. Michele Mezzarobba received, in respect of incentive payment and also of Company's premiums relating to employee savings schemes, €17,400 for the 2011/2012 financial year and €38,500 for the 2010/2011 financial year.

Attendance fees and other compensation paid to members of the Supervisory Board during the 2011/2012 financial year

The General Meeting of 27 September 2010 set at €134,000 the maximum amount of attendance fees available for allocation to members of the Supervisory Board of Paris Orléans under its previous form of incorporation.

On an annual basis, taking into account four Supervisory Board meetings, two Audit Committee meetings and two joint meetings of the Audit Committee of Paris Orléans and Rothschilds Continuation Holdings AG (in London), the individual allocation of attendance fees was as follows:

Fixed ordinary attendance fee	€1,000
Variable ordinary attendance fee per meeting (1)	€1,000
Fixed supplement for attending Audit Committee meetings	€1,000
Variable supplement for attending Audit Committee meetings (1)	€1,000
Fixed supplement for attending joint Audit Committee meetings	€1,000
Variable supplement for attending joint Audit Committee meetings	€2,000

(1) In accordance with the AFEP-MEDEF recommendations, payment of attendance fees or of the variable supplements is conditional upon effective attendance at each meeting.

The table below shows the attendance fees and other compensation received during the 2011/2012 financial year by the members of the Supervisory Board of Paris Orléans in respect of their positions held at Paris Orléans and at any other Group company.

	FY 2011/2012 *(Amounts paid in €k)*			FY 2010/2011 *(Amounts paid in €k)*		
Member of the Supervisory Board	**Attendance fees (1, 2)**	**Other compensation**		**Attendance fees (1, 2)**	**Other compensation**	
Éric de Rothschild (Chairman)	8.0	Fixed	332.4 (5)	16.0	Fixed	-
		Other	-		Other	-
		Benefits in kind	6.4		Benefits in kind	6.4
André Lévy-Lang (3) (Vice-Chairman)	17.9		-	36.0		-
Claude Chouraqui	8.0		-	14.0		-
Russell Edey (2,4)	8.0	Fixed	-	6.0	Fixed	-
		Variable	-		Variable	-
		Benefits in kind	-		Benefits in kind	0.2
Christian de Labriffe (3)	22.5		-	39.0		-
Robert de Rothschild (2,5,6)	12.0	Fixed	22.5	5.0	Fixed	21.1
		Benefits in kind	10.4		Benefits in kind	10.4
Philippe Sereys de Rothschild (3)	22.5		-	38.0		-
Martin Bouygues	7.0		-	14.0		-
Philippe de Nicolay	6.0		-	13.0		-
Marc-Olivier Laurent for Rothschild & Cie Banque SCS (5,7)	8.0		800.0	15.0		800.0
François Henrot (8)	7.0		-	6.0		-
Jacques Richier (8)	7.0		-	6.0		-
Jean-Philippe Thierry (Non-voting member [*Censeur*]) (9)	n/a		n/a	6.0		-
Michel Cicurel (Non-voting member [*Censeur*])	5.0		-	11.0		-
Sylvain Héfès (10)	-		-	n/a		n/a

(1) Attendance fees paid by Paris Orléns as respect of a mandate as member of the Supervisory Board.
(2) As from the 2010/2011 financial year, attendance fees due in respect of a given financial year are paid by Paris Orléans at the end of this financial year (with the exception of Russell Edey and Robert de Rothschild, whose attendance fees were paid in April 2011).
(3) Attendance fees paid by Paris Orléans as respect of mandates as member of the Supervisory Board and member of the Audit Committee.
(4) Moreover, Mr. Russell Edey has received €120,000 in attendance fees from the controlled companies as at 31 March 2012.
(5) Other compensation received from the controlled companies.
(6) Compensation converted at €/£, €/$ or €/CHF exchange rates as at 31 March 2012 and as at 31 March 2011.
(7) End of term of office on 29 March 2012.
(8) Appointment on 27 September 2010.
(9) End of term of office on 18 March 2010.
(10) Cooptation on 29 March 2012.

Information on employment contracts, supplementary pension schemes, compensation or benefits due in the event of termination of office or change in function and non-competition clauses for corporate officers

	Employment contract	Supplementary pension scheme	Compensation or benefits due or that could become due in the event of termination of office or change in function	Compensation in respect of non-competition clause
David de Rothschild Member of the Executive Board (date of appointment: 2010; end of term of office: 2012), Chairman of the Executive Board (date of appointment: 2012; end of term of office: 2012)	No	No	No	No
Sylvain Héfès Chairman and member of the Executive Board (date of appointment: 2010; end of term of office: 2012)	No	No	No	No
Olivier Pécoux Member of the Executive Board and Chief Executive Officer (date of appointment: 2010; end of term of office: 2012)	No	No	No	No
Michele Mezzarobba Member of the Executive Board and Chief Financial Officer in charge of the private equity activities (date of appointment: 2010; end of term of office: 2012)	Yes(1)	Yes(2)	No	No

(1) Michele Mezzarobba entered into an employment contract on 15 December 2003 with Paris Orléans, before his appointment as a member of the Executive Board. The Supervisory Board specifically acknowledges that his employment contract is maintained in its full application and in all its terms and conditions when examining the renewal of his appointment as a member of the Executive Board.

(1) Supplementary defined benefit retirement scheme ("article 83 pension scheme").

No commitment falling within the scope or Article L. 225-90-1 of the French Commercial Code (*Code de commerce*) and corresponding to an item of compensation, indemnification or benefits due or likely to become due as the result of termination or change in the functions of an Executive Board member, or subsequent to such events, was entered into in the 2011/2012 financial year.

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

PROFILE

Other information

ACQUISITIONS OF HOLDINGS AND CONTROLLING INTERESTS

As at 31 March 2012

During the 2011/2012 financial year, Paris Orléans did not, within the meaning of Article L. 233-6 paragraph 1 of the French Commercial Code (*Code de commerce*):

- acquire any shareholdings in a company whose registered office is located in France;
- take control of any company whose registered office is located in France.

As at the date of this report

The approval granted by the General Meeting of shareholders of 8 June 2012 for the proposed contributions of Rothschild & Cie Banque SCS shares submitted to it resulted in Paris Orléans acquiring, as defined in Article L. 233-6 paragraph 1 of the French Commercial Code (*Code de commerce*), a certain number of shareholdings and taking the control of several companies whose registered offices are located in France. In addition, several structures were created by Paris Orléans for the purpose of the above-mentioned transactions, which constituted in taking the control of these structures within the meaning of the aforementioned Article.

The table below lists the companies and groupings in which Paris Orléans, as described above, acquired shareholdings or of which it took control after the end of the 2011/2012 financial year.

Name of the Company	Registered office	Form of incorporation (1)	% of control/indirect shareholding as at the date of this report
Rothschild & Cie Banque	29 avenue de Messine, 75008 Paris, France	SCS	99.99%
Montaigne Rabelais	3 rue de Messine, 75008 Paris, France	SAS	100.00%
Rothschild Assurance & Courtage	29 avenue de Messine, 75008 Paris, France	SCS	99.83%
Rothschild & Cie	23 bis avenue de Messine, 75008 Paris, France	SCS	99.98%
Rothschild Europe SNC	23 bis avenue de Messine, 75008 Paris, France	SNC	50.00% (2)
Rothschild & Cie Gestion	29 avenue de Messine, 75008 Paris, France	SCS	99.99%
R Immobilier	29 avenue de Messine, 75008 Paris, France	SAS	100.00%
Transaction R	23 bis avenue de Messine, 75008 Paris, France	SCS	99.75%
R Capital Management	23 bis avenue de Messine, 75008 Paris, France	SAS	61.75%
GIE Rothschild & Cie	3 rue de Messine, 75008 Paris, France	GIE	100.00%
Sélection 1818	50 avenue Montaigne, 75008 Paris, France	SAS	34.00% (2)
Messine Participations	3 rue de Messine, 75008 Paris, France	SAS	100.00%
Rothschild Investment Solutions	29 avenue de Messine, 75008 Paris, France	SAS	100.00%
Financière Rabelais	3 rue de Messine, 75008 Paris, France	SAS	100.00%
Cavour	3 rue de Messine, 75008 Paris, France	SAS	100.00%
Verdi	3 rue de Messine, 75008 Paris, France	SAS	100.00%
Aida	3 rue de Messine, 75008 Paris, France	SAS	100.00%
Norma	3 rue de Messine, 75008 Paris, France	SAS	100.00%

(1) SCS: French limited partnership (société en commandite simple); SAS: French simplified joint-stock company (société par actions simplifiée); SNC: French general partnership (société en nom collectif); GIE: economic interest grouping (Groupement d'intérêt économique).
(2) Acquisition of shareholding within the meaning of Article L. 233-6 paragraph 1 of the French Commercial Code (Code de commerce), without taking control.

MANAGEMENT'S REPORT

ACTIVITY OF THE MAIN SUBSIDIARIES

The main direct subsidiary of Paris Orléans having operational activities is K Développement SAS, the intermediate holding company controlling the subsidiaries that carry out Paris Orléans' Proprietary Investment business.

The Global Financial Advisory and Wealth Management and Asset Management activities are carried out by indirect subsidiaries, held by the intermediate holding company Paris Orléans Holding Bancaire (POHB) SAS.

The Group's activities are presented on pages 20 onwards of this report.

REGULATED AGREEMENTS AND UNDERTAKINGS (1)

In accordance with applicable legal and regulatory provisions, the Statutory Auditors have been informed of all the regulated agreements and undertakings entered into during the 2011/2012 financial year, and of agreements and undertakings entered into during the previous financial years but still into effect during the 2011/2012 financial year.

It will be proposed to the Combined General Meeting of shareholders to approve the regulated agreements and undertakings entered into during the financial year under review by the Company under its previous form of incorporation, which are mentioned in the Statutory Auditors' special report in pages 193 onwards of this present report.

STATUTORY AUDITORS' TERM OF OFFICE

During the 2011/2012 financial year, the General Meeting of shareholders of 27 September 2011:

- renewed for a term of 6 financial years the appointments of Cailliau Dedouit et Associés SA, as Statutory Auditor, and of Mr. Didier Cardon, as Alternate Auditor;
- appointed KPMG Audit FS II SAS, as Statutory Audior, and KPMG Audit FS I SAS, as Alternate Auditor, as a replacement of KPMG Audit (a division of KPMG SA) and of SCP de Commissaires aux Comptes Jean-Claude André et Autres, whose appointments were not renewed.

In the continuity of Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*) approved by the General Meeting of shareholders of 8 June 2012, the Statutory Auditors and Alternate Auditors' appointments were confirmed.

(1) Given Paris Orléans' conversion into a French partnership limited by shares (société en commandite par actions) approved by the General Meeting of shareholders of 8 June 2012, these agreements and undertakings will be submitted to the approval of the General Meeting of shareholders of 27 September 2012 in accordance with the provisions of the Article 225-38 onwards of the French Commercial Code (Code de commerce), by a reference to Article L.226-10 of the French Commercial Code (Code de commerce). These agreements and undertakings were approved by the Supervisory Board of Paris Orléans under its previous form of incorporation in accordance with the provisions of Article L.225-86 onwards of the French Commercial Code (Code de commerce).

PROPOSED APPROPRIATION OF INCOME AND DIVIDEND

It will be proposed to the General Meeting of shareholders that the income for the 2011/2012 financial year be appropriated as follows:

In euros

Net income for the year	(114,297,250.92)
Credit retained earnings	198,345,972.76
Distributable income	84,048,721.84
Appropriation	
to the payment of a dividend of €0.50 per share [1, 2]	**16,257,793.50**
to credit retained earnings	**67,790,928.34**

(1) Out of a total of 32,370,547 shares and 145,040 investment certificates eligible to a dividend that could be paid in respect of the 2011/2012 financial year; ordinary shares issued in consideration of the contributions in kind approved by the General Meeting of shareholders of 8 June 2012 qualify for dividend as from 1 April 2012 and are thus not eligible to the dividend proposed for the 2011/2012 financial year.

*(2) In accordance with the applicable provisions of the law, the totality of the proposed dividend is eligible for the 40% rebate provided for in Article 158 (3) (2°) of the French Tax Code (*Code général des impôts*) for the shareholders who are individuals and French tax residents.*

The ex-dividend date shall be 1 October 2012 and the dividend shall be payable as from 4 October 2012.

In accordance with applicable statutory provisions, the dividends distributed by the Company to the shareholders in respect of the last three financial years were as follows:

	2010/2011	**2009/2010**	**2008/2009**
Number of shares and investments certificates which could qualify to a dividend payment [1]	31,611,745	31,020,213	30,748,400
Net dividend per share *(in €)*	0.40[2]	0.35[2]	0.35[2]
Total amount distributed *(in €)*	12,644,698.00	10,857,074.55	10,761,940.00

(1) Number of shares and investment certificates that could qualify to a dividend, held on the detachment date and excluding treasury shares and investment certificates held by the Company.

*(2) Dividend eligible for the 40% rebate provided for in Article 158 (3) (2°) of the French Tax Code (*Code général des impôts*) for the shareholders who are individuals and French tax residents.*

RESULTS OF THE COMPANY DURING THE PAST FIVE FINANCIAL YEARS

In euros	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Share capital at the end of the financial year					
Share capital	63,264,160	63,264,160	63,889,106	64,747,030	65,031,174
Number of shares and investment certificates issued	31,632,080	31,632,080	31,944,553	32,373,515	32,515,587
Number of shares and investment certificates (excluding treasury shares and investment certificates owned by Paris Orléans)	30,814,642	30,773,060	31,036,383	31,560,195	31,801,467
Number of shares and investment certificates with dividend rights at the date of the General Meeting	31,632,080	31,632,080	31,944,553	32,373,515	32,515,587
Maximum number of future shares to be created					
through conversion of bonds	-	-	-	-	-
through the exercise of subscription rights	-	-	-	-	-
Overall result of effective operations					
Revenues exclusive of tax (financial and operating income)	31,698,622	28,384,137	20,128,414	17,039,485	20,636,932
Income before tax, amortisation and provisions	159,707,524	(5,414,728)	(8,021,864)	23,366,227	4,643,901
Corporate income tax(1)	4,567,594	(8,792,342)	(3,431,230)	(1,468)	(201,947)
Income after tax, amortisation and provisions	152,455,798	(1,520,224)	2,320,372	20,954,549	(114,297,251)
Distributed income, excluding treasury shares	16,962,231	10,761,940	10,857,075	12,644,698	16,257,794
Operating results per share					
Income after tax, but before amortisation and provisions	4.90	(0.11)	(0.14)	0.72	0.15
Income after tax, amortisation and provisions	4.82	(0.05)	0.07	0.65	(3.52)
Dividend allocated to each share	0.55	0.35	0.35	0.40	0.50(2)
Employees					
Average employee headcount	19	25	25	26	26
Total of the payroll	3,580,150	4,007,256	4,442,566	3,555,524	3,667,596
Total employee benefits (social security, welfare, etc.)	2,356,922	3,110,028	3,910,732	1,724,996	1,889,761

(1) Negative amounts correspond to tax benefits.
(2) Dividend proposed to General Meeting of shareholders of 27 September 2012.

ACCOUNTS PAYABLE POLICY

The Company's settlement periods for its accounts payable comply with Article L. 441-6 of the French Commercial Code (*Code de commerce*). Accounts payable are settled within 30 days if receiving the invoice, unless otherwise arranged as part of a sales agreement or pursuant to a dispute.

As at 31 March 2012

			Amounts not yet due		
In thousands of euros	Gross	Amounts due	Due within 30 days	Due in 31 to 60 days	Due in more than 60 days
Accounts payable	255.0	-	255.0	-	-
Accounts payable – invoices not yet received	470.0	-	-	-	-
TOTAL ACCOUNTS PAYABLE	**725.0**	**-**	**255.0**	**-**	**-**

As at 31 March 2011

			Amounts not yet due		
In thousands of euros	Gross	Amounts due	Due within 30 days	Due in 31 to 60 days	Due in more than 60 days
Accounts payable	26.0	-	26.0	-	-
Accounts payable – invoices not yet received	624.0	-	-	-	-
TOTAL ACCOUNTS PAYABLE	**650.0**	**-**	**26.0**	**-**	**-**

ISSUER RISKS

The definition and description of the risks to which Paris Orléans and the companies within the Group may be exposed are presented in the appendices to the consolidated financial statements for the financial year under review in pages 132 onwards of this report.

HUMAN RESOURCES INFORMATION

Information relating to the Group as at 31 March 2012

Headcount

By country/region

	31/03/2012	31/03/2011
United Kingdom	898	927
France	619	656
Switzerland	522	457
Europe (1)	284	288
North America	246	245
Rest of the world	267	283
TOTAL	**2,836**	**2,855**

(1) Excluding France and United Kingdom.

By business

	31/03/2012	31/03/2011
Global Financial Advisory and specialist finance	1,493	1,555
Wealth Management and Asset Management	762	722
Investment activities	35	32
Support	546	546
TOTAL	**2,836**	**2,855**

Information relating to Paris Orléans as at 31 March 2012

Headcount

As at 31 March 2012, Paris Orléans employed 30 people (25 executive-grade and 5 non-executive staff), 50% of whom were female. During the financial year under review, 9 new employees were hired (including 2 fixed-term contracts and 3 employees transferred from Rothschild & Cie Banque SCS) and 5 people left the Company (including 2 in the frame of the end of their fixed-term contracts).

Paris Orléans' staff includes 5 people responsible for private equity activities and 25 people engaged in various support functions for the Group and the Company.

Company payroll

Salaries and employee-related charges

In thousands of euros	31/03/2012	31/03/2011
Salaries	3,667.6	3,555.5
Employee-related charges	1,889.8	1,725.0
TOTAL	**5,557.4**	**5,280.5**

Employee savings scheme

An employee incentive agreement came into effect on 30 June 2009. It aims to give all Paris Orléans employees with at least three months' seniority a vested interest in the Company's performance.

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

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

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

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

Moreover, Paris Orléans set in place on 3 June 2005 an employee saving plan funded by gain-sharing plans and employee voluntary contributions, to which a company contribution based on employees' seniority can be added. Only employee contributions to the mutual fund "FCP Paris Orléans" are eligible for the company contribution. The latter is limited to thrice the beneficiary's contribution and to an annual limit amounting to €5,237 for 2011 by beneficiary that can justify three years seniority at the date of the contribution.

Paris Orléans also set in place on 9 September 2005 a group retirement scheme giving the employees the possibility to build up a stock portfolio. The group retirement scheme can be funded by voluntary contributions, gain-sharing plans and company contributions, limited to thrice the beneficiary's contribution and to an annual limit amounting to €5,819 for 2011 by beneficiary that can justify three years seniority at the date of the contribution.

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

Health and safety

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

Paris Orléans applies the principles necessary to the protection of hygiene, health and safety and is very dedicated to providing all its employees with the best possible working conditions.

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

Professional training and skills development

Paris Orléans aims to offer each employee regular access to a full range of training courses that meet their individual requirements and learning needs, while fully addressing the Company's business requirements.

During the 2011/2012 financial year, all of Paris Orléans' employees attended training courses, representing a total of 267.5 hours

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Taking the social and environmental factors into account in the Group's activities

Over the years, the Group has been gradually developing and implementing policies designed to take environmental and social issues into greater account in its businesses, and circulating these among its employees.

Given the Group's structure, the initiatives are usually locally taken. They take part to a common culture, built on values the Group considers as essential and on which its internal operations, relations with others and investment decisions are based. The social and environmental factors have become an integral part of the qualitative analysis conducted by the Group's activities. As an exemple, the French subsidiary in charge of the asset management activities signed on January 2011 the UNEP FI (United Nations Environment Programme Finance Initiative) Principles for Responsible Investment. The environmental, social and governance questions have become an integral part of the analysis and decisions-taking process relating to investment. These extra-financial analyses are conducted in France with the collaboration of EIRIS as an independent third-party completing the work of analysts.

Fighting discrimination and encouraging diversity

The Group places great importance on diversity and fighting discrimination, which it promotes through its recruitment and internal career management policies.

Thus, the Group's French subsidiary, RCB, signed in 2005 a Charter of Diversity and has implemented a recruitment and career management policy based on criteria of excellence, team spirit and sense of service. Its diversity policy is based on two guidelines:

- the introduction of objective criteria of performance and skills in hiring, remuneration and career management procedures and tools;
- managers' information and training on respect and promotion of diversity.

The French entities also signed an action plan promoting the employment of seniors, according to which they undertake to:

- fight discrimination against the company's senior employees in areas such as recruitment or access to training;
- value and enable the transmission of experience from senior employees;
- provide working conditions appropriate to the employees' age;
- maintain a certain number of employees aged over 55 at staff level.

Environmental protection

The Group is not involved in any industrial activities that might have a major impact on environment. However, in spite of being limited, the impact of the Group's activities on environment is still existent, and the Group is permanently working on reducing this impact, mostly by promoting awareness among its staff of the direct and indirect consequences of their activities on environment.

These endeavours, with the Group, focus in particular on:

- the reduction of our direct use of energy;
- the control of office supplies;
- reusing and recycling waste;
- the reduction of carbon dioxide emissions from business travels, particularly from Business Class air travels; thus, the

teams based in London have the possibility to participate in the Green Flights Scheme: each time an employee opts not to fly Business Class for a long-haul flight paid by the Group, 50% of the cost saving will be donated by the Group to the charity of the employee's choice.

The Group contributes to spread good practices in collaboration with its main suppliers, with whom it shares experience in order to improve environmental behaviors. Green Suppliers workshops were recently launched with the Group's key suppliers which aim to define common actions to respect the environment.

The questions relating to the environment and to the implementation of the responsible environmental policy are supervised by a Committee specifically dedicated to these issues.

Social involvement, partnerships and sponsoring

The Group is strongly involved in charity support and community partnerships all over the world, which have become an integral part of the *Rothschild in the Community* programme. The Group encourages its employees to contribute in these actions. Its initiatives mainly focus on two key areas: education and community development.

- In the field of education, the Group is involved in partnerships with many schools located in economically deprived areas to support students, teachers and governors. Our current initiatives include careers mentoring schemes and work experience, support for children in transition from primary to secondary school, and a strong involvement in the Young Enterprise program in the United Kingdom which aim at broadening the children and students' horizons and raising their awareness of the world and business-related issues.

- Concerning our support to underprivileged communities, the Group's initiatives aim particularly to promote the professional integration. Particularly and among others in the Group, three programs are implemented in Australia, South Africa and the United Kingdom.

  - In Australia, the Group supports the Young Endeavour Youth Scheme programme, by sponsoring for the past four years one trip per year on the Young Endeavour Tall Ship for a young Australian who helped care for a family member with a chronic illness, disability, mental illness, drug or alcohol problem.

  - In South Africa, the Group supports the Amazing Grace Children's Home, an orphanage located in Eikenhof, Johannesburg, which provides a permanent and safe home for more than 80 children who are victims of abandonment, abuse or human trafficking. Many of the children are HIV positive. The Group's involvement has included free legal advice for the organization, purchasing a minibus or funding upgrades to building and supplying new furniture for the children.

  - In the United Kingdom, the Group has been for several years involved in a partnership with the Bow School of Maths and Computing, a boys' secondary school based in an economically deprived part of the East London. Through its Gifted and Talented Mentoring Programme, the Group gives its support to 50 students by encouraging them to continue their studies.

Moreover, the Group's is historically highly involved in charity support. In the United Kingdom, a Committee specifically dedicated to charity actions, the Rothschild Charities Committee, meets quarterly to consider application and to decide what support measures might be taken. A large portion of the funds allocated to these actions concern charities working in the fields of social welfare, young people and healthcare. Approaches from small, local charities are particularly welcome. Of the money donated each year, around 50% is in response to requests from Rothschild employees who have a connection with a particular charity.

RESEARCH AND DEVELOPMENT ACTIVITY WITHIN THE COMPANY

As a holding Company, Paris Orléans as well as the companies it controls has no specific research and development activity.

INFORMATION PUBLISHED OR DISCLOSED BY THE COMPANY DURING THE LAST TWELVE MONTHS

In accordance with Article L. 451-1-1 of the French Monetary and Financial code (*Code monétaire et financier*) and with Article 222-7 of the French Financial markets authority's General Regulations (*Règlement général de l'Autorité des marchés financiers*), a document listing all the information published or made public in the European Economic Area or a third country during the previous twelve months can be consulted free of charge at the Company's registered office. This list may also be consulted on the Paris Orléans' website (www.paris-orleans.com).

Significant events after the end of the reporting period

The General Meeting of shareholders of 8 June 2012 approved a reorganisation of the Group that constitutes a major step forward in its ongoing international expansion and in the simplification of its structures(1).

Announced in a press release on 4 April 2012, this reorganisation comprises two stages:

- a first stage, which consisted in converting Paris Orléans' form of incorporation into a French partnership limited by shares (*société en commandite par actions*); this conversion was accompanied by changes in Paris Orleans' governance, which are described in page 66 onwards of this report and in pages 94 onwards of the Chairman of the Supervisory Board's report;
- a second stage consisting in the transfer to Paris Orléans:
  - of all the capital not yet owned by the Group of Rothschild & Cie Banque SCS, the holding company for the French activities, and of all the capital of Financière Rabelais SAS, one of the main general partners of Rothschild & Cie Banque SCS;
  - of virtually all the capital owned by third parties of Rothschilds Continuation Holdings AG, the holding company for all the Group's other operating subsidiaries, including NM Rothschild & Sons Ltd in the United Kingdom.

On 11 July 2012, interests and shares in Rothschild & Cie Banque SCS, Financière Rabelais SAS and Rothschilds Continuation Holding AG will be contributed by Paris Orléans to its subsidiary Paris Orléans Holding Bancaire (POHB) SAS, which will subsequently become the sole intermediate structure holding all the banking activities within the Group.

This reorganisation is designed to:

- simplify and harmonise the Group's management;
- facilitate its development;
- strengthen Paris Orléans' regulatory capital in preparation for application of the new prudential standards introduced by Basel II;
- ensure the commitment and control of the Rothschild family over the long-term; and
- maintain the free float.

MAIN CONSEQUENCES OF PARIS ORLÉANS' CONVERSION INTO A FRENCH PARTNERSHIP LIMITED BY SHARES (*SOCIÉTÉ EN COMMANDITE PAR ACTIONS*)

The main consequences of Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*) are described in pages 61 onwards of this report and the changes in the Company's governance following its conversion are described on pages 66 onwards.

In accordance with applicable legal and regulatory provisions, this conversion offered the minority shareholders the possibility of selling their shares in Paris Orléans under a minority buyout offer initiated jointly by Rothschild Concordia SAS, controlling shareholder of Paris Orléans, and PO Gestion SAS, which is now Paris Orléans' Manager. The buyout offer was made at a price of €17 per share, cum-dividend for the 2011/2012 financial year, and presented by Natixis, which also guaranteed the offer(2).

In its opinion on the offer, while considering the terms and conditions thereof to be fair, Paris Orléans' Supervisory Board recommended that shareholders should not present their shares to the offer so that they could benefit from the value creation linked to the reorganisation submitted to the General Meeting of shareholders of 8 June 2012 for approval.

(1) Detailed information on the Company's reorganisation is provided in the information memorandum filed with the French Financial Markets Authority (Autorité des marchés financiers) on 16 May 2012 under registration No. E.12-019 and attached to the Executive Board's report presented to the General Meeting of shareholders on 8 June 2012. These documents are available on Paris Orléans' website at www.paris-orleans.com.

(2) The terms and conditions of the buyout offer are described in the related offer memorandum, prepared by the joint offerors, and the reply memorandum prepared by Paris Orléans, and available to the public as from 11 May 2012 following the favourable compliance decision issued by the French Financial Markets Authority (Autorité des marchés financiers) on 10 May 2012.

The public buyout offer ran from 11 June to 22 June 2012 and the results were published by the French Financial Markets Authority (*Autorité des marchés financiers*) on 25 June 2012 (Decision & Information notice No. 212C0826).

The offer resulted in the transfer of 1,931,654 shares which, in accordance with the undertakings given by new investors in the context of the offer, were reclassified at the offer price.

Moreover, on 26 June 2012, in accordance with the commitments given in the context of the buyout, Jardine Matheson exercised its put option on its long-standing shareholdings and part of the shares it had received in exchange for the contribution of shares of Rothschilds Continuation Holdings AG approved by the General Meeting of shareholders of 8 June 2012. On this occasion, Jardine Matheson sold 4,566,364 shares, including 600,000 shares with double voting rights. Following this reclassification, Jardine Matheson held 4,217,310 shares representing the same number of voting rights, i.e. 5.95% of the capital and 4.86% of the voting rights as at the date of this report.

Taking these reclassifications into account, Natixis's shareholding consists of 3,545,150 shares, representing the same number of voting rights, i.e. a little more than 4.99% of the capital and 4.08% of the voting rights.

MAIN CONSEQUENCES OF THE CONTRIBUTIONS

Simplified chart of the Group's structure at the date of this report

The share transfers have significantly modified the Group share ownership structure by grouping under Paris Orléans almost all the capital of the operational holding companies for the Group's banking activities. A simplified chart of the Group's structure at the date of this report is provided on page 12.

More detailed information on acquisitions of shareholdings and controlling interests arising from these transactions is provided on page 81 of this report.

Share ownership of Paris Orléans at the date of this report

The transfer to Paris Orléans of the interests and shares in Rothschild & Cie Banque SCS, Financière Rabelais SAS and Rothschilds Continuation Holdings AG resulted in the issue of a total of 38,387,442 ordinary new shares with a par value of €2 each. This raises Paris Orléans' capital from €65,031,174 to €141,806,058, consisting of 70,757,989 ordinary shares and 145,040 investment certificates. The General Meeting of shareholders of 8 June 2012 also decided to allocate double voting rights to all the registered shares held by a same shareholder for more than two years.

Detailed information on the share ownership structure following these transactions is provided on pages 55 and 56 of this report.

These contributions, combined with the introduction of the double voting rights, have significantly impacted on Paris Orléans' capital share structure, which, at the date of this present report, was as follows:

As at 26 June 2012

	Number of shares and investment certificates	% of the share capital	Number of voting right certificates	Number of exercisable voting rights	% of exercisable voting rights
Rothschild Concordia SAS	15,738,000	22.20%	-	31,214,900	35.96%
David de Rothschild[(1)]	4,128,781	5.82%	-	4,128,790	4.76%
Éric de Rothschild[(1)]	5,206,680	7.34%	-	5,206,690	6.00%
Édouard de Rothschild[(1)]	3,360,685	4.74%	-	3,633,995	4.19%
Eranda Foundation	1,183,480	1.67%	-	2,366,960	2.73%
NM Rothschild & Sons Ltd	1,800,000	2.54%	-	-	-
Philippe de Nicolay	102	-	-	202	-
Alexandre de Rothschild	10	-	-	10	-
Members of the executive bodies and Compagnie Financière Martin-Maurel	1,820,761	2.57%	-	1,820,761	2.10%
Total of ex-tended family concert[(2)]	**33,238,499**	**46.88%**	**-**	**48,372,308**	**55.73%**
Edmond de Rothschild Group	5,573,586	7.86%	-	5,573,586	6.42%
Jardine Matheson Group	4,217,310	5.95%	-	4,217,310	4.86%
Paris Orléans[(3)]	721,070	1.02%	-	-	-
Free Float	27,152,564	38.30%	145,040	28,637,407	32.99%
TOTAL	**70,903,029[(4)]**	**100.00%**	**145,040**	**87,402,851[(5)]**	**100.00%**

(1) Directly and indirectly.
(2) Concert agreement disclosed by the French Financial Markets Authority (AMF) on 12 June 2012 (Decision & Information No. 212C0752 of 13 June 2012 and Decision & Information No. 212C0783 of 19 June 2012).
(3) Including, as at the date of this present report, 576,030 shares (including 54,350 shares allocated to a liquidity agreement) and 145,040 investment certificates held by Paris Orléans.
(4) Including 145,040 investment certificates.
(5) As at the date of this report, a total of 89,176,741 exercisable voting rights.

Outlook for the Group

Despite macroeconomic uncertainty and an evolving regulatory framework, its stable and long-term shareholding structure and solid financial structure should allow the Group to continue implementing its strategy, which it started several years ago, of globalising its business activities.

Following the reorganisation, the Group plans to undertake various initiatives to enable it to both expand development through synergies between its three operating businesses, and to reduce gross costs by around €20 million within two to three years, especially regarding support functions.

In addition, various initiatives were launched in the Global Financial Advisory business in the year to 31 March 2012 which are expected to save approximately €25 million gross per annum from the fiscal year that will end on 31 March 2013.

The Group decided to group together all of its private equity activities in a sole business: Investment Activities which will be in charge of Merchant Banking as well as Proprietary Investment.

Chairman of the Supervisory Board's Report

on the conditions governing the preparation and organisation of the work of the Supervisory Board, and on internal control and risk management procedures implemented by the Company

To the Shareholders,

This report sets forth the principles of corporate governance and the internal control and risk management procedures implemented by Paris Orléans (or the "Company").

The other Group companies do not fall within the scope of this report. They are nonetheless under an obligation to apply the procedures defined by the Group, particularly with regard to the Group's internal control policies and procedures.

This report has been prepared by the Chairman of the Company's Supervisory Board based on interviews and meetings with members of the bodies responsible for the Company's general management, with assistance from the Audit Committee (for the section relating to internal control), the Secretary of the Supervisory Board, the executive body and the relevant functional departments within the Company and the Group. It was reviewed by the Audit Committee at its meeting on 21 June 2012, and approved by the Supervisory Board meeting on 26 June 2012.

CORPORATE GOVERNANCE

First of all, we remind you that your Company was converted into a French partnership limited by shares (*société en commandite par actions*) by decision of the Combined General Meeting of shareholders on 8 June 2012. From 2004 until 8 June 2012, your Company had a dual governance structure consisting of an Executive Board and a Supervisory Board with the aim of separating management powers from those of control.

A presentation of the Company's management and control bodies before and after its change of status to that of a French partnership limited by shares is provided in the section on corporate governance on pages 66 onwards of the Management's report.

Given the Company's change to a French partnership limited by shares (*société en commandite par actions*), this report describes the Supervisory Board's new powers and duties, the duties of its members, the status and the powers and duties of the Audit Committee. These arise from the Supervisory Board's internal regulations and the Audit Committee charter approved by the Supervisory Board meeting on 8 June 2012 and whose main provisions are set forth in this report.

The information relating to the activity of the Supervisory Board and Audit Committee under the Company's former form of incorporation of French limited company with an Executive Board and a Supervisory Board (*société anonyme à Directoire et Conseil de surveillance*) is also provided below.

Composition and powers of the Supervisory Board, status and duties of the Supervisory Board members

Composition of the Supervisory Board during the financial year under review and as from the date of the Company's conversion into a French partnership limited by shares on 8 June 2012

During the financial year ended 31 March 2012 and up to 8 June 2012, the Supervisory Board was composed of twelve members, including four independent members, and a *censeur* (non-voting member). Since 8 June 2012, the Supervisory Board has been composed of thirteen members, including five independent members.

More detailed information on each Supervisory Board member during the financial year ended and since the Company's conversion into a French partnership limited by shares (*société en commandite par actions*), in particular each member's nationality, age, positions held within Paris Orléans, date of first appointment, term of office and number of Paris Orléans shares held, is provided in the tables on pages 68 to 70 of the Management's report. This information is deemed to form an integral part of this report.

The Company's Head of Legal, under the Chairman of the Supervisory Board's supervision, acts as the Supervisory Board's Secretary.

The Supervisory Board members are appointed by the General Meeting, which in accordance with the Articles of Association, sets the duration of their term of office.

Powers of the Supervisory Board

The Supervisory Board continually monitors the way in which the Company is managed by Management, including in particular the Company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audits, in accordance with the laws and regulations applicable to the Company.

The Board may call a General Meeting of shareholders.

In order to exercise its authority in the area of permanent control:

- The Supervisory Board conducts the checks and controls it considers appropriate at any time of the year, and may ask to be provided with the documents it considers useful to perform its work;

- Every three months (or more frequently if requested by the Board), Management presents a report to the Board on the status and conduct of corporate affairs, such report to be drawn up as directed by the Board;

- Within three months of the end of each financial year, Management presents the parent company and consolidated financial statements to the Board for verification and control purposes;

- Management submits its annual operating objectives to the Supervisory Board and, at least once a year, its long-term strategic projects;

- The Supervisory Board presents a report to shareholders at their annual General Meeting in which it reports any discrepancies and/or inaccuracies in the annual and consolidated financial statements and comments on the way in which the Company is managed;

- The Supervisory Board approves the Chairman's report on the composition of the Board and the application of the principle of equal representation of men and women on the Board, the terms and conditions according to which the Board prepares and organises its work, and the internal control and risk management procedures put in place by the Company;

- It decides each year on the Company's policy in terms of professional equality and equal pay;

- The agreements referred to in Article L225-38 of the French Commercial Code (*Code de commerce*) are submitted to the Supervisory Board for prior authorisation;

- The Board ensures that the Company's Articles of Association are updated at regular intervals;

- It checks the quality of information issued by the Paris Orléans group to shareholders and the financial markets, through the Company and Group financial statements prepared by Management and the annual report drawn up by Management, or at the time of major transactions.

In addition to the powers granted to it by law, in accordance with Article 10.2.3 of the Company's Articles of Association, the Supervisory Board issues:

- an advisory opinion to Management in respect of:

  - the strategic policies, annual budget and three-year business plan of the Paris Orléans group;

  - any significant acquisition or disposal of a business or part of a business, or alliance, on the understanding that any such transaction relating to a business or part of a business representing 5% or more of the Company's consolidated revenue or consolidated net income will be deemed significant and that this does not apply to acquisitions and disposals carried out within the ordinary course of the proprietary investment activity; and

  - any strategic initiative or major refocusing of the business of the Paris Orléans group; and

- a recommendation to shareholders regarding the Company's dividend policy.

Moreover, the Supervisory Board presents a report to shareholders and a reasoned opinion on any resolution submitted to shareholders at their General Meeting and on any matter that is the subject of a report by the Company's Statutory Auditors.

The Supervisory Board may be assisted by experts of its choosing, whose expenses shall be paid by the Company. It has the broadest powers of investigation and may submit written questions to, or seek the opinion of, Management at any time.

Duties of the Supervisory Board members

Before accepting a seat on the Supervisory Board, candidates must be aware of the general and special obligations incumbent on them. In particular, they must familiarise themselves with the laws and regulations governing the duties of Supervisory Board members.

The Company provides new members with its Articles of Association and the Supervisory Board's internal rules of procedure before they take office. By accepting a seat on the Supervisory Board, members agree to abide by its internal rules of procedure.

When taking part in Supervisory Board meetings and casting a vote, Board members are representing all of the Company's shareholders and acting in the interests of the Company.

Supervisory Board members must allocate the required time to preparing for Board meetings and meetings of any Committees on which they sit (as the case may be) by carefully reading the documentation provided to them. They may ask the Chairman for any further information they require.

Board members must attend all Supervisory Board meetings and meetings of any Committees of which they are members (as the case may be), as well as General Meetings of shareholders, unless subject to an impediment and provided that they notify the Chairman and/or the Secretary accordingly beforehand.

Documentation for Supervisory Board meetings as well as information collected before or during Board meetings are confidential. In accordance with applicable regulations, Supervisory Board members and all other persons invited to attend Board meetings may not pass on such information to a third person other than within the ordinary scope of their work or occupation, or for any purpose or activity other than those for which the information was provided to them. They take appropriate measures to protect the confidentiality of such information. Such information ceases to be personal and confidential when published externally by the Company, particularly in the form of a press release.

Supervisory Board members are not permitted to use their position and/or duties to procure any kind of benefit, whether financial or otherwise, either for themselves or for a third party.

They must notify the Supervisory Board of any actual or potential conflict of interest with the Paris Orléans group. They must abstain from voting on the corresponding decision and from taking part in the discussion held prior to the vote.

The direct or indirect involvement of any Supervisory Board member in an operation or a transaction in which the Group has a direct interest, or of which he is aware as a result of his membership of the Board, must be disclosed to the Board prior to the conclusion of such operation or transaction.

Supervisory Board members are not permitted to assume personal responsibilities in undertakings or affairs that compete directly or indirectly with those of the Paris Orléans group without notifying the Board in advance.

Supervisory Board members and all other persons who are invited to attend Board meetings must not engage (either in person or *via* an intermediary) in transactions involving financial instruments of the Company and/or any other issuer for as long as they possess (as a result of their duties or presence at a Board meeting) confidential information that might have a material effect on the price of the said financial instruments or on the price of related financial instruments. This duty applies without the Company being required to stipulate that the relevant information is confidential or privileged. Similarly, Supervisory Board members must refrain from disclosing such information to any other person outside the ordinary scope of their functions or for any purpose other than those for which the information was provided to them. Lastly, members must refrain from advising any other person to purchase or sell the financial instruments to which such information relates.

To this end, the following measures in particular must be taken:

- shares in the Company held by a Board member personally or by a member's cohabiting spouse, minor child (not of full age) or any other intermediary must be registered, either in a registered account managed by the holder of the Company's register or in the books of a French custodian account keeper whose details shall be provided to the Board's Secretary;
- board members are not permitted to engage in any short or deferred transaction involving derivatives or financial instruments relating to securities issued by the Company (financial futures, warrants, exchangeable bonds, etc.);

■ transactions involving Paris Orléans shares, including hedge transactions effected during the 30 calendar days prior to publication of the annual statutory and consolidated financial statements, half-yearly financial statements and (where applicable) the full quarterly financial statements (such period being reduced to 15 days with regard to the publication of quarterly financial information) and on the publication date may not be effected by Board members or any other person who attended the Board meeting at which the results were reviewed. The same rule applies with respect to the announcement of projected annual and half-yearly results.

At the 8 June 2012 meeting, given the number of subjects that had to be reviewed by the Board following the Company's conversion into a French partnership limited by shares (*société en commandite par actions*), the Board took note that a charter setting forth all the Board members' duties would be drawn up for approval by the Board during the course of the year.

Organisation and operation of the Supervisory Board

Meetings

On a proposal by its Chairman, the Supervisory Board prepares a schedule of Board meetings each year, for the following year.

The Supervisory Board meets as often as required in the interests of the Company and at least four times a year, further to a notice of meeting issued by any means by the Chairman, at least one half of Supervisory Board members, Management or a general partner, subject to reasonable notice unless circumstances require a meeting to be called within a very short timeframe.

The person(s) who call(s) a Supervisory Board meeting prepares the agenda of the meeting and provide same to Board members in a timely manner and by any appropriate means.

The Supervisory Board may appoint a Secretary, who may but need not be a Board member, but who may not however be a Manager of the Company. All Board members may consult the Secretary and benefit from the latter's services. The Secretary is responsible for all procedures relating to Board practices.

Documents provided to Board members to enable them to express an opinion in full knowledge of the facts on items included on the agenda are provided to Board members at least 48 hours prior to Board meetings, except in an emergency or if there is a requirement to keep such documents strictly confidential.

Management shall be informed of Supervisory Board meetings, and may attend such meetings in an advisory capacity. Any other person outside the Supervisory Board may be invited to attend the whole or part of a Board meeting by the Chairman of the Supervisory Board.

Organisation of meetings

In any case, at any of its meetings, in the event of an emergency and on a proposal by the chairman of the meeting, the Supervisory Board may discuss matters referred to its members that are not included on the agenda.

At each Supervisory Board meeting, the Chairman informs Board members of the main facts and significant events concerning the Group's operations that have occurred since the date of the previous Board meeting.

Supervisory Board meetings may be held at the registered office or at any other location indicated in the notice of meeting, as well as by videoconferencing or teleconferencing facilities that identify members of the Supervisory Board and guarantee their effective involvement through the use of technical resources that continually and simultaneously transmit discussions. Meetings shall be chaired by the Chairman or, in the latter's absence, by the longest-standing Vice-Chairman present or, in the absence of a Vice-Chairman, by the member appointed for that purpose by the Supervisory Board.

Attendance and majority

Supervisory Board members are entitled to be represented at Board meetings by another member, pursuant to specific authorisation set out in a letter, a fax or any other method of telecommunication. A member of the Supervisory Board may only represent one other member at any meeting.

Board members who take part in a Board meeting *via* the methods referred to above are deemed present, except where the Supervisory Board is meeting to verify and check the annual report and the parent company and consolidated financial statements.

Decisions are taken by an ordinary majority of members who are present or represented and authorised to vote. In the event of a tie, the chairman of the meeting shall have a casting vote.

Review of the Supervisory Board's activity

The Supervisory Board of the Company in its former form of incorporation of a French limited company with an Executive Board and a Supervisory Board (*société anonyme à Directoire et Conseil de Surveillance*) and since the Company's adoption of its new form of incorporation of a French partnership limited by shares (*société en commandite par actions*) met nine times between 1 April 2011 and the date of this report with an average attendance rate of 78.85% during the 2011/2012 financial year and of 80.18% since the beginning of the 2012/2013 financial year. Before each Board meeting, every member systematically receives a file containing all the documentation, notes and reports relating to each item on the agenda.

In addition to the meetings held to review the interim financial statements, the annual and consolidated financial statements, the forward-looking management accounts, the quarterly business reports, prior approval of regulated agreements and commitments and transactions requiring prior authorisation pursuant to the Articles of Association and the Board's internal rules of procedure, the agenda for Board meetings also included governance and internal control issues.

The main governance and internal control issues dealt with at these meetings are described below.

Activity of the Supervisory Board of Paris Orléans, a French limited company with an Executive Board and a Supervisory Board (société anonyme)

At the meeting **on 28 June 2011,** the Supervisory Board in particular:

- read the Executive Board's quarterly report on internal control;
- read the letter received from the French Prudential Supervisory Authority (*Autorité de contrôle prudentiel* or ACP) authorising the Group's prudential supervision on a consolidated basis to be performed at the level of Paris Orléans instead of Rothschild Concordia SAS;
- read the follow-up letter (and its appendices) issued by the ACP following the inspection of the Group's private banking activities carried out in 2010;
- performed a self-assessment of the Board's operation and working methods;
- approved the Chairman of the Supervisory Board's report on internal control; and
- read the Group internal control reports submitted to the ACP in respect of 2010 pursuant to Articles 42 (internal control) and 43 (risk measurement and monitoring) of CRBF regulation 97-02 of 21 February 1997.

At the meeting **on 27 September 2011,** the Supervisory Board in particular:

- read the Executive Board's quarterly report on internal control and in this context approved the Audit Committee's new charter and ratified the internal rules of the Group Risk Committee, the Group Compliance Committee and the Group Internal Audit Coordination Committee.

At the meeting **on 29 November 2011,** the Supervisory Board in particular took cognisance of the Executive Board's quarterly report on internal control.

At the meeting **on 29 March 2012,** the Supervisory Board in particular:

- took note of Sylvain Héfès' resignation from his functions as member and Chairman of the Executive Board;
- decided to appoint David de Rothschild as Chairman of the Executive Board;
- took note of Francois Henrot's resignation from his functions as member of the Supervisory Board and decided to co-opt Sylvain Héfès as a new member of the Supervisory Board;
- took note of the change of Rothschild & Cie Banque SCS's permanent representative to the Supervisory Board with the appointment of François Henrot in replacement of Marc-Olivier Laurent in this capacity.

At the meeting on **2 April 2012,** the Supervisory Board in particular:

- analysed and approved the plan to change the Company's form of incorporation to that of a French partnership limited by shares (*société en commandite par actions*) and the reorganisation for submission to the shareholders on 8 June 2012 and, in particular, approved the Company's new governance structure following its conversion into a French partnership limited by shares (*société en commandite par actions*).

At the meeting **on 24 April 2012,** the Supervisory Board in particular:

- examined the planned minority buyout offer to be filed by Rothschild Concordia SAS, controlling shareholder of Paris Orléans, and by PO Gestion SAS, which latter was to be appointed Manager in the context of the conversion, and examined the evaluation report drawn up by Natixis;
- read the report drawn up by Didier Kling & Associés, appointed by the Supervisory Board in the capacity of independent expert, and agreed on the fairness of the price offered to the Company's minority shareholders;
- unanimously approved the terms and conditions of the minority buyout offer planned by Rothschild Concordia SAS and PO Gestion SAS, and deemed the terms and conditions to be fair;

- recommended that the Company's shareholders should not present their shares to this offer in order to benefit from the expected creation of value linked to the reorganisation.

At the meeting on **7 May 2012,** the Supervisory Board in particular:

- read the supplementary report drawn up by Didier Kling & Associés, appointed by the Supervisory Board in the capacity of independent expert;
- unanimously confirmed the opinion on the minority buyout offer that it had expressed at its meeting on 24 April 2012.

Activity of the Supervisory Board of Paris Orléans, a French partnership limited by shares

On 8 June 2012, the Supervisory Board, meeting on the closure of the General Meeting of shareholders that had approved the Company's conversion into a French partnership limited by shares (*société en commandite par actions*), in particular:

- took note of the representatives appointed by Management, i.e. David de Rothschild, Chairman, and Nigel Higgins and Olivier Pécoux, Chief Executive Officers;
- appointed Éric de Rothschild as Chairman of the Supervisory Board, appointed André-Lévy-Lang and François Henrot as Vice-Chairmen of the Supervisory Board and appointed Stéphane Moal as Secretary of the Supervisory Board;
- approved the new terms of the Supervisory Board's internal rules of procedure;
- considered that André Lévy-Lang, Martin Bouygues, Jacques Richier, Lord Leach and Sipko Schat should be qualified as independent members of the Board;
- created an Audit Committee, approved its composition with the appointments of André Lévy-Lang (independent member) as Chairman, and Christian de Labriffe and Sylvain Héfès as members, and approved its new charter;
- created a Strategy Committee and approved its composition with the appointments of Lucie Maurel-Aubert, Alexandre de Rothschild, François Henrot, Martin Bouygues (independent member) and André Lévy-Lang (independent member);
- took note of the inclusion of Paris Orléans on the list of financial companies supervised by the ACP and of the legal and regulatory provisions applicable to financial companies.

At the meeting **on 26 June 2012,** the Supervisory Board in particular:

- postponed to a subsequent meeting the review of the Board's methods of self-assessment of its organisation and working methods and requested the Board Secretary to draw up a new framework of self-assessment methods given the Company's new form of incorporation;
- approved the Chairman of the Supervisory Board's report; and
- read the Group internal control reports submitted to the ACP in respect of 2011 pursuant to Articles 42 (internal control) and 43 (risk measurement and monitoring) of CRBF regulation 97-02 of 21 February 1997.

The information provided to the Supervisory Board in the quarterly internal control reports is described in greater detail in the section on the Company's internal control procedures and risk management in the second part of this report.

Assessment of the Board's organisation and working methods

At its meeting on 28 June 2011, the Supervisory Board of the Company under its previous form of incorporation performed an assessment of its organisation and working methods; as in previous years, the method used was a self-assessment based on:

- reviewing the Board's operating methods;
- checking that important issues are properly prepared and discussed;
- measuring each member's contribution to the Board's work in the light of his competencies and involvement.

The Supervisory Board members did not identify any specific problems and considered that:

- the information provided to them before each meeting was complete and accurate;
- the frequency of meetings was appropriate to the level of activity;
- the high attendance rate at each meeting demonstrated the members' interest and involvement in the proper functioning of the Company.

Following Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*), at its meeting on 26 June 2012 the Supervisory Board postponed to a later meeting the review of the Board's methods of self-assessment of its organisation and working methods and requested the Board Secretary to draw up a new framework of self-assessment methods given the Company's new form of incorporation.

Specialised Committees

The Supervisory Board is free to set up specialist committees, including (but not limited to) an audit committee and a strategy committee, and to define the composition of those committees as well as their tasks and practices.

Only members of the Supervisory Board may sit on these committees and only for their term of office on the Supervisory Board.

Audit Committee

Composition

The composition of the Audit Committee, both before the Company's conversion into a French partnership limited by shares (*société en commandite par actions*) and since this conversion, is decided by the Supervisory Board. Only Board members with the necessary competencies and financial expertise may be appointed to these committees. During the 2011/2012 financial year and until 8 June 2012, the Audit Committee of the Company under its previous form of incorporation of a French limited company with an Executive Board and a Supervisory Board (*société anonyme à Directoire et Conseil de surveillance*) was composed of the following members:

- Christian de Labriffe (Chairman);
- André Lévy-Lang (independent member);and
- Philippe Sereys (independent member).

Following the Company's conversion into a French partnership limited by shares (*société en commandite par actions*), the Supervisory Board at its meeting on 8 June 2012, appointed the new members of the Audit Committee, i.e.

- André Lévy-Lang (Chairman, independent member);
- Christian de Labriffe; and
- Sylvain Héfès.

Responsibilities, resources and scope

The Audit Committee created with effect from 8 June 2012 assumed all the duties assigned to the Audit Committee up to this date. In particular, it is responsible for:

- monitoring the preparation of financial information;
- monitoring the statutory audit of the parent company and consolidated accounts by the Statutory Auditors;
- verifying the independence and objectiveness of the Statutory Auditors;
- checking the clarity of the information provided and assessing the appropriateness of the accounting methods used to prepare the company and consolidated financial statements;
- monitoring the effectiveness of the internal control and risk management systems;
- assessing the quality of Group internal control at the level of Paris Orléans, particularly with regard to the consistency and completeness of risk measurement, supervision and management and, when necessary, proposing additional measures to be taken in this respect.

In accordance with the Committee's operating charter, it can draw on the help of Company employees as necessary. It is empowered to obtain any information it considers necessary to fulfil its task from the Company's executive body, its staff and the Company's, or its subsidiaries' Statutory Auditors.

Activity

The Audit Committee met twice in 2011/2012: on 25 November 2011 and on 21 June 2012.

These meetings related to:

- the review of the financial statements (interim statements in November and annual statements in June);
- a review of the Corporate Banking activity, covering both the run-off portfolio of business loans and the specialised financing activity;
- a review of the Statutory Auditors' summary report.

Before each meeting, each committee member receives a file containing the documentation on the subjects that will be examined and discussed at the meeting and documents for information.

In this respect, the members received:

- the Group's quarterly risk and compliance report;
- a follow-up document concerning the ACP's inspection of the private banking activity;
- the annual Strategic risk assessment which describes all the risks by business line;
- an update on disputes in progress;
- a draft of the Chairman of the Supervisory Board's report;
- the report on the internal control system and the report on the measurement and supervision of risk exposure submitted to the ACP pursuant to Articles 42 and 43 of CRBF regulation 97-02.

In addition, in the framework of the system of internal control and risk monitoring on a consolidated basis put in place within the Group, all the Audit Committee members attended joint meetings with the Audit Committee of the Rothschilds Continuation Holdings AG sub-group.

Strategy Committee

Following the Company's conversion into a French partnership limited by shares (*société en commandite par actions*), the Supervisory Board at its meeting on 8 June 2012 created a Strategy Committee and appointed its members, as follows:

- Lucie Maurel-Aubert;
- Martin Bouygues (independent member);
- François Henrot;
- André Lévy-Lang (independent member); and
- Alexandre de Rothschild.

The main role of this specialised committee is to assist the Supervisory Board when it is called upon to give Management an advisory opinion on the Group's strategic direction, significant acquisitions or sales of business activities or business divisions.

Corporate governance

Companies can refer to the AFEP-MEDEF Corporate Governance Code for Listed Corporations published in December 2008, which comprises all the recommendations issued by AFEP and MEDEF and was updated in April 2010.

Paris Orléans adheres to this corporate governance code and most of the recommendations contained in the said code have been implemented. Following the Company's conversion into a French partnership limited by shares (*société en commandite par actions*), at its meeting on 8 June 2012, the Supervisory Board adopted the new draft of its internal rules of procedure, and analysed the individual situation of each Supervisory Board member who could be qualified as an independent member

With regard to the percentage of independent members on the Supervisory Board, the Board considered that at least one third of its members should be independent. A Board member is deemed to be independent when he has no relations of any kind whatsoever with the Company, the group or its management.

The independence criteria applied by the Board are those referred to in Article 8.4 of the AFEP-MEDEF Corporate Governance Code of December 2008, amended in April 2010. However, given the Company's ownership structure, which is controlled by a group of Rothschild family members acting in concert, by companies owned by members of the Rothschild family and by other shareholders with long-standing ties to the Rothschild family, and given the legal and statutory characteristics of a French partnership limited by shares (*société en commandite par actions*), the Supervisory Board has decided to expressly waive the criterion relating to the duration of Board members' terms of office. The Board considers that the length of service is a key element for assessing and understanding the Paris Orléans group's activities and that it should not therefore disqualify them as independent members.

Generally speaking, the Supervisory Board may decide that, although fulfilling all the criteria referred to above, a member should not be qualified as independent in view of his specific situation or for any other reason. Conversely, the Board may decide that a member, although not complying strictly with all the above criteria, can nonetheless be qualified as independent.

Each year, the Board reviews each member's situation based on the independence criteria and reports its conclusions to the shareholders in its annual report.

With regard to the proportion of independent members within the Audit Committee, the Supervisory Board decided at its meeting on 8 June 2012 that the current proportion of less than two thirds had no impact on the proper operation of the committee.

Apart from the Audit Committee and the Strategy Committee, the Supervisory Board has no other specialised committees.

The information relating to the appointment and remuneration of corporate and executive officers is provided in the Management's report in the section relating to this subject on pages 66 onwards. Please note in this respect that with regard to members of the Supervisory Board since the Company's conversion into a French partnership limited by shares (*société en commandite par actions*), all remuneration allocated to the Supervisory Board by the Ordinary General Meeting of shareholders is freely distributed, wholly or in part, by the Supervisory Board among its members.

At its meeting on 28 June 2011, the Board took note of the provisions set forth in the law of 27 January 2011 relating to gender balance within Boards of Directors and Supervisory Boards and to equality in the workplace.

Terms and conditions of shareholders' attendance of General Meetings

General Meetings are convened by Management or by the Supervisory Board and decide, in the conditions provided for by law, by simple majority of the votes of shareholders attending or represented at the meeting in the case of Ordinary General Meetings and by a two-thirds majority of the votes of shareholders attending or represented at the meeting in the case of Extraordinary General Meetings.

General Meetings are held at the registered office or any other place indicated in the notice of meeting. General Meetings are chaired by one of the statutory Managers or, with the agreement of Management, by the Chairman of the Supervisory Board; failing this, the General Meeting elects its chairman.

In application of Article 11 of the Company's Articles of Association in force since 8 June 2012, any shareholder or holder of voting rights certificates is entitled to attend General Meetings in the conditions provided for by law and by the Articles of Association. These persons may send their proxy forms or mail voting forms concerning any General Meeting in paper format or electronically in the conditions provided for by law. Management has the power to accept any proxy form, voting form or shareholding certificate received or presented up to the date of the General Meeting. By decision of the Management to use such telecommunication methods, indicated as such in the notice of meeting or invitation to attend, shareholders and holders of voting rights certificates who attend and vote at General Meetings of shareholders by videoconference or any other telecommunication means that enables their identity to be verified are deemed to be present at the meeting for the purposes of quorum and majority.

The voting rights are exercised by the usufructuary at all General Meetings unless the usufructuary and the bare owner agree otherwise and jointly notify the Company at least five days before the General Meeting by recorded delivery letter with advice of receipt.

Information provided for in Article L. 225-100-3 of the French Commercial Code (*Code de commerce*)

The information relating to elements that could have an impact in the case of a takeover bid required pursuant to Article L. 225-103-3 of the French Commercial Code (*Code de commerce*) is provided on pages 61 to 65 of the Management's report and forms an integral part of this report.

INTERNAL CONTROL AND RISK MANAGEMENT

Definition, objectives and scope of internal control

The internal control framework refers to Paris Orléans' own internal control framework and the Group's internal control framework on a consolidated basis.

The internal control framework follows the French Financial Markets Authority (*Autorité des marchés financiers* or *AMF)* internal control guidelines and is designed to ensure:

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

It also fulfils the internal control objectives specific to financial companies. In this respect, following the ACP's decision in March 2011 authorising the Group's prudential supervision on a consolidated basis to be performed at the level of Paris Orléans instead of at the level of Rothschild Concordia SAS with effect from 30 March 2011, Paris Orléans' internal control framework was significantly reorganised. The main elements of this reorganisation were approved by the Supervisory Board at its meeting on 28 June 2011 and definitively approved at its meeting of 27 September 2011. Following the Company's conversion on 8 June 2012 into a French partnership limited by shares (*société en commandite par actions*), the framework implemented by the Executive Board and the Supervisory Board under the Company's previous form of incorporation was continued but adapted to the Company's new form of incorporation.

It is specified that at its meeting on 3 May 2012, the College of the ACP decided to include the Company in the list of financial companies. Financial companies are in particular subject to the provisions of Article L. 517-5 of the French Monetary and Financial Code (*Code monétaire et financier*) in the conditions set forth in CRBF regulation 2000-03 of 6 September 2000 relating to prudential supervision on a consolidated basis and to additional supervision. It is nonetheless specified that internal control cannot provide an absolute guarantee that the objectives sought will be achieved and the risks totally avoided.

The internal control framework described in this report covers all the operations carried out by Paris Orléans and the operations of the Group it supervises on a consolidated basis and covers the activity of the Group committees put in place by Paris Orléans.

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

Work providing the basis for this report on internal control

For the part relating to internal control and risk management procedures, the Supervisory Board based its report on work carried out and documentation produced throughout the 2011/2012 financial year by the Executive Board of the Company under its previous form of incorporation, the Group Committees (see hereafter), the Company's Investment Committee, the Audit Committee, and on the reports issued in respect of 2011 financial year pursuant to Articles 42 and 43 of CRBF regulation 97-02.

The preparation of this report required regular contact with all the various parties involved in risk management, compliance and internal audit so as to obtain a comprehensive view of the framework. The report was submitted to the Audit Committee on 21 June 2012 for the matters falling within its scope, and approved by the Supervisory Board at its meeting on 26 June 2012.

Principles for monitoring the effectiveness of the internal control and risk management framework

The principles governing the internal control and risk management framework at the level of Paris Orléans have been defined by the Supervisory Board and set forth in its internal rules of procedure and in the Audit Committee Charter.

At the Paris Orléans level

To monitor the efficiency of the internal control and risk management frameworks, the Audit Committee:

- examines their effectiveness, based on the information it requests or which is periodically provided to it, in particular by Management and by Paris Orléans' risk and compliance officers and its internal audit department. The Audit Committee is not involved in the implementation of the said frameworks;
- checks that any weaknesses and deficiencies identified in the internal and external audit reports have given rise to appropriate corrective action by Management;
- ensures that frameworks are put in place within Paris Orléans to detect and remedy possible deficiencies in internal control and risk management frameworks;
- assesses the material nature of the deficiencies reported to it, discusses these with Management and, if necessary, reports them to the Supervisory Board;
- examines the overall risk exposure of Paris Orléans' businesses, based on reports and related documents;
- examines the follow-up letters received from the ACP and advises on the draft replies to these letters; and
- ensures that the ACP's inspection findings are followed up.

At consolidated level

To monitor the efficiency of the internal control and risk management frameworks, the Audit Committee:

- examines their effectiveness, based on the information it requests or which is periodically provided to it, in particular by Management and by the Group Risk Committee, the Group Compliance Committee, the Group Internal Audit Coordination Committee and by the Audit Committees (or their equivalent) of Group companies. The Audit Committee is not involved in the implementation of the said frameworks;
- ensures that procedures are put in place for reporting the data and information required for supervision on a consolidated basis;
- ensures that frameworks for monitoring and managing credit risk, market risk, overall interest rate risk and settlement and liquidity risks on a consolidated basis are put in place;
- reviews and consolidates the findings of all work (including annual and special reports) on internal control and risk management procedures performed by the Audit Committees of Group companies, and any findings relating to weaknesses and deficiencies of the existing frameworks;
- assesses the material nature of the weaknesses and deficiencies reported to it, discusses these with Management and, if necessary, reports them to the Supervisory Board;
- checks with the Audit Committees (or equivalent) of Group companies that any weaknesses and deficiencies reported to it have given rise to appropriate corrective action by the executive bodies of the Group companies concerned;
- examines the main findings of internal and independent surveys and ensures that internal control has adequate resources and an appropriate positioning;
- examines the draft annual report on the conditions in which internal control is ensured at Group level (Article 42 of CRBF regulation 97-02) and the draft annual report on risk measurement and supervision (Article 43 of CRBF regulation 97-02);

- gives its views on the general framework of Group policy in the areas of risk and compliance, in particular with regard to the risk limits reflecting the risk tolerance presented to the Supervisory Board;
- makes proposals to the Supervisory Board with regard to the criteria and materiality thresholds referred to in Article 17 ter of CRBF regulation 97-02 for incidents that should be reported to the Audit Committee and to the Supervisory Board;
- ensures that the remuneration policies of Group companies are consistent with the risk management objectives, based on the information provided to it;
- ensures that Group companies comply with the regulations that apply to them and with the directives of their different regulators.

Brief description of internal control frameworks

Specific Group Committees are responsible for permanent and periodic controls within the meaning of banking regulations. These Committees are involved in and oversee the implementation of and compliance with the rules for which the Group is responsible on a consolidated basis.

Periodic control

Given the Group's specific characteristics, periodic control is overseen by the Audit Committees of RCH and RCB and by their respective internal audit departments. At the consolidated level, since 2009 the Paris Orléans, RCH and RCB Audit Committees have held joint meetings to review internal and external auditors' reports, the information provided by their respective managements relating to the financial statements, and the quarterly reports prepared by the Group Risk Committee and the Group Compliance Committee. Attendance of these meetings by the Company's Audit Committee members gives them the opportunity to assess, when appropriate, the potential impact on consolidated accounting or financial information of a risk identified beforehand or which comes to their attention in connection with the banking activities.

With regard to periodic control of the Group's activities, the internal audit function was strengthened during the new fiscal year with the appointment of a Group Chief Internal Auditor.

Permanent control

Permanent control is organised around two committees:

- the Group Risk Committee (the Group risk function); and
- the Group Compliance Committee (Group compliance function).

Each committee is composed of the senior internal control and compliance officers at the Group's operating entities and constitutes the executive body of the Group's risk and compliance functions. These committees meet on a quarterly basis, or more frequently when necessary.

The Group Compliance Committee's duties with regard to controlling the risk of non-compliance are described below.

Organisation of the Group risk function

The Group Risk Committee is the collegiate body that supervises all the risks at Group level. Its main objective is to draw up and implement policies and procedures to identify, measure, monitor and manage risk in keeping with the Group's desired risk profile.

The policy implemented by the Group Risk Committee is based on the Group Risk Framework, which sets forth the general risk management guidelines and policies applicable within the Group. These guidelines, approved by the Group Risk Committee and updated when necessary, are available on the Group intranet.

The Group policies and procedures implemented and approved by the Group Risk Committee meet the overall objectives established in the Group Risk Framework.

The Group Risk Committee's main duties are as follows:

- assessing the suitability and effectiveness of risk identification, control and measurement procedures, with particular reference to risks relating to:
  - the Group's reputation,
  - capital adequacy,
  - liquidity management,
  - regulatory compliance,
  - risk profile;

- reviewing the findings of periodic reports issued by the various committees and sub-committees;
- seeking periodic assurance that risks are being managed in accordance with Group policies and procedures;
- recommending for approval Group risk policies, including the Group Risk Framework; and;
- preparing the half-yearly and annual reports presented to the Executive Board under the Company's previous form of incorporation and to Management since it was converted into a French partnership limited by shares (*société en commandite par actions*).

The Group has adopted a group-wide risk governance model which requires all the Group's businesses and functions to establish processes for identifying, evaluating and managing the key risks faced by the Group.

The Group risk management framework is based on a decentralised organisation of risk management functions at each entity according to their business scope. It thus supplements the risk measurement, management and monitoring frameworks that are adapted to each entity's business and are organised around the Group's principal business lines:

- Independent financial advisory;
- Private banking and asset management;
- Corporate banking and specialist finance;
- Private equity for the Group's own account;
- Private equity on behalf of third parties (Merchant banking).

In accordance with the organisation principles described above, managing risks is based on risk limitation frameworks at local level, which at most of the Group entities comprise:

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

Risk measurement and monitoring

The Group's activities expose it to several types of risk:

- reputation risk above all in the financial advisory business and wealth management activities and, to a lesser extent, in the banking activities;
- human resources risk and risk linked to the Group's ability to attract and retain qualified staff;
- the risk of litigation inherent in the Group's business;
- pension funding risk in that the Group could be obliged to increase its pension contributions and contribute capital to cover its pension risk;
- the risk linked to trends in international economic conditions and in the financial markets, which affect all the Group's businesses;
- credit risk, which arises on the Group's exposure to possible counterparty default through its customer lending activities, trading portfolio management and securities portfolio transactions;
- financial risk, which includes market risk and liquidity risk;
- risk linked to stricter prudential regulations for the financial sector which would apply to the Group.

In keeping with Basel 2 regulations, the Group's banking subsidiaries have implemented operational risk management frameworks. Operational risk is measured and supervised based on a series of guidelines and methodologies for calculating capital requirements in respect of these risks. All the employees were involved in implementing local risk policies.

Preparation of Paris Orléans' accounting and financial information

In January 2012, the Group strengthened its Finance Department by creating the position of Group Finance Director who oversees the finance departments of the Group's three main entities: Paris Orléans, RCH and RCB.

Paris Orléans' Finance Department has the necessary human resources to produce the Group's financial, accounting and regulatory information. Under the authority of the Group Finance Director, the Finance Department consists of three divisions: Company accounting, consolidated accounting and regulatory reporting.

Preparation of the consolidated financial statements

Paris Orléans' consolidation unit manages the schedule of accounts and the associated databases, centralises Group consolidation tasks, controls the consistency and completeness of data and draws up the consolidated accounts and related notes. In this framework, the consolidation unit closes the accounts on a quarterly basis.

Thanks to the consolidation software rolled out throughout the Group, all subsidiaries report their individual accounting information using an identical schedule and format of accounts.

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

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

Accounting control

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

Accounting control framework for the Paris Orléans private equity business line

To the extent that these activities are carried out directly by Paris Orléans, the Finance Department is responsible for validating the accounts and performing the following controls:

- a first level auto-control carried out as part of the accounting process;
- a second level control performed by the accounting department;
- a final level of control involving the Statutory Auditors and the Audit Committee performed on a half-yearly and annual basis as part of their review and audit of the company and consolidated financial statements.

Accounting control framework for the banking business line

Consolidation of Paris Orléans banking activities is carried out at two levels:

- RCH which groups all the banking subsidiaries outside France;
- RCB, which groups the French subsidiaries.

The consolidation department is organised based on a decentralised framework under which control functions are assigned to the people responsible for preparing the financial statements at local level.

For the consolidation requirements at the Paris Orléans level, each year the main banking subsidiaries produce a standardised end-of-year representation letter. This document, which sets out the qualitative conditions for producing the accounts, enables and Paris Orléans' executive body and Chief Financial Officer to sign the representation letter to the Company's Statutory Auditors.

Accounting control framework at consolidated level

As well as the control procedures described above, the consolidation process includes further checks on the integrity of consolidated accounting data. These checks are carried out by:

- the consolidation unit, under the supervision of the Finance Department, this unit checks the consistency of asset valuations and prepares documentation supporting the related balances for the Statutory Auditors and the Audit Committee;
- Paris Orléans' Audit Committee which since 2009 attends joint meetings with RCH's Audit Committee for the banking activities;
- the Statutory Auditors, as part of their audit of the accounts. Their work is performed in accordance with professional standards.

Control framework for regulatory reports

The Group Regulatory Reporting department draws up the relevant Group procedures and ensures the quality and reliability of calculations of the solvency ratio, credit risk, market risk, operational risk and regulatory capital.

At Group level, regulatory reporting relates to:

- the solvency ratio (COREP);
- regulatory reporting under IFRS (FINREP);
- standardised financial reporting (SURFI).

Financial disclosure

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

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

Other internal control mechanisms implemented by the Group

Information systems security and business continuity plans ("BCP")

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

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

The Group Head of IT is responsible in particular for standardising information security principles and practices within the Group.

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

Prevention and control of non-compliance risks

The framework for the prevention and control of non-compliance risks is supervised by the Group Compliance Committee. Its main purpose is to review the efficiency of the Group's compliance policies and monitoring procedures and issue recommendations for approval by the Group Risk Committee. It has specific responsibility for:

- reviewing Group compliance policies on new client relations and conflicts of interest;
- reviewing the implementation of other Group compliance policies, as appropriate;
- providing the Group Risk Committee with input and comments on reports prepared pursuant to Articles 42 and 43 of CRBF regulation 97-02;
- monitoring legal and regulatory developments that could affect the Group's policies and procedures;
- producing the written interim and annual reports.

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

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

The Chairman of the Supervisory Board,

Éric de Rothschild

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

STATUTORY AUDITORS' REPORT, prepared in accordance with Article L. 226-10-1 of the French Commercial Code (*Code de commerce*), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF PARIS ORLÉANS S.C.A.

Year ended 31 March 2012

To the Shareholders,

In our capacity as Statutory Auditors of Paris Orléans S.C.A. (ex Paris Orléans S.A.) and in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Supervisory Board of your company in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*) for the year ended 31 March 2012.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.226-10-1 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.226-10-1 of the French Commercial Code (*Code de commerce*), it being specified that we are not responsible for verifying the fairness of these disclosures.

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

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

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L.226-10-1 of the French Commercial Code (*Code de commerce*).

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.226-10-1 of the French Commercial Code (*Code de commerce*).

The Statutory Auditors

Paris-La Défense, 31 July 2012	Paris, 31 July 2012
KPMG Audit FS II	**Cailliau Dedouit et Associés**
Pascal Brouard *Partner*	Stéphane Lipski *Partner*

110

FINANCIAL STATEMENTS

FOURTH NEW COURT (2011)

As the 21st century dawned, Rothschild needed a new home capable of supporting its growing business and the increasingly sophisticated systems that dominated the modern investment banking world.

Rem Koolhaas, the architect, designed a building with most of its mass lifted up from the mediaeval streetscape, opening up a view of the Christopher Wren masterpiece, the church of St Stephen Walbrook, which had been obscured by neighbouring buildings for more than 200 years.

Source: The Rothschild Archive.

Consolidated balance sheet as at 31 March 2012

Assets

In thousands of euros	Notes	31/03/2012	31/03/2011
Cash and amounts due from central banks		2,812,774	968,302
Financial assets at fair value through profit or loss	1	229,811	267,582
Hedging derivatives	2	28,572	16,630
Available-for-sale financial assets	3	1,056,408	1,675,939
Loans and advances to banks	4	1,660,754	2,696,000
Loans and advances to customers	5	1,685,703	1,719,769
Current tax assets		15,025	9,250
Deferred tax assets	18	125,660	102,880
Other assets	6	577,912	515,306
Investments accounted for by the equity method	7	63,667	65,648
Investment property		39	41
Tangible fixed assets	8	372,023	287,567
Intangible fixed assets	9	190,803	187,230
Goodwill	10	104,310	103,574
TOTAL ASSETS		**8,923,461**	**8,615,718**

Liabilities and shareholders’ equity

In thousands of euros	Notes	31/03/2012	31/03/2011
Due to central banks		76	5,683
Financial liabilities at fair value through profit or loss	1	54,841	93,750
Hedging derivatives	2	26,660	29,493
Due to banks	11	344,023	494,724
Due to customers	12	5,619,059	4,769,187
Debt securities in issue	13	175,195	524,561
Current tax liabilities		11,268	22,245
Deferred tax liabilities	18	56,542	61,492
Other liabilities, accruals and deferred income	14	715,392	763,791
Provisions	15	185,999	138,754
Subordinated debt	16	29,321	27,507
Shareholders’ equity		**1,705,085**	**1,684,531**
Shareholders’ equity - Group share		**720,774**	**731,705**
Share capital		65,032	64,748
Share premium		505,082	503,084
Income and expenses directly recognised in shareholders' equity		(16,695)	(16,145)
Available-for-sale reserve		*20,058*	*43,048*
Cash flow hedge reserve		*(7,003)*	*(7,805)*
Translation reserve		*(29,750)*	*(51,388)*
Consolidated reserves		130,183	77,581
Net income - Group share		37,172	102,437
Non-controlling interests		**984,311**	**952,826**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**8,923,461**	**8,615,718**

Consolidated income statement as at 31 March 2012

In thousands of euros	Notes	31/03/2012	31/03/2011
+ Interest income	19	149,235	166,306
- Interest expense	19	(94,634)	(104,674)
+ Fee income	20	1,025,451	1,149,816
- Fee expense	20	(47,984)	(85,611)
+/- Net gains/(losses) on financial instruments at fair value through profit or loss	21	34,409	48,299
+/- Net gains/(losses) on available-for-sale financial assets	22	65,047	29,172
+ Other operating income	23	14,277	17,199
- Other operating expenses	23	(5,946)	(5,903)
Net banking income		**1,139,855**	**1,214,604**
- Operating expenses	24	(914,963)	(947,986)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets	25	(27,724)	(23,397)
Gross operating income		**197,168**	**243,221**
- Impairment of debt and provisions for counterparty risk	26	(26,238)	(13,675)
Operating income		**170,930**	**229,546**
+/- Net income from companies accounted for by the equity method	7	1,706	15,210
+/- Net income/(expense) from other assets	27	886	70,899
Profit before tax		**173,522**	**315,655**
- Income tax expense	28	(32,004)	(46,381)
CONSOLIDATED NET INCOME		**141,518**	**269,274**
Non-controlling interests		**104,346**	**166,837**
Net income - Group share		**37,172**	**102,437**

Earnings per share

In euros	Notes	31/03/2012	31/03/2011
Basic earnings per share - Group share	30	1.24	3.48
Diluted earnings per share - Group share	30	1.24	3.48
Basic earnings per share - continuing operations		1.24	3.48
Diluted earnings per share - continuing operations		1.24	3.48

Statement of comprehensive income

In thousands of euros	31/03/2012	31/03/2011
Consolidated net income	**141,518**	**269,274**
Translation differences	62,456	39,833
Revaluation of available-for-sale financial assets	(51,312)	82,760
of which (gains)/losses transferred to income	*(49,864)*	*2,453*
Cash flow hedge derivatives revaluation	(3,704)	4,005
Actuarial gains/(losses) on defined benefit pension funds	(85,852)	31,072
Gains and losses recognised directly in equity for companies accounted for by the equity method	4,723	(976)
Tax	25,107	(28,241)
Other	(705)	(96)
Total gains and losses recognised directly in equity	**(49,287)**	**128,357**
TOTAL COMPREHENSIVE INCOME	**92,231**	**397,631**
attributable to equity shareholders	*(11,159)*	*181,878*
attributable to non-controlling interests	*103,390*	*215,753*

Reconciliation of movements in consolidated shareholders' equity and Non-controlling interests

In thousands of euros	Capital and associated reserves: Common stock	Capital and associated reserves: Capital associated reserves	Capital and associated reserves: Treasury shares	**Consolidated reserves**	Unrealised or deferred capital gains or losses (net of tax): Related to translation differences	Unrealised or deferred capital gains or losses (net of tax): Linked to re-evaluation	Changes in value of financial instruments: Available-for-sale Reserve	Changes in value of financial instruments: Hedging Reserve	**Net income, Group share**	**Shareholders' equity, Group share**	**Shareholders' equity, non-controlling interests**	Total shareholders' equity
Shareholders' equity at 31 March 2010	**63,890**	**496,822**	**(12,171)**	**48,498**	**(67,369)**	**-**	**(7,339)**	**(9,542)**	**25,655**	**538,444**	**865,613**	**1,404,058**
Allocation of profit	-	-	-	25,655	-	-	-	-	(25,655)	-	-	-
Shareholders' equity at 1 April 2010	**63,890**	**496,822**	**(12,171)**	**74,153**	**(67,369)**	**-**	**(7,339)**	**(9,542)**	**-**	**538,444**	**865,613**	**1,404,058**
Increase in common stock	858	6,262	-	-	-	-	-	-	-	7,120	-	7,120
Elimination of treasury shares	-	-	1,672	-	-	-	-	-	-	1,672	-	1,672
2011 Dividends paid	-	-	-	(10,206)	-	-	-	-	-	(10,206)	(202,842)	(213,048)
Sub-total of changes linked to transactions with shareholders	**858**	**6,262**	**1,672**	**(10,206)**	**-**	**-**	**-**	**-**	**-**	**(1,414)**	**(202,842)**	**(204,256)**
Changes in value of financial instruments having an impact on equity	-	-	-	-	-	-	46,911	1,895	-	48,806	17,579	66,385
Changes in value of financial instruments recognised in income	-	-	-	-	-	-	(515)	-	-	(515)	4,202	3,687
Actuarial gains/(losses) on defined benefit funds	-	-	-	11,454	-	-	-	-	-	11,454	8,091	19,545
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(14,094)	(14,094)
2010/2011 Net income for the period	-	-	-	-	-	-	-	-	102,437	102,437	166,837	269,274
Effect of acquisitions and disposals on non-controlling interests	-	-	-	(2,846)	421	-	824	-	-	(1,601)	(10,881)	(12,482)
Change in consolidation scope	-	-	-	12,008	(140)	-	(73)	(25)	-	11,770	106,692	118,462
Translation differences and other changes	-	-	-	3,517	15,700	-	3,240	(133)	-	22,324	11,629	33,953
Shareholders' equity at 31 March 2011	**64,748**	**503,084**	**(10,499)**	**88,080**	**(51,388)**	**-**	**43,048**	**(7,805)**	**102,437**	**731,705**	**952,826**	**1,684,531**
Allocation of profit	-	-	-	102,437	-	-	-	-	(102,437)	-	-	-
Shareholders' equity at 1 April 2011	**64,748**	**503,084**	**(10,499)**	**190,517**	**(51,388)**	**-**	**43,048**	**(7,805)**	**-**	**731,705**	**952,826**	**1,684,531**
Increase in common stock	284	1,998	-	-	-	-	-	-	-	2,282	-	2,282
Elimination of treasury shares	-	-	659	-	-	-	-	-	-	659	-	659
2012 Dividends paid	-	-	-	(12,286)	-	-	-	-	-	(12,286)	(118,296)	(130,582)
Sub-total of changes linked to transactions with shareholders	**284**	**1,998**	**659**	**(12,286)**	**-**	**-**	**-**	**-**	**-**	**(9,345)**	**(118,296)**	**(127,641)**
Changes in value of financial instruments and fixed assets having an impact on equity	-	-	-	-	-	-	20,552	(281)	-	20,271	(14,363)	5,908
Changes in value of financial instruments and fixed assets recognized in income	-	-	-	-	-	-	(46,877)	(41)	-	(46,918)	(1,915)	(48,833)
Actuarial gains/ (losses) on defined benefit funds	-	-	-	(37,721)	-	-	-	-	-	(37,721)	(32,916)	(70,637)
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(14,657)	(14,657)
2011/2012 Net income for the period	-	-	-	-	-	-	-	-	37,172	37,172	104,346	141,518
Effect of acquisitions and disposals on-non-controlling interests	-	-	-	748	7,082	-	1,171	1,807	-	10,808	64,158	74,966
Translation differences and other changes	-	-	-	(1,235)	14,556	-	2,164	(683)	-	14,802	45,128	59,930
SHAREHOLDERS'EQUITY AT 31 MARCH 2012	65,032	505,082	(9,840)	140,023	(29,750)	-	20,058	(7,003)	37,172	720,774	984,311	1,705,085

Cash flow statement

In thousands of euros	31/03/2012	31/03/2011
Consolidated net income	**141,518**	**269,278**
+/- Depreciation and amortisation expense on tangible fixed assets and intangible assets	29,881	25,447
- Amortisation of consolidated goodwill and other fixed assets	-	-
+/- Depreciation and net allocation to provisions	33,756	35,153
+/- Net (income) / loss from companies accounted for by the equity method	(1,706)	(15,210)
+/- Net loss / (gain) from investing activities	(63,342)	(111,255)
+/- Net loss / (gain) from financing activities	3,112	4,263
- Gain on reclassification to equity of subordinated debt	-	-
+/- Other movements	864	(548)
Deferred tax (benefit) / expense	32,004	22,499
Total Non-monetary items included in consolidated net income and other adjustments	**176,087**	**229,627**
+/- Interbank transactions	998,459	(1,156,173)
+/- Customers transactions	870,896	594,974
+/- Transactions related to other financial assets and liabilities [1]	(86,564)	10,376
+/- Transactions related to other non-financial assets and liabilities	(61,233)	(277,177)
- Tax paid	(37,792)	(18,023)
Net decrease/(increase) in cash related to operating assets and liabilities	**1,683,766**	**(846,023)**
Net cash inflow (outflow) related to operating activities (A)	**1,859,853**	**(616,396)**
+/- Inflow (outflow) related to financial assets and long-term investments [1]	675,912	625,067
+/- Inflow (outflow) related to investment property	-	-
+/- Inflow (outflow) related to tangible and intangible fixed assets	(88,333)	(80,080)
Net cash inflow (outflow) related to investment activities (B)	**587,579**	**544,987**
+/- Cash flows from/(to) shareholders	(150,940)	(140,514)
+/- Other net cash flows from financing activities	(410,586)	(60,438)
Net cash inflow (outflow) related to financing activities (C)	**(561,526)**	**(200,952)**
Impact of exchange rates changes on the cash and cash equivalents (D)	**-**	**(153)**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	**1,885,906**	**(272,514)**
Change of scope	483	242,748
Net cash and cash equivalents at the beginning of the period	**1,603,892**	**1,633,658**
Cash and amounts due/from central banks	962,616	1,147,573
Accounts (assets and liabilities), demand deposit and loans with banks	641,276	486,085
Net cash and cash equivalents at the end of the period	**3,490,281**	**1,603,892**
Cash and amounts due/from central banks	2,812,697	962,616
Accounts (assets and liabilities), demand deposits and loans with banks [1]	677,584	641,276
NET INFLOW (OUTFLOW) IN CASH	**1,885,906**	**(272,514)**

(1) Money-market UCITS and negotiable certificates of deposit have been reclassified as cash equivalents. These financial instruments are easily convertible into known amounts of cash and the risk of a change in value is negligible.

Notes to the consolidated financial statements

I. Highlights of the financial year

Net banking income to 31 March 2012 came to €1,139.9 million, compared with €1,214.6 million in the previous financial year, representing a decline of €74.7 million (-6.2%).

The Global Financial Advisory activity saw a fall in revenue of (-8.9%) attributable to a slowdown in business levels (mergers and acquisitions advisory, financing and debt restructuring advisory and capital markets advisory services) in all countries in which the Group operates, with the exception of Germany and certain emerging countries.

The Corporate Banking activity in the UK continued to downsize its portfolio. Impairment charges on the banking portfolio increased nonetheless due to a deterioration in certain property loans.

Despite a very volatile financial market environment, revenue from the Wealth Management and Asset Management activities declined only slightly in relation to the previous financial year thanks to positive inflows of new assets over the period (+€1.4 billion), excluding the impact of the sale of the Sélection 1818 asset management activity in France.

The Proprietary investment activity carried out by Paris Orléans generated capital gains of €55.5 million on assets sold of €153.3 million. Note that the SIACI Saint Honoré transaction alone generated a capital gain of €33 million.

Impairment charges and loan provisions increased from €13.7 million to €26.2 million over the period.

Operating income came to €170.9 million, a decline from €229.5 million the previous year.

Consolidated net income for the 2011/2012 financial year came to €141.5 million, down significantly on that of the previous year (€127.8 million).

After non-controlling interests, net income attributable to equity holders of the parent was at €37.2 million, compared with €102.4 million one year earlier. It should be noted that in 2010/2011, this income included a revaluation gain of €31.4 million arising from the first-time full consolidation of the activities of Rothschild & Cie Banque, our French bank, in the accounts of Paris Orléans along with a capital gain of €1.7 million on the sale of part of the French asset management activity, Sélection 1818.

II. Preparation of the financial statements

A. Information concerning the company

The consolidated financial statements of Paris Orléans Group for financial year 2011/2012 are presented in accordance with the IFRS standards in force at the reporting date, as adopted in the European Union by EC Regulation No. 1606/2002. The format used for the summary financial statements is a banking format. It is consistent with Recommendation No. 2009-R-04 of 2 July 2009 of the French National Accounting Council (*Conseil National de la Comptabilité*). The statements cover the period from 1 April 2011 to 31 March 2012 and, unless otherwise indicated, are established in thousands of euros (€k).

On 31 March 2012, the Group's parent company was Paris Orléans S.A., a French public limited company (*société anonyme*) with an executive board and supervisory board, headquartered at 23 bis, avenue de Messine, 75008 Paris (Paris Trade and Companies Registry Number 302 519 228). Subsequent to approval of the financial statements, Paris Orléans was converted to a French limited partnership (*société en commandite par actions*) after the General Meeting of 8 June 2012. The company is listed on the Eurolist market of Euronext Paris (Compartment B).

The consolidated accounts were approved by the Paris Orléans's Management Board on 19 June 2012.

B. General principles

The Group applies all the IAS (International Accounting Standards) / IFRS (International Financial and Reporting Standards) and their interpretations adopted at the date of closing the consolidated accounts. With the exception of certain categories of assets and liabilities in accordance with the rules established by the IFRS, the historical cost convention is the valuation basis used in the consolidated accounts.

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

C. New standards applied by the Group

The standards and interpretations used in preparation of the financial statements to 31 March 2011 were supplemented by the IFRS as adopted by the European Union at 31 March 2012 whose first-time application is mandatory in the 2011/2012 financial year. These concern:

Standards, amendments, interpretations	European Union publication date	Date of first application: financial years open from:
Amendment to IAS 32 relative to the classification of rights issues	23 December 2009	1 January 2011
Amendment to IFRS 1R relative to exemptions to the disclosure of comparative information on financial instruments for first-time adopters	30 June 2010	1 January 2011
Amendment to IAS 24 relative to related party disclosures	19 July 2010	1 January 2011
Amendment to IFRIC 14 relative to the recognition of defined benefit assets	19 July 2010	1 January 2011
IFRIC 19 relative to the extinguishing of financial liabilities with equity instruments	23 July 2010	1 January 2011
Amendments as part of the annual improvements process (2008-2010) to: IFRS 1, IFRS 3R, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13	18 February 2011	1 January 2011

These new standards' application had no impact on the financial results and on net worth.

D. Standards not adopted early

The Group has not applied new standards, adopted by the European Union or IASB where the application in 2011/2012 is optional.

E. Subsequent events

On 4 April 2012, the Group announced a reorganisation, an important step in its continued international development and structural streamlining.

This involved two phases:

- the first being the contribution of certain shares previously held by third parties in certain subsidiaries (Rothschild & Cie Banque, Financière Rabelais and Rothschilds Continuation Holdings) to Paris Orléans, in return for new ordinary shares in Paris Orléans,
- the second involving the conversion of Paris Orléans to a French limited partnership (*société en commandite par action)*.

This reorganisation was approved by the Annual General Meeting of 8 June 2012.

The results of the buy-out offer made as a result of this conversion were announced on 25 June 2012.

Following the contribution phase, shareholders holding only 2.7% of this share capital accepted the buy-out offer. This provides evidence of the shareholders' commitment and trust in Paris Orléans.

Paris Orléans owns through its subsidiaries 99.64% of RCH and 99.99% of RCB.

III. Accounting principles and valuation methods

To prepare the financial statements in accordance with the Group's accounting methods, Financial Management has made assumptions and estimates that could have an impact on the book value of certain assets and liabilities and items of income and expense.

By their nature, such valuations carry risks and uncertainties as to their realisation in the future. In conditions of market crisis, marked by frequent impairment of financial assets, Management has taken care to take into consideration the counterparty's financial situation and outlook as well as multiple-criteria valuations that take observable parameters into account to determine whether there are objective signs of impairment.

Estimates and assumptions are used mainly with regard to goodwill, available-for-sale financial assets, loans and receivables and impairment and provisions.

At each closing, the Group draws conclusions from past experience and all relevant factors relating to its business.

A. Consolidation methods

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

Paris Orléans and the subsidiaries are consolidated on the basis of a financial year end at 31 March 2012, while Francarep Inc, Continuation Investments NV (CINV), Comepar, Fircosoft Group, Rivoli Participation SAS, St Julian's Property, NM Rothschild & Sons (Mexico) SA de CV, Rothschild Mexico (Guernsey) Ltd are included in the consolidation on the basis of a 31 December 2011 year end.

If a subsequent event occurs between the closing date of the subsidiary and 31 March 2012 that would have a material impact on the consolidated financial statements, this event is accounted for in the consolidated financial statements of the Paris Orléans group as at 31 March 2012.

2. Consolidation principles

The financial statements of the Group are made up to 31 March 2012 and consolidate the audited financial statements of the Company and its subsidiary undertakings.

Subsidiaries

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

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

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

Some subsidiaries are limited partnerships (*Sociétés en Commandité Simple*). The percentage of interest recorded in the consolidated accounts is calculated in accordance with the statutory regulations applicable to limited partnerships based on the individual results of each partnership, taking into consideration the share attributable to work.

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

Associates

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

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

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

Joint ventures

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

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

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

Non-controlling interests

Non-controlling interests correspond to the share of fully consolidated subsidiaries that is not directly or indirectly attributable to the Group. These comprise the equity instruments issued by these subsidiaries and which are not held by the Group. They include also the perpetual subordinated debt securities issued by the Group and containing discretionary clauses relating to payment of interest.

3. Business combinations and goodwill

Business combinations are accounted for using the purchase method stipulated by IFRS 3 "Business Combinations". Thus, upon initial consolidation of a newly acquired company, the identifiable assets, assumed liabilities and any contingent liabilities of the acquired entity are measured at fair value in accordance with the provisions of IFRS. The costs directly attributable to business combinations are recognised in the income statement for the period.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is not certain. It is recognised as equity or debt in the balance sheet depending on the settlement alternatives; any subsequent adjustments are booked in the income statement in accordance with IAS 39 for financial liabilities and within the scope of the appropriate standards for other liabilities. For equity instruments, these subsequent adjustments are not recognised.

Any excess of the price paid over the assessed fair value of the share of net assets acquired is booked in the consolidated balance sheet under "Goodwill". Any deficit is immediately recognised in the income statement. All necessary valuations of assets and liabilities must be carried out within twelve months from the date of acquisition, as must any corrections to the value based on new information.

For the first application of IFRS 3 (revised), the Group chooses for all business combination to assess non-controlling interests as either:

- based on its share of the fair value of the identifiable assets and liabilities at the date of the acquired entity, therefore without recognising the goodwill for non-controlling interests (partly goodwill method); or
- at fair value at the date of acquisition, consequently the recognition of the goodwill is allocated to group share and to non-controlling interests (full goodwill method).

On the date of acquisition of an entity, any stake in this entity already held by the Group is revalued at fair value through profit or loss. In such a case, taking control is accounted for as a sale of the shares previously held and the purchase of all shares held after control is obtained.

In the event of an increase in the Group's stake in entities over which it already exercises control, the difference between the price paid for the additional stake and the assessed fair value of the share of net assets acquired at this date is booked of the Group's reserves. In the same way, any reduction in the Group's stake in an entity which it continues to control is accounted for as an equity transaction between shareholders. At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is revalued at fair value through the income statement.

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

Income from subsidiaries acquired or sold during the financial year is included in the consolidated income statement respectively from their acquisition date and up to their disposal date. In respect of associates, the application of IFRS 5 means the share of profit or loss of the entity held for sale is not recognised between the date of IFRS 5 application and the date of sale, with accounting by the equity method being stopped at the date of reclassification into the category of "Assets held for sale".

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

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

In accordance with IAS 32, the Group has recorded a financial liability in respect of the put option sold to the minority shareholders. This liability has been recognised under 'other liabilities' at the put option's estimated strike price.

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

If the option is exercised, the liability will be settled by the disbursement of cash linked to the purchase of non-controlling interests in the subsidiary in question. If, however, the option is not exercised on expiry of the commitment, the liability will be eliminated, with the counter entry going to non-controlling interests and shareholders' equity, Group share.

As long as, these options are not exercised, the results relating to the non-controlling interests to which the put has been granted are recorded in the consolidated income statement under group share of net income.

5. Segment reporting

For the application of IFRS 8, the Group has opted for the following reporting segments, as presented by the chairman of the management board:

- Primary segmentation: distinguishing between three activities carried out within the Group: Global Financial Advisory and Specialist Finance; Private Banking and Trust; and Private Equity;

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

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

B. Accounting principles and valuation methods

1. Exchange rate transactions

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

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

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

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

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

2. Derivative instruments and hedge accounting

Derivatives

Derivatives may be transacted for trading or hedging purposes.

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

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

Embedded derivatives

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

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

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

Hedge accounting

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

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

Fair value hedge accounting

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

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

Cash flow hedge accounting

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

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

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

Net investment hedge in foreign operations

Hedges of net investments in foreign operations are accounted for in a way similar to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are transferred to the income statement when the foreign operation is disposed of.

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

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

4. Income from fees and commissions

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

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

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

5. Interest income and expenses

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

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

6. Financial assets and liabilities

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

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

7. Reclassification of financial assets

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

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

8. Determination of fair value

Fair value is the amount for which an asset could be exchanged or a liability extinguished between knowledgeable, willing parties in an arm's length transaction. The fair value used to measure a financial instrument is, in principle, the listed price when the financial instrument is listed on an active market. In the absence of an active market, fair value is determined using measurement techniques.

A financial instrument is considered to be listed on an active market if prices are readily and regularly available from a stock exchange, a broker or a trader and such prices represent actual transactions and appear regularly on the market in arm's length conditions. Assessment of the inactive nature of a market is based on indicators such as a significant fall in transaction volumes, the high dispersion of prices available over time or the age of the last transactions observed on the market in arm's length conditions. If a market is deemed illiquid, the transaction price at the close is not considered to be the fair value at the end of the period. The quotation price is ajusted if compensation value does not correspond to transaction price.

The techniques used to determine the fair value of each financial asset or liability are as follows:

- Cash and central banks, loans and advances granted to banks and deposits received from banks. As these assets/liabilities have short maturities and with non attendance of any counterparts' dismissal index, fair value is considered to be their net carrying amount.

- Financial instruments: the fair value of equity interests listed on an active market is based on their closing bid prices. In the absence of a listing or of a rate available on an active market, fair value is determined on the basis of discounting or other measurement techniques using parameters derived from market conditions at the closing date.

Transaction multiples

The preferred measurement technique is based on transaction multiples. This technique uses recent transactions in the sector under consideration. Multiples are established based on the enterprise value of comparable transactions and aggregates such as EBITDA, EBIT or PER, and are applied to the asset to be measured.

As most transactions relate to a majority interest in the capital, they therefore implicitly include the payment of a control premium. In the case of a non-controlling interest, a discount of between 15% and 30% is applied.

The use of recent and reliable sources of information ensures the pertinence of this measurement technique. Accordingly, Paris Orléans favours, in order of reliability, internal transaction databases, financial communications, annual reports, analysts' notes and specialised databases relating to the comparable company.

Listed peer-group multiples

This measurement technique consists of applying a multiple to the earnings of the company to be valued. It is based on application of the stock-exchange multiples of a sample of listed peer-group companies to the aggregates of the company to be valued. The earnings multiples used are the price/earnings ratio (PER), enterprise value/earnings before interest and tax (EV/EBIT) and enterprise value/earnings before interest, tax, depreciation and amortisation (EV/EBITDA). These aggregates are the historical aggregates of the company to be valued and of the peer-group companies. They are restated to exclude all non-recurring and exceptional amounts, as well as the amortisation of goodwill.

Companies in the selected peer group must operate in a similar, or even identical sector to that of the target company. They are of a relatively comparable size and have similar growth prospects. Specific factors may also be taken into account in the selection: country, deregulatory aspects specific to each market, presence or otherwise of related activities...

The value of the peer group companies is obtained by adding together the market capitalisation, net financial debt and non-controlling interests, based on the most recently available financial data.

Stock-exchange multiples are calculated excluding any control premium. The valuation is made from the point of view of a non-controlling shareholder. However, if the target to be valued is not listed, any control premium may be partially or wholly offset by the lack of liquidity relative to listed companies in the peer group.

If the company is not listed, a "tradability" discount is applied to reflect market practices. It is determined from the viewpoint of market operators, not from that of the existing investor.

Discounted cash flows (DCF)

Given the characteristics of certain investments and its strategy of investing for the long term, Paris Orléans also takes into account, alongside the peer-group measurement technique, the value derived from the discounted cash flow technique when valuing certain companies. The discount rate applied uses a risk-free rate added with a risk premium regarding activity sectors' companies in which Paris Orléans invests.

Measurement of share subscription warrants

Securities providing access to the capital, which generally take the form of share subscription warrants, are regularly assessed to determine the probability of exercise and the possible impact thereof on the value of the investment. At each closing date, the probability of exercise of the rights is determined by comparing the cost of exercise with the expected benefit derived from exercise. If the expected benefit exceeds the cost of exercise, it is assumed that the rights will be exercised. Assessment of the convertible nature of share subscription warrants is determined only if the options are in the money. The assessment is based on the company's fully-diluted capital, in which all rights that are in the money are assumed to have been exercised and the events providing access to the capital are assumed to have crystallised.

- Loans and receivables due from customers and their associated interest rates are compared, by maturity, with similar recent transactions. In the event of a material difference in interest rates or any other factor indicating that the asset's fair value is materially different from its net carrying amount, the fair value of loans and receivables is adjusted accordingly. To determine loans and receivables' fair value, the Group estimates counterparts' default risk and carries the sum of future cash flows as fair value which takes into account the debtors' financial standing.

- Delivered repurchase agreements, repurchase agreements and amounts due to customers: the fair value of these instruments is determined using the DCF technique, the discount rate of which is adjusted for the applicable credit margin.

- Debt securities and subordinated debt: the fair value of these instruments is determined using prices observed on the markets, if available, or if not, using the DCF technique, the discount rate of which is adjusted for the applicable credit margin.

- Other financial instruments : measurement techniques are generally applied to over-the-counter derivative instruments. The most frequently used techniques and measurement models are the DCF technique and option measurement models. The values derived from these techniques are materially affected by the choice of measurement technique used and the assumptions made as to the associated variables, such as the amounts and settlement dates of future cash flows, the discount rates, volatility and solvency.

- Other assets and liabilities: the net carrying amount corresponds to a reasonable approximation of fair value with Group experience.

9. Financial liabilities

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

10. Financial guarantee contracts

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

11. Derecognition

The Group derecognises a financial asset when:

- the contractual rights to cash flows arising from the financial assets have expired; or

- it transfers the financial asset including substantially all of the risks and rewards of the ownership of the asset; or

- it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of the asset, but no longer retains control of the asset.

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

12. Securitisation operations

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

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

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

13. Impairment of financial assets

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

Impairment losses are incurred if two conditions are met.

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

Secondly, that loss event must have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- significant financial difficulty of the issuer;

- granting to the borrower, for economic or legal reasons relating to its financial difficulty, a concession that the lender would not otherwise consider;

- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Impairment of loans and receivables

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

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

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

Collectively assessed credit risk allowances cover credit losses inherent in portfolios of financial assets with similar economic characteristics where there is objective evidence to suggest that they contain impaired assets but the individual impaired items cannot yet be identified. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Future cash flows are estimated on the basis of historical loss experience. These estimates are subject to regular review and adjusted to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

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

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

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

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

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

Impairment of available-for-sale financial assets

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

For equity instruments, a significant or prolonged fall in their price below their acquisition cost is an objective indication of value impairment.

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

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

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

14. Classification of debts and shareholders' equity

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

Perpetual subordinated debt securities

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

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

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

15. Consolidated goodwill and intangible assets

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

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

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

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

16. Investment property

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

17. Tangible assets

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

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

Computer equipment	3-5 years
Software development	3-5 years
Cars	3-5 years
Fixtures and fittings	3-10 years
Leasehold improvements	4-24 years
Buildings	10-60 years

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

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

18. Impairment of tangible assets

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

19. Finance leases and operating leases

Where the Group is the lessor

◆ *Finance leases*

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

◆ *Operating leases*

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

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

Where the Group is the lessee

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

20. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months, including cash and non-restricted balances with central banks, certificates of deposit and loans and advances to banks. Also included are short-term cash investments (recommended investment period of less than 3 months), the characteristics of which are a high level of liquidity (liquidation possible at least weekly) and low risk of a change in value (regularity of performance and volatility index of below 0.5). As these are mainly open-ended investment funds and monetary mutual funds classified as euro monetary UCITS defined by the regulatory authorities, they meet the conditions listed above.

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

21. Pensions

The Group operates a number of pension and other post retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types.

For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the income statement.

The defined benefit schemes are accounted for using the option permitted by the amendment made to IAS 19 Employee Benefits, which the Group has adopted early, whereby actuarial gains and losses are recognised outside the income statement and are presented in the statement of recognised income and expense.

The amount recognised in the balance sheet in respect of defined benefit schemes is the difference between the present value of the defined benefit obligation at the balance sheet date, and the fair value of the plan's assets, if any. Independent actuaries calculate the defined benefit obligation annually using the projected unit credit method. The obligations' present value is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currencies in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

22. Taxation

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

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

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

Deferred tax assets, including the tax effects of income tax losses available for carry forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is not provided on temporary differences arising from investments in subsidiaries and associates, unless the timing of the reversal of the temporary difference is controlled by a third party or it is probable that the difference will reverse in the foreseeable future.

23. Dividends

Dividends are recognised in equity in the period in which they are declared by the Company's shareholders at the Annual General Meeting or, in the case of interim dividends, when they are paid.

24. Fiduciary activities

The Group acts as custodian and in other fiduciary capacities that result in the holding or placing of assets on behalf of customers. These assets and the income arising therefrom are excluded from these financial statements, as they are not assets or income of the Group.

25. Provisions and contingent liabilities

Provisions are recognised only when the Group has a present obligation (legal or constructive) as a result of past events. In addition, it must be probable that a transfer of economic benefits will be required to settle the obligation, and it must also be possible to make a reliable estimate of the amount of the obligation.

The Group recognises provisions in respect of onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Group's control, or present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote.

26. Non-current assets destined for sale

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

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities are measured in accordance with the applicable standard. On classification as held for sale, the asset or disposal group is measured at the lower of the carrying amount and fair value less costs to sell.

An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset or disposal group to fair value less costs to sell. Any gain for a subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

IV. Financial risk management

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

A. Governance

To facilitate risk management within the Paris Orléans's Group and its principal subsidiaries, the Executive Committee and the Supervisory Board have delegated certain functions and responsibilities carried out by several committees of which some are at a Group level, and others are at the operational subsidiaries level.

Group Committees

- Group Risk Committee;
- Group Compliance Committee;
- Group Audit Committee (the participation of Paris Orléans Audit Committee members in the subgroups Audit Committees).

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

Risk management is coordinated at Paris Orléans level, through the Risk Director and with support of Risk function throughout the Group.

Those committees monitor compliance with laws and regulation of activities on a consolidated basis.

Responsibility for monitoring risks rests with individual businesses supported by separately constituted committees, which approve policies, set limits, monitor exceptions and make recommendations on operational, liquidity, market and credit risk decisions.

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

Credit Risk arises from the potential failure of counterparties and customers to meet their obligations.

Market Risk arises from changes in the market value of assets and liabilities. Financial instruments, including derivatives,are used to provide clients with solutions to meet their commercial objectives. Financial instruments are also used to manage the Group's exposure to market risk arising from movements in exchange rates, interest rates and volatility levels. Market risk from trading activities is subject to appropriate limits and is measured and monitored independently of traders.

Liquidity Risk arises from the funding of our lending and trading activities. Liquidity is measured by classifying assets, liabilities and other cashflows into future time bands using a series of prudent assumptions and calculating the resultant surplus or deficit in each period.

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

Independent external audits of operating subsidiaries are carried out annually in regards to the subsidiaries timeline and those audits are supported by testing of the internal control framework by the Group internal auditors who report their findings to the audit committees of the companies concerned and to the Audit committee.

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

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

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

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

B. Credit risk

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

Limits on credit risk are set by the Group Credit Risk Policy. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties and to country.

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

Credit exposures on loans and debt securities are reviewed on a quarterly basis and for this purpose they are classified as follows:

Category 1	Exposures where the payment of interest or principal is not in doubt and which are not part of catogeries 2 to 5.
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.
of which past due but not impaired financial assets	*A financial asset is considered to be past due when the counterparty has failed to make a payment when contractually due. Financial assets that are past due but not impaired are exposures in respect of which it is not considered necessary to provide against despite non-payment of the contractual obligations.*
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan (unless collateral exists which exceeds the exposure's carrying value). At least some recovery is expected to be made.
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.

All group companies map their own credit monitoring to these categories for the purposes of group reporting.

Available for sale financial assets and particularly debt securities include valuations of synthetic CDOs (Collaterised Debt Obligations), which are accounted in Financial liabilities at fair value through profit and loss. At 31 March 2012, the amount was €3.2 million.

The tables below disclose the maximum exposure to credit risk at 31 March 2012 and at 31 March 2011 for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In thousands of euros	Categories					Impairment allowance	31/03/2012
	1	2	3 (1)	4	5		
Financial assets at fair value through profit and loss (excluding equity)	158,218	-	1,800	-	-	-	160,018
Hedging derivatives	28,572	-	-	-	-	-	28,572
Loans and receivables to banks	1,660,754	-	-	-	-	-	1,660,754
Loans and receivables to customers	1,249,759	124,430	205,651	200,743	9,839	(104,719)	1,685,703
Available for sale financial assets - debt securities	528,880	42,553	8,087	37,511	41,695	(61,866)	596,860
Other financial assets	308,639	-	10,067	3,404	9,143	(10,985)	320,268
Sub-total Assets	**3,934,822**	**166,983**	**225,605**	**241,658**	**60,677**	**(177,570)**	**4,452,175**
Commitments and guarantees	260,951	37,014	12,096	2,348	10	-	312,419
TOTAL	**4,195,773**	**203,997**	**237,701**	**244,006**	**60,687**	**(177,570)**	**4,764,594**

(1) Past due but not impaired assets amount to €24,759,000 as of 31 March 2012. A detailed report considering their maturity date follows.

In thousands of euros	Categories					Impairment allowance	31/03/2011
	1	2	3 (2)	4	5		
Financial assets at fair value through profit and loss (excluding equity)	123,318	-	2,700	-	-	-	126,018
Hedging derivatives	16,630	-	-	-	-	-	16,630
Loans and receivables to banks	2,696,000	-	-	-	-	-	2,696,000
Loans and receivables to customers	1,365,949	137,552	188,257	126,515	16,164	(114,668)	1,719,769
Available for sale financial assets - debt securities	1,103,267	3,476	22,413	124,639	23,270	(104,235)	1,172,830
Other financial assets	295,429	617	8,773	5,123	9,129	(10,807)	308,264
Sub-total Assets	**5,600,593**	**141,645**	**222,143**	**256,277**	**48,563**	**(229,710)**	**6,039,511**
Commitments and guarantees	234,156	44,809	16,310	574	-	-	295,849
TOTAL	**5,834,749**	**186,454**	**238,453**	**256,851**	**48,563**	**(229,710)**	**6,335,360**

(2) Past due but not impaired assets amount to €59,350,000 as of 31 March 2011. A detailed report considering their maturity date follows.

1. Past due but not impaired assets

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

In thousands of euros	31/03/2012					31/03/2011				
	Past due but not impaired					Past due but not impaired				
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total
Loans and receivables to banks	-	-	-	-	-	-	-	-	-	-
Loans and receivables to customers	3,955	961	7,594	2,195	14,705	15,856	585	4,444	29,691	50,576
Other financial assets	3,962	1,227	2,196	2,669	10,054	-	5,564	1,300	1,910	8,774
TOTAL	**7,917**	**2,188**	**9,790**	**4,864**	**24,759**	**15,856**	**6,149**	**5,744**	**31,601**	**59,350**

As refinancing and sale options are currently limited, it is generally in the lender's and borrower's interest to extend certain facilities at maturity and not to foreclose on the security.

This assumes there are no underlying issues regarding the borrower's ability to continue to service the loan and the level of collateral is expected to be of sufficient quality to secure the principal. As at 31 March 2012 the cumulative value of all loans within this category was €274 million (2011: €332 million). All of these loans were property loans.

There are a small number of loans which are overdue, but not impaired, pending an extension of maturity. As at 31 March 2012 these amounted to €8.8 million (2011: €40 million).

Some loans were renegotiated on substantially different terms than before. Typically these loans will include revised covenants and higher margins to reflect higher credit risk as well as having extended maturities. But for these renegotiations the loans would have been deemed to have been impaired. As at 31 March 2012 the carrying value of all loans re-negotiated was €126 million (2011: €126 million).

2. Collateral

The Group holds collateral against loans to customers and debt securities. Substantially all third party commercial lending is secured. Collateral is split by type, it is either specific or general.

Specific collateral is readily identifiable. The majority of specific collateral is charges over property assets, or over marketable securities (Lombard lending). If necessary there is a realistic possibility of both taking possession of and monetising the collateral.

General collateral will be more difficult to both identify and monetise. It will usually be a general floating charge over the assets of a business, and is typically attached to leveraged finance assets. It is not practicable to ascribe a specific value to this collateral.

For category 1, 2 and 3 loans the level of collateral at expected exit is expected to be sufficient to cover the balance sheet exposure.

Where a loan is deemed to be impaired (level 4 and 5 assets), the level of the impairment charge is primarily driven by any expected shortfall in the collateral value, though it is also influenced by the ability of the borrower to service the debt.

Collateral is valued by independently at the time the loan is made and periodically thereafter on a rolling basis. For physical assets such as property, Financial Management are able to roll forward a valuation for reporting purposes *via* a combination of specific knowledge of the property and the application of general property indicies.

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

In thousands of euros	31/03/2012		31/03/2011	
	Past due but not impaired	Individually impaired	Past due but not impaired	Individually impaired
Tangible assets Collateral	8,453	114,300	35,633	44,840
Financial assets Collateral	6,252	38,834	15,813	19,382
TOTAL	**14,705**	**153,134**	**51,446**	**64,222**
Net value of loans	14,705	152,152	50,576	71,633

3. Credit risk analysis

The Group monitors concentrations of credit risk by geographic location and industry sector. The tables below show an analysis of credit risk by location and by sector as of 31 March 2012 and 31 March 2011.

a) Credit risk by location

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

In thousands of euros	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2012
Financial assets at fair value through profit and loss (1)	85,668	12,106	21,399	11,816	29,029	-	-	160,018
Hedging derivatives	2,200	15,023	-	11,349	-	-	-	28,572
Loans and receivables to banks	441,896	490,851	79,316	332,185	253,767	52,671	10,068	1,660,754
Loans and receivables to customers	127,521	985,453	40,251	302,854	176,397	42,578	10,649	1,685,703
Available for sale financial assets - debt securities	111,360	213,949	37,210	196,006	28,462	9,873	-	596,860
Other financial assets	154,050	64,098	8,110	39,016	26,442	23,100	5,452	320,268
Sub-total Assets	**922,695**	**1,781,480**	**186,286**	**893,226**	**514,097**	**128,222**	**26,169**	**4,452,175**
Commitments and guarantees	72,815	91,880	15,891	44,923	24,299	3,047	59,564	312,419
TOTAL	**995,510**	**1,873,360**	**202,177**	**938,149**	**538,396**	**131,269**	**85,733**	**4,764,594**

(1) Excluding equity.

In thousands of euros	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2011
Financial assets at fair value through profit and loss (1)	16,171	40,473	39,478	1,742	28,154	-	-	126,018
Hedging derivatives	1,270	10,422	-	4,938	-	-	-	16,630
Loans and receivables to banks	763,152	422,720	337,256	836,404	264,438	59,822	12,208	2,696,000
Loans and receivables to customers	132,764	924,176	33,952	372,799	212,709	38,673	4,696	1,719,769
Available for sale financial assets - debt securities	163,364	418,784	297,357	221,793	54,969	8,036	8,527	1,172,830
Other financial assets	120,840	65,412	16,465	46,485	32,656	16,035	10,371	308,264
Sub-total Assets	**1,197,561**	**1,881,987**	**724,508**	**1,484,161**	**592,926**	**122,566**	**35,800**	**6,039,511**
Commitments and guarantees	83,247	16,585	5,654	103,301	1,889	4,849	80,324	295,849
TOTAL	**1,280,808**	**1,898,572**	**730,162**	**1,587,462**	**594,815**	**127,415**	**116,124**	**6,335,360**

(1) Excluding equity.

b) Credit risk by sector

The sector is based on Global Industry Classification Standards (GICS).

In thousands of euros	31/03/2012	31/03/2011
Financial	2,455,491	2,968,887
Real estate	572,338	614,060
Private persons	561,607	511,605
Government	369,336	1,245,886
Industrials	172,732	227,949
Consumer discretionary	149,592	178,430
Consumer staples	98,440	56,007
Materials	84,212	123,539
IT and telecoms	65,259	97,911
Utilities	58,882	62,889
Healthcare	36,917	22,975
Energy	12,823	23,100
Other	126,964	202,122
TOTAL	**4,764,594**	**6,335,360**

The "government" exposure above predominantly consists of UK, Swiss and French government securities.

Financial and real estate sector exposures may be analysed as follows:

In thousands of euros	31/03/2012	31/03/2011
Financial sector		
Short term interbank exposures	1,106,115	2,071,961
Treasury marketable securities - investment grade	505,647	357,732
Cash/ investment backed lending	244,849	152,420
Finance companies	11,623	25,970
Other marketable securities	-	-
Other	587,257	360,804
TOTAL FINANCIAL SECTOR	**2,455,491**	**2,968,887**

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

In thousands of euros	31/03/2012	31/03/2011
Real estate sector		
Senior loans	450,960	479,232
Mezzanine	110,220	117,422
Other	11,158	17,406
TOTAL REAL ESTATE SECTOR	**572,338**	**614,060**

Real estate exposures are supported by income generated by a large number of tenants from a wide variety of industry sectors. Exposures are, broadly, evenly split between the major property types, and are located predominantly within the UK.

c. Market risk

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

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

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

Market risks associated with treasury, leveraged finance loan trading and equity positions are described below with a description of risk management and the levels of risk.

1. Treasury

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

NMR

In thousands of euros	12 months to 31 March 2012			12 months to 31 March 2011		
	Average	Low	High	Average	Low	High
Interest rate risk	569	228	2,406	580	310	1,099
Foreign exchange risk	23	26	102	20	2	89
TOTAL VALUE AT RISK	**592**	**254**	**2,508**	**600**	**312**	**1,188**

RBI

In thousands of euros	12 months to 31 March 2012			12 months to 31 March 2011		
	Average	Low	High	Average	Low	High
Interest rate risk	168	98	230	191	43	717
Foreign exchange risk	-	-	-	-	-	-
TOTAL VALUE AT RISK	**168**	**98**	**230**	**191**	**43**	**717**

The main assumption used in the calculation is that price factors are normally distributed. This is a common assumption in Value at Risk calculations but is known to be tenuous, particularly for interest rates and volatilities, and is one of the reasons for use of a high probability over a long holding period.

2. Equity investments

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

If the price of these equities and of the equities on which derivative instruments are dependent were to fall by 5%, then there would be a post-tax charge to the income statement of €6.7 million (€0.7 million as at 31 March 2011) and a charge to equity of €18.6 million (€23.5 million as at 31 March 2011).

The Group, moreover, is exposed through its investments to the risks affecting the companies in which it invests.

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

In thousands of euros	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2012
Equity investments	241,390	19,896	149,360	26,415	41,416	24,593	21,096	524,166
Warrants and other equity derivatives	2,000	-	-	-	-	-	-	2,000

In thousands of euros	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2011
Equity investments	310,999	12,886	165,459	43,318	34,351	35,882	21,277	624,172
Warrants and other equity derivatives	6,480	-	-	-	-	-	-	6,480

3. Currency risk

The group takes on exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises exposure to foreign currency exchange rate risk as at 31 March 2012. The net positions in the table are measured by reference to the net carrying amounts of monetary assets and liabilities other than those in a subsidiary's functional currency, and are shown after taking account of positions in derivatives.

In thousands of euros	31/03/2012	31/03/2011
USD	54,196	55,455
EUR	(2,391)	8,858
GBP	18,899	26,384
CHF	(1,982)	(320)
AUD	4,396	13,273
Other	(4,446)	11,389

	31/03/2012	31/03/2011
€/USD	1,3328	1,4200
€/GBP	0,8337	0,8841
€/CHF	1,2035	1,3000
€/AUD	1,2854	1,3710

If the Euro strengthened against these currencies by 5%, then the effect on the Groupe would be a charge to the income statement of €1.06 million (€0.44 million in 2011).

4. Interest rate risk

The table below summarises the Group's exposure to interest rate risk. It shows the impact on the fair value of interest-bearing assets and liabilities, and of interest-bearing derivatives, if base interest rates in each currency shown moved up or down by 100 basis points. The table includes all interest rate risk arising from financial instruments including that within the treasury and banking businesses. The Group also holds £125 million, $200 million and €150 million of subordinated guaranteed notes for which there is no contractual obligation to repay principal or to pay interest. These notes, which are treated as equity in the Group's accounts, are not considered to be financial instruments and are not included in this note.

In thousands of euros	31/03/2012		31/03/2011	
	+100 bps	-100 bps	+100 bps	-100 bps
USD	23	(23)	286	(290)
EUR	45	(39)	1,500	(1,498)
GBP	(477)	471	(3,635)	3,683
CHF	449	(443)	(1,848)	1,902
Other	8	(8)	(5)	6
TOTAL	**48**	**(42)**	**(3,702)**	**3,803**

On 31 March 2012, within Private equity activities framework in France, Paris Orléans and its subsidiaries contracted loans on demand and at term, among which €96.6 million at variable rate and €38.8 million at fixed rate andhold securities with fixed incomes of which €66.4 million at variable rate and €24.9 million are for fixed rate.

D. Liquidity risk

Management of liquidity risk is of fundamental importance to the operating entities of the Group, to ensure that they can meet their liabilities as they fall due.

The Group's four main banking groups each has to maintain their liquidity on a standalone basis subject to their own internal liquidity policy and the external regulatory liquidity regime of its domestic supervisor. Their liquidity policies have also been reviewed and approved by the Group Assets and Liabilities Committee, which receives and reviews their liquidity information on a regular basis.

Liquidity is monitored daily independently of the front office Treasury staff responsible for day-to-day liquidity management. The banking groups are also subject to liquidity guidelines set by their regulator.

At the Group's banking entities, liquidity is measured based on behavioural adjustments and stress tests. The behaviour of assets and liabilities may, in certain scenarios, be less favourable than foreseen by their contractual maturity. For instance, there is the possibility that customer loans will not be repaid at their contractual term.

The liquidity of the Group's four main banking branches is managed independently of each other. This is briefly summarised below.

N M Rothschild and Sons Limited ("NMR")

NMR measures its liquidity risk quantitatively against a Liquidity Coverage Ratio ("LCR") limit. This is in line with the requirements of the FSA's new liquidity regime. The LCR considers NMR's eligible "Buffer" assets against the cumulative net cash flows payable under its most severe stress test. Only those assets of the highest quality can be treated as eligible for inclusion in the LCR.

NMR's liquidity policy now requires it to keep an LCR in excess of 100% at the 1 month time horizon.

At 31 March 2012, the ratio measured was 234% (31 March 2011: 374%).

Rothschild Bank International Limited ("RBI")

RBI complies with the liquidity regime of the Guernsey Financial Services Commission (GFSC) which prescribes cumulative cash flow deficit limits for periods up to the 1-month time horizon using standard behavioural adjustments (i.e. not institution specific).

At 31 March 2012, the RBI regulatory liquidity ratio for the 8 days to 1 month period as a percentage of total deposits was 9.0% (31 March 2011 18.3%); well in excess of the limit set by the GFSC of -5.0%.

Rothschild Bank Zurich ("RBZ")

RBZ's liquidity policy includes a behavioural adjustment applied across different client types, which allows for approximately one third of client deposits to be withdrawn over 30 days. Although the regulatory framework would permit significant mismatches within the 30-day time bucket, RBZ maintains a more conservative approach to liquidity.

Internal limits provide for RBZ to be cumulatively cash positive in all periods (after behavioural adjustment). The behavioural adjustment is complemented by an additional requirement that 20% of all client call deposits are held in cash and assets realisable within 48 hours.

RBZ's liquid assets at 31 March 2012 were 468% of liquid liabilities, as measured for regulatory purposes (31 March 2011: 435%). The regulatory limit is 100%.

Rothschild & Cie Banque ("RCB")

RCB's liquidity assets composed of clients' accounts, UCITS and the outstanding income are daily invested on money market.

The Treasury Committee and intermediaries, held monthly, authorise counterparts for these investments.

RCB's liquidity ratio corresponds to the ratio of cash assets and short-term loans to short-term liabilities. It is calculated on a monthly basis, with the minimum threshold set at 100%.

At 31 March 2012, RCB's one month liquidity ratio was 272% compared with 280% at 31 March 2011.

1. Contractual Maturity

The following table shows the Group's financial assets and liabilities, analysed by remaining contractual maturity at the balance sheet date.

In thousands of euros	Demand - 1 month	1 month - 3 month	3 month - 1 year	1 year - 2 years	2 years - 5 years	> 5 years	No contractual maturity	31/03/2012
Cash and balances at central banks	2,812,774	-	-	-	-	-	-	2,812,774
Financial assets at FVTPL	90,473	11,719	5,789	818	6,472	43,768	70,772	229,811
Hedging derivatives	1,556	314	5,421	10,552	10,729	-	-	28,572
AFS financial assets	18,953	195,921	34,691	63,023	131,135	156,310	456,375	1,056,408
Loans and advances to banks	1,534,386	52,216	67,083	2,345	4,724	-	-	1,660,754
Loans and advances to customers	455,243	228,854	436,667	259,704	247,493	57,742	-	1,685,703
Other financial assets	252,244	45,214	15,808	1,333	3,233	95	2,341	320,268
TOTAL ASSETS	**5,165,629**	**534,238**	**565,459**	**337,775**	**403,786**	**257,915**	**529,488**	**7,794,290**
Financial liabilities at FVTPL	21,406	13,963	12,147	4,207	1,791	1,300	27	54,841
Hedging derivatives	-	76	741	2,070	23,773	-	-	26,660
Deposits by banks and central bank	81,981	16	50,854	-	211,248	-	-	344,099
Due to customers	4,081,293	309,670	246,685	477,612	469,422	-	34,377	5,619,059
Debt securities in issue	173,673	1,522	-	-	-	-	-	175,195
Subordinated loan capital	-	-	-	-	29,321	-	-	29,321
Other financial liabilities	27,544	22,061	1,963	542	5,841	-	2,546	60,497
TOTAL LIABILITIES	**4,385,897**	**347,308**	**312,390**	**484,431**	**741,396**	**1,300**	**36,950**	**6,309,672**

2. Undiscounted cashflows of liabilities and commitments

The following table shows contractual undiscounted cash flows payable by the Group (i.e. including future interest payments) on its financial liabilities and commitments, analysed by remaining contractual maturity at the balance sheet date. This table does not reflect the liquidity position of the Group.

Loan commitments are analysed at the earliest date they can be drawn down.

In thousands of euros	Demand - 1 month	1 month - 3 month	3 month - 1 year	1 year - 2 years	2 years - 5 years	> 5 years	No contractual maturity	31/03/2012
Hedging derivative	-	76	741	2,070	23,773	-	-	26,660
Deposits by banks and central bank	81,991	50	53,739	3,517	222,004	-	-	361,301
Due to customers	4,087,360	312,967	271,809	522,947	512,780	-	34,377	5,742,240
Debt securities in issue	173,980	1,523	-	-	-	-	-	175,503
Subordinated liabilities	-	-	380	434	29,782	-	-	30,596
Other financial liabilities	27,544	22,061	1,963	542	5,841	-	2,546	60,497
Gross loan commitments	91,866	-	-	-	25,373	-	-	117,239
TOTAL LIABILITIES including commitments	**4,462,741**	**336,677**	**328,632**	**529,510**	**819,553**	**-**	**36,923**	**6,514,036**

E. Fair value of financial instruments

The fair value of financial instruments is determined at the end of the financial year in accordance with the accounting principes and methods described in this report. The fair value of each class of financial asset and liability is shown below.

Carried at amortised cost

In thousands of euros	31/03/2012		31/03/2011	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Loans and receivables to banks	1,660,754	1,660,754	2,696,000	2,696,000
Loans and receivables to customers	1,685,703	1,621,559	1,719,769	1,627,057
TOTAL	**3,346,457**	**3,282,313**	**4,415,769**	**4,323,057**
Financial liabilities				
Due to banks and central bank	344,099	344,099	500,407	500,407
Due to customers	5,619,059	5,627,160	4,769,187	4,775,437
Debt securities in issue	175,195	175,211	524,561	523,538
Subordinated debt	29,321	27,122	27,507	25,081
TOTAL	**6,167,674**	**6,173,592**	**5,821,662**	**5,824,463**

Carried at fair value

In thousands of euros	31/03/2012				31/03/2011			
	Measured using level			Total	Measured using level			Total
	1	2	3		1	2	3	
Financial assets								
Financial assets - trading	15,854	115,280	1,800	132,934	139,122	68,333	-	207,455
Financial assets at fair value through profit or loss	5,851	91,026	-	96,877	5,625	54,502	-	60,127
Available-for-sale financial assets	483,247	536,665	36,496	1,056,408	1,027,471	617,549	30,919	1,675,939
TOTAL	**504,952**	**742,971**	**38,296**	**1,286,219**	**1,172,218**	**740,384**	**30,919**	**1,943,521**
Financial liabilities								
Financial liabilities at fair value through profit and loss	-	54,841	-	54,841	-	93,750	-	93,750
TOTAL	**-**	**54,841**	**-**	**54,841**	**-**	**93,750**	**-**	**93,750**

Level 1: *quoted prices (unadjusted) in active markets for identical assets or liabilities.*

Level 2: *inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from market data to a significant extent).*

Level 3: *inputs for the asset or liability that are not based on observable market data (unobservable inputs). An example would be a discounted cash flow on an instrument with uncertain cash flows.*

Assets measured at fair value based on Level 3 as of 31 March 2012

There were no significant transfers between assets valued at level 1 and at level 2 in the period.
The following table presents the movement in assets valued using level 3 valuation methods in the period:

In thousands of euros	Available-for-sale financial assets
Opening balance	30,919
Total gains and (losses) through income statement	(3,993)
Total gains and (losses) through shareholders	1,263
Purchases	699
Settlements	(7,337)
Transfers into/(out of) level 3	16,439
Exchange	428
Others	(122)
CLOSING BALANCE	**38 296**

VI. Notes to the Balance Sheet

NOTE 1. Financial assets and liabilities at fair value through profit or loss

In thousands of euros	31/03/2012	31/03/2011
Trading instruments	106,803	139,756
Financial assets designated at fair value through profit or loss	96,877	60,127
Derivative financial instruments	26,131	67,699
AT THE END OF THE PERIOD	**229,811**	**267,582**
of which financial assets at fair value through profit or loss - listed	*21,705*	*144,747*
of which financial assets at fair value through profit or loss - unlisted	*208,106*	*122,835*

Trading portfolio

In thousands of euros	31/03/2012	31/03/2011
Public bills and similar securities	4,999	29,151
Bonds	79,948	-
Equities	15,862	110,605
Other financial instruments	5,994	-
AT THE END OF THE PERIOD	**106,803**	**139,756**

Financial assets designated at fair value through profit or loss

In thousands of euros	31/03/2012	31/03/2011
Public bills and similar securities	-	-
Bonds	-	22
Equities	53,931	30,960
Other financial instruments	42,946	29,145
AT THE END OF THE PERIOD	**96,877**	**60,127**

A derivative is a financial instrument, the value of which is derived from another financial instrument, an index or some other variable (the "underlying"). Typically the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivatives require little or no net investment or a lower investment than a non-derivative financial instrument to obtain the same sensitivity to changes in the underlying.

Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive replacement values (assets) and negative replacement values (liabilities). Positive replacement values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour if the counterparties default. Negative replacement values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in the counterparties' favour if the Group were to default. Positive and negative replacement values on different transactions are only netted if there is legal right of set-off, the transactions are with the same counterparty and the cash flows will be settled on a net basis. Changes in replacement values of derivative instruments are recognised in trading income unless they qualify as hedges for accounting purposes.

Derivatives may be transacted for trading or hedging purposes. Trading involves taking positions with the intention of profiting from changes in market variables such as interest rates. The Group also enters into derivative transactions for the purpose of hedging exposures in the non-trading book. The accounting treatment of hedge transactions depends on the nature of the hedging relationship and whether the hedge qualifies as such for accounting purposes. Derivative transactions that qualify as hedges for accounting purposes are either fair value or cash flow hedges. Further information relating to hedging derivatives is provided in note 2.

Trading derivative financial instruments

In thousands of euros	31/03/2012			31/03/2011		
	Notional principal	Positive fair value	Negative fair value	*Notional principal*	Positive fair value	Negative fair value
Interest rate contracts						
Firm	*118,792*	1,344	(10,644)	*125,240*	1,191	(12,887)
Conditional	*14,000*	-	-	*14,000*	12	-
Foreign exchange contracts						
Firm	*4,126,458*	18,967	(37,013)	*2,811,054*	60,159	(63,610)
Conditional	*634,007*	4,020	(3,976)	*426,926*	3,188	(3,193)
Equity instruments						
Firm	-	-	-	-	-	-
Conditional	-	1,800	(35)	-	2,700	(35)
Commodity instruments						
Firm	-	-	-	-	-	-
Conditional	-	-	-	-	-	-
Credit derivatives						
Firm	*20,786*	-	(3,173)	*40,564*	449	(14,025)
Conditional	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-
AT THE END OF THE PERIOD	***4,914,043***	**26,131**	**(54,841)**	***3,417,784***	**67,699**	**(93,750)**

NOTE 2. Hedging derivatives

In thousands of euros	31/03/2012			31/03/2011		
	Notional principal	Positive fair value	Negative fair value	*Notional principal*	Positive fair value	Negative fair value
Interest rate contracts						
Firm	*1,258,572*	23,096	(26,660)	*1,715,030*	12,209	(29,488)
Conditional	-	-	-	-	-	-
Foreign exchange contracts						
Firm	*209,920*	5,476	-	*217,091*	4,421	(5)
Conditional	-	-	-	-	-	-
Equity instruments						
Firm	-	-	-	-	-	-
Conditional	-	-	-	-	-	-
Commodity instruments						
Firm	-	-	-	-	-	-
Conditional	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-
AT THE END OF THE PERIOD	***1,468,492***	**28,572**	**(26,660)**	***1,932,121***	**16,630**	**(29,493)**

The schedule of cash flows hedged is as follows

In thousands of euros	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years < 10 years	> 10 years
Cash inflows (assets)	992	167	-	-	-
Cash outflows (liabilities)	(3,513)	(8,300)	(5,917)	-	-
COST AT 31 MARCH 2012	**(2,521)**	**(8,133)**	**(5,917)**	**-**	**-**

Fair Value Hedges

The Group's fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of fixed rate lending, fixed rate debt securities and of fixed rate borrowing.

For the year ended 31 March 2012, the Group recognised a net profit of €260,000 (net gain of €106,000 for 31 March 2011) representing the change in fair value of the ineffective portions of fair value hedges. The fair value of derivatives designated as fair value hedges was €19,407,000 at 31 March 2012 and €(2,306,000) at 31 March 2011.

Cash flow Hedges

The Group is exposed to variability in future interest cash flows on non-trading assets and issued debt securities that receive or pay interest at variable rates. Gains and losses on the effective portion of interest rate swaps designated as cash flow hedges are recorded in shareholders' equity. Gains or losses on any ineffective portion of these swaps are recognised immediately in the income statement.

For the year ended 31 March 2012, the Group did not recognise a loss of €361,000 in the income statement in respect of the ineffective portion of cash flow hedges. As at 31 March 2011, the Group did not recognise a profit in the income statement.

The fair value of derivatives designated as cash flow hedges at 31 March 2012 was €(17,494,000) and €(10,557,000) at 31 March 2011.

NOTE 3. Available-for-sale financial assets

In thousands of euros	31/03/2012	31/03/2011
AFS debt securities		
Public bills and similar securities	260,584	543,166
Bonds and similar securities	234,056	298,887
Notes and other securities	138,987	407,521
Sub-total	**633,627**	**1,249,574**
of which listed securities	*508,897*	*1,003,482*
of which unlisted securities	*124,730*	*246,092*
Accrued interest	28,274	41,517
Sub-total	**661,901**	**1,291,091**
Impairment	(61,867)	(104,236)
Total of AFS debt securities	**600,034**	**1,186,855**
AFS equity securities		
Affiliates and long term securities	255,630	266,449
Other equities	272,103	289,253
Equities and other variable income securities	**527,733**	**555,702**
of which listed securities	*153,465*	*147,684*
of which unlisted securities	*374,268*	*408,018*
Impairment	(71,359)	(66,618)
Total of AFS equity securities	**456,374**	**489,084**
TOTAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1,056,408**	**1,675,939**

Movements in available-for-sale financial assets

In thousands of euros	31/03/2012	31/03/2011
At the beginning of the period	**1,675,939**	**2,116,971**
Additions	1,609,109	4,175,653
Change of scope	-	8,590
Disposals (sale and redemption)	(2,268,062)	(4,738,989)
Reclassifications and other movements	(16,499)	(14,728)
Gains/(losses) from changes in fair value	(3,300)	76,646
Impairment	(12,358)	(14,394)
Exchange differences	71,579	66,190
AT THE END OF THE PERIOD	**1,056,408**	**1,675,939**

In application of the amendments to IAS 39 and IFRS 7 adopted by the European Commission on 15 October 2008, on 1 July 2008 the Group transferred from available-for-sale financial assets to loans and receivables those financial assets to which the definition of loans and receivables would apply on the reclassification date.

On the reclassification date and on 31 March 2012, Paris Orléans had the financial capacity to keep the loans concerned to their maturity date or for the foreseeable future.

The reclassified financial assets are shown in the following table:

In thousands of euros	31/03/2012	31/03/2011
Amortised cost of reclassified loans and receivables at the beginning of the period	245,350	301,632
Impairment	(4,404)	(3,411)
Disposals (sale and redemption)	(66,101)	(63,435)
Translation differences and other movements	12,090	10,564
AMORTISED COST OF RECLASSIFIED LOANS AND RECEIVABLES AT THE END OF THE PERIOD	**186,935**	**245,350**
Fair value of financial assets reclassified at the beginning of the period	240,310	280,272
Disposals (sale and redemption)	(66,101)	(63,410)
Changes in fair value of reclassified financial assets between 1 April 2011 and 31 March 2012	(2,192)	20,488
Other movements	5,656	2,960
FAIR VALUE OF FINANCIAL ASSETS RECLASSIFIED AT THE END OF THE PERIOD	**177,673**	**240,310**

After the transfer to loans and receivables, those financial assets contributed the following amounts, after associated funding costs, to profit before tax:

In thousands of euros	31/03/2012	31/03/2011
Income interests	2,622	3,604
Impairment	(4,404)	(3,411)
Other gains and losses	(330)	(1,961)
TOTAL	**(2,112)**	**(1,768)**

NOTE 4. Loans and advances to banks

In thousands of euros	31/03/2012	31/03/2011
Interbank demand deposits and overnight loans	630,087	765,447
Interbank term deposits and loans	337,458	1,299,591
Reverse repos and loans secured by bills	691,891	630,074
Subordinated loans - banks	-	-
Total	1,659,436	2,695,112
Accrued interest	1,318	888
Loans and advances to banks - Gross amount	1,660,754	2,696,000
Allowance for credit losses and receivables to bank	-	-
AT THE END OF THE PERIOD	1,660,754	2,696,000

NOTE 5. Loans and advances to customers

In thousands of euros	31/03/2012	31/03/2011
Overdrafts on current accounts - customers	63,590	56,219
Loans to customers - retail	467,414	470,879
Loans to customers - corporate	1,247,083	1,295,935
Reverse repos and loans secured for bills	-	-
Subordinated loans - customers	-	-
Total	1,778,087	1,823,033
Accrued interest	12,335	11,445
Loans and advances to customers – Gross amount	1,790,422	1,834,478
Allowance for credit losses on loans and advances to customers	(104,719)	(114,709)
AT THE END OF THE PERIOD	1,685,703	1,719,769

Allowance for credit losses on loans and receivables

In thousands of euros	31/03/2012			31/03/2011		
	Specific provision	Collective provision	Total	Specific provision	Collective provision	Total
Allowance for credit losses on loans and advances to customers	(58,430)	(46,289)	(104,719)	(71,087)	(43,622)	(114,709)

At 31 March 2012, loans and advances to customers include finance lease receivables:

In thousands of euros	Total future receipts	Less unrecognised interest income	Present value of net finance lease assets
Up to 1 year	63,409	(10,285)	53,124
Between 1 and 5 years	97,762	(16,071)	81,691
Over 5 years	4,592	(512)	4,080
TOTAL	165,763	(26,868)	138,895

NOTE 6. Other assets

In thousands of euros	31/03/2012	31/03/2011
Guarantee deposits paid	10,513	11,443
Settlement accounts on securities transactions	96,725	68,773
Other receivable	241,926	193,019
Other assets	**349,164**	**273,235**
Dividends to allocate	-	1,445
Prepaid expenses	15,595	13,525
Accrued income	213,153	227,101
Estimated accounts	**228,748**	**242,071**
AT THE END OF THE PERIOD	**577,912**	**515,306**

NOTE 7. Investments accounted for by equity method

In thousands of euros	Les Domaines Barons de Rothschild (Lafite)	Continuation Investment NV	Rivoli Participation	Comepar	JRAC Proprietary Investments LP	Fircosoft Group	Partnerships between RCH and Rothschild & Cie Banque	Rothschild & Cie Banque	Sélection 1818	Quintus fund	St Julian's Property	Other	Total
As at 31/03/2010	**13,014**	**2,596**	**-**	**-**	**15,412**	**-**	**7,603**	**71,983**	**-**	**11,410**	**6,035**	**715**	**128,768**
of which goodwill	*1,267*	-	-	*915*	-	-	-	-	-	-	-	-	*2,182*
of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	-	-	*(915)*
Profit for the period 2009/2010	1,779	2,174	386	-	280	-	-	9,981	-	632	-	(22)	15,210
Change in percentage ownership	(14,793)	-	-	-	-	-	(7,603)	(81,964)	17,850	1,759	-	(287)	(85,038)
Exchange differences on translation	-	(207)	-	-	(1,284)	-	-	-	-	464	39	119	(869)
Shareholders' dividends	-	(1,124)	-	-	(713)	-	-	-	-	-	(349)	-	(2,186)
Gains (losses) from changes in fair value	-	(95)	-	-	-	-	-	-	-	-	-	114	19
Increase in Shareholdings	-	-	-	-	9,323	-	-	-	-	-	-	-	9,323
Other	-	(12)	10	-	-	-	-	-	-	-	424	(1)	421
As at 31/03/2011	**-**	**3,332**	**396**	**-**	**23,018**	**-**	**-**	**-**	**17,850**	**14,265**	**6,149**	**638**	**65,648**
of which goodwill	-	-	-	*915*	-	-	-	-	*9,355*	-	-	-	*10,270*
of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	-	-	*(915)*
Profit for the period 2010/2011	-	(250)	459	-	(1,833)	67	-	-	717	1,526	1,020	-	1,706
Change in percentage ownership	-	(5)	196			1,780	-	-	-	-	-	-	1,971
Exchange differences on translation	-	129	-	-	1,414	35	-	-	-	(58)	427	46	1,993
Shareholders' dividends	-	-	-	-	-	-	-	-	-	(889)	(360)	-	(1,249)
Gains (losses) from changes in fair value	-	(88)	-	-	-	-	-	-	-	-	-	62	(26)
Increase in Shareholdings	-	(2,132)	-	-	(1,495)	-	-	-	-	(3,006)	-	270	(6,363)
Impact of acquisitions and disposals on non-controlling interests	-	-	(7)	-	-	-	-	-	-	-	-	-	(7)
Other	-	61	-	-	18	145	-	-	-	-	(31)	(198)	(5)
As at 31/03/2012	**-**	**1,047**	**1,044**	**-**	**21,122**	**2,027**	**-**	**-**	**18,567**	**11,838**	**7,205**	**818**	**63,667**
of which goodwill	-	-	-	*915*	-	*1,780*	-	-	*9,355*	-	-	-	*12,050*
of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	-	-	*(915)*

Information related to associates as at 31 March 2012

In thousands of euros	Gross assets	Net banking income or net operating income	Net income
Continuation Investments NV [1]	3,051	(330)	(713)
Rivoli Participation (consolidated subgroup) [1]	12,942	12,071	1,660
Comepar (consolidated subgroup) [1]	8,596	8,049	(1,354)
JRAC Proprietary Investments LP	47,366	(10)	(3,824)
Fircosoft Group (consolidated subgroup) [1]	37,772	13,741	1,266
Sélection 1818	45,080	13,642	2,067
Quintus fund	26,911	5,974	4,904
St Julian's Property [1]	14,234	1,281	290

(1) Financial year ended 31 December 2011.

NOTE 8. Tangible fixed assets

In thousands of euros	01/04/2011	Consolidation of new subsidiaries	Additions	Disposals	Write offs	Changes in consolidation scope of the period	Depreciation charge	Exchange rate movement	Other movements	31/03/2012
Operating lands and buildings	181,056	37	21,104	(15,803)	(286)	-	-	22,408	179,589	388,105
Assets used to generate lease income	12,841		2,161	(2,734)	-	-	-	757	-	13,025
Other tangible fixed assets	251,191	37	69,663	(9,276)	(3,228)	(1)	-	7,099	(181,156)	134,329
Total tangible fixed assets - Gross amount	**445,088**	**74**	**92,928**	**(27,813)**	**(3,514)**	**(1)**	**-**	**30,264**	**(1,567)**	**535,459**
Amortisation and allowances - operating lands and buildings	(84,723)	(17)	-	10,987	281	-	(10,073)	(4,755)	50	(88,250)
Amortisation and allowances - assets used to generate lease income	(5,993)	-	-	1,819	-	-	(2,158)	(375)	-	(6,707)
Amortisation and allowances - other tangible fixed assets	(66,805)	(32)	-	8,949	2,936	-	(9,808)	(3,613)	(106)	(68,479)
Total amortisation and allowances	**(157,521)**	**(49)**	**-**	**21,755**	**3,217**	**-**	**(22,039)**	**(8,743)**	**(56)**	**(163,436)**
TOTAL TANGIBLE FIXED ASSETS - NET AMOUNT	**287,567**	**25**	**92,928**	**(6,058)**	**(297)**	**(1)**	**(22,039)**	**21,521**	**(1,623)**	**372,023**

NOTE 9. Intangible fixed assets

In thousands of euros	01/04/2011	Change of scope	Additions	Disposals	Write offs	Changes in consolidation scope of the period	Depreciation charge	Exchange rate movement	Other movements	31/03/2012
Intangible fixed assets - Gross amount	214,065	-	1,546	(164)	(36)	9,283	-	687	2	225,383
Amortisation and allowances - Intangible fixed assets	(26,835)	-	-	164	14	-	(7,843)	(81)	1	(34,580)
TOTAL INTANGIBLE FIXED ASSETS - NET AMOUNT	**187,230**	**-**	**1,546**	**-**	**(22)**	**9,283**	**(7,843)**	**606**	**3**	**190,803**

NOTE 10. Goodwill

In thousands of euros	Rothschild & Cie Banque	Concordia Holding	Total
Gross amount as at 31/03/2011	**43,207**	**60,367**	**103,574**
Additions	682	-	682
Disposal and other decreasings	-	-	-
Translation difference and other movements	-	54	54
Gross amount as at 31/03/2012	**43,889**	**60,421**	**104,310**
Accumulated impairment	-	-	-
NET AMOUNT AS AT 31/03/2012	**43,889**	**60,421**	**104,310**

As at 31 March 2012, the Group performed an annual impairment test for each of the cash generating units to which goodwill has been allocated.

The recoverable amount of cash generating units was calculated based on multiple criteria: stock-market multiples, deal multiples and discounted future cash flows for Concordia Holding and, in the case of Rothschild & Cie Banque, an external and independent valuation based on multiple criteria.

The cash flows used for the calculation of discounted cash flows for Concordia Holding correspond to the consolidated net profit after tax and were determined using a business plan based on projected budgets for the next five years.

The growth rate used in perpetuity for the valuation of Concordia Holding is 2% while the discount rate applied to future cash flows was 11%.

At 31 March 2012, the recoverable amount of the cash generating units was higher than their carrying amount. The Group did not therefore record any goodwill impairment in this respect.

The sensitivity tests showed that:

- an increase of more than 5% in the discount rate would not result in impairment of goodwill in respect of Concordia Holding,
- a 10% fall in the value of Rothschild & Cie Banque would not result in impairment of the goodwill allocated to this CGU.

NOTE 11. Due to banks

In thousands of euros	31/03/2012	31/03/2011
Interbank demand deposits and overnight	77,123	259,979
Interbank term deposits and borrowings	263,476	183,696
Borrowings secured by repurchase agreement	-	47,174
Due to banks	**340,599**	**490,849**
Accrued interest	3,424	3,875
AT THE END OF THE PERIOD	**344,023**	**494,724**

NOTE 12. Due to customers

In thousands of euros	31/03/2012	31/03/2011
Customer demand	3,315,021	2,312,389
Term deposits - customers	1,895,022	1,984,260
Borrowings secured by bills	376,610	442,158
Customer deposits	**5,586,653**	**4,738,807**
Accrued interest	32,406	30,380
AT THE END OF THE PERIOD	**5,619,059**	**4,769,187**

NOTE 13. Debt securities in issue

In thousands of euros	31/03/2012	31/03/2011
Securities with a short term maturity	101,600	107,270
Securities with a medium term maturity	70,001	415,480
Securities with a long term maturity and bonds	-	-
Debt securities in issue	**171,601**	**522,750**
Accrued interest	3,594	1,811
AT THE END OF THE PERIOD	**175,195**	**524,561**

Medium term debt securities have been issued under a Euro Medium Term Note Programme in the United Kingdom. These securities were issued with variable interest rates and had residual maturities ranging at less than one month at 31 March 2012 (against 6 and 13 months at 31 March 2011). Short-term debt securities correspond to certificates of deposit issued with fixed interest rates and which had a maturity of less than one month at 31 March 2012.

NOTE 14. Other liabilities, accruals and deferred income

In thousands of euros	31/03/2012	31/03/2011
Settlement accounts on securities transactions	105,455	79,309
Accounts payable	56,378	115,592
Sundry creditors	83,687	173,177
Other liabilities	**245,520**	**368,078**
Due to employees	381,085	318,666
Other accrued expenses and deferred income	88,787	77,047
Estimated accounts	**469,872**	**395,713**
AT THE END OF THE PERIOD	**715,392**	**763,791**

NOTE 15. Provisions

In thousands of euros	01/04/2011	Charge	Reversal	Discounting	Exchange rate movement	Other movements	31/03/2012
Allowance for counterparty risk	1,477	770	-	-	7	10	2,264
Provision for claims or litigation	1,421	3,643	(915)	-	44	(81)	4,112
Reinstatement provisions	12,126	-	(12,437)	788	661	1,052	2,190
Vacant property provisions	19,125	(44)	(20,257)	-	1,096	1,519	1,439
Retirement benefit provisions	103,006	-	-	-	-	68,226	171,232
Other provision	1,599	3,161	(101)	-	11	92	4,762
TOTAL	**138,754**	**7,530**	**(33,710)**	**788**	**1,819**	**70,818**	**185,999**

NOTE 16. Subordinated debt

In thousands of euros	31/03/2012	31/03/2011
Perpetual Floating Rate Subordinated Notes - 2015 (US$39 million)	29,262	27,466
Subordinated debt	**29,262**	**27,466**
Accrued interest	59	41
AT THE END OF THE PERIOD	**29,321**	**27,507**

NOTE 17. Impairments

Changes in the impairment of assets can be analysed as follows:

In thousands of euros	01/04/2011	Charge	Reversal	Written off	Exchange rate movement and other movements	31/03/2012
Loans and advances to customers	(114,709)	(19,089)	543	38,889	(10,353)	(104,719)
Available-for-sale financial assets	(170,854)	(18,279)	2,890	55,851	(2,834)	(133,226)
Other assets	(14,184)	(4,790)	1,481	5,279	(831)	(13,045)
TOTAL	**(299,747)**	**(42,158)**	**4,914**	**100,019**	**(14,018)**	**(250,990)**

NOTE 18. Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method.

The movement on the deferred tax account is as follows:

In thousands of euros	31/03/2012	31/03/2011
Deferred tax assets at the beginning of the period	**102,880**	**127,622**
Deferred tax liabilities at the beginning of the period	**61,492**	**54,369**
NET AMOUNT (AT THE BEGINNING OF THE PERIOD)	**41,388**	**73,253**
Change of scope	-	(6,855)
Recognised in income statement		
Income statement credit	(6,918)	(7,136)
Recognised in equity		
Defined benefit pension arrangements	15,215	(11,528)
Available for sale financial assets	2,768	(5,952)
Cash flow hedges	4,844	(1,145)
Impact of scope changes	8,478	(166)
Derecognition of joint venture	(123)	(13)
Payments/(Refunds)	(1,392)	(174)
Exchange differences	4,777	281
Other	81	823
NET AMOUNT (AT THE END OF THE PERIOD)	**69,118**	**41,388**
Deferred tax assets at the end of the period	**125,660**	**102,880**
Deferred tax liabilities at the end of the period	**56,542**	**61,492**

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

In thousands of euros	31/03/2012	31/03/2011
Accelerated tax depreciation	12,802	12,041
Deferred profit share arrangements	36,078	38,519
Defined benefit pension liabilities	31,638	18,180
Available-for-sale financial assets	16,855	18,396
Cash flow hedges	4,442	(147)
Losses carried forward	19,730	9,466
Provisions	1,965	2,197
Other temporary differences	2,150	4,228
DEFERRED TAX NET ASSETS AT THE END OF THE PERIOD	125,660	102,880

As at 31 March 2012, the Group's main banking subsidiary NMR recognised deferred tax assets corresponding to losses carried forward.

At the end of the financial year, the Paris Orléans assessed the recovery of these deficits as probable. Estimated profit projections were established for this subsidiary in 31 March 2012, based on the most recent revenue projections; these showed that NMR's operations should generate sufficient taxable profits to absorb its carried forward losses over a period of four or five years.

In the United States and Asia, reported losses have not yet given rise to the recognition of deferred tax assets at 31 March 2012.

In thousands of euros	31/03/2012	31/03/2011
Defined benefit pension liabilities	39	(23)
Available-for-sale financial assets	26,945	29,698
Other temporary differences	29,558	31,817
DEFERRED TAX NET LIABILITIES AT THE END OF THE PERIOD	56,542	61,492

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off and the balance relates to income tax levied by the same tax authority on the same taxable entity. There must also be the intention and the will to settle on a net basis or to realise the assets and liabilities simultaneously.

The deferred tax expense/(income) in the income statement comprises the following temporary differences:

In thousands of euros	31/03/2012	31/03/2011
Accelerated tax depreciation	(67)	205
Defined benefit pension liabilities	3,207	2,504
Allowances for loan losses	289	317
Tax losses carried forward	(378)	(3,837)
Due to staff cost	3,694	14,873
Deferred profit share arrangements	-	-
Available-for-sale financial assets	(214)	(2,830)
Other temporary differences	387	(4,096)
INCOME TAX EXPENSES OF THE PERIOD	6,918	7,136

VI. Notes to the Income statement

NOTE 19. Net interest income

Interest income

In thousands of euros	31/03/2012	31/03/2011
Interest income - loans to banks	23,485	18,034
Interest income - loans to customers	75,779	79,184
Interest income - instruments available for sale	24,530	32,464
Interest income - derivatives	23,860	32,563
Interest income - other financials assets	1,581	4,061
TOTAL	**149,235**	**166,306**

As at 31 March 2012, interest income inclued €7.9 million in respect of interest income accrued on impaired financial assets (€7.0 million at 31 March 2011).

Interest expense

In thousands of euros	31/03/2012	31/03/2011
Interest expense - loans to banks	(7,868)	(10,728)
Interest expense - loans to customers	(54,788)	(54,846)
Interest expense - debt securities in issue	(7,195)	(7,871)
Interest expense - subordinated borrowings	(235)	(345)
Interest expense - derivatives	(21,151)	(29,051)
Interest expense - other financials assets	(3,397)	(1,833)
TOTAL	**(94,634)**	**(104,674)**

NOTE 20. Net fee and commission income

Fee and commission income

In thousands of euros	31/03/2012	31/03/2011
Fees for advisory work and other services	719,126	786,870
Portfolio and other management fees	284,312	317,239
Banking and credit-related fees and commissions	2,384	4,866
Other fees	19,629	40,841
TOTAL	**1,025,451**	**1,149,816**

Charges de commissions

In thousands of euros	31/03/2012	31/03/2011
Fees for advisory work and other services	(10,356)	(18,800)
Portfolio and other management fees	(33,739)	(57,186)
Banking and credit-related fees and commissions	(222)	(623)
Other fees	(3,667)	(9,002)
TOTAL	**(47,984)**	**(85,611)**

NOTE 21. Net gains/(losses) on financial instruments at fair value through profit or loss

In thousands of euros	31/03/2012	31/03/2011
Net income - debt securities and related derivatives - trading	1,061	849
Net income - equities securities and related derivatives - trading	(269)	6,207
Net income - forex operations	28,981	25,896
Net income - other trading operations	1,891	10,322
Net income - financial instruments designated at fair value through profit or loss	3,005	5,131
Net income - hedging derivatives	(260)	(106)
TOTAL	**34,409**	**48,299**

During the year ended 31 March 2012, the net income on other trading operations comprises a gain of €2.2 million (against a loss of €10.3 million at 31 March 2011) relating to changes in the fair value of credit derivatives embedded into synthetic CDOs (Collateralised Debt Obligations) held in the portfolio of available-for-sale assets. Synthetic CDOs are hybrid fixed-income instruments composed of a host contract the debt portion of the instrument, and an embedded derivative in the form of a credit derivative, changes in the fair value of which are recognised in the income statement.

As well as the gains and losses on embedded derivatives, gains and losses on financial instruments at fair value through profit and loss include the changes in fair value (excluding accrued interest) of financial instruments held in the trading portfolio and classified as financial instruments designated at fair value through profit and loss by option. These also include gains and losses on hedging transactions, foreign exchange gains and losses and gains or losses arising from the ineffectiveness of hedging instruments.

In thousands of euros	31/03/2012	31/03/2011
Increase in the fair value of hedging instruments	19,787	7,509
Decrease in fair value of hedged instruments	(20,047)	(7,615)

NOTE 22. Net gains/(losses) on available-for-sale financial assets

In thousands of euros	31/03/2012	31/03/2011
Gains or losses on sales of long term securities	34,683	11,758
Impairment losses on long term securities	(6,474)	(3,073)
Gains or losses on sales of other available-for-sale financial assets	24,037	15,154
Impairment losses on other available-for-sale financial assets	(2,551)	(14,310)
Available-for-sale dividend income	15,352	19,643
TOTAL	**65,047**	**29,172**

NOTE 23. Net income from other activities

Income from other activities

In thousands of euros	31/03/2012	31/03/2011
Income from leasing	11,418	11,960
Other income	2,859	5,239
TOTAL	**14,277**	**17,199**

Expense on other activities

In thousands of euros	31/03/2012	31/03/2011
Investment property	(2)	(3)
Expenses from assets used to generate lease income	(5,479)	(5,716)
Other expenses	(465)	(184)
TOTAL	**(5,946)**	**(5,903)**

NOTE 24. Operating expenses

In thousands of euros	31/03/2012	31/03/2011
Staff costs	(686,434)	(718,932)
Administrative expenses	(228,529)	(229,054)
TOTAL	**(914,963)**	**(947,986)**

NOTE 25. Amortisation, depreciation and impairment of tangible and intangible fixed assets

In thousands of euros	31/03/2012	31/03/2011
Depreciation and amortisation		
Amortisation of intangible assets	(7,844)	(7,115)
Depreciation of tangible assets	(19,594)	(15,836)
Impairment allowance expense		
Impairment allowance on intangible assets	(1)	-
Impairment allowance on tangible assets	(285)	(446)
TOTAL	**(27,724)**	**(23,397)**

NOTE 26. Impairment of debt and provisions for counterparty risk

In thousands of euros	Impairment	Impairment written back	Irrecoverable loans	Recovered loans	31/03/2012	31/03/2011
Loans and receivables	(19,089)	35,713	(35,171)	4,412	(14,135)	2,218
Debt securities	(9,288)	53,389	(50,552)	541	(5,910)	(12,665)
Other	(7,091)	6,779	(5,910)	29	(6,193)	(3,228)
TOTAL	**(35,468)**	**95,881**	**(91,633)**	**4,982**	**(26,238)**	**(13,675)**

NOTE 27. Net income/(expense) from other assets

In thousands of euros	31/03/2012	31/03/2011
Gains on sales of tangible or intangible assets	102	706
Gain on sale of associates	784	27,822
Remeasurement gains on interests in equity-accounted companies	-	42,371
TOTAL	**886**	**70,899**

At 31 March 2011, net gains and losses on other assets comprised €10.2 million in income from the revaluation of the share of own capital still held in Selection 1818 and €32.2 million from revaluation of the Group's share of the capital of Rothschild & Cie Banque prior to its full consolidation within the Paris Orléans group.

NOTE 28. Income tax expense

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

Current tax

In thousands of euros	31/03/2012	31/03/2011
Tax charges for the current period	24,520	39,303
Prior year adjustments	(933)	45
Overseas tax	-	-
Relief for double taxation	-	-
Prior year losses utilised	22	-
Unrecoverable dividend withholding tax	705	268
Other	772	(371)
TOTAL	**25,086**	**39,245**

Deferred tax

In thousands of euros	31/03/2012	31/03/2011
Temporary differences	4,285	7,242
Prior year losses utilised	-	-
Changes in tax rates	2,845	2,970
Prior year adjustment	(2,310)	(1,314)
Other	2,098	(1,762)
TOTAL	**6,918**	**7,136**

Reconciliation of the tax charge

In thousands of euros	Base	Tax at 33⅓%
Net income	**141,518**	
Reconciling items		
Income (loss)of companies accounted for by the equity method	(1,706)	
Corporate income tax	32,004	
Income of consolidated companies before tax	**171,816**	**57,266**
Consolidation adjustements (deferred tax, fair value adjustements, provisions and reversals of provisions for impairment, other)		1,327
Losses to be carried forward		8,168
Taxation differences (French social contribution, long-term capital gains tax, venture capital companies, foreign tax rate)		(33,849)
Disposal activity		-
Permanent differences		5,672
Temporary differences and other		(6,579)
Tax on consolidated companies		**32,004**
Effective tax rate		
Net income - Group share	37,172	
Non-controlling interests	104,346	
Corporate income tax	32,004	
GROSS INCOME	**173,522**	
Effective tax rate	**18.44%**	

In 2010/2011, the group effective tax rate was 14.69%.

NOTE 29. Commitments given and received

Commitments given

In thousands of euros	31/03/2012	31/03/2011
Loan commitments	**117,337**	**75,979**
Given to banks	-	-
Given to customers	117,337	75,979
Guarantee commitments	**82,050**	**101,237**
Given to banks	28,390	46,633
Given to customers	53,660	54,604
Other commitments	**349,001**	**393,520**
Underwriting commitments	81,124	82,849
Other commitments given	267,877	310,671

Commitments received

In thousands of euros	31/03/2012	31/03/2011
Loan commitments	**14,584**	**85,573**
Received from banks	14,584	85,573
Received from customers	-	-
Guarantee commitments	**57,581**	**115,291**
Received from banks	-	77
Received from customers	57,581	115,214
Other commitments	**9,300**	**28,449**
Other commitments received	9,300	28,449

A system of deferred remuneration has been set in place at several entities throughout the Group. As of 31 March 2012, other commitments given include €53.7 million in respect of commitments to employees in connection with deferred remuneration, which has not yet been accrued in the balance sheet. This will be paid to them on condition that they are still effectively employed by the Group on each anniversary date (€59.9 million as at 31 March 2011).

Operating lease commitments

In thousands of euros	31/03/2012		31/03/2011	
	Land and building	Other	Land and building	Other
Up to 1 year	17,506	362	23,017	462
Between 1 and 5 years	45,128	659	62,574	493
Over 5 years	32,024	34	40,809	-
TOTAL	**94,658**	**1,055**	**126,400**	**955**

NOTE 30. Earnings per share

As at 31 March 2012, Paris Orléans' share capital comprised 32,370,547 shares and 145,040 investment certificates with a par value of €2 each.

The maturing of a minority put option granted by Rothschild Concordia AG to Rabo Bank brought Rabo Bank's holding in RCH to 7.5% from 30 September 2011. This brought the percentage of interest down from 57.95% to 50.26% for RCH and from 97.60% to 97.17% for Paris Orléans and its direct subsidiaries.

At the end of the year, the shares held by Group companies in other Group companies or in Paris Orléans resulted in the consolidating entity holding 97.19% of its own capital.

These shareholdings were as follows:

- 3.47% of RCH (Rothschilds Continuation Holdings AG) held by ESOP (ESOP Services AG);
- 8.95% of RCAG (Rothschild Concordia AG) held by RHAG (Rothschild Holding AG);
- 5.54% of Paris Orléans held by NMR (NM Rothschild & Sons Limited);
- lastly, treasury shares held by Paris Orléans corresponding to 2.20% of the capital in the form of 47,400 shares assigned to a liquidity contract in order to improve the share's liquidity, regulate the share price and avoid unjustified differences between market price and fair value.

After adjustment for treasury shares, the weighted average number of shares in issue during the year was 29,913,953 shares.

Earnings per share are calculated by dividing Group share of net income by the weighted average number of ordinary shares in issue during the year. There are no instruments that could in the future dilute the capital (share warrants, etc.). Therefore, diluted earnings per share are the same as basic earnings per share.

Earning per share (Group share) for the year ended 31 March 2012 came to €1.24 against €3.48 last year. As there were no gains or losses on activities discontinued or held for sale, the earnings per share on continuing activities is the same as earnings per share.

NOTE 31. Liquidity contract

In 2008, Paris Orléans entered into a liquidity contract with Rothschild et Cie Banque in order to improve the share's liquidity, regulate the share price and avoid unjustified differences between market price and fair value.

When this contract was put in place, 150,000 Paris Orléans shares were made available to the liquidity manager. At 31 March 2012, the liquidity available to the liquidity manager amounted to €5.9 million.

At 31 March 2012, the shares contracted through the liquidity contract amounted to 47,400 Paris Orléans shares.

NOTE 32. Net cash and cash equivalent

For the purposes of drawing up the cash flow statement, the "cash and cash equivalents" item is analysed as follows:

In thousands of euros	31/03/2012	31/03/2011
Cash accounts and accounts with central banks and post offices (assets)	2,812,774	968,299
Accounts (assets) and call loans/borrowings with banks	656,613	765,448
Cash equivalents (UCITS)	98,022	135,275
Cash accounts, accounts with central banks and post offices, loans/borrowings with banks (liabilities)	(77,128)	(265,130)
TOTAL	3,490,281	1,603,892

Cash equivalents are classified as level 1 for fair value measurement purposes, i.e. they are financial instruments listed on active markets and their prices are not adjusted.

NOTE 33. Related parties

In thousands of euros	31/03/2012			31/03/2011		
	Companies accounted for by the equity method	Main Directors of the entity or of the parent company	Other related parties	Companies accounted for by the equity method	Main Directors of the entity or of the parent company	Other related parties
Assets						
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	-	29,731	35	-	18,158	-
Other assets	-	-	19,201	1,790	75	22,059
TOTAL	-	29,731	19,236	1,790	18,233	22,059
Liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	8,127	9,991	40,971	101	24,084	4
Debt securities in issue	-	-	-	-	-	-
Other liabilities	995	-	132	1,335	-	-
TOTAL	9,122	9,991	41,103	1,436	24,084	4
Loan and guarantee commitments						
Loan commitments given	-	-	-	1,000	-	-
Guarantee commitments given	-	6,774	-	-	18,311	-
Loan commitments received	-	-	-	-	-	-
Guarantee commitments received	-	-	-	-	-	-
TOTAL	-	6,774	-	1,000	18,311	-
Realised operating income from transactions with related parties						
Interest received	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-
Commissions received	-	-	-	-	-	-
Commissions paid	(2,190)	-	-	-	-	-
Other income	1,109	-	657	25	111	3
TOTAL	(1,081)	-	657	25	111	3
Other expenses	(444)	-	(16)	(418)	-	-
TOTAL	(444)	-	(16)	(418)	-	-

NOTE 34. Fees to statutory auditors

	Cailliau Dedouit et Associés				KPMG Audit			
	2011/2012		2010/2011		2011/2012		2010/2011	
	In thousands of euros	*%*	*In thousands of euros*	*%*	*In thousands of euros*	*%*	*In thousands of euros*	*%*
Audit								
Fees related to statutory audit, certification, examination of:								
Paris Orléans (parent company)	171	45%	159	51%	171	5%	159	4%
Subsidiaries fully consolidated	177	47%	138	44%	2,687	82%	2,463	68%
Fees related to audit services and related assignment								
Paris Orléans (parent company)	28	8%	17	5%	3	-	345	10%
Subsidiaries fully consolidated	-	-	1	-	-	-	7	-
Sub-total	376	100%	315	100%	2,861	87%	2,974	82%
Other benefits from the network of consolidated subsidiaries								
Law, tax, social	-	-	-	-	218	7%	363	10%
Other	-	-	-	-	182	6%	279	8%
Sub-total	-	-	-	-	400	13%	642	18%
TOTAL	376	100%	315	100%	3,261	100%	3,616	100%

NOTE 35. Transactions with Directors of the Company

For the Group as a whole, (Paris Orléans, companies controlled by Paris Orléans or which control it), members of the Management and Supervisory Boards received the following remuneration in 2011/2012:

In thousands of euros

Fixed remuneration	1,059.2
Variable remuneration	1,893.8
Directors' fees	93.8
Payments in kind	19.8
TOTAL SHORT-TERM BENEFITS	3,066,6

In respect of incentive payment and also of Company's premiums relating to employee savings scheme, it is specified that €17,400 have been received for the 2011/2012 financial year.

In addition, in respect of retirement and similar commitments (Note 36), Paris Orléans has not been set the capital to be set aside in favour of some corporate officers in connection with the supplementary retirement.

No other long-term benefits were granted to Directors. Corporate officers did not benefit from payments in shares in respect of 2011/2012 and no severance benefits were provided for termination of work contracts.

NOTE 36. Retirement benefit obligations

Defined benefit post-employment benefits and other post-employment benefit

The Group supports various pension schemes for the directors and employees of operating subsidiaries. Where material, these are described below.

Arrangements specific to the subgroup Concordia Holding

Costs in relation to the following schemes have been recognised through the income statement during this financial year:

The NMR Pension Fund (NMRP) is operated by NM Rothschild & Sons Limited for the benefit of employees of certain Rothschild group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in April 2003, and a defined contribution scheme, established with effect from April 2003.

The NMR Overseas Pension Fund (NMROP) is a defined benefit scheme operated for the benefit of employees of certain Rothschild group companies outside the United Kingdom.

The latest formal actuarial valuations of the NMRP and the NMROP have been updated to 31 March 2010 and 31 March 2009 and they have been updated for IAS 19 purposes at 31 March 2011 by qualified independant activities. As required by IAS 19, the value of the defined benefit obligation and current service cost have been measured using the projected unit credit method.

Rothschild North America Inc. maintains an unfunded qualified non-contributory defined benefit pension plan and other pension agreements constituting retirement benefit obligations covering designated employees (RNAP). Neither the plan nor the pension agreements provide for health or other benefits for employees or retirees.

Rothschild Bank AG, Zurich (RBZ), operates a pension scheme for the benefit of employees of certain Rothschild group employees in Switzerland (RBZP). This scheme has been set up on the basis of the Swiss method of defined contributions but does not fulfil all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the pension plan is disclosed as a defined benefit pension plan. The pension obligations are covered through pension plan assets of the pension fund "Pensionskasse der Rothschild Bank AG". The organization, management and financing of the pension plan comply with the legal requirements and the foundation charter. Current employees and pensioners (former employees or their survivors) receive statutorily determined benefits upon leaving the company or retiring as well as in the event of death or invalidity. These benefits are financed through statutorily determined employer and employee contributions.

Certain companies in the Group have unfunded obligations in respect of pensions and other post-employment benefits.

The principal actuarial assumptions used as at the balance sheet date were as follows:

	31/03/2012			31/03/2011		
	NMRP & NMROP	RBZP	RNAP	NMRP & NMROP	RBZP	RNAP
Discount rate	4.8%	2.4%	2.5%	5.5%	2.7%	4.1%
Retail price inflation	3.3%	-	-	3.5%	-	-
Consumer price inflation	2.3%	-	-	2.8%	-	-
Expected return on plan assets	6.4%	3.3%	-	6.8%	3.5%	-
Expected rate of salary increases	4.3%	1.0%	-	4.5%	1.5%	-
Expected rate of pensions increases in payment:	-	-	-	-	0.3%	-
Capped at 5.0%	*3.2%*	-	-	*3.4%*	-	-
Capped at 2.5%	*2.2%*	-	-	*2.3%*	-	-
Male pensioner aged 60	27.8	23.8	23.5	27.8	21.3	17.0
Female pensioner aged 60	28.5	26.4	25.7	29.3	24.3	21.0
Male pensioner aged 60 in 20 years time	29.4	-	-	28.4	-	-
Female pensioner aged 60 in 20 years time	29.3	-	-	29.2	-	-

Amounts recognised in the balance sheet at 31 March 2012

In thousands of euros	NMRP & NMROP	RBZP	RNAP	Other	31/03/2012
Present value of funded obligations	753,366	174,607	-	-	927,973
Fair value of plan assets	(634,419)	(172,104)	-	-	(806,523)
Sub-total	**118,947**	**2,503**	**-**	**-**	**121,450**
Present value of unfunded obligations	-	-	35,051	9,368	44,419
Total (recognised and unrecognised)	**118,947**	**2,503**	**35,051**	**9,368**	**165,869**
Unrecognised plan assets	-	5,283	-	-	5,283
Total (recognised)	**118,947**	**7,786**	**35,051**	**9,368**	**171,152**
LIABILITY	**118,947**	**7,786**	**35,051**	**9,368**	**171,152**
ASSET	**-**	**-**	**-**	**-**	**-**

Amounts recognised in the balance sheet at 31 March 2011

In thousands of euros	NMRP & NMROP	RBZP	RNAP	Other	31/03/2011
Present value of funded obligations	625,915	164,142	-	-	790,057
Fair value of plan assets	(571,112)	(160,007)	-	-	(731,119)
Sub-total	**54,803**	**4,135**	**-**	**-**	**58,938**
Present value of unfunded obligations	-	-	31,450	8,518	39,968
Total (recognised and unrecognised)	**54,803**	**4,135**	**31,450**	**8,518**	**98,906**
Unrecognised plan assets	-	1,378	-	-	1,378
Total (recognised)	**54,803**	**5,513**	**31,450**	**8,518**	**100,284**
LIABILITY	**54,803**	**8,155**	**31,450**	**8,518**	**102,926**
ASSET	**-**	**2,642**	**-**	**-**	**2,642**

Changes in the assets of non-recognised plans are recognised through retained earnings.

Movement in defined benefit obligation

In thousands of euros	31/03/2012	31/03/2011
At the beginning of the period	**830,025**	**807,575**
Current service cost net of contribution paid by other plan participants	12,534	13,654
Interest cost	41,118	43,152
Actuarial losses/(gains) through equity	68,175	(19,708)
Benefits paid	(37,023)	(29,424)
Past service costs	818	(2,943)
Settlements	(211)	-
Exchange and other adjustments	56,956	17,719
AT THE END OF THE PERIOD	**972,392**	**830,025**

Movement in plan assets

In thousands of euros	31/03/2012	31/03/2011
At the beginning of the period	**731,119**	**663,103**
Expected return on plan assets	42,293	41,516
Actuarial losses/(gains) through equity	(13,910)	9,055
Contributions by the Group	32,503	25,375
Benefits paid	(34,601)	(25,281)
Exchange and other adjustments	49,119	17,351
AT THE END OF THE PERIOD	**806,523**	**731,119**

At 31 March 2012, the major categories of plan assets as a percentage of total plan assets are as follows:

In %	31/03/2012			31/03/2011		
	NMRP	NMROP	RBZP	NMRP	NMROP	RBZP
Equities	34%	49%	20%	NMROP	54%	21%
Bonds	15%	14%	45%	RBZP	13%	52%
Cash	23%	24%	13%	21%	27%	10%
Hedge funds and private equity	28%	13%	20%	22%	5%	15%
Property and others	-	-	3%	1%	1%	2%

The actual return on plan assets in the year was a profit of €28.4 million (€50.6 million at 31 March 2011). The expected rate of return is derived from the weighted average of the long-term expected rates of return on the asset classes in the Trustees' intended long-term investment strategies. A deduction is then made from the expected return on assets for the expenses incurred in running the schemes.

Amounts recognised in the income statement relating to defined benefit post-employment plans

In thousands of euros	31/03/2012	31/03/2011
Current service cost (net of contributions paid by other plan participants)	12,534	13,654
Interest cost	41,118	43,152
Expected return on plan assets	(42,293)	(41,516)
Past service cost	818	(2,943)
(Gains)/losses on curtailment or settlement	(211)	-
TOTAL (INCLUDED IN THE STAFF CHARGES)	**11,966**	**12,347**

The experience adjustments arising on the plan assets and liabilities were as follows:

In thousands of euros	31/03/2012	31/03/2011
Actual less expected return on assets	(13,910)	9,055
Experience gains and (losses) arising on liabilities	(6,152)	(5,695)

Amounts recognised in statement of comprehensive income

In thousands of euros	31/03/2012	31/03/2011
Actuarial gains/(losses) recognised in the year	(82,085)	28,763
Cumulative actuarial losses recognised in the statement of comprehensive income	(174,402)	(92,317)

Arrangements specific to Paris Orléans

At 31 March 2012, Paris Orléans no longer has any commitments in relation to additional retirement benefits for its employees. Commitment previously applied to certain executives which guaranted them an additional annual retirement allowance equal to 20% of the average of the gross salaries during the last three full years of work at the company.

The rights only vested when the participant left the company to retire, provided that he met the following conditions at the time: had a reference salary higher than four times the Social Security limit, had at least 5 years' length of service and was at least 60 years old. This benefit ceased during 2009.

Defined contribution schemes

During the financial year, cost of retirement benefit obligation is recognised through profit and loss as follows:

In thousands of euros	2011/2012	2010/2011
Social security charges and payroll taxes	62,204	63,039
Retirement expenses - defined benefit plans	15,712	14,452
AT THE END OF THE PERIOD	**77,916**	**77,491**

NOTE 37. Segmented information

Segmental split by business

In thousands of euros	Global Financial Advisory and Specialist Finance	Wealth Management and Asset Management	Private Equity	Intersegment eliminations	31/03/2012
Income					
External sales	768,123	293,260	78,472	-	1,139,855
Intersegment revenues	7,350	1,503	31	(8,884)	-
Net banking income	**775,473**	**294,763**	**78,503**	**(8,884)**	**1,139,855**
Operating income by segment before non analysed expenses	300,442	98,444	47,281	(8,884)	437,283
Expenses not analysed					(266,353)
Operating income					**170,930**
Results of companies accounted for by the equity method	1,526	1,739	(1,559)	-	1,706
Net gains or (losses) on other assets	1,385	(695)	196	-	886
Taxes					(32,004)
CONSOLIDATED NET INCOME					141,518

Segmental split by geography

In thousands of euros	France	United Kingdom and Channel Islands	Switzerland	Americas	Asia and Australia	Other	Intersegment eliminations	31/03/2012
Net banking income	332,678	340,573	98,890	157,213	67,612	142,889	-	1,139,855

Segmental split by business

In thousands of euros	Global Financial Advisory and Specialist Finance	Wealth Management and Asset Management	Private Equity	Intersegment eliminations	31/03/2011
Income					
External sales	848,216	309,194	57,194	-	1,214,604
Intersegment revenues	18,014	1,164	(1,717)	(17,461)	-
Net banking income	**866,230**	**310,358**	**55,477**	**(17,461)**	**1,214,604**
Operating income by segment before non analysed expenses	460,057	100,425	18,596	(17,681)	561,397
Expenses not analysed					(331,851)
Operating income					**229,546**
Results of companies accounted for by the equity method	6,148	4,398	4,664	-	15,210
Net gains or (losses) on other assets	23,183	29,649	18,067	-	70,899
Taxes					(46,381)
CONSOLIDATED NET INCOME					269,274

Segmental split by geography

In thousands of euros	France	United Kingdom and Channel Islands	Switzerland	Americas	Asia and Australia	Other	Intersegment eliminations	31/03/2011
Net banking income	358,787	327,902	144,335	180,534	83,648	119,398	-	1,214,604

At 31 March 2011, net banking income generated by the Swiss operations included €36 million generated in the UK and Channel Islands, €8 million in other European countries and €3 million in America.

NOTE 38. Consolidation scope

Company names	Country of activity	2011/2012		2010/2011		Consolidation method[1]	
		% of control	% of interest	% of control	% of interest	2011/2012	2010/2011
GLOBAL FINANCIAL ADVISORY AND SPECIALIST FINANCE							
338 East LLC	United States	100.00	50.27	100.00	57.95	FC	FC
Arrow Capital Pty Limited	Australia	100.00	50.27	100.00	57.95	FC	FC
Arrow Custodians Pty Limited	Australia	-	-	100.00	57.95	-	FC
Arrow Hawthorn Pty Limited	Australia	100.00	50.27	100.00	57.95	FC	FC
Arrow Investment Pty Limited	Australia	100.00	50.27	100.00	57.95	FC	FC
Capital Professions Finance Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Charter Oak Group Limited	United States	100.00	50.27	100.00	57.95	FC	FC
Concordia Holding Sàrl	France	100.00	97.19	100.00	97.60	FC	FC
Continuation Computers Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Elgin Capital Services Limited	United Kingdom	100.00	50.27	-	-	FC	-
Elgin Capital LLP	United Kingdom	100.00	50.27	-	-	FC	-
Elsinore Part. e Serv. Ltda.	Brazil	100.00	50.27	100.00	57.95	FC	FC
ESOP Services AG	Switzerland	100.00	92.70	100.00	92.70	FC	FC
FDR Finance	France	-	-	100.00	8.54	-	FC
Fineline Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Fineline Media Finance Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Capital Markets LLC	United States	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Films Pty Limited	Australia	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Finance Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Five Arrows International Holdings Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Leasing Group Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Leasing Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Leasing Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Management Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
GIE Rothschild	France	100.00	8.51	100.00	8.54	FC	FC
Guernsey Loan Asset Securitisation Scheme Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
International Property Finance (Spain) Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Jofran Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Jofran NV	Netherlands Antilles	-	-	100.00	57.95	-	FC
Lanebridge Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Lanebridge Investment Management Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Lease Portfolio Management Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
LF Rothschild Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
Maison (CI) Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Marinada NV	Netherlands Antilles	-	-	100.00	57.95	-	FC
Marplace (No 480) Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC

Company names	Country of activity	2011/2012		2010/2011		Consolidation method [1]	
		% of control	% of interest	% of control	% of interest	2011/2012	2010/2011
MBCA Finance Private Limited	Zimbabwe	-	-	4.33	2.51	-	EM
MBCA Holdings Limited	Zimbabwe	3.30	1.66	75.35	1.89	EM	EM
MBCA Limited	Zimbabwe	100.00	1.66	100.00	57.95	EM	EM
Mustang Capital Partners Inc.	Canada	100.00	50.27	100.00	57.95	FC	FC
N M Rothschild & Sons (Denver) Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
N M Rothschild Banking Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
N M Rothschild Corporate Finance Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
N M Rothschild Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
NC Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
NC Participations NV	Netherlands Antilles	100.00	50.27	100.00	57.95	FC	FC
NCCF Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
NCPS Holdings Limited	Channel Islands	-	-	100.00	57.95	-	FC
New Court Nominees Private Limited	Singapore	100.00	50.27	100.00	57.95	FC	FC
New Court Property Services	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
New Court Securities Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
NM Rothschild & Sons (Asia) NV	Netherlands Antilles	100.00	50.27	100.00	57.95	FC	FC
NM Rothschild & Sons (Brasil) Limiteda	Brazil	100.00	50.27	100.00	57.95	FC	FC
NM Rothschild & Sons Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
NMR Australia Pty Limited	Australia	100.00	50.27	100.00	57.95	FC	FC
NMR Consultants NV	Netherlands Antilles	100.00	50.27	100.00	57.95	FC	FC
NMR Europe (UK partnership)	United Kingdom	100.00	29.39	100.00	33.25	FC	FC
NMR International NV	Netherlands Antilles	100.00	50.27	100.00	57.95	FC	FC
O C Investments Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
OC Chile SA	Chile	100.00	50.27	100.00	57.95	FC	FC
Paninco Corporation NV	Netherlands Antilles	100.00	50.27	100.00	57.95	FC	FC
Plusrare Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Print Finance Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
PT Rothschild Indonésie	Indonésie	100.00	50.27	100.00	57.95	FC	FC
RAIL Limited	Hong Kong	100.00	50.27	100.00	57.95	FC	FC
RCF (Israel) BV	Israel	100.00	29.39	100.00	33.25	FC	FC
RCF (Russia) BV	Russia	100.00	29.39	100.00	33.25	FC	FC
RCH Finance (CI) Ltd	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Rothschild & Cie	France	99.98	4.71	99.98	6.24	FC	FC
Rothschild & Sons Financial Advisory Services (Beijing) Co. Ltd	China	100.00	50.27	100.00	57.95	FC	FC
Rothschild & Sons Financial Advisory Services (Beijing) Co. Ltd, Shanghai Branch	China	100.00	50.27	-	-	FC	-
Rothschild (Middle East) Limited (sous-groupe consolidé)	Dubai	100.00	29.39	100.00	33.25	FC	FC

Company names	Country of activity	2011/2012		2010/2011		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	2011/ 2012	2010/ 2011
Rothschild Asia Holdings Limited	Hong Kong	100.00	50.27	100.00	57.95	FC	FC
Rothschild Asset Management Holdings (CI) Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Rothschild Asset Management Holdings AG	Switzerland	100.00	50.27	100.00	57.95	FC	FC
Rothschild Asset Management (Japan) Limited	Japan	100.00	50.27	100.00	57.95	FC	FC
Rothschild Asset Management Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
Rothschild Australia Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Australia Limited	Australia	100.00	50.27	100.00	57.95	FC	FC
Rothschild Bank International Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Rothschild Canada Holdings Limited	Canada	100.00	50.27	100.00	57.95	FC	FC
Rothschild Canada Inc.	Canada	100.00	50.27	100.00	57.95	FC	FC
Rothschild Canada Securities Limited	Canada	100.00	50.27	100.00	57.95	FC	FC
Rothschild China Holding AG	Switzerland	100.00	50.27	100.00	57.95	FC	FC
Rothschild Concordia AG	Switzerland	91.05	91.81	91.05	92.70	FC	FC
Rothschild Credit Management Limited	United Kingdom	100.00	50.27	-	-	FC	-
Rothschild & Cie Banque	France	44.99	8.51	44.98	8.54	FC	FC
Rothschild España S.A.	Spain	100.00	29.39	100.00	33.25	FC	FC
Rothschild Europe BV	Netherlands	100.00	29.39	100.00	33.25	FC	FC
Rothschild Europe SNC (French partnership)	France	100.00	29.39	100.00	33.25	FC	FC
Rothschild Gold Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild GmbH	Germany	100.00	29.39	100.00	33.25	FC	FC
Rothschild Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Hong Kong Limited	Hong Kong	100.00	50.27	100.00	57.95	FC	FC
Rothschild Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
Rothschild India Holding AG	Switzerland	100.00	50.27	100.00	57.95	FC	FC
Rothschild India Private Limited	India	100.00	50.27	100.00	57.95	FC	FC
Rothschild Investment Banking Services LLP	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Investments Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Italia S.p.a.	Italia	100.00	29.39	100.00	33.25	FC	FC
Rothschild Japan K.K.	Japan	100.00	50.27	100.00	57.95	FC	FC
Rothschild Latin America NV	Netherlands Antilles	100.00	50.27	100.00	57.95	FC	FC
Rothschild Limited	Hong Kong	-	-	100.00	57.95	-	FC
Rothschild Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Malaysia Sendirian Berhad	Malaysia	100.00	50.27	100.00	57.95	FC	FC
Rothschild Management AG	Switzerland	100.00	91.81	100.00	92.70	FC	FC
Rothschild Mexico Guernsey Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Rothschild Mexico SA de CV	Mexico	100.00	50.27	100.00	57.95	FC	FC
Rothschild Nordic AB	Sweden	100.00	29.39	100.00	33.25	FC	FC

Company names	Country of activity	2011/2012		2010/2011		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	2011/ 2012	2010/ 2011
Rothschild Nominees (Hong Kong) Limited	Hong Kong	-	-	100.00	57.95	-	FC
Rothschild Nominees Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild North America Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
Rothschild Polska Sp. z o.o.	Poland	100.00	29.39	100.00	33.25	FC	FC
Rothschild Portugal Limitada	Portugal	100.00	29.39	100.00	33.25	FC	FC
Rothschild Realty Group Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
Rothschild Realty Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
Rothschild Reserve Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Services I Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Services II Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Singapore Limited	Singapore	100.00	50.27	100.00	57.95	FC	FC
Rothschild (South Africa) Proprietary Limited	South Africa	74.90	50.27	51.00	29.55	FC	FC
Rothschild (South Africa) Foundation	South Africa	100.00	50.27	-	-	FC	-
Rothschild Turkey	Turkey	100.00	29.39	100.00	33.25	FC	FC
Rothschild Ventures Asia Pte Limited	Singapore	100.00	50.27	100.00	57.95	FC	FC
Rothschild Ventures Inc.	United States	100.00	50.27	100.00	57.95	FC	FC
Rothschilds Continuation Finance (CI) Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Rothschilds Continuation Finance BV	Netherlands	85.00	57.98	85.00	62.14	FC	FC
Rothschilds Continuation Finance Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschilds Continuation Finance PLC	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschilds Continuation Holdings AG	Switzerland	52.77	50.27	52.77	57.95	FC	FC
Rothschilds Continuation Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschilds Finance (CI) Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
S y C (International) Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
SCS Holding SAS	France	100.00	50.27	100.00	57.95	FC	FC
Second Continuation Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Shield Trust Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Shield Holdings (Guernsey) Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Shield MBCA Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Shield Securities Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Southern Arrows Proprietary Limited	South Africa	100.00	50.27	100.00	57.95	FC	FC
Specialist Fleet Services Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
St Julian's Properties Limited	Channel Islands	50.00	25.13	50.00	28.98	EM	EM
State Securities Holdings Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
State Security Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Third New Court Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Transaction R	France	98.34	2.79	98.50	3.83	FC	FC
Walbrook Assets Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC

Company names	Country of activity	2011/2012		2010/2011		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	2011/2012	2010/2011
PRIVATE BANKING & TRUST							
Anterana Holdings AG Glarus	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Blackpoint Management Limited	Channel Islands	90.00	7.24	90.00	8.12	FC	FC
Creafin S.A	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Equitas S.A.	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Master Nominees Inc.	British Virgin Islands	100.00	37.18	100.00	42.86	FC	FC
Messine Participations	France	100.00	6.33	100.00	7.02	FC	FC
Montaigne Rabelais	France	100.00	8.51	100.00	8.54	FC	FC
Old Court Ltd	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
RBZ Fiduciary Ltd.	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Rothschild & Cie Gestion	France	99.99	6.33	99.99	7.03	FC	FC
Rothschild Advisory partners AG	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Rothschild Assurance & Courtage	France	99.83	6.33	99.83	7.02	FC	FC
Rothschild Bank (CI) Limited	Channel Islands	100.00	37.18	100.00	42.86	FC	FC
Rothschild Bank AG	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Rothschild Corporate Fiduciary Services Limited	Channel Islands	100.00	37.18	100.00	42.86	FC	FC
Rothschild Employee Trustees Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Rothschild Holding AG	Switzerland	72.67	37.18	72.67	42.86	FC	FC
Rothschild Investments Solutions	France	100.00	6.33	-	-	FC	-
Rothschild Wealth Management (Americas) AG	Switzerland	100.00	37.18	-	-	FC	-
Rothschild Wealth Management (Hong Kong) Limited	Hong Kong	100.00	37.18	100.00	42.86	FC	FC
Rothschild Wealth Management (Singapore) PTE. Limited	Singapore	100.00	37.18	100.00	42.86	FC	FC
Rothschild Wealth Management (UK) Limited	United Kingdom	100.00	41.10	100.00	47.39	FC	FC
Rothschild Private Fund Management Limited	United Kingdom	100.00	41.10	100.00	47.39	FC	FC
Rothschild Private Trust Holdings AG	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Rothschild Switzerland (CI) Trustees Limited	Channel Islands	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust (Singapore) Limited	Singapore	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust (Switzerland) Limited	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust B.V.I. Limited	British Virgin Islands	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust Canada Inc	Canada	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust Cayman Limited	Cayman Islands	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust Corporation Limited	United Kingdom	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust Financial Services Limited	Channel Islands	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust Guernsey Limited	Channel Islands	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust New Zealand Limited	New Zealand	100.00	37.18	100.00	42.86	FC	FC
Rothschild Trust Protectors Limited	Channel Islands	100.00	37.18	100.00	42.86	FC	FC
Rothschild Vermögensverwaltungs-GmbH	Germany	100.00	37.18	100.00	42.86	FC	FC

Company names	Country of activity	2011/2012		2010/2011		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	2011/2012	2010/2011
Rotrust Nominees Limited	United Kingdom	100.00	37.18	100.00	42.86	FC	FC
RTB Trustees AG	Switzerland	100.00	37.18	100.00	42.86	FC	FC
RTB Protectors	British Virgin Islands	100.00	37.18	100.00	42.86	FC	FC
RTS Geneva SA	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Sagitas AG Glarus	Switzerland	100.00	37.18	100.00	42.86	FC	FC
Sélection 1818	France	34.00	2.15	34.00	2.39	EM	EM
R Immobilier	France	100.00	6.33	100.00	7.03	FC	FC
PRIVATE EQUITY							
Alexanderplatz Investissement	France	100.00	97.19	100.00	97.60	FC	FC
Centrum Jonquille	Luxembourg	100.00	97.19	100.00	97.60	FC	FC
Centrum Narcisse	Luxembourg	100.00	97.19	100.00	97.60	FC	FC
Centrum Orchidée	Luxembourg	100.00	97.19	100.00	97.60	FC	FC
Chaptal Investissements SAS	France	100.00	97.19	100.00	97.60	FC	FC
Comepar (sous-groupe consolidé)	France	25.00	24.30	25.00	24.40	EM	EM
Continuation Investments NV	Netherlands	39.33	33.78	39.33	34.33	EM	EM
FA International Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
FAC Carry LP	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Fin PO SA	Luxembourg	100.00	97.19	100.00	97.60	FC	FC
Fircosoft Group	France	26.33	25.59	-	-	EM	-
Five Arrows (Scotland) General Partner Limited	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Capital AG	Switzerland	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Capital GP Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Capital Limited	British Virgin Islands	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Co-investments Feeder III L.P.	United Kingdom	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Co-Investments Feeder V S.C.A SICAR	Luxembourg	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Friends & Family Feeder LP	United States	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Investments S.C.A. SICAR	Luxembourg	100.00	73.73	100.00	77.78	FC	FC
Five Arrows Managers S.A.	Luxembourg	100.00	69.03	100.00	73.81	FC	FC
Five Arrows Managers SAS	France	100.00	69.03	100.00	73.81	FC	FC
Five Arrows Mezzanine Holder LP	Channel Islands	88.00	44.24	88.00	51.00	FC	FC
Five Arrows Mezzanine Debt Holder SA	Luxembourg	100.00	44.24	100.00	51.00	FC	FC
Five Arrows Mezzanine Investments Sàrl	Luxembourg	100.00	73.73	100.00	77.78	FC	FC
Five Arrows Partners LP	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Five Arrows Principal Investments International Feeder S.C.A. SICAR	Luxembourg	100.00	73.73	100.00	77.78	FC	FC
Five Arrows Proprietary Feeder LP	Channel Islands	100.00	50.27	100.00	57.95	FC	FC

Company names	Country of activity	2011/2012		2010/2011		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	2011/ 2012	2010/ 2011
Five Arrows Secondary Opportunities III Feeder SCA SICAR	Luxembourg	100.00	73.73	-	-	FC	-
Five Arrows Secondary Opportunities III Co-Investments SCA SICAR	Luxembourg	100.00	50.27	-	-	FC	-
Five Arrows Staff Co-investment LP	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Francarep Inc	United States	100.00	97.19	100.00	97.60	FC	FC
Hi Trois	France	-	-	100.00	97.60	-	FC
JRE Asia Capital Limited	Cayman Islands	50.00	36.86	50.00	38.89	EM	EM
JRE Asia Capital Management Ltd	Cayman Islands	100.00	36.86	-	-	EM	-
JRAC Carry LP Incorporated	Channel Islands	45.44	33.50	45.44	35.34	EM	EM
JRAC Proprietary Investments LP Incorporated	Channel Islands	50.00	36.86	50.00	38.89	EM	EM
K Développement SA	France	100.00	97.19	100.00	97.60	FC	FC
Manufaktura	France	-	-	100.00	97.60	-	FC
Messine Manager Investissement	France	100.00	97.19	100.00	97.60	FC	FC
Narcisse Investissements SAS	France	100.00	97.19	100.00	97.60	FC	FC
Paris Orléans SA	France	100.00	97.19	100.00	97.60	Parent company	Parent company
PO Capinvest 1 SAS	France	100.00	97.19	100.00	97.60	FC	FC
PO Capinvest 2 SAS	France	100.00	97.19	100.00	97.60	FC	FC
PO Développement SAS	France	100.00	97.19	100.00	97.60	FC	FC
PO Fonds SAS	France	100.00	97.19	100.00	97.60	FC	FC
Paris Orléans Holding Bancaire SA	France	100.00	97.19	100.00	97.60	FC	FC
PO Invest 1 SA	Luxembourg	62.86	61.09	62.86	61.35	FC	FC
PO Invest 2 SA	Luxembourg	99.93	97.12	57.68	56.30	FC	FC
PO Mezzanine SAS (ex Franoption)	France	100.00	97.19	100.00	97.60	FC	FC
PO Participations	Luxembourg	100.00	97.19	100.00	97.60	FC	FC
PO Titrisation	Luxembourg	60.00	58.31	60.00	58.56	FC	FC
Ponthieu Ventures SAS	France	100.00	97.19	100.00	97.60	FC	FC
Quintus European Mezzanine (GP) Limited	Channel Islands	100.00	50.27	100.00	57.95	FC	FC
Quintus European Mezzanine Fund Limited partnership	Channel Islands	50.00	25.13	50.00	28.98	EM	EM
R Capital Management	France	95.00	1.97	95.00	1.56	FC	FC
Rivoli Participations (sous-groupe consolidé)	France	27.62	22.95	27.62	26.95	EM	EM
SPCA Deux SAS	France	100.00	97.19	100.00	97.60	FC	FC
Verseau SAS	France	95.00	92.33	95.00	92.72	FC	FC

(1) FC:full consolidation; EM: equity method.

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

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2012

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 March 2012, on:

- the audit of the accompanying consolidated financial statements of Paris Orléans S.C.A. (ex Paris Orléans S.A.);
- the justification of our assessments;
- the specific verification required by law.

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

1 Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

The accounting estimates used in the preparation of the financial statements as of 31 March 2012 were made in a context of the sovereign debt crisis in certain countries of the Eurozone (especially Greece). This crisis is accompanied by an economic and liquidity crisis, which makes it difficult to assess economic prospects. Such is the context in which we made our own assessments and we bring to your attention the following matters in accordance with the requirements of article L.823-9 of the French Commercial Code (« Code de commerce »).

Accounting estimates

- Your Group accounts for impairments in order to cover for credit risks inherent in its activities.

Our work consisted, in the specific context of the current financial crisis, in assessing the appropriateness of the processes used by the management, in reviewing the control procedures implemented to identify and measure such exposures and their valuation, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements.

- Your Group performs accounting estimates related to the assessment of the fair value of available-for-sale financial assets, intangible assets and goodwill.

Our work consisted, in the specific context of the current financial crisis, in assessing the appropriateness of the processes used by the management, in reviewing, when applicable, independent valuation reports, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements.

We also assessed whether these estimates were reasonable.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

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

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information related to the Group presented in the Management report.

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

The Statutory Auditors

Paris-La Défense, 31 July 2012

KPMG Audit FS II

Pascal Brouard
Partner

Paris, 31 July 2012

Cailliau Dedouit et Associés

Stéphane Lipski
Partner

Balance sheet as at 31 March 2012

Assets

In thousands of euros	Notes	31/03/2012 Gross value	31/03/2012 Depreciation, amortisation and provisions	31/03/2012 Net carrying amount	31/03/2011 Net carrying amount
Non-current assets					
Intangible assets	1				
Concessions, patents, brand and software		211	163	48	-
Total intangible assets		**211**	**163**	**48**	**-**
Property, plant and equipment	2				
Land		-	-	-	-
Buildings		15	15	-	-
Other property, plant and equipment		494	281	213	187
Total property, plant and equipment		**509**	**296**	**213**	**187**
Non-current financial assets					
Investments in associates	3	895,489	123,219	772,270	893,300
Portfolio holdings	4	25,479	8,283	17,196	16,027
Receivables related to portfolio holdings		11	-	11	1
Loans	5	3,391	-	3,391	4,047
Other non-current financial assets		6	-	6	3
Total non-current financial assets		**924,376**	**131,502**	**792,874**	**913,378**
Total non-current assets		**925,096**	**131,961**	**793,135**	**913,565**
Current assets					
Accounts receivable	6	120,291	2,022	118,269	143,197
Marketable securities	7				
Treasury stock		702	-	702	2,778
Other securities		17,177	1,004	16,173	37,281
Cash	8	33,251	-	33,251	30
Prepaid expenses		305	-	305	172
Total current assets		**171,726**	**3,026**	**168,700**	**183,458**
Unrealised translation losses	9	2,738	-	2,738	2,078
TOTAL ASSETS		**1,099,560**	**134,987**	**964,573**	**1,099,101**

Liabilities and shareholders' equity

In thousands of euros	Notes	31/03/2012	31/03/2011
Shareholders' equity	10		
Share capital		65,031	64,747
Additional paid-in capital		505,082	503,084
Reserves			
Legal reserves		6,475	6,389
Regulated reserves			
Other reserves		153,044	153,044
Retained earnings		198,346	190,122
Net income for the period		**(114,297)**	**20,954**
Regulated provisions		171	137
Total shareholders' equity		**813,852**	**938,477**
Provisions for contingencies and charges	11		
Provisions for contingencies		1,364	1,884
Total provisions		**1,364**	**1,884**
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities - Banks	12	89,753	119,826
Borrowings and other financial liabilities - Others		-	1
Operating liabilities	13		
Accounts payable		725	650
Tax and social liabilities		1,628	1,156
Other liabilities	14		
Miscellaneous liabilities		55,877	36,109
Deferred income		-	-
Total liabilities		**147,983**	**157,742**
Unrealised translation gains		1,374	998
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**964,573**	**1,099,101**

Income statement for the year ended 31 March 2012

In thousands of euros	Notes	2011/2012	2010/2011
Income transactions			
Operating income transactions			
Operating income	15	2,106	1,287
Operating expenses	16	(11,395)	(11,299)
Net operating income		**(9,289)**	**(10,012)**
Other income transactions			
Income from investments in associates and portfolio holdings	17	13,679	9,812
Other financial income	18	1,969	2,685
Capital gains (losses) on disposals of marketable securities	19	34	(588)
Recoveries of provisions on other income transactions	20	1,646	1,169
Financial expenses	21	(4,521)	(2,824)
Charges to provisions on other income transactions	20	(382)	(642)
Income from other income transactions		**12,425**	**9,612**
Income from joint ventures			
Share of profit (loss)		-	-
Current income before tax		**3,136**	**(400)**
Capital transactions			
Capital gains on disposals of investments in associates and portfolio holdings	22	3,657	22,082
Recoveries of impairment of investments in associates and portfolio holdings	23	1,005	2,060
Capital losses on disposals of investments in associates and portfolio holdings	24	(528)	(391)
Charges to impairment of investments in associates and portfolio holdings	25	(121,769)	(2,398)
Income from capital transactions		**(117,635)**	**21,353**
Income tax	26	(202)	(1)
NET INCOME		**(114,297)**	**20,954**

APPENDIX

I. Highlights of the financial year

Paris Orléans ended the 2011/2012 financial year with a net loss of €114.3 million compared with net income of €21.0 million in respect of the previous financial year. This adverse performance is largely attributable to the booking of provisions amounting to €121.4 million for impairment of the shareholdings held by Paris Orléans Holding Bancaire (P.O.H.B.) SAS, which holds the group's banking assets. The information relating to said impairment is provided in note 3 of section IV of these notes to the company financial statements.

Capital transactions therefore generated a loss of €117.6 million.

During the 2011/2012 financial year, the Company received dividends amounting to €13.7 million from its subsidiaries and other portfolio securities (including €10.5 million from its subsidiary K Développement SAS), resulting in current income before tax of €3.1 million compared with a loss of €0.4 million the previous year.

With regard to the balance sheet structure, the asset disposals made during the year mainly at the level of Paris Orléans' private equity subsidiaries enabled net financial debt to be reduced by around €40 million.

II. Subsequent events (post-closing)

On 4 April 2012, Paris Orléans, the holding company that heads the Rothschild Group, announced a reorganisation that constitutes a major step forward in the Group's ongoing international development and in the simplification of its structure. This reorganisation includes the following:

- Grouping under Paris Orléans virtually all the capital of Rothschild & Cie Banque SCS (RCB), which groups the French banking activities, and that of Financière Rabelais SAS, one of RCB's main partner shareholders;

- Grouping under Paris Orléans virtually all the capital of Rothschilds Continuation Holdings AG (RCH), the holding company for the Group's other operating subsidiaries, including N.M. Rothschild & Sons Limited (NMR) in the United Kingdom.

The acquisitions of RCB, Financière Rabelais and RCH shares were carried out through capital contributions remunerated by the issuance of new Paris Orleans shares, approved by an Extraordinary General Meeting of Shareholders held on 8 June 2012. At this meeting, it was also decided to change the company's legal structure to that of a limited partnership (*société en commandite par actions*).

III. Accounting principles and valuation methods

To ensure operating continuity and consistency of methods and to adhere to the principles of prudence and reliability, the financial statements are prepared in accordance with the provisions of French law (1999 General Chart of Accounts) and with the accounting principles generally accepted in France.

To provide pertinent reporting on the company's business, the income statement is presented in accordance with the so-called "TIAP" model for other non-current holdings in the passive investment portfolio ("portfolio holdings") recommended by the French National Accounting Council (CNC) for financial companies.

Income transactions are split in two: operating income transactions (at the top of the income statement) and other income transactions (primarily financial transactions).

Current income corresponds to "income from ordinary activities", i.e. "all activities in which the company engages in the normal course of its business, and any related activities that it carries out on an accessory basis or as an extension of its ordinary activities".

Operating profit does, however, include non-recurring income and expenses from events which are clearly separate from the company's ordinary activities and which are not, therefore, deemed to occur on a frequent or regular basis.

Capital transactions include transactions concerning holdings classified as non-current assets.

The main accounting methods applied are as follows:

- Intangible assets and property, plant and equipment are valued at their acquisition cost and amortised and depreciated in the following manner:

	Depreciable life	Method
Start-up costs	3 years	straight-line
Software	3 years	straight-line
Buildings	20 years	straight-line
Plant and general improvements	8 to 10 years	straight-line
Vehicles	5 years	straight-line
Office equipment	3 years	declining-balance
Office furniture	10 years	straight-line

- Current financial assets are valued at their historical acquisition cost. The values of holdings denominated in foreign currencies are translated into euro at the exchange rate in effect on the transaction date. All loans and receivables denominated in foreign currencies classified among non-current financial assets are translated at the closing rate of the financial year.

Investments in associates and portfolio holdings are recognised at their acquisition cost. An impairment loss is recognised when inventory value is below acquisition cost.

The inventory values of investments in associates and portfolio holdings are recognised in the following manner:

- Unlisted securities: market value. The latter is obtained using either the company's share of the book or re-appraised net assets of the holding or the price used for a recent transaction on the security;
- Treasury stock: average price in the final month of the financial year;
- Listed securities: last quoted price of the financial year.
- Funds: impairment is recognised when the acquisition cost or cumulated investments in the fund exceed the company's share of the fund's adjusted net asset value as certified by the fund's auditors or the redemption value of the product as determined by the issuer. The portion of unrealised capital losses linked to currency effects is recognised separately from impairment, which relates solely to changes in the value of the underlying assets.

The value of the portfolio at 31 March 2012 was measured using the same method as applied in the preceding financial year.

Dividends are recorded in the month in which it is decided to distribute them.

Regarding FCPR-type venture capital funds, in accordance with market practice, only amounts actually called up since the 2002 financial year are now booked, and the unfunded capital commitment is recorded as an off-balance sheet item.

Sales of shareholdings, long-term portfolio holdings or investment securities are recognised using the first-in first-out (FIFO) method, i.e. the longest-held securities will be deemed to be the first sold.

Receivables are recognised at their nominal value. An impairment loss is recognised when the inventory value is lower than the carrying cost. Receivables denominated in foreign currencies are translated at the closing rate of the financial year.

Marketable securities are recognised at their acquisition cost. When their overall inventory value is lower than their acquisition cost, an impairment loss is recognised. The book value is equal to the closing price for the financial year.

Transactions denominated in foreign currencies are recognised at the rate on the transaction date. At the end of the financial year, all assets and liabilities are converted at the closing rate. For items covered by an exchange rate hedge, these are offset so that only the net balances are shown. Depreciation is recognised to take account of unrealised losses; only the uncovered portions of transactions for which an exchange rate hedge has been set in place are subject to depreciation.

Paris Orléans uses foreign currency-denominated loans to hedge certain of its acquisitions of securities and other assets denominated in dollar. The exchange difference between the historical rate and the weighted average rate on the loans is recognised as the loan principal is repaid. This accounting treatment resulted in a €15,000 net expense for the period.

IV. Notes to the balance sheet

NOTE 1. Intangible assets

Concessions, patents, brand and software during the financial year:

In thousands of euros	01/04/2011	Acquisitions	Sales/Disposals	31/03/2012
Non-current assets				
Concessions, patents, brand and software	153	58	-	211
Total non-current assets	**153**	**58**	**-**	**211**
		Increases	Decreases	
Depreciation				
Concessions, patents, brand and software	153	10	-	163
Total depreciation	**153**	**10**	**-**	**163**
TOTAL NET VALUES	**-**	**48**	**-**	**48**

The acquisitions during the year related to a regulatory reporting software package.

NOTE 2. Property, plant and equipment

Changes in property, plant and equipment during the financial year:

In thousands of euros	01/04/2011	Acquisitions	Sales/Disposals	31/03/2012
Property, plant and equipment				
I - Land	-	-	-	-
II - Other				
Buildings	15	-	-	15
Plant and improvements	10	-	-	10
Vehicles	166	90	-	256
Office equipment	75	3	-	78
Office furniture	144	6	-	150
Total gross values	**410**	**99**	**-**	**509**
		Increases	Decreases	
Depreciation				
II - Other				
Buildings	15	-	-	15
Plant and improvements	4	1	-	5
Vehicles	65	54	-	119
Office equipment	73	4	-	77
Office furniture	66	14	-	80
Total depreciation	**223**	**73**	**-**	**296**
TOTAL NET VALUES	**187**	**26**	**-**	**213**

The main movements during the financial year concerned transport equipment, with the acquisition of three vehicles.

NOTE 3. Investments in associates

At 31 March 2012, the gross values of the company's investments in associates could be analysed in the following manner:

In thousands of euros	31/03/2012
Paris Orléans Holding Bancaire (P.O.H.B.) SAS	773,846
K Développement SAS	94,698
Finatis SA	12,287
Other investments in associates for a value less than €10m	14,658
TOTAL INVESTMENTS IN ASSOCIATES	**895,489**

The movements for the 2011/2012 financial year are summarised in the table below:

In thousands of euros	01/04/2011	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	31/03/2012
Gross values	895,567	-	78	895,489
Total gross values	**895,567**	**-**	**78**	**895,489**
		Increases	Decreases	
Impairment	2,267	121,430	478	123,219
Total Impairment	**2,267**	**121,430**	**478**	**123,219**
TOTAL NET VALUES	**893,300**	**(121,430)**	**400**	**772,270**

The increases/decreases in participating interests during the year concerned the sale of all the shares of the investment company Franinvest SAS and a reduction in the capital of the German subsidiary AlexanderPlatz Voltaire Strasse (APVS), for amounts of respectively €61,000 and €17,000.

As mentioned in the section "Highlights of the financial year" in these notes to the financial statements, an impairment provision of €121.4 million was booked in respect of the participating interests held in Paris Orléans Holding Bancaire (P.O.H.B.) SAS, which is the holding company for the Group's banking activities. In accordance with French accounting regulations, at the end of each accounting year, Paris Orléans reassesses the value of its portfolio of participating interests. In the context of this analysis, the value-in-use of the P.O.H.B. shares held by Paris Orléans was determined based on its re-valued net assets on the basis of the valuations used for Rothschilds Continuation Holdings AG ("RCH") (the holding company for the banking activities outside France) and for Rothschild & Cie Banque SCS ("RCB") (holding company for the French banking activities). These valuations are based on multiple criteria: discounted cash flows and peer-group multiples for RCH, and sum of parts valuation of operating divisions, earnings aggregates and peer-group multiples for RCB.

The Company also wrote back impairment provisions on participating interests in the following subsidiaries:

- Francarep Inc., in an amount of €460,000. The company benefited from the satisfactory performance of its residual investment portfolio, and;
- AlexanderPlatz Voltaire Strasse (APVS), in an amount of €18,000, in connection with the capital transaction referred to earlier in this report.

NOTE 4. Portfolio holdings

This heading includes all non-current strategic portfolio investments that cannot be classified as "investment in associates". The changes during financial year 2011/2012 may be analysed in the following manner:

In thousands of euros	01/04/2011	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	31/03/2012
Gross values	24,499	2,928	1,948	25,479
Total gross values	**24,499**	**2,928**	**1,948**	**25,479**
		Increases	Decreases	
Impairment	8,472	339	528	8,283
Total Impairment	**8,472**	**339**	**528**	**8,283**
TOTAL NET VALUES	**16,027**	**2,589**	**1,420**	**17,196**

The main increase during the year arose from a regrouping of the 340,190 Paris Orléans investment certificates already held and the same number of Paris Orléans voting rights acquired on 16 May 2011 for €1,219,000. The 340,190 new treasury shares represented an increase of €2,365,000 in the gross carrying amount of the portfolio of participating interests and investments. The other acquisitions/increases during the year concerned shares in Rallye and in an investment fund for amounts of respectively €551,000 and €12,000.

The disposals/decreases during the year concerned mainly €1,147,000 in connection with the regrouping of Paris Orléans investment certificates in the context of the transaction referred to above. Also, during the year, Paris Orléans withdrew its holding of €528,000 in Lone Star Fund II following the fund's liquidation.

At 31 March 2012, the estimated value of the portfolio of participating interests and investments came to €43.2 million of which €8.8 million in treasury shares and €2.1 million in investment certificates.

NOTE 5. Loans

This heading comprises exclusively a loan granted to K Développement SAS, whose residual principal amounted to €3.2 million at 31 March 2012, plus accrued interest not yet due amounting to €191,000. The loan has a maturity of less than one year for €1,791,000 and a maturity of less than five years for the balance.

NOTE 6. Accounts receivable

The €120.3 million total consisted nearly entirely of:

- group and associated companies' advances and current accounts (€120.1 million), primarily in connection with the cash pooling programme, and current accounts related to the tax consolidation group (€207,000);
- miscellaneous trade receivables and miscellaneous debit balances for €29,000.

All of these receivables are due.

The impairment in an amount of €2,022,000 related to advances made to two investment subsidiaries that encountered financial difficulties.

NOTE 7. Marketable securities

Marketable securities consist of:

- 47,400 treasury shares (held in accordance with a liquidity contract) in the amount of €702,000. At 31 March 2012, the estimated value of the marketable securities was €803,000, with an unrealised gain of €101,000.
- the other securities (€17,177,000) consist solely of mutual funds and short-term liquid investments. As at 31 March 2012, the inventory value of these securities amounted to €16,182,000 for an unrealised loss of €1,004,000 for which a provision was made whereas the unrealised gain amounted to €8,000.

NOTE 8. Cash

The amount recorded under this heading totalled €33,251,000 at 31 March 2012, corresponding to an increase relative to the previous financial year. During the 2011/2012 financial year, Paris Orléans benefited in particular from cash received from its investment subsidiaries following disposals made by these subsidiaries, with part of these amounts deposited in term accounts.

NOTE 9. Unrealised translation losses

Unrealised foreign exchange losses corresponding to the difference between the equivalent value in euro at the closing price for portfolio investments and other long-term investments denominated in US$, on the one hand, and their historical value on the other hand, represented €2,738,000 as at 31 March 2012.

This amount, reduced by unrealised foreign exchange gains, gave rise to the booking of a provision for currency risk. These dollar-denominated portfolio investments and other long-term investments are covered by currency hedging.

NOTE 10. Shareholders' equity

Changes in shareholders' equity during financial year 2011/2012 may be analysed in the following manner:

In thousands of euros	Share capital	Additional paid-in capital	Legal reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the period	Total shareholders' equity
Shareholders' equity as 01/04/2011	64,747	503,084	6,389	153,044	190,122	137	20,954	938,477
Capital increase	-	-	-	-	-	-	-	-
Appropriation of net income for FY 2010/2011	-	-	86	-	20,868	-	(20,954)	-
Distribution of dividends(1)	284	1,998	-	-	(12,644)	-	-	(10,362)
Net income for FY 2011/2012	-	-	-	-	-	-	(114,297)	(114,297)
Change in investment provision	-	-	-	-	-	34	-	34
SHAREHOLDER' EQUITY AS 31/03/2012	65,031	505,082	6,475	153,044	198,346	171	(114,297)	813,852

(1) The dividends distributed during financial year 2011/2012 in respect of the previous year were €305,000 lower than the amount approved in the second resolution proposed to the Combined General Meeting of 27 September 2011, as no dividends were paid on treasury stock (investment certificates).

At 31 March 2012, the company's capital was composed of 32,370,547 shares and 145,040 investment certificates with a nominal value of €2 each. The 482,262 new shares correspond to a capital increase in an amount of €284,000 (142,072 shares) carried out in the context of payment in shares of the dividend distributed in respect of the previous financial year and to the regrouping transaction described above (340,190 shares).

Treasury shares

As at 31 March 2012, Paris Orléans holds 145,040 own investment certificates (i.e. all the securities issued in this category) and 569,080 own shares, including 47,400 shares held as part of the liquidity contract.

NOTE 11. Provisions

Provisions may be analysed in the following manner:

In thousands of euros	01/04/2011	Charge for the period	Recovery for the period (provision used)	Recovery for the period (provision unused)	31/03/2012
Provisions for contingencies	1,884	284	804	-	1,364
Insufficient hedging of foreign currency risk	-	-	-	-	-
Lawsuit	804	-	804	-	-
Translation charges on USD funds	1,080	284	-	-	1,364
Provisions for charges	-	-	-	-	-
TOTAL PROVISION FOR CONTINGENCIES AND CHARGES	1,884	284	804	-	1,364

Non application of the preferential method: the non application of the preferential method of accounting for retirement commitments, as recommended by French General Chart of Accounts, did not have a material impact on the total assets or current income of the company.

The provision for foreign exchange risk at the financial year end corresponds to the net translation difference after deduction of negative translation differences (see note 9).

The provision for disputes recorded in the previous year's financial statements in connection with a dispute between the Company and a former subsidiary, SGIM, was reversed during the year as the district court decision against Paris Orléans issued on 2 May 2011 was enforceable.

NOTE 12. Borrowings and financial liabilities – banks

As at 31 March 2012, borrowings and financial liabilities to banks may be analysed as follows:

In thousands of euros		Maturity		
	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Medium-term loan	89,357	27,526	61,831	-
Bank overdrafts	87	87	-	-
Accrued interests	309	309	-	-
TOTAL BORROWING AND FINANCIAL LIABILITIES	**89,753**	**27,922**	**61,831**	**-**

These loans have a variable rate of interest.

Loan principal was amortised or repaid over the financial year for amounts of €29,594,000 and $37,428,000 respectively, whereas new loans taken out in the financial year were for a total of $33,886,000.

NOTE 13. Operating liabilities

These include accounts payable of €725,000 and tax and social liabilities of €1,628,000 for FY 2011/2012. All amounts are due in less than one year.

NOTE 14. Other liabilities

The €55,877,000 recorded under this heading consists of group and partner advances and current accounts plus accrued interest granted by the subsidiaries as part of cash pooling arrangements in an amount of €55,870,000 and of sundry liabilities for the remaining €7,000.

All of these liabilities are due.

V. Notes to the income statement

With a loss of €114.3 million, the Company's posted a significantly adverse performance in 2011/2012 compared with a profit of €21.0 million in 2010/2011, which had resulted mainly from the capital gain generated on the sale of the shareholdings in Les Domaines Barons de Rothschild (Lafite) ("DBR").

The loss in 2011/2012 is attributable mainly to the loss of €117.6 million recorded on capital transactions following impairment provisions totalling €121.4 million recorded in respect of the shareholding in Paris Orléans Holding Bancaire (P.O.H.B.) SAS. The other capital transactions generated a gain of €3.8 million in 2011/2012.

The Company posted current income before tax of €3.1 million in 2011/2012 compared with a loss of €0.4 million the previous year. This change is due essentially to a dividend of €10.5 million received from K Développement SAS.

Like in the previous year, the Company did not bear any tax expense in 2011/2012.

NOTE 15. Operating income

Operating income consist primarily of expenses passed on to related companies. Consequently, amounts of €50,000 and €25,000 were respectively charged in Rothschild Concordia SAS, parent company of Paris Orléans, and in Rivoli Participation SAS.

NOTE 16. Operating expenses

In thousands of euros	2011/2012	2010/2011
Purchases and external charges	3,287	2,519
Taxes other than those on income	922	773
Salaries and payroll taxes	5,558	5,281
Depreciation and amortization	82	69
Impairment	429	2,494
Other expenses	1,117	163
TOTAL OPERATING EXPENSES	**11,395**	**11,299**

This line mainly consists of:

- actual operating expenses, excluding any expenses passed on to the subsidiaries, amounted to €9,223,000 (1.13% of shareholders' equity).
- the auditors' fees came to €409,000 in 2011/2012.

Operating expenses include additional impairment in respect of the partner current account facilities granted to the subsidiaries PO Développement SAS and Hi Trois SAS.

Duties and taxes include in particular a portion of the French Prudential Supervisory Authority (ACP - *Autorité de Contrôle Prudentiel*) subscription rebilled by Rothschild Concordia SAS.

Other expenses include in particular an exceptional charge of €804,000 corresponding to the court ruling against Paris Orléans referred to in Note 11.

The amount of auditors' fees breaks down as follows:

- fees for the statutory audit of the financial statements for the 2011/2012 financial year: €409,000;
- fees for due diligence work directly linked to the statutory audit of the accounts: none.

NOTE 17. Income from investments in associates and portfolio holdings

Details regarding income from investments in associates and portfolio holdings during financial year 2011/2012 are provided in the table below:

In thousands of euros	2011/2012	2010/2011
Dividends/Investments in associates		
K Développement SAS	10,450	-
Finatis SA	566	566
Francarep Inc.	-	3,897
AlexanderPlatz Voltaire Strasse (APVS)	(15)	3,361
Total dividends/Investments in associates	**11,001**	**7,824**
Dividends/Portfolio holdings		
Rallye SA	979	988
Perenco Rio Del Rey (ex Total E&P Cameroun)	1,485	851
Norsea Pipeline	57	46
Other Dividends/Portfolio holdings < €50,000	12	56
Total dividends/ Portfolio holdings	**2,533**	**1,941**
Loans Interest/ Investments in associates		
K Développement SAS	145	47
Total loans Interest/ Investments in associates	**145**	**47**
TOTAL INCOME FROM INVESTMENTS IN ASSOCIATES AND PORTFOLIO HOLDINGS	**13,679**	**9,812**

NOTE 18. Other financial income

Other financial income totalled €1,969,000 and comprised:

- €1,526,000 of interest on advances granted to Group companies, in particular K Développement SAS (advances in euro and in US dollars), Verseau SAS and PO Capinvest 2 SAS in amounts of respectively €982,000, €224,000 and €122,000,
- Interest income on forward contracts and certificates of deposit in an amount of €412,000,
- Foreign exchange gains, which amounted to €31,000 in 2011/2012.

NOTE 19. Capital gains (losses) on disposals of marketable securities

This item was positive by €34,000 thanks to capital gains of €233,000 on sales of marketable securities. This amount was however largely offset by capital losses amounting to €199,000 on the sale of treasury shares under the liquidity contract.

NOTE 20. Charges to/Recoveries of provisions on other income transactions

Reversal of provisions and impairment on other revenue transactions amounted to €1,646,000 and corresponded to the reversal of a provision for impairment of a loan granted to S.E.P. Financière Bagatelle following its sale to the subsidiary Chaptal Investissements SAS for the symbolic price of €1.

Charges to provisions and impairment on other revenue transactions related to:

- Exchange rate risk for €285,000,
- Marketable securities for €97,000.

NOTE 21. Financial expenses

In thousands of euros	2011/2012	2010/2011
Medium-term borrowings	2,272	2,442
Other financial expense	1,744	-
Other interest expense	490	298
Translation charges	15	84
TOTAL OF FINANCIAL EXPENSES	4,521	2,824

Excluding the loss of €1,744,000 relating to reclassification of the loan granted to S.E.P. Financière Bagatelle within the subsidiary Chaptal Investissements, there was little change in financial costs compared with the previous financial year. Interest expense on medium-term bank borrowings decreased slightly under the combined effects of the reduction in debt and the rise in interest rates compared with the previous year. Other interest expenses increased substantially however due to the increase in group current account advances granted by the subsidiaries following asset disposals by them.

NOTE 22. Capital gains on disposals of investments in associates and portfolio holdings

In respect of 2011/2012, the €3,657,000 recorded under this heading concerns solely the portfolio of participating interests and investments. This amount is down considerably compared with 2010/2011, which had featured a gain of €16.3 million on the sale of the long-standing 23.50% shareholding in Domaines Barons de Rothschild (Lafite) ("DBR"). The gains on disposal in 2011/2012 relate mainly to distributions by investment funds for an amount of €3,219,000 and on listed and non-listed shares for amounts of respectively €387,000 and €51,000.

NOTE 23. Recoveries of impairment of investments in associates and portfolio holdings

This heading amounted to €1,005,000 and comprised:

- Reversals of impairment booked in respect of participating interests for a total amount of €478,000 relating mainly to the US subsidiary Francarep Inc. and, to a small degree, AlexanderPlatz Voltaire Strasse (APVS);
- Reversal of €528,000 of impairment on an investment fund that was liquidated during the year.

NOTE 24. Capital losses on disposals of investments in associates and portfolio holdings

The capital loss on disposals of participating interests and investment securities almost exclusively concerned an investment fund whose liquidation was completed during the year with a negative impact of €528,000.

NOTE 25. Charges for impairment of investments in associates and portfolio holdings

The amount of €121,769,000 recorded under this heading concerns the shareholding in Paris Orléans Holding Bancaire (P.O.H.B.) SAS in an amount of €121,430,000 (see "Significant events" section and note 3) and an investment fund for the remaining €339,000.

NOTE 26. Income tax

As the tax consolidation group headed by Paris Orléans showed a tax loss carry-forward at the standard income tax rate, there is no tax charge in respect of the company for 2011/2012. Moreover, Paris Orléans post tax revenues on the subsidiaries Paris Orléans Holding Bancaire (POHB) SAS and Concordia Holding SARL consolidated for tax purposes for respectively amount of €194,000 and €8,000.

VI. Other information

A. Employee data

The average headcount of 26 people in financial year 2011/2012 included 22 executives and 4 other employees.

B. Compensation of management bodies

In respect of their functions as corporate officers of Paris Orléans for 2011/2012, members of the Supervisory Board received €134,000 in attendance fees and €6,400 in benefits in kind. Members of the Executive Board received €6,200 in benefits in kind.

C. Tax consolidation

Paris Orléans is the head of a tax group that includes the following companies:

- Paris Orléans Holding Bancaire SAS (POHB);
- Concordia Holding SARL.

This tax group, whose option for application of the Group tax regime expired on 31 March 2014 and is valid for a period of five years.

As part of the tax consolidation process, each subsidiary in the tax consolidation group calculates its income tax as if it were taxed on a standalone basis.

The tax loss carry-forward at the standard income tax rate for the tax consolidation group headed by Paris Orléans amounted to €10,550,000 as at 31 March 2012.

D. Consolidation

Paris Orléans, the parent company of the Paris Orléans group, drew up consolidated financial statements as of 31 March 2012. Its own financial statements are consolidated with those of the Rothschild Concordia SAS group, which is domiciled at 23 bis avenue de Messine 75008 Paris:

E. Forward financial instruments

Paris Orléans put in place two interest rate hedging transactions in July 2009 and subsequently in January 2010:

- a fixed interest rate swap at 2.51% against 3-month Euribor, the notional swap amounted to €17,1 million at 31 March 2012 and the maturing on 22 January 2015;
- A fixed interest rate swap at 2.22% against 3-month Euribor for a nominal amount of €12 million at 31 March 2012 and expiring on 28 January 2015. This swap is now considered to be an isolated open position following repayment of the credit line hedged by the swap.

Their valuation is established in accordance with banks' internal calculation methods based on available sources of information, including, in particular, the information customarily used by the market, it being specified that their reliability and accuracy are not guaranteed by these banking institutions.

At 31 March 2012, the first swap has a negative fair value of €561,600 and the second swap has also a negative fair value of €327,300.

F. Off-balance sheet commitments

The off-balance sheet commitments at 31 March 2012 are presented in the table below:

In thousands of euros	Total	Executive managers	Subsidiaries	Investments	Other related companies	Other
Commitments given						
Termination benefits (1)	-	-	-	-	-	-
Commitments given to Norsea Pipeline limited	289	-	-	-	-	289
Investment commitments in various funds	26	-	-	-	-	26
TOTAL COMMITMENTS GIVEN	**315**	**-**	**-**	**-**	**-**	**315**
Retirement commitments	-	-	-	-	-	-
Commitments received						
A multi-currency line of credit convertible into a loan maturing on 29/07/2014 from Société Générale. Expires 29/07/2012	2,573	-	-	-	-	2,573
Line of credit from Société Générale. Expires 31/01/2015	12,000	-	-	-	-	12,000
TOTAL COMMITMENTS RECEIVED	**14,573**	**-**	**-**	**-**	**-**	**14,573**
Reciprocal commitments	-	-	-	-	-	-

(1) This expense is outsourced with an insurance company.

The main changes in off-balance sheet commitments during the year concerned the cancellation of the commitments given and received in the context of the guarantee given to HSBC on a loan of €10,435,000 which was repaid during the year, counter guaranteed by the pledge of 45,768 shares in Rothschild & Cie Banque, and the decrease in unused credit lines.

Change in financial commitments in 2011/2012

In thousands of euros	31/03/2012	31/03/2011
Commitments given		
Guarantees given and other commitments	289	10,435
Investment commitments in various funds	26	361
TOTAL	**315**	**10,796**
Commitments received		
Undrawn lines of credit	14,573	41,628
Pledges of shares and equity warrants in our favour	-	10,435
TOTAL	**14,573**	**52,063**

Paris Orléans confirms that it has not omitted any significant current or potential future off-balance sheet commitment as defined by the accounting standards in effect.

G. Analysis of subsidiaries and participating interests

Companies or groups of companies *In millions of euros*	Share Capital	APIC, reserves and retained earnings excluding net income for the period	Share of capital held *(in %)*	Carrying value of shares held		Outstanding loans and advances from the company	Guarantees given by the company	Gross revenues (excluding VAT) for the last financial year	Net income for the last financial year	Dividends received by the company during the financial year
				Gross	Net					
Detailed information										
A. Subsidiaries *(company holds at least 50% of capital)*										
Paris Orléans Holding Bancaire SAS (Paris)	497.5	148.1	100%	773.8	652.4	-	-	-	-	-
K Développement SAS (Paris)	99.0	50.2	94.55% (4)	94.7	94.7	-	-	-	20.0	10.5
Francarep Inc. (USA) (2)	-	3.5	100%	5.6	3.8	-	-	-	0.2	-
Messine Manager Investissement (Paris)	5.0	5.0	91.29%	9.1	9.1	-	-	-	0.3	-
B - Participating interests *(company holds 10% to 50% of capital)*										
Alexanderplatz VoltaireStrasse GmbH (Germany) (2)	-	-	10%	-	-	-	-	-	-	-
Finatis SA (Paris) (1) (2) (3)	85.0	367.0	5%	12.3	12.3	-	-	35,059.0	(18.0)	0.6

(1) Consolidated figures.
(2) Financial year ended 31 December 2010 (used rate: 1€ = 1,3328 USD).
(3) Reserves and net income (group share).
(4) Paris Orléans holds 100% of the economic rights.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 31 March 2012

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 March 2012, on:

- the audit of the accompanying financial statements of Paris Orléans S.C.A. (ex Paris Orléans S.A.)
- the justification of our assessments;
- the specific verifications and information required by law.

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

1 Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 March 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 Justification of our assessments

The accounting estimates used in the preparation of the financial statements as of 31 March 2012 were made in a context of the sovereign debt crisis in certain countries of the Eurozone (especially Greece). This crisis is accompanied by an economic and liquidity crisis, which makes it difficult to assess economic prospects. Such is the context in which we made our own assessments and we bring to your attention the following matters in accordance with the requirements of article L.823-9 of the French Commercial Code (« *Code de commerce* »).

Accounting estimates

As stated in paragraph "Accounting principles and valuation methods" of the notes to the financial statements, your company accounts for impairments, when necessary, in order to cover for the risk of a decrease in fair value of participating interests and portfolio holdings.

In assessing the significant accounting estimates applied by your company for the year ended 31 March 2012, and in the specific context of the current financial crisis, we have verified, on the basis of the information available and tests of detail on a sample, the appropriateness and the accurate application of these methods described in the notes to the financial statements.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realised outcomes could differ significantly from these forecasts.

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

3 Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management report, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("*Code de commerce*") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management report.

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The Statutory Auditors

Paris-La Défense, 31 July 2012

KPMG Audit FS II

Pascal Brouard
Partner

Paris, 31 July 2012

Cailliau Dedouit et Associés

Stéphane Lipski
Partner

STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Year ended 31 March 2012

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified, or that we discovered while carrying out our assignment. It is not our responsibility to ascertain the existence of such agreements, or to comment on their relevance or substance, or to determine whether other agreements and commitments exist. It is your responsibility, under the terms of Article R. 226-2 of the French Commercial Code (*Code de commerce*), to evaluate the benefits arising from these agreements and commitments prior to their approval.

It is also our responsibility, where applicable, to provide you with the disclosures under Article R.226-2 of the French Commercial Code (*Code de commerce*) pertaining to the performance during the past year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures we deemed necessary in accordance with professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Agreements and commitments approved during the year ended 31 March 2012

In accordance with Article L.225-88 of the French Commercial Code (*Code de commerce*), applicable to the Company prior to its conversion into a partnership limited by shares, and Article L.225-40, applicable to the Company by reference to Article L.226-10 of the French Commercial Code (*Code de commerce*) after its conversion into a partnership limited by shares, we have been informed of the following agreements and commitments previously approved by your Supervisory Board, prior to the conversion of the company into a partnership limited by shares.

Automatic renewal of the liquidity agreement with Rothschild & Compagnie Banque S.C.S.

- **Directors concerned by the agreement:** Mr. Éric de Rothschild, Chairman of the Supervisory Board; Mr. François Henrot, Mr. Christian de Labriffe and Rothschild & Cie Banque represented by Mr. Marc-Olivier Laurent, members of the Supervisory Board; Mr. David de Rothschild, member of the Executive Board; and Mr. Olivier Pécoux, member of the Executive Board and Chief Executive Officer.
- **Purpose:** Liquidity agreement signed with Rothschild & Compagnie Banque, renewed automatically every 18 months.
- **Terms and conditions:** Pursuant to this agreement, Paris Orléans recorded a €30,000 expense (including VAT) during the year ended 31 March 2012. The automatic renewal was approved by the Supervisory Board on 29 November 2011.

.../...

2 Continuing agreements and commitments which were entered into in prior years

In accordance with Articles R.225-57 of the French Commercial Code (*Code de commerce*), applicable to the Company prior to its conversion into a partnership limited by shares, and R.225-30, applicable to the Company by reference to Article L.226-10 of the French Commercial Code (*Code de commerce*) after its conversion into a partnership limited by shares, we have been informed of the following agreements and commitments, already approved by the Shareholders' Meetings of prior years, which have remained in force during the period, prior to the conversion of the company into a partnership limited by shares.

Sublease agreement with the company Rothschild & Cie S.C.S.

- **Purpose :** Sublease agreement with the company Rothschild & Cie regarding the premises located at 23 bis, avenue de Messine, Paris 75008, last modified in January 2011.
- **Terms and conditions:** Pursuant to this agreement, Paris Orléans recorded a rental expense of €777,893.98 (including VAT and maintenance service charges) during the year ended 31 March 2012.

Service agreement with the company Béro S.C.A.

- **Purpose:** Service agreement between Béro (service provider) and Paris Orléans (beneficiary), last modified in January 2010.
- **Terms and conditions:** The agreement stipulates an annual fee of €24,000 (excluding VAT), payable quarterly. Pursuant to this agreement, Paris Orléans recorded a €28,704 expense (including VAT) for the year ended 31 March 2012.

Incentive scheme allowing members of the investment team to share the possible gains made by Paris Orléans on its capital investment activity

- **Purpose:** This incentive scheme is based on the issuance of preferred shares as and when investments are made by Paris Orléans until exhaustion (or early closure) of the programs whose amount and duration are limited. Each program opened involves a new class of preferred shares. The company Messine Managers Investissements SAS is the co-investment vehicle dedicated to the profit-sharing program. It takes over from the non-trading companies PO Gestion and PO Gestion 2, through which the first two incentive programs were managed. Each program was limited to €100 million of investments from Paris Orléans over a maximum period of 3 years. The third incentive program, opened on 1 April 2009 for a period of three years and capped at the same amount as the previous ones, has had €22 million invested. It was closed in anticipation during the year ended 31 March 2011. The fourth incentive program, opened on 1 April 2011 for a period of 3 years and capped at €50 million of investments from Paris Orléans, has €31 million invested at year end.
- **Terms and conditions:** there has been no impact on the financial statements for the year ended 31 March 2012.

The Statutory Auditors

Paris-La Défense, 31 July 2012	Paris, 31 July 2012
KPMG Audit FS II	**Cailliau Dedouit et Associés**
Pascal Brouard	Stéphane Lipski
Partner	*Partner*


NEW COURT

COMBINED GENERAL MEETING of 27 September 2012

FOURTH NEW COURT (2011)

New Court is hidden within the City, located in a cluster of buildings which form the historical core of the financial centre of the City of London. Surrounded by buildings of significance, the new development will preserve and enhance this heritage while contributing a new dimension to the area.

New Court is entered from the narrow St Swithin's Lane, which presents an oblique view of the building.

Source: The Rothschild Archive.

Agenda

WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING

- Management's report for the financial year ended 31 March 2012
- Supervisory Board's report
- Amendment to Article 11.1 section 4 of the Articles of Association relating to double voting rights
- Amendment to Article 11.1 section 5 of the Articles of Association relating to division of share and voting right certificates ownership

WITHIN THE REMIT OF THE ORDINARY GENERAL MEETING

- Management's report for the financial year ended 31 March 2012
- Supervisory Board's report
- Statutory Auditors' report on the parent company financial statements and on the consolidated financial statements for the financial year ended 31 March 2012
- Statutory Auditors' special report on the regulated agreements and commitments
- Approval of the parent company financial statements for the financial year ended 31 March 2012
- Appropriation of income for the financial year ended 31 March 2012 and distribution of the dividend
- Approval of the consolidated financial statements for the financial year ended 31 March 2012
- Approval of a regulated agreement
- Appointment of Mr Peter Smith as a member of the Supervisory Board
- Total amount of the remunerations allocated to members of the Supervisory Board for the financial year ended 31 March 2013

WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING

- Granting powers for the formalities

Management's report on the resolutions

FIRST RESOLUTION (EXTRAORDINARY)

The first resolution submitted to you concerns the correction of a material error within the Article 11.1 section 4 of the Company's Article of Association relating to the implementation of double voting rights.

Pursuant to applicable regulations, double voting rights are allocated to holders of shares registered in pure nominative form as well as to holders of shares registered in administered form.

It is therefore proposed, in order to clarify the drafting of Article 11.1 section 4 of the Company's Articles of Association, to suppress the word "pure" mentioned in its second sentence and to suppress the last sentence thereof.

This Article of the Company's Articles of Association shall thus be drafted as follows:

- *"Except when provided by law, each share and voting right certificate entitle to one voting right in the General Meetings. However, the holder of any fully paid share, held in the form of registered shares for at least two years in the name of a single holder, will be entitled to two voting rights per share, without any limitation. In case of capital increase, by incorporation of reserves, benefits or issue premiums, the double voting right is, as from the issuance date, attributed to the registered shares allocated to a shareholder as a consequence of former shares for which he benefits from a double voting right. In the event of any transfer following inheritance, liquidation of marital property between spouses or donation inter vivos in favour of a spouse or relative entitled to inherit, the right remains acquired and the period hereinabove referred to is not interrupted. The double voting right is cancelled ipso jure of any share transferred for any other cause."*

You will also be requested to:

- grant powers to the Manager in order to implement the amendment of the Articles of Association hereinabove referred to;
- take note of the approval, by a separate deed, of this resolution by the Company's general partners.

SECOND RESOLUTION (EXTRAORDINARY)

The second resolution submitted to you concerns the amendment of Article 11.1 section 5 of the Articles of Association, relating to division of shares and voting right certificates ownership.

As of today, when the ownership of the Paris Orléans shares or voting right certificates is divided between beneficial owners and bare owners, Article 11.1 section 5 of the Articles of Association provides that the voting right is exercised by the beneficial owner, unless otherwise agreed upon by the beneficial owner and the bare owner.

It is therefore proposed that the voting right of the beneficial owner be limited to decisions relating to appropriation of income. This amendment of the Articles of Association would entitle the shareholders to benefit from the favourable tax treatment set forth in Articles 787 B of the French Tax Code (*Code général des impôts*) should they whish to carry out donations inter vivos with reserve of beneficial interest.

The Article 11.1 section 5 of the Articles of Association shall thus be drafted as follows:

- *"In case of division of shares and voting right certificates ownership, the voting right attached to the share or to the voting right certificate is exercised by the bare owner, except on decisions relating to the appropriation of income, where it is exercised by the beneficial owner."*

You will also be requested to:

- grant powers to the Manager in order to implement the amendment of the Articles of Association hereinabove referred to;
- take note of the approval, by a separate deed, of this resolution by the Company's general partners.

THIRD TO FIFTH RESOLUTIONS (ORDINARY)

The third to fifth resolutions submitted to you concern the approval of the parent company financial statements for the 2011/2012 financial year, appropriation of income for said financial year and approval of the consolidated financial statements for the 2011/2012 financial year.

Therefore, you will be requested to:

- approve the parent company financial statements for the 2011/2012 financial year (third resolution), which show a net loss of €114,297,250.92, and to discharge all members of the Executive Board under the Company's previous form of incorporation (limited company with an Executive Board and a Supervisory Board) and the Manager of all liabilities with respect to the financial year ended 31 March 2012;
- approve the appropriation of income for the 2011/2012 financial year proposed by the Manager (fourth resolution), in accordance with the Supervisory Board ; the Manager proposes to proceed to the payment of a unit dividend of €0.50 per share, exclusively in cash, which shall be detached from the shares on 1 October 2012 and be payable as from 4 October 2012; no dividend shall be paid for shares issued in consideration of the contributions approved by the General Meeting of shareholders on 8 June 2012;
- finally, approve the consolidated financial statements for the 2011/2012 financial year (fifth resolution, which show a consolidated net income of €141.5 million, including a consolidated net income attributable to equity holders of the parent of €37.2 million.

You will also be requested to take note of the approval of each of these resolutions, by a separate deed, by the Company's general partners.

SIXTH RESOLUTION (ORDINARY)

The sixth resolution submitted to you aims at approving a so-called "regulated" agreement, entered into during the 2011/2012 financial year upon the Supervisory Board's prior authorisation.

This agreement is presented within the Statutory Auditors' special report, in pages 193 onwards of this report. It results from the tacit renewal, on 28 January 2012 and for a period of 18 months, of the liquidity agreement entered into between the Company and Rothschild & Cie Banque SCS.

Pursuant to applicable regulations, the Company's general partners and the shareholders concerned by this regulated agreement shall not have the right to vote.

SEVENTH RESOLUTION (ORDINARY)

The seventh resolution submitted to you concerns Mr Peter Smith's appointment as a member of the Supervisory Board for a duration of three years to expire at the end of the General Meeting of shareholders which will approve the accounts for the financial year ending 31 March 2015.

Born on 5 August 1946, of British nationality, Mr Peter Smith is Chairman of the Boards of Directors of Savills Plc and of Templeton Emerging Markets Investment Trust Plc, and holds the position of Non-executive Director of Associated British Foods Plc. He was also a Director and Chairman of the Audit Committee of Rothschilds Continuation Holdings AG. From 1994 to 2004, he was a Senior Partner at Pricewaterhouse Coopers (previously at Coopers & Lybrand).

The Supervisory Board which will meet following the General Meeting of shareholders on 27 September 2012 shall vote on his appointment as a member of Paris Orléans' Audit Committee.

At the date of the report, he holds no Paris Orléans' share.

The list of positions currently held and of positions no longer held but held in the past five years by Mr Peter Smith is shown below.

Pursuant to applicable regulations, the Company's general partners shall not have the right to vote.

Positions currenly held at the date of this present report

- Director of:
– Rothschilds Continuation Holdings AG (Switzerland)
– NM Rothschild & Sons Ltd (United Kingdom)
– Rothschild Bank AG (Switzerland)
– Associated British Foods Plc (United Kingdom)

- Chairman of the Board of Directors of:
– Savills Plc (United Kingdom)
– Templeton Emerging Markets Investment Trust Plc (United Kingdom)

- Chairman of the Board of Trustees of:
– The Land Trust (charity) (United Kingdom)

Positions no longer held but held in the past five years

- Director of:
– Rothschild Holding AG (Switzerland)
– Confederation of British Industry (United Kingdom)

- Vice-Chairman of the Board of Directors of:
– The Equitable Life Assurance Society (United Kingdom)

- Chairman of the Audit Committee of:
– Rothschilds Continuation Holdings AG (Switzerland)

EIGHTH RESOLUTION (ORDINARY)

The eighth resolution submitted to you aims at fixing the maximal aggregate amount of the remunerations which could be allocated to members of the Supervisory Board.

It is proposed to fix this maximum amount to €300,000, given that this aggregate amount shall apply retroactively to all Supervisory Board's meetings held from the opening date of the 2012/2013 financial year, including the Supervisory Board's meeting prior to Paris Orléans' conversion into a French partnership limited by shares (*société en commandite par actions*).

This maximum amount shall remain applicable until further decision of the General Meeting of shareholders.

You will also be requested to take note of the approval of this resolution, by a separate deed, by the Company's general partners.

NINTH RESOLUTION (EXTRAORDINARY)

The ninth resolution submitted to you enables the bearer of an original counterpart, a copy or an excerpt from the minutes of the General Meeting, to carry out all requisite formalities.

Supervisory Board's report

To the shareholders,

The Company's Management has decided to convene a Combined Ordinary and Extraordinary General Meeting on 27 September 2012.

As pointed out in the Management's report for the year ended 31 March 2012, date of the end of the 2011/2012 financial year, the Company previously had the form of a limited company (*société anonyme*) with an Executive Board and a Supervisory Board. On 8 June 2012, in connection with the reorganisation of the Paris Orléans Group, you approved the conversion of the Company into a partnership limited by shares (*société en commandite par actions* or "SCA"). Since 8 June 2012, the general conduct of your Company's business has been entrusted to its first Manager (*Gérant*), PO Gestion SAS, represented by Mr David de Rothschild, Chairman, and Messrs Nigel Higgins and Olivier Pécoux, Chief Executive Officers.

We would inform you that, among the 13 members comprising the Company's Supervisory Board in its new form as a partnership limited by shares, eight members, including three independent members, had been members of the Company's Supervisory Board in its previous form as a limited company with an Executive Board and a Supervisory Board (*société anonyme à Directoire et Conseil de surveillance*). Moreover, of the three members comprising the Company's Audit Committee, two of them had already been members of the Company's Audit Committee throughout the whole of the previous year. Finally, we would point out that, of the three corporate officers of PO Gestion SAS, two had been members of the Company's Executive Board in the course of the 2011/2012 financial year. Therefore, the Supervisory Board, which approved the 2011/2012 accounts during its meeting held on 26 June 2012 and took formal note of the Management's report and the draft resolutions submitted to you for approval, considered that the majority of its members had been provided with all the information needed to make a decision on the transactions and accounts for the 2011/2012 financial year in full knowledge of the facts.

We would point out, in this connection that:

- the Company's Supervisory Board in its former form was properly informed of corporate transactions and the results thereof, in particular the transactions referred to in the Management's report;
- the parent company and consolidated accounts, including notably a balance sheet, a profit and loss account and notes to the accounts, were provided to us, for the purpose of checking and auditing them, within three months from the end of the financial year;
- the Supervisory Board approved those transactions that, pursuant to the provisions of its Articles of Association, required the prior authorisation of the Company's Supervisory Board in its previous form as a limited company with an Executive Board and a Supervisory Board;
- this report by the Supervisory Board only considers matters on which it is expressly required to take a view pursuant to the Company's Articles of Association.

OBSERVATIONS ON THE PARENT COMPANY AND CONSOLIDATED ACCOUNTS

The Company's Supervisory Board has no particular observations to make on the activities and parent company and consolidated accounts for the financial year ended 31 March 2012.

Moreover, we have no comments on the Management's report which provides you with a true and fair view of the activities and accounts for the year ended 31 March 2012 or on the Statutory Auditors' reports on said accounts.

Therefore, we would ask you to approve the parent company and consolidated accounts, on which we are making a favourable opinion.

APPROPRIATION OF INCOME AND RECOMMENDATION TO SHAREHOLDERS CONCERNING THE COMPANY'S DISTRIBUTION POLICY

We have examined the Manager's proposal to appropriate income, which is shown in its own report and the draft resolutions submitted to you for approval. Said proposal makes provision for a net ordinary dividend per share of €0.50. The ex-dividend date for the dividend will be 1 October and the dividend will be paid on 4 October 2012.

For information purposes, the Company's dividend distribution policy for the last three years (also shown in the Management's report) is shown in the table below:

	2010/2011	2009/2010	2008/2009
Number of shares and investment certificates entitled to dividend1	31,611,745	31,020,213	30,748,400
Net dividend per share *(in €)*	0.40 (2)	0.35 (2)	0.35 (2)
Total amount distributed *(in €)*	12,644,698.00	10,857,074.55	10,761,940.00

(1) Number of shares and investment certificates entitled to a dividend registered on the detachment date, excluding treasury shares and investment certificates held by Paris Orléans.

(2) Dividend fully eligible for the 40% rebate provided for in Article 158 (3) (2°) of the French Tax Code (Code général des impôts) for individuals who are French tax residents.

When the transactions submitted for your approval at the General Meeting of 8 June 2012 have been carried out, this should lead to an improvement in financial flows within the Paris Orléans Group. Accordingly, in our view, the dividend proposed by Management is consistent with the continuity of the Company's dividend distribution policy for the preceding years. Accordingly, we recommend the continuance of said policy and are in favour of Management's proposal to set the amount of the dividend at €0.50 per share.

ACTIONS TAKEN BY THE SUPERVISORY BOARD

We would invite you to refer to the Chairman of the Supervisory Board's report on internal control which is appended to Management's report.

SUPERVISORY BOARD'S OPINION ON THE RESOLUTIONS PUT FORWARD AT THE COMBINED GENERAL MEETING OF 27 SEPTEMBER 2012

In our meeting on 26 June 2012, we examined all the draft resolutions which are proposed to you.

Therefore, we recommend that you adopt the proposals that Management have submitted to you for approval and that you vote in favour of all the extraordinary and ordinary resolutions.

Paris, 26 June 2012.

The Supervisory Board

Draft resolutions

RESOLUTIONS WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING

FIRST RESOLUTION – Amendment to article 11.1 section 4 of the Articles of Association

The General Meeting, ruling under the quorum and the majority conditions required for extraordinary resolutions, after consulting the Management's report and the Supervisory Board's report,

- decides to amend Article 11.1 section 4 of the Articles of Association, by suppressing the word "*pure*" in its second sentence, and suppressing its last sentence, article 11.1 section 4 of the Articles of Association being consequently drafted as follows:
    - *"Except when provided by law, each share and voting right certificate entitle to one voting right in the General Meetings. However, the holder of any fully paid share, held in the form of registered shares for at least two years in the name of a single holder, will be entitled to two voting rights per share, without any limitation. In case of capital increase, by incorporation of reserves, benefits or issue premiums, the double voting right is, as from the issuance date, attributed to the registered shares allocated to a shareholder as a consequence of former shares for which he benefits from a double voting right. In the event of any transfer following inheritance, liquidation of marital property between spouses or donation inter vivos in favour of a spouse or relative entitled to inherit, the right remains acquired and the period hereinabove referred to is not interrupted. The double voting right is cancelled ipso jure of any share transferred for any other cause."*
- decides that this amendment apply with immediate effect,
- grants, as far as it is necessary, all powers to the Manager in order to implement the amendment of the Articles of Association hereinabove referred to and carry out any formality that would be useful or required,
- and takes note of the approval, by a separate deed, of this resolution by the Company's general partners.

SECOND RESOLUTION – Amendment of Article 11.1 section 5 of the Articles of Association relating to division of shares and voting right certificates ownership

The General Meeting, ruling under the quorum and the majority conditions required for extraordinary resolutions, after consulting the Management's report and the Supervisory Board's report,

- decides to amend Article 11.1 section 5 of the Articles of Association, which shall be consequently drafted as follows:
    - *"In case of division of shares and voting right certificates ownership, the voting right attached to the share or to the voting right certificate is exercised by the bare owner, except on decisions relating to the appropriation of income, where it is exercised by the beneficial owner."*
- decides that this amendment shall apply from the end of this General Meeting,
- grants, as far as it is necessary, all powers to the Manager in order to implement the amendment of the Articles of Association hereinabove referred to and carry out any formality that would be useful or required,
- and takes note of the approval, by a separate deed, of this resolution by the Company's general partners.

RESOLUTIONS WITHIN THE REMIT OF THE ORDINARY GENERAL MEETING

THIRD RESOLUTION – Approval of the parent company financial statements for the financial year ended 31 March 2012

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' report on the parent company financial statements for the financial year ended 31 March 2012,

- approves the said financial statements as presented to it, as well as the transactions evidenced in these statements and summarised in these reports;

- consequently, discharges all members of the Executive Board under the Company's previous form of incorporation (limited liability company with an Executive Board and a Supervisory Board) and the Manager, from any liabilities with respect to the financial year ended 31 March 2012;

- and takes note of the approval, by a separate deed, of this resolution by the Company's general partners.

FOURTH RESOLUTION – Appropriation of income for the financial year ended 31 March 2012 and dividend payment

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' report on the parent company financial statements for the financial year ended 31 March 2012,

- decides to appropriate the income for the said financial year, a net loss amounting €114,297,250.92, as follows:

In euros

Net income for financial year	(114,297,250.92)
Retained earnings	198,345,972.76
Distributable income	**84,048,721.84**
Appropriation	
• to payment of a dividend of €0.50 per share (1) (2)	16,257,793.50
• to retained earnings for	67,790,928.34

(1) Number of shares and investment certificates entitled to a dividend registered on the detachment date, excluding treasury shares and investment certificates held by Paris Orléans.
(2) Dividend fully eligible for the 40% rebate provided for in Article 158 (3) (2°) of the French Tax Code (Code général des impôts) for individuals who are French tax residents.

- decides that the Company shall not receive a dividend in respect of any shares held on the payment date, the amount of the dividend corresponding to these shares being automatically added to retained earnings, and, to this purpose, grants all powers to the Manager to revise the final amount of the actual distribution and the final amount of retained earnings;

- takes note that the dividend distributed to natural persons who are French tax residents is eligible in full for the 40% tax allowance provided for in article 158 (3) (2°) of the French Tax Code (*Code général des impôts*), under the provisions and within the limits provided for by applicable regulations;

- decides that dividend to be distributed shall be detached from the shares on 1 October 2012 and shall be payable as from 4 October 2012;

- and takes note that, in accordance with the provisions of article 243 bis of the French Tax Code (*Code général des impôts*), the dividends per share distributed in respect of the preceding three financial years were as follows:

	2010/2011	2009/2010	2008/2009
Number of shares and investment certificates entitled to dividend (1)	31,611,745	31,020,213	30,748,400
Net dividend per share *(in €)*	0.40 (2)	0.35 (2)	0.35 (2)
Total amount distributed *(in €)*	12,644,698.00	10,857,074.55	10,761,940.00

(1) Number of shares and investment certificates entitled to a dividend registered on the detachment date, excluding treasury shares and investment certificates held by Paris Orléans.
(2) Dividend fully eligible for the 40% rebate provided for in Article 158 (3) (2°) of the French Tax Code (Code général des impôts) for individuals who are French tax residents.

- and takes note of the approval, by a separate deed, of this resolution by the Company's general partners.

FIFTH RESOLUTION – Approval of the consolidated financial statements for the financial year ended 31 March 2012

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report (in its provisions relating to the activity of the Group), the Supervisory Board's report and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 31 March 2012,

- approves said financial statements as presented to it, as well as the transactions evidenced in these statements and summarized in these reports, which show a consolidated net banking income of €1,139.9 million, a consolidated net income of €141.5 million and a consolidated net income attributable to equity holders of the parent of €37.2 million;

- and takes note of the approval, by a separate deed, of this resolution by the Company's general partners.

SIXTH RESOLUTION – Approval a regulated agreement

The General Meeting, ruling under the quorum and the majority conditions provided for ordinary resolutions, after consulting the Management's report, the Supervisory Board's report and the Statutory Auditors' special report on the regulated agreements and commitments,

- approves, in accordance with the provisions hereinabove referred to, the tacit renewal on 28 January 2012, of the liquidity agreement initially entered into on 23 January 2008 with Rothschild & Cie Banque SCS.

The quorum and majority are calculated in accordance with the provisions of article L. 225-40 section 4 of the French Commercial Code (*Code de commerce*) and the Company's general partners do not have the right to vote on this resolution.

SEVENTH RESOLUTION – Appointment of Mr Peter Smith as a member of the Supervisory Board

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report and the Supervisory Board's report,

- decides to appoint Mr Peter Smith's as a member of the Company's Supervisory Board for a duration of three years to expire at the end of the General Meeting of shareholders which will approve the accounts for the financial year ending 31 March 2015;

- takes note of Mr Peter Smith's informing of his prior acceptance of the position of member of the Company's Supervisory Board and of his satisfying all the conditions required by law and regulations for the position.

The Company's general partners do not have the right to vote on this resolution.

EIGHTH RESOLUTION – Total amount of the remunerations allocated to members of the Supervisory Board for the financial year ended 31 March 2013

The General Meeting, ruling under the quorum and the majority conditions required for ordinary resolutions, after consulting the Management's report and the Supervisory Board's report,

- decides to fix the maximal aggregate amount of the remunerations allocated to the members of the Supervisory Board until further decision to a total of €300,000;

- and decides that this aggregate amount shall apply retroactively to all Supervisory Board meetings held from the opening date of the financial year, including Paris Orléans' Supervisory Board meetings held prior to the Company's conversion into a French partnership limited by shares (*société en commandite par actions*);

- and takes note of the approval, by a separate deed, of this resolution by the Company's general partners.

RESOLUTION WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING

NINTH RESOLUTION – Granting powers for the formalities

The General Meeting, ruling under the quorum and the majority conditions required for extraordinary resolutions, after consulting the Management's report and the Supervisory Board's report,

- grants all powers to the bearer of an original counterpart or an excerpt from these minutes, to carry out all requisite filings and formalities;
- and takes note of the approval, by a separate deed, of this resolution by the Company's general partners.

General information

PERSONS RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

PO Gestion SAS Manager	**Mark Crump** Group Finance Director

STATEMENT BY THE PERSONS RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

"We hereby certify, that to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the management report presents a true and fair picture of the business, its results and the financial condition of the Company and of its consolidated group of companies, as well as a description of the principal risks and uncertainties to which they are exposed."

Paris, 31 July 2012

PO Gestion SAS Manager Represented by David de Rothschild, Chairman	**Mark Crump** Group Finance Director

PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statutory Auditors

Cailliau Dedouit et Associés SA

Represented by Mr Stéphane Lipski

19, rue Clément-Marot
75008 Paris, France

Start date of first term: 24 June 2003
Date of last renewal: 27 September 2011
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

KPMG Audit FS II SAS

Represented by Mr Pascal Brouard

Immeuble Le Palatin – 3, cours du Triangle
92939 Paris La Défense Cedex, France

Start date of first term: 27 September 2011
Date of last renewal: n/a
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

Alternate Auditors

Didier Cardon

19, rue Clément-Marot
75008 Paris, France

Start date of first term: 29 September 2009
Date of last renewal: 27 September 2011
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

KPMG Audit FS I SAS

Immeuble Le Palatin – 3, cours du Triangle
92939 Paris La Défense Cedex, France

Start date of first term: 27 September 2011
Date of last renewal: n/a
End date of term: General Meeting called to approve the financial statements for the financial year ending 31 March 2017

French public partnership limited by shares
with a share capital of €141,806,058
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Website: www.paris-orleans.com

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PARIS ORLÉANS

ANNUAL REPORT 2011-2012