2010-2011

ANNUAL REPORT

PARIS ORLÉANS

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This is a free translation into English of a report issued in the French language and filed with the "Autorité des marchés financiers" on 31st July 2011. This translation is provided solely for the convenience of English speaking readers and shareholders. This report should be read in conjunction with, and construed in accordance with, French law and regulatory standards applicable in France.

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Message from the Chairman of the Executive Board

To the shareholders,

The market environment was on the whole calmer in 2010/2011 than in the previous financial year. Against this background, we achieved a satisfactory performance although recent events serve to remind us that there are still major uncertainties hanging over the global economic outlook.

Net banking income for the year ended 31st March 2011 amounted to €1,214.6 million compared with €871.7 million for the previous year, an increase of €342.9 million, which includes the impact of fully consolidating Rothschild & Cie Banque in Paris Orléans' accounts.
Moreover, the previous year's net banking income included income of €68.6 million arising from the reclassification to equity of a subordinated debt. Excluding changes in the consolidation scope and reclassified debt, net banking income rose by €93.3 million.

Consolidated net income for the 2010/2011 financial year was up by €178.4 million year-on-year to €269.3 million. After taking non-controlling interests into account, consolidated net profit attributable to equity holders of the parent amounted to €102.47 million, compared with €25.7 million the previous year. This profit includes €33.1 million of non-recurring income relating to Rothschild & Cie Banque, including a €31.4 million revaluation gain arising from the first-time full consolidation of this company in Paris Orléans' accounts and a €1.7 million capital gain on the sale of the asset management company Sélection 1818 (Sélection R).

Revenues from global financial advisory increased, driven by business in Brazil and Australia and, to a lesser extent, in Europe, in particular the United Kingdom and France, where the Group has been long-established. These revenues amount to almost 75% of those recorded in 2007, which was an exceptionally strong year. A gradual pick-up in M&A activity over the year has offset the slowdown in the financing and debt restructuring advisory business.

Against a still complex market background, our wealth management activities (private banking and asset management) generated robust revenues, which were higher than 2009/2010. Average assets under management returned to their previous high levels. This satisfactory performance can be attributed to the efforts made to attract new assets. Also, further investments have been made over the past two years, both in terms of hiring new staff and implementing new information technology.

The Group has continued to refocus its corporate banking activities in the United Kingdom by downsizing its loan portfolio. Unlike the preceding years, no major impairment provisions were recorded in the consolidated financial statements this year and the cost of risk therefore diminished significantly.

Our endeavours to build up our merchant banking division, the structure for investment on behalf of third parties, continued this year with the launch of a new fund dedicated to the secondary private equity market, Five Arrows Secondary Opportunities.

Paris Orléans' own private equity business once again confirmed our faith in the quality of the private equity portfolio and its capacity to generate substantial gains.
Disposals amounted to €121 million in 2010/2011, generating a capital gain of €50 million which included €17.9 million from the sale of Paris Orléans' long-standing 23.5% stake in Domaines Barons de Rothschild (Lafite). The total amount invested in 2010/2011 came to €43 million. The outlook for 2011/2012 will benefit from the recent deal concerning SIACI, which generated a gain of €32.8 million.

With the Supervisory Board's agreement, the Executive Board will propose to the Combined General Meeting of Shareholders on 27th September 2011, the payment of a dividend of €0.40 per share, i.e. 14% more than in respect of the previous year. Like last year, shareholders can choose to receive their dividend in the form of shares in the company.

Sylvain Héfès
Chairman of the Executive Board

July 2011

History

1838
Creation of Paris Orléans, a French rail company.

1937
Paris Orléans discontinues its railway business.

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

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

2000-2001
Paris Orléans begins to take its present shape. Increased shareholding in the banking group in the United Kingdom and the rest of the world.

Paris Orléans, flagship holding company of the Rothschild Group

In the tradition of the Rothschild family culture, Paris Orléans focuses on two core businesses: banking and private equity activities.

- Banking activities comprise global financial advisory and third party asset management. These businesses are owned by the holding company Rothschilds Continuation Holdings AG ("RCH") and are supported by a network of offices spanning five continents. They are mainly carried out through two operating entities: Rothschild & Cie Banque in France and NM Rothschild & Sons in the United Kingdom.

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

2003
Move to unify and optimise the worldwide banking group structures. Creation of a new lead entity, Concordia BV, held equally by Paris Orléans and the English branch of the Rothschild family.

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

2007-2008
Acquired control of the banking activities at global level.

2010
Simultaneous appointment of Olivier Pécoux as Managing Director (*Directeur Général*) of Paris Orléans and as member of its Executive Board, and of Nigel Higgins as Chief Executive Officer of the RCH sub-group.


CONCORDIA
INTEGRITAS
INDUSTRIA

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Left: Rothschild Arms, at their initial allocation in 1822 by the Habsburg College of Heraldry, it comprises of five arrows, a red shield and the Rothschild family slogan. © The Rothschild Archive, London.

Businesses

Banking activities

The Rothschild group has been active at the heart of the world's financial markets for more than two centuries. It focuses on three types of services for businesses, governments and individuals: Global Financial Advisory, Wealth Management and Institutional Asset Management, and Merchant Banking.

Rothschild carries out all of these businesses in the world's leading financial centres: London, Paris, New York, Zurich, Frankfurt, Milan and Hong Kong. The Group employs a total of 2,855 people in 58 offices worldwide.

3 areas of activity

Global Financial Advisory and Corporate Banking

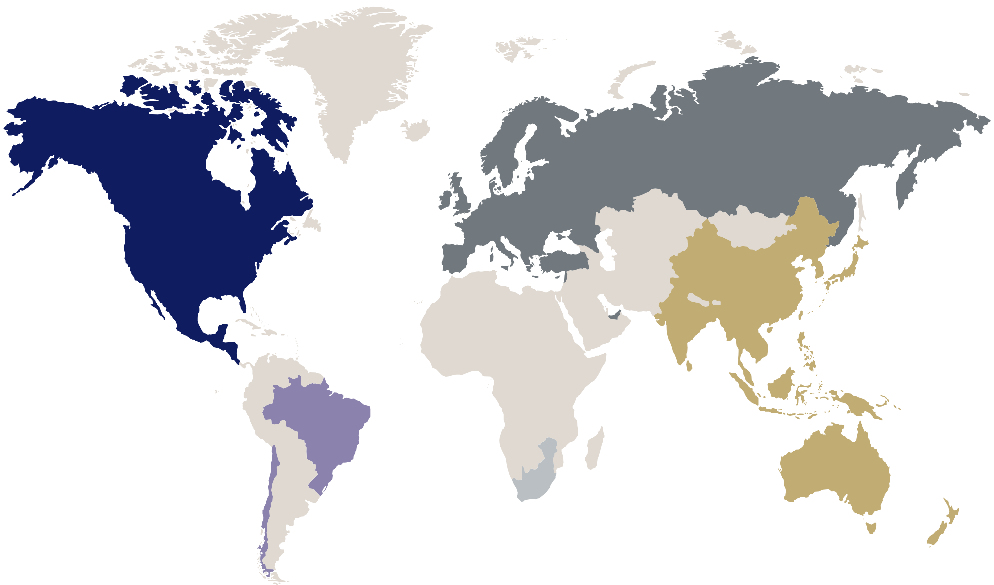
Wealth Management and Asset Management

Merchant Banking (third-party private equity business and attached to Banking Activites)

€1,164 million
COMBINED NET BANKING INCOME (1)

2,855
EMPLOYEES AROUND THE WORLD (1)

(1) As at 31st March 2011 for banking activities.



North America	Europe and the Middle East		Asia Pacific
Calgary	Abu Dhabi	Leeds	Auckland
Mexico	Amsterdam	Lisbon	Hanoi
Montreal	Athens	London	Hong Kong
New York	Barcelona	Luxemburg	Jakarta
Toronto	Birmingham	Madrid	Kuala Lumpur
Washington	Brussels	Manchester	Manila
British Virgin Islands	Bucarest	Milan	Melbourne
	Budapest	Moscow	Mumbai
South America	Doha	Paris	New Delhi
Santiago	Dubai	Prague	Beijing
São Paulo	Frankfurt	Rome	Seoul
	Geneva	Sofia	Shanghai
Africa	Guernsey	Stockholm	Singapore
Harare	Istanbul	Tel Aviv	Sydney
Johannesburg	Kiev	Warsaw	Tokyo
		Zurich	Wellington

Joint-venture   Representation office

Private Equity

Paris Orléans operates the Group's private equity investment activity for its own account. Third-party private equity activities are operated by the merchant banking division.

Through its opportunistic investment policy and strong track record in LBO financing, Paris Orléans continues its strategy and today engages in various asset classes and in emerging countries.

Investment strategy

Investment policy

- Opportunistic investment in all sectors, except particularly high-risk and/or high-tech profiles
- Minority shareholdings
- Flexibility in the structure of the deal

Type of investment

- Equity
- Mezzanine debt
- Listed and non-listed

Investment size

- Each investment between €3 million and €10 million
- Investments focused essentially on small and mid-cap companies

Investment horizon

- Between 3 and 6 years depending on investment's type
- Fewer constraints than with a conventional private equity fund

As at 31st March 2011

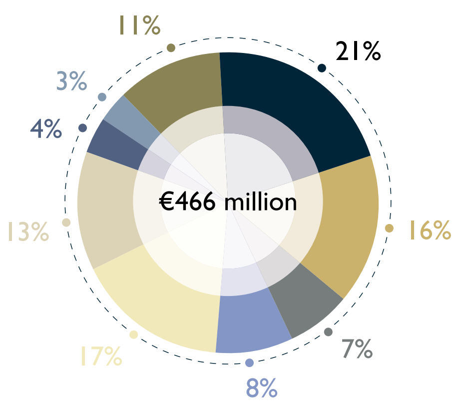
€426 million
INVESTED

70
CO-INVESTMENTS

€121 million
REALISED DISPOSAL

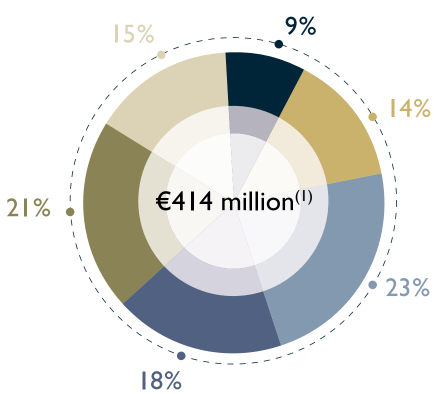
€50 million
REALISED CAPITAL GAINS

Breakdown of assets as at 31st March 2011



By investment type

- LBO/Equity
- LBO/Mezzanine debt
- Property
- Growth capital
- Group investments
- Listed companies
- Treasury shares
- Private equity funds
- Others



By investment size

- < €2.5k
- €2.5 - 5k
- €5 - 7.5k
- €7.5 - 10k
- €10 - 20k
- > €20k

(1) Private equity funds excluded.

Key figures

As at 31st March 2011

€1,215 million

IN CONSOLIDATED NET BANKING INCOME

€8,616 million

OF BALANCE SHEET TOTAL

€102 million

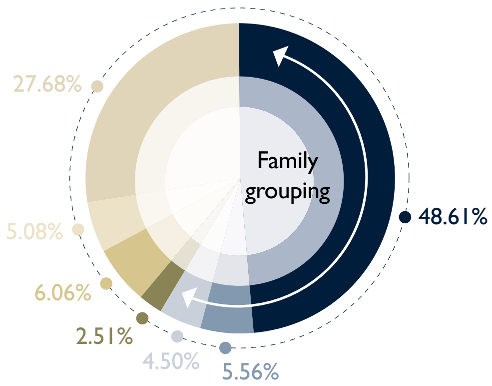
IN NET INCOME-GROUP SHARE

€732 million

OF SHAREHOLDERS' EQUITY-GROUP SHARE

Shareholder information

Share ownership as at 31st March 2011



	Capital	Voting rights
Family grouping		
● Rothschild Concordia SAS	48.61%	52.03%
● NM Rothschild & Sons Ltd	5.56%	0.00% (1)
● Other members of the Rothschild family	4.50%	5.94%
● Paris Orléans	2.51%	0.00% (1)
Public		
● Asset Value Investors	6.06%	6.49%
● Allianz	5.08%	5.44%
● Free float	27.67%	30.09%

(1) Treasury shares.

Share information

Listing information

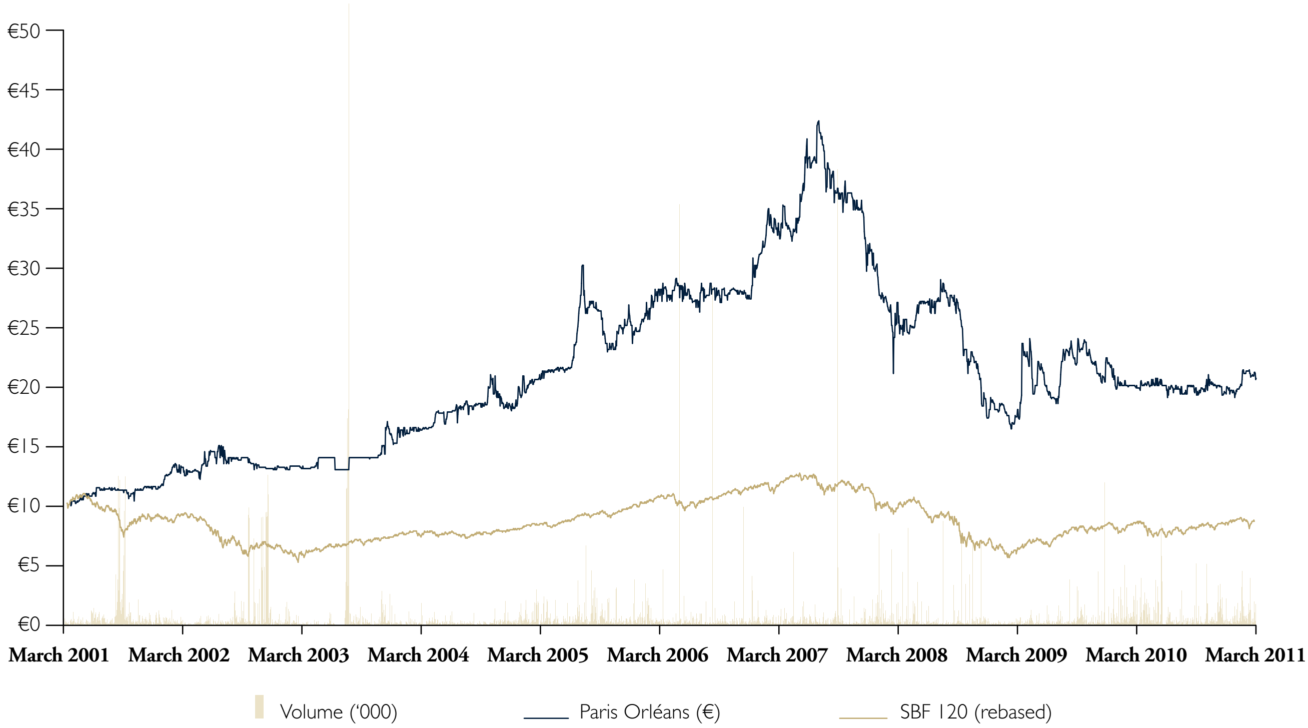
ISIN Code	FR0000031684
Identification code	PAOR
Market	NYSE Euronext Compartment B (France)
Listing place	Paris

Share price

In euros	31/03/2011	31/03/2010	31/03/2009	31/03/2008	31/03/2007 (1)
Highest	20.3	23.5	27.8	41.0	33.8
Lowest	18.0	16.0	15.1	20.0	25.1
Closing price at end of period	19.6	18.8	16.3	23.9	32.5
Net dividend	0.40 (2)	0.35	0.35	0.55	0.50

(1) For comparative purposes, data has been adjusted for the stock split that took place on 28th January 2008.
(2) Net dividend proposed at the Combined General Meeting to be held on 27th September 2011.

Paris Orléans share price performance over 10 years



Liquidity

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

As at 31st March 2011, 146,600 shares and €3,220,343.11 were booked to the liquidity contract (1).

(1) See page 59 chapter "Buyback of own shares".

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 €0.40 per share, i.e. a total dividend of €12,949, 406 is proposed at the General Meeting.

Shareholders will be able to choose between payment of this dividend in cash or in new shares of the company between the 4th and 21st October 2011 inclusive.

The dividend will be paid as from the 2nd November 2011.

Financial communication and shareholder information

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

All information regarding banking activities is available at www.rothschild.com.

Website: www.paris-orleans.com

Paris Orléans' website allows visiters to browse the latest updates, share prices and its publications.

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.

Financial calendar

- **Annual results:**
30th June 2011

- **2011/2012 Q1 Net Banking Income:**
12th August 2011

- **Combined General Meeting:**
27th September 2011

- **Option for the payment of the dividend in shares:**
from 4th to 21st October 2011 inclusive

- **Dividend payment:**
as from 2nd November 2011

- **Half-yearly results as at 30th September 2011:**
30th November 2011

- **2011/2012 Q3 Net Banking Income:**
15th February 2012

- **Annual results as at 31st March 2012:**
end of June 2012

Contacts

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Executive Board and Supervisory Board

Composition as at 31st March 2011

Since 2004, Paris Orléans has been governed by an Executive Board and a Supervisory Board, thereby ensuring a clear separation between management powers and supervisory powers.

Executive Board

The Paris Orléans Executive Board is composed of four members and is chaired by Sylvain Héfès.

Sylvain Héfès

Sylvain Héfès has been Chairman of the Executive Board since 2005. He joined the Group when it was undergoing in-depth reorganisation, culminating in the takeover of the English branch of the banking group in 2008. Based in London, in particular he supervises Paris Orléans' private equity business and takes part in the Group's internal control system as member of the Group Risk Committee and of Rothschilds Continuation Holdings AG's Audit Committee. He is also Chairman of the Group Nomination and Remuneration Committee.

Sylvain is also a member of the Boards of Directors of Rothschild Concordia SAS, Rothschilds Continuation Holdings AG and Rothschild Bank AG.

He began his career in 1974 as Financial Attaché to the French Embassy in Canada. From 1976 to 1980, he served as Vice-Chairman of Rothschild Bank in Paris, before joining NM Rothschild & Sons in London for two years. He then returned to the Paris-based bank where he was Deputy Chief Executive Officer from 1982 to 1989. In 1990, he joined Goldman Sachs where he was a General Partner from 1992 to 2004 and held the positions of Head of French Operations, Chief Executive Officer for European private banking operations, Chairman of the International Advisory Board of Goldman Sachs International and Chairman of the Board of Directors of Goldman Sachs Bank AG.

David de Rothschild

As a founding manager of Rothschild & Cie Banque in Paris, David de Rothschild was responsible for the rebirth of the bank following its nationalisation in 1981. In 2003, together with his cousin Eric 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. Within the frame 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. He is also Chairman of the Group Management Committee and of the Group Risk Committee.

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 is 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.

Olivier Pécoux

Olivier Pécoux's appointment on 30th March 2010 as Paris Orléans' Managing director (*Directeur général*) reflects the weight of the Group's banking activities within Paris Orléans and strengthens the role of Paris Orléans as the holding company for the Rothschild banking group. It establishes a more firmly rooted Franco-British identity for the Paris Orléans Group and forms an integral part of the governance changes made within Rothschilds Continuation Holdings AG. This appointment coincided with that of Nigel Higgins, who has played a key role in the Group's London-based investment bank for many years as Chief Executive officer..

He joined Rothschild & Cie Banque in Paris in 1991 and was subsequently appointed Managing Partner in 1996. He became Co-Head of the Group global financial advisory business within Paris Orléans in 2008 and is also Chairman of the French bank's Executive Committee.

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

Michele Mezzarobba

Michele Mezzarobba has served on the Executive Board since 1st April 2006, having joined Paris Orléans as Chief Financial Officer in 2004. Within the Executive Board, he has particular responsibility for Paris Orléans' private equity business and coordinates Investment Committee meetings according to the guidelines established by the Executive Board. He is also involved in Group internal control as member of the Group Risk Committee and of Rothschild & Cie Banque's Audit Committee in Paris.

He began his career at Oddo & Cie in 1991. In 1995, he joined Paribas, where he served as a business manager within the Corporate Finance division until 1997. After gaining an MBA from Wharton School in Philadelphia (USA), he joined Rothschild & Cie Banque in Paris in 1999 as a manager in the mergers and acquisitions department.

Supervisory Board

The Paris Orléans Supervisory Board comprises twelve members, including four independent members and a non-voting member.

Supervisory Board members

Éric de Rothschild

Éric de Rothschild has been Chairman of the Supervisory Board since 2004, having 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.

He 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 Managing Director (*Directeur Général*) of Rothschild Concordia SAS.

André Lévy-Lang

André Lévy-Lang has been Vice-Chairman of the Supervisory Board since 2008, having been an independent member of this Board and an Audit Committee member since 2004.

He began his career in 1960 at the Atomic Energy Commission. After holding various management positions within Schlumberger Group from 1965 to 1974 both in France and abroad, he entered the banking industry in 1990. He was Chairman of the Paribas Executive Board from 1991 to 1999.

Robert de Rothschild

Robert de Rothschild has been a member of the Supervisory Board since 2004, having joined Paris Orléans in 1984 as a member of the Board of Directors.

He is also a member of the Board of Directors of Rothschild Concordia SAS.

Martin Bouygues

Martin Bouygues has been an independent member of the Paris Orléans Supervisory Board since 2007. 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 the Chairman and Chief Executive Officer of Saur from 1986 to 1997.

Philippe de Nicolay

Philippe de Nicolay has been a member of the Paris Orléans Supervisory Board since 2007. He joined Rothschild & Cie Banque in Paris in 1990 and was appointed Managing Partner in 2002. More specifically, he was in charge of the Group's third-party asset management activities both in France and abroad.

He began his career in 1980 as an analyst with Société d'Analyse Financière et Economique (SAFE) before joining Rothschild International Management in London in 1983.

Claude Chouraqui

Claude Chouraqui joined the Supervisory Board in 2004 subsequent to the first LBO deal led by Paris Orléans for Siaci. He was also Vice-Chairman of Francarep's Board in 1994. He is Chairman of the Supervisory Board of Siaci Saint-Honoré, having served as Chairman and Chief Executive Officer of Siaci until 2001.

As the founder and Managing Director of Comptoir Parisien d'Assurances in 1956, he went on to hold various management and senior executive positions in the insurance brokerage industry, mainly at Siaci, and was a Director of Jardine Lloyd Thompson in London.

Russell Edey

Russell Edey has been a member of the Supervisory Board since 2004. He joined NM Rothschild & Sons in London in 1977 and became Head of Investment Banking from 1990 to 1996. He continues to hold various positions in the Rothschilds Continuation Holdings AG sub-group.

He began his career with Anglo American Corporation in South Africa.

Christian de Labriffe

Christian de Labriffe has served as a Supervisory Board member and Chairman of the Audit Committee since 2004. He joined Paris Orléans as a member of the Board of Directors from 1996 to 2004. He is also responsible for various internal control functions within the Group and, in particular, is a member of the Group Risk Committee.

Managing Partner of Rothschild & Cie Banque in Paris since 1994, he began his career at Lazard Frères & Compagnie in 1976, where he was Managing Partner from 1987 to 1994.

François Henrot

A member of the Supervisory Board since 27th September 2010, his appointment is part of the move to strengthen Paris Orléans' position as holding company for the Rothschild banking group.

A graduate from École Nationale d'Administration and 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 Managing Director then Chairman of Compagnie Bancaire. After holding the position of 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.

Jacques Richier

An independent member of the Supervisory Board since 27th September 2010, his appointment reflects Paris Orléans' desire to involve one of its leading shareholders, Allianz Vie, of which he is the Chief Executive Officer.

He has held senior positions in the insurance sector, in particular as Chairman of the Board of Directors of AGF, Chairman and Chief Executive Officer of SwissLife France, where he also held several other senior management positions, He is also Chairman and Chief Executive Officer of Allianz and Allianz France.

Marc-Olivier Laurent

Marc-Olivier Laurent has been a permanent representative of Rothschild & Cie Banque on the Paris Orléans Supervisory Board since 7th December 2007 and has been a Managing Partner of Rothschild & Cie Banque in Paris since 1993. Since 2007, he has been responsible for developing the Group's new merchant banking business (third-party private equity activities), which was launched successfully through the Five Arrows Principal Investments fund.

He began his career in 1979 at the Institut de Développement Industriel (Idi). Most notably, he was Director and Chief Executive Officer of Compagnie Financière Nobel from 1988 to 1993.

Philippe Sereys

Philippe Sereys has been an independent member of the Supervisory Board and an Audit Committee member since 2004. He joined Paris Orléans in 1999 as a member of the Board of Directors and held this office until 2004.

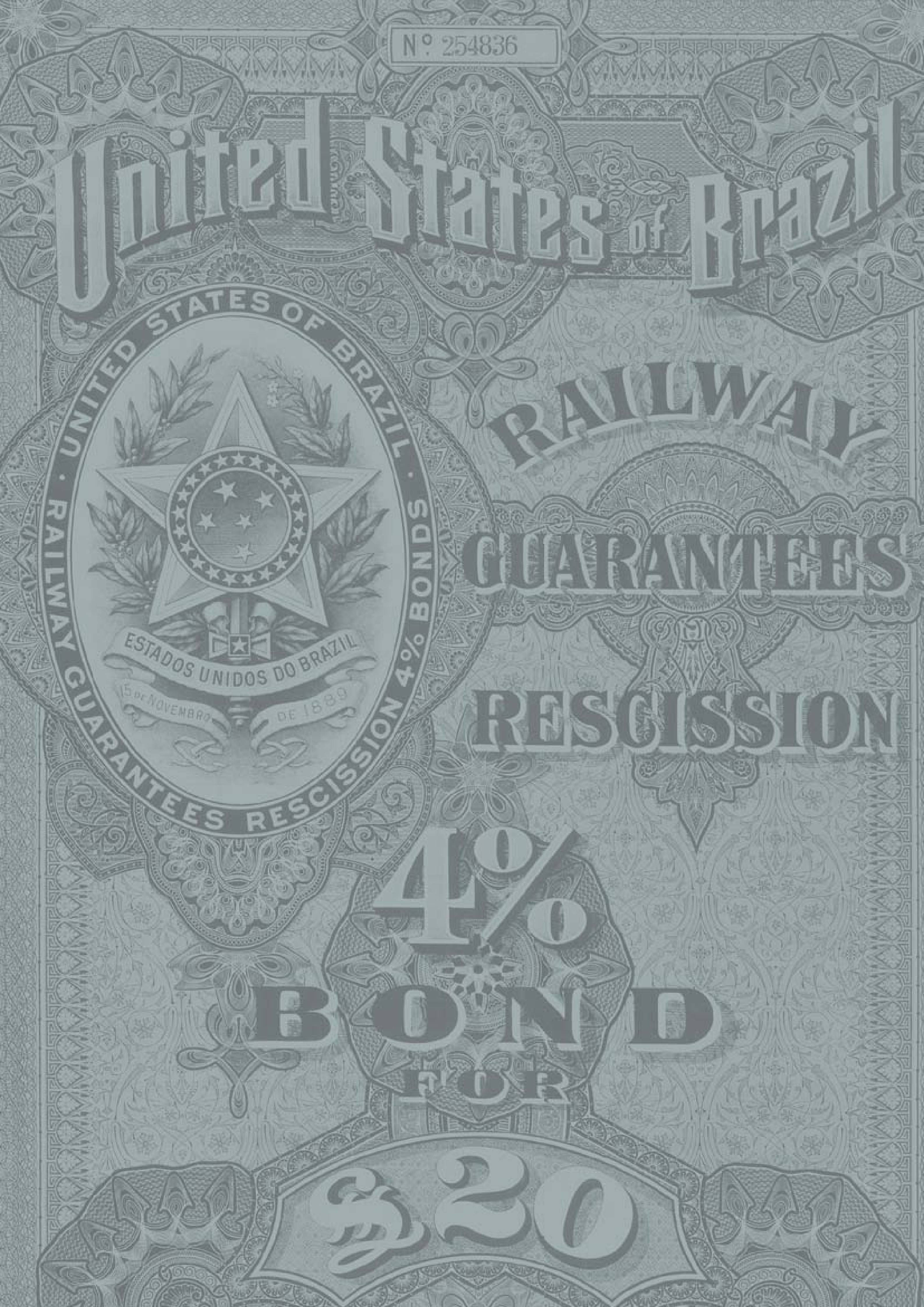
He began his career in 1987 at Lazard Frères & Co, working in the mergers and acquisitions department in New York. He then joined Compagnie Générale des Eaux in 1991 as General Management Representative and went on to become Chief Financial Officer of Dalkia Italy in 1995. In 1998, he joined SLP Infoware as Chief Financial Officer and subsequently became Chief Executive Officer in 1999. He was employed by Natixis Private Equity from 2004 to 2009.

Non-voting member

Michel Cicurel

Michel Cicurel has been a non-voting member since 2005. He holds various management positions within the Benjamin de Rothschild group, a minority shareholder of the Group through Paris Orléans and Rothschilds Continuation Holdings. Since January 1999, he has served as Chairman of the Executive Boards of La Compagnie Financière Edmond de Rothschild Banque and La Compagnie Financière Saint-Honoré.

After working at the French government's Treasury Department from 1979 to 1982, he held various senior management positions at a number of banks from 1983 to 1999.


Nº 254836
United States of Brazil
UNITED STATES OF BRAZIL · RAILWAY GUARANTEES RESCISSION 4% BONDS
ESTADOS UNIDOS DO BRAZIL
15 DE NOVEMBRO DE 1889
RAILWAY
GUARANTEES
RESCISSION
4%
BOND
FOR
£20

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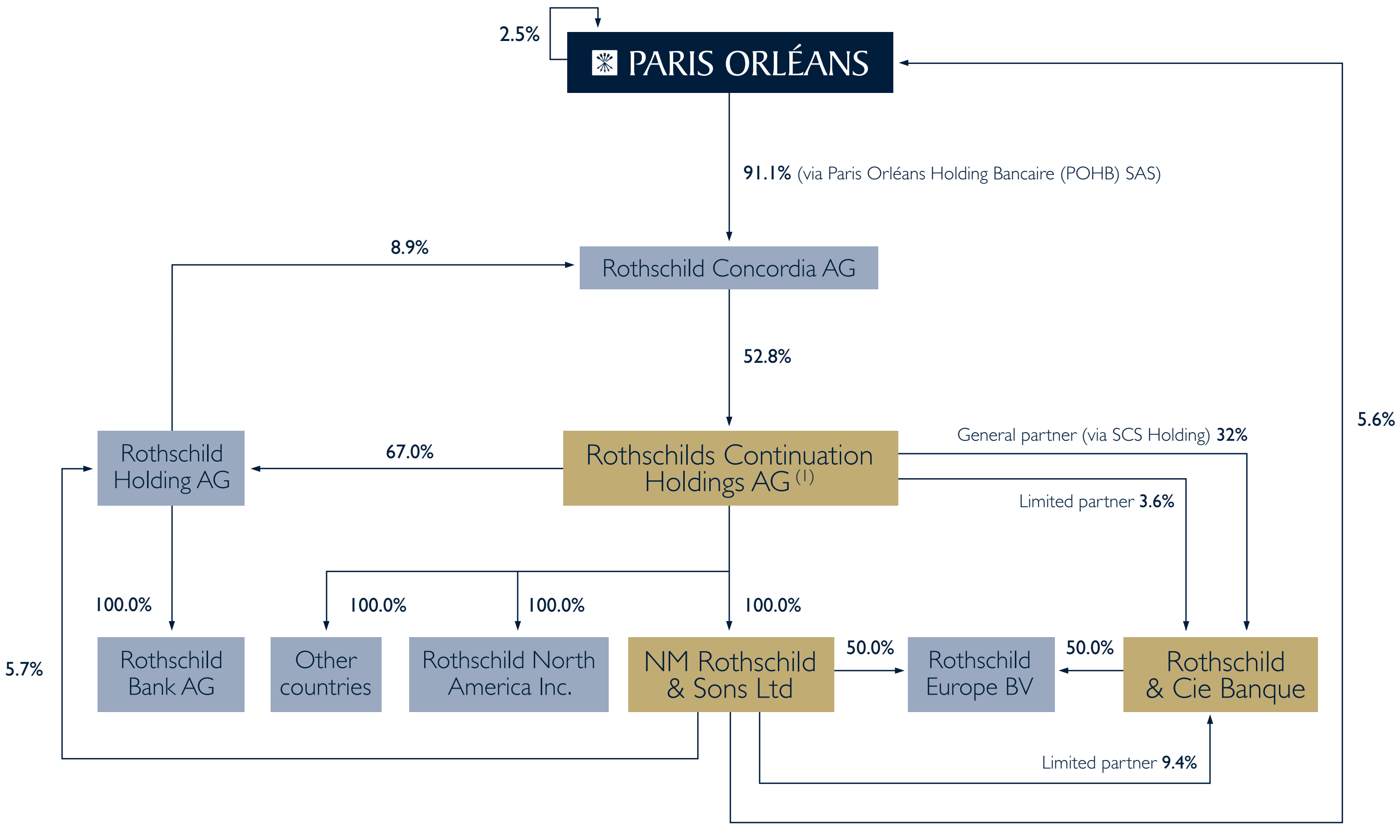
Left: Brazilian loan stock certificate, issued by NM Rothschild & Sons, 1889.
© The Rothschild Archive, London.

The Rothschild banking group is present in more than 45 countries and employs more than 2,855 people around the world. The Group provides global financial advisories wealth management services to governments, corporations and individuals worldwide. The Rothschild group's banking activities are divided into four businesses:

- Global Financial Advisory, which comprises advisory services for mergers and acquisitions, advisory services for finance and restructuring, advice concerning equity capital markets and the private placement of loans and shares;
- Wealth management and asset management which also include institutional asset management;
- Corporate banking focuses on direct lending and the structuring of financing packages;
- Merchant banking, a recently launched private equity business for third parties.

Banking group simplified organisation chart as at 31st of March 2011

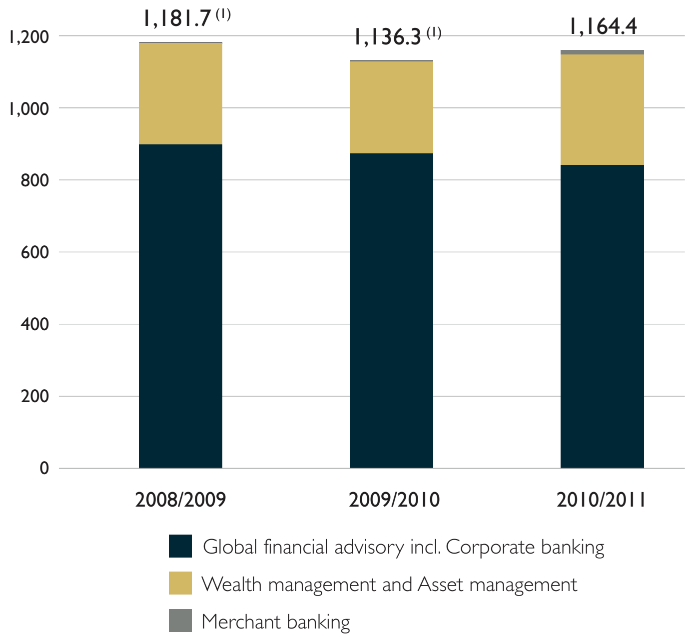


(1) Other main shareholders of Rothschilds Continuation Holdings AG are:
- Jardine Matheson 20.1%
- Banque Privée Edmond de Rothschild 11.2%
- Rabobank 7.5%

Net banking income pro forma distribution

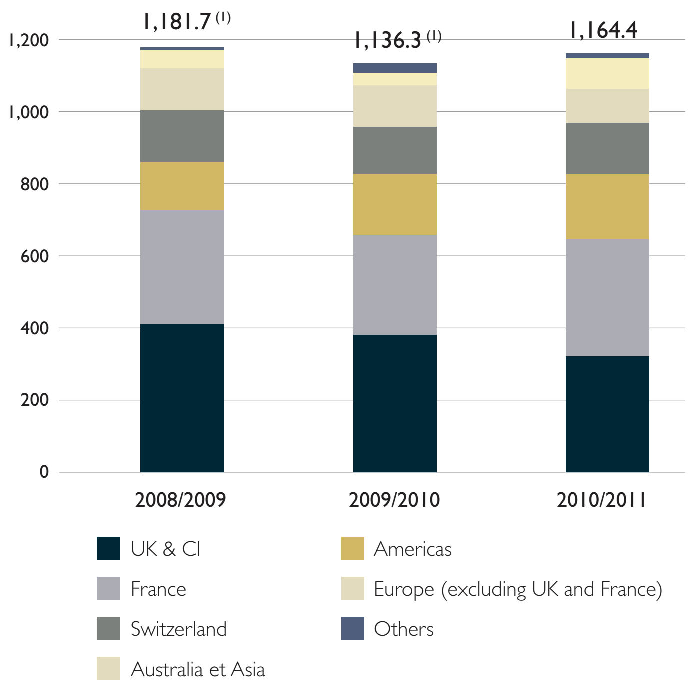
Since 1st April 2010, Rothschild & Cie Banque has been consolidated within the scope of Paris Orléans. Graphs below present the pro forma net banking income of banking activities over the last three years including Rothschild & Cie Banque.

By activities (in millions of euros)



(1) Pro Forma, including Rothschild & Cie Banque.

By location (in millions of euros)



(1) Pro Forma, including Rothschild & Cie Banque.

Financial review

The consolidated results of banking activities for the Paris Orléans group by full consolidation include:
• Rothschilds Continuation Holdings AG ("RCH") and,
• Rothschild & Cie Banque ("RCB"), for the first time from 1st April 2010
To provide a more detailed analysis of earnings of the banking activities, consolidated results of Rothschilds Continuation Holdings AG ("RCH") and Rothschild & Cie Banque ("RCB") are presented separately hereafter.

Rothschilds Continuation Holdings AG

RCH is the operational holding company for the Group's banking activities. RCH's main subsidiaries are NM Rothschild & Sons Limited ("NMR") in the United Kingdom, Rothschild North America Inc. in the United States and many other subsidiaries in Europe through Rothschild Europe BV (owned equally with Rothschild & Cie Banque) and in the rest of the world .

RCH consolidated profit before tax for the year ended 31st March 2011 was €114 million, compared with €140 million the previous year or €57 million without the subordinated debt reclassification. This result has been achieved in spite of the continuing difficult economic conditions around the globe.

In millions of euros (1)	2010/2011 Financial year	2009/2010 Financial year	2008/2009 Financial year
Income statement figures			
Net banking income	855.2	891.0	906.4
Operating expenses	736.4	664.8	650.4
Operating income	113.2	142.7	106.6
Profit before tax	113.8	140.5	108.2
Profit attributable to equity holders of the parent	47.4	98.3	53.5
Balance sheet figures			
Balance sheet total	6,971.3	7,195.4	7,459.2
Loans and advances to banks - Cash and balances at central banks	2,841.7	2,689.4	2,509.5
Available-for-sale financial assets	1,087.8	1,506.3	1,659.7
Loans and advances to customers	1,664.1	1,787.8	2,245.3
Shareholder equity	1,316.1	1,208.9	985.8
Shareholder equity attributable to equity holders of the parent	871.2	759.0	620.3

(1) Exchange rate movements affects the analysis and the presentation of RCH and its subsidiaries' profits because a significant part of the profit is generated in sterling and to a lesser extent in Swiss franc and in US dollars.

Net banking income for the year was €855 million, €36 million (-4%) lower than that achieved last year, composed of €83 million non-operating income arising from reclassifying a subordinated debt in stockholders' equity. Excluding this income, net banking income is €47 million above, representing a 6% increase.

The Group's Global Financial Advisory business saw an increase in M&A revenue and an improved market share of M&A during 2010 as global activity began to recover. Rothschild ranked sixth globally by number of completed deals in 2010. The increase in M&A revenue was partially offset by a decrease in activity from Financing Advisory franchise (which includes debt advisory and restructuring, and equity advisory teams) as global activity in restructuring and debt capital markets has declined from the peaks seen in 2009.

Wealth Management and Asset Management activity saw an increase in profitability. Assets under management rose through both successful additions of assets under management and a recovery of the markets during the year.

The Corporate Banking business has reported falling net revenues as the loan book size has been reduced, together with the impact of higher funding costs. However, the substantial impairment losses seen in previous years have not continued this year reflecting an overall improvement in the economic environment and consequently the results show a net release for the year.

Net banking income progress mainly resulted from the increase of net fee and commissions (+9%) totalling 754.5m€ (692m€ in 2009/2010). The major proportion of fee income is derived from Global Financial Advisory, where fees were some 5% ahead of last year, with stronger M&A fees compensating for declining restructuring fees. Wealth Management fees are 18% ahead of last year, reflecting the continuing growth of assets under management.

This year's operating income of €113.2 million (€142.7 million for the previous year) has decreased due to:
- the absence of non recurrent profit (€83 million in 2009/2010)
- A €71 million increase in general operating expenses which rose from €665 million to €736 million. The increase was due mainly to variable compensation which varies according to the previous year's performance. Staff costs therefore accounted for 79% of total general and administrative expenses for the year.

This expenses increase was partially compensated by:
- the positive fair value movements of €10 million in respect of synthetic collateralised debt obligations (CDOs)
- Recovery of provisions on assets of €8 million compared with €71 million of impairment losses in 2010.

Total assets stood at €6,971 million, a reduction of €224 million from the previous year. The reduction is largely a result of asset disposals across the Corporate Banking portfolio following a strategic decision to withdraw progressively from commercial lending activity.
As a result, the overall leverage of the balance sheet remains at a very low level.

RCH has maintained high levels of liquidity since the onset of the credit crisis in 2007. It has been successful in reducing balance sheet footings and has increased the duration and diversity of the funding base. Cash at central banks and other banks accounts for 41% (38% in 2010) of the balance sheet assets.

Shareholders' equity attributable to equity holders of the parent has increased from €759 million to €871 million as at 31st March 2011 due to a combination of the profit for the year, upward revaluations of securities through reserves and actuarial gains on defined benefit pension schemes.

Rothschild & Cie Banque

The past financial year also a featured an upturn in M&A advisory business with turnover climbing to almost the same level as in 2005.

In recent years, RCB has considerably increased and strengthened the Group's international global financial advisory activities. RCB and NMR are 50/50 joint owners of Rothschild Europe B.V. the holding company for all of the Group's European subsidiaries (outside France and the United Kingdom). RCB and NMR are equally involved in the Group's expansion in Turkey and the United Arab Emirates. The reopening of the LBO market in the first half of 2010 enabled RCB to take part in numerous large deals during the year. RCB also assisted several of its long-standing major clients in structuring deals.

With regard to the asset management activities carried out by Rothschild & Cie Gestion, year 2010 was marked by the strong recovery in global economic growth (already underway in the second half of 2009) diverging growth trends between emerging countries and developed economies and the European sovereign debt crisis. Against this background, RCB recorded an increase in new funds collected for all its products. Assets under management returned to their record high totalling almost €22.4 billion at the end of December 2010. Net banking income for the asset management activity increased by 9.3% despite non-recurring expenses linked mainly to the spinning off of Sélection R ahead of its partnership with Banque Privée 1818 which acquired majority control at the beginning of 2011.

In millions of euros	**2010 Financial year**	**2009 Financial year**	**2008 Financial year**
Income statement figures			
Net banking income	301.4	248.9	299.2
Operating expenses	(187.0)	(164.5)	(173.0)
Profit before tax net of privileged allocation ("*préciput*")	30.5	27.5	36.4
Balance sheet figures			
Balance sheet total	1,270.8	819.2	865.4
Shareholder equity of which attributable to equity holders of the parent	228.1	215.2	251.8

Overall net banking income came to €301 million up by 21% compared with €249 million the previous year.

Within RCB, Global Financial Advisory accounted for 70% of consolidated profit before tax (vs. 76% in 2009) while asset management activities accounted for the remaining 30% (vs. 24% in 2009).

RCB posted ordinary profit before tax net of privileged allocation of €30.5 million for the financial year ended 31st December 2010 compared with €27.5 million in 2009.

Total consolidated assets amounted to €1,271 million at the end of 2010 compared with €819 million at the end of 2009. As at 31st December 2010 shareholder equity attributable to equity holders of the parent amounted to €143 million.

Review of operations

Global Financial Advisory

Global Financial Advisory comprises advisory services for mergers and acquisitions, for financing and restructuring and advice relating to debt, equity and restructuring solutions.
Rothschild Global Financial Advisory activities provide an impartial, expert advisory and execution service to corporations, governments, institutions and individuals.

Today with nearly approaching 1,000 advisors based in 40 countries around the world, our scale, reach and local knowledge enable the Group to develop relationships and deliver effective solutions to support our clients wherever their business takes them. This activity is driven by a worldwide committee and is co-managed by the Managing Director (*Directeur Général*) of Paris Orléans and the Chief Executive Officer of RCH.

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

Rothschild is the only independent house with both a truly global footprint and a broad and integrated Financing Advisory team. This means that the Group not only offers quality advice across the totality of clients' needs, but it also enables the Group to advise them throughout the economic cycles.

The Group's values are at the root of our culture and define the character of the firm. We pride ourselves on delivering outstanding client service and demonstrating the highest standards of professional integrity:

- **Client Focused** – Nothing gets in the way of the Group's impartial advice for each and every client. Bankers solve complex business problems and sell nothing but their best advice and execution capabilities.

- **Expert** – Senior bankers lead every assignment from start to finish. The Group advise on many of the most complex or transformational assignments in the world. All of the Group's clients benefit from their collective intellectual capital, specialist sector and product expertise and wealth of experience.

- **Informed** – The Group combines global scale with deep local networks, with a presence of 1,000 advisors around the world.

- **Long Term** – As a family controlled business, the Group is not constrained by short-term thinking. We measure our success in years and this enables us to take a long term view to deliver each client's interests.

- **Trusted & Independent** – Rothschild knows that long-lasting relationships depend on the quality of its advice; the Group cares about their clients' success as much as they do. The scale of the business means that the Group is not dependent on the outcome of any one transaction.

M&A review of the year

Global M&A activity began to recover during 2010 following a period of significant decline in 2008 & 2009. Rothschild succeeded in improving market share during the year as clients increasingly recognised the value of independent advice. The Group ranked sixth globally by number of completed deals compared to seventh last year.

Group's league table rankings by number of completed deals

	2010	
Region	**Rank by number**	**Rank by value**
Worldwide	6	11
Worldwide Cross	5	11
Europe	1	9
Central & Eastern Europe	3	5
Latin America	10	7
Asia (ex. Japan)	17	24
Middle East & Africa	5	12
Country		
UK	1	12
France	1	1
Germany	5	9
Italy	7	6
Spain	9	9
United States	13	17
India	10	7
Australia	4	7

Source: Thomson Reuters

Notable developments during the year include the expansion of our cross-border M&A alliance with Global Advisory Japan; the addition of a new office in Calgary, Canada; and the completion of a number of significant senior hires notably in North America, Scandinavia and Asia.

During 2010, the Group advised on some of the largest and most transformational deals of the year and has strengthened its position in growth markets particularly in BRIC nations (Brazil – Russia – India – China).

Notable deals advised upon during the year include:

US$8.5bn (max) disposal of up to 51% in Cairn India to Vedanta Resources 2010	Reverse takeover by GDF Suez International Energy with International Power current	US$22.7bn auction of 3G & BWA spectrum 2010
US$7.1bn acquisition of Red Back Mining 2010	€4.1bn joint acquisition with Schneider Electric (together, the "Consortium") of Areva's Transmission & Distribution business 2010	Demerger of Edenred from Accor SA (Combined EV €10bn) 2010
€2.9bn recommended cash offer from Deutsche Bahn 2010	£4bn demerger into two operating companies, Cable & Wireless Worldwide and Cable International Group 2010	US$7.6bn sale of FEMSA Cerveza to Heineken 2010
US$1.8bn acquisition of Volvo Car Corporation from Ford Motor Company 2010	US$29.5bn merger of OJSC VimpelCom and Kyivstar G.S.M. JSC 2010	£2bn acquisition of Tube Lines from Amey and Bechtel 2010

In M&A, dedicated sector teams provide in-depth industry expertise and specialisation resulting in significant repeat business from long-standing and new clients alike.

Rothschild consistently ranks in the top tier of the sector league tables.

In 2010 Rothschild was ranked the No.1 Investment Bank for European M&A advice (by number of completed deals) particularly in:

- the business services,
- healthcare,
- industrials,
- retail,
- transport sectors,
- consumer products,
- hotel & leisure,
- infrastructure,
- telecoms.

Globally, Rothschild held top 5 positions for M&A advice in every sector except mining (No.6) and utilities (No.7).

The Group continues to receive industry recognition across our global franchise, as demonstrated by the following selection of awards received during 2010:

FT & mergermarket France M&A Adviser Benelux M&A Adviser **2010**	**The Banker** Europe M&A Deal of the Year: Volkswagen / Porsche **2010**	**Project Finance International** Global M&A Deal of the year: HSBC Rail **2010**
BVCA/Real Deals Private Equity Awards Large Corporate Finance House of the Year **2010**	**The Banker** Americas M&A Deal of the Year: Alliance between Fiat and Chrysler **2010**	**Acquisitions Monthly** German M&A Adviser of the Year **2010**
CFO Awards M&A Deal of the Year: CPPIB's acquisition of Macquarie Communications Infrastructure **2010**	**Asset Triple A Asian Awards** Best M&A Deal, Australia. Shell and PetroChina's A$3.5bn joint acquisition of Arrow Energy **2010**	**Private Equity International** European M&A Adviser of the Year **2010, 2009, 2008**

Debt Advisory and Restructuring

Debt Advisory consists of determining the right debt objectives and strategy, selecting the right products and providers and transacting the best terms on behalf of clients.

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

With debt advisory and restructuring professionals in Europe, North America, Middle East and Asia, the Group is able to provide world-leading independent advice without the conflicts of interest faced by balance sheet banks.

The team advises across all active debt capital markets and on the broadest range of solutions including debt for equity swaps, new money injections, debt to hybrid, convertible bond restructurings, deleveraging disposals and mergers and rescue rights issues.

Global activity in both restructuring and debt capital markets was down from the peaks seen in 2009. However, despite lower market activity, Rothschild teams delivered consistently high deal volumes, using market leading technologies and an unsurpassed expertise in structuring deals for today's market to set precedents for similar deals in the future.

Rothschild possesses one of the world's largest and most experienced independent debt advisory practices and the largest market -leading, restructuring franchise in Europe.

Rothschild's debt advisory business advised on over 60 transactions across the credit spectrum valued at over €50 billion in 2010 alone. The restructuring team completed 155 global restructuring deals with 25 currently mandated involving €350 billion of debt in total, (c.35% of global deals involved over €1billion of debt).

Rothschild ranked No.1 in EMEA restructuring league tables ranked No.2 Globally and held Top 5 positions in the US and Asia & Pacific by Thomson Reuters.

The Group ability to complete complex projects for both corporate clients and state/government organisations was reflected in the following landmark transactions and industry awards:

Adviser to Special Restructuring Committee of Board of Directors of AIG on plan to repay U.S. Government obligations totalling over US$130bn 2011	Minister of Finance of the Republic of Ireland €50bn systemic recapitalisation of the domestic banking system 2010	Restructuring of its €1.6bn debt facilities 2010
Restructuring of the €1.5bn debt facilities 2010	Debt advice on US$1.2bn of bank facilities 2010	Debt advice to Center Parcs in relation to a two year maturity extension of its £1,032m loan 2010
Debt advice on setting up a €3bn MTN Programme and on debut bond issuance out of the programme 2010	Debt advice on $1bn 5-year multicurrency revolving credit and guarantee facility 2010	Restructuring advice to Renova, main shareholder of OC Oerlikon, on the €1.75bn debt restructuring of Oerlikon 2010

Acquisitions Monthly Debt Advisory Firm of the Year 2011	The Banker Investment Banking Awards Most innovative in Restructuring 2010	The Banker Asia Debt Restructuring Deal of the Year: PT Garuda 2010
IFR Restructuring Adviser of the Year EMEA Restructuring Adviser 2010	Club des Trente Award Financing Deal of the Year: €2.7bn refinancing of Rexel's senior credit facility 2010	Acquisitions Monthly Restructuring Adviser of the Year 2010

Equity Advisory

Benefiting from a direct dialogue with institutional investors and other market participants, the equity advisory bankers possess a wealth of experience to advise issuers in their initial public offerings, capital increases, transactions execution, project management and taking the decision to issue new securities.

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

Working in combination with the Group's industry sector teams and market-leading debt advisory franchise, the specialist team embraces complexity, regularly combining equity-raising, debt refinancing, restructuring and M&A.

The teams appreciate the perspectives on geography, sectors and risks, and can resolve tension in capital structure and have the expertise to unlock scarce sources of capital.

Rothschild has hands-on experience of advising on some of the world's largest transactions: Landmark transactions on which the Group has advised include:

US$15.8bn IPO of General Motors and concurrent issuance of a US$4.35bn mandatory convertible bond 2010	Financial adviser to Queensland Govt. on the demerger and A$4.1bn (US$4.1bn) IPO of QR National 2010	€1.5bn IPO Adviser to selling shareholder and Company 2010
€10.1bn demerger Adviser to Accor 2010	£4bn demerger into two operating companies, Cable & Wireless Worldwide and Cable International Group 2010	$2.2bn IPO Adviser to company 2010
US$3.3bn secondary equity offering in Woodside Petroleum Advisor to Shell 2010	Sole financial advisor to the company on its US$70bn equity offering 2010	USD$6.6bn sell down of 3.2% shareholding in China Mobile 2010
€6.9-7.3bn process of renegotiating the buy-back terms for ING Groep's core tier I securities 2010	€527m Accelerated Book Build 2010	€1.45bn IPO Adviser to company and its shareholders 2010

This list of credentials include:

- The two largest Western European IPOs since 2008 – Pandora (€1.5bn) and Amadeus (€1.4bn).
- The world's largest ever auctioned block trade – Vodafone / China Mobile ($6.6bn).
- The world's largest ever secondary share sale – Petrobras ($70bn).
- First foreign IPO in Hong Kong – Rusal ($2.2bn).
- And the largest Australian IPO for a decade – QR National. ($4.1bn).

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.

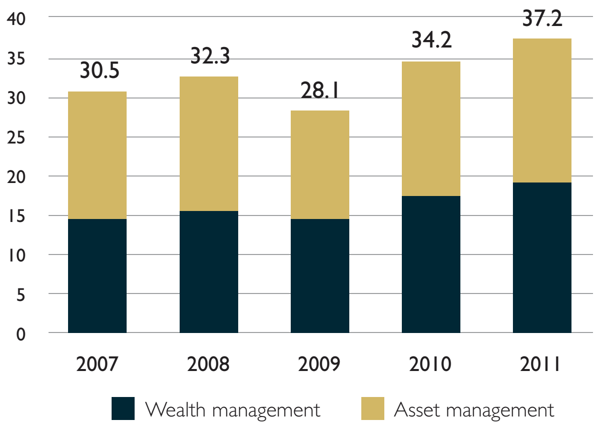
Thanks to a family ownership structure, the Group can focus on its clients' long-term interests. Its ability to attract clients, to win new assets and to generate solid performances on its investment portfolio testifies to the strength of its business model. Objective and transparent advice and support to clients underpin its business model and are the cornerstone of its strategy for lasting and profitable growth.

This activity is based in Paris, Zurich, London, Brussels, Frankfurt, Guernsey and New York.

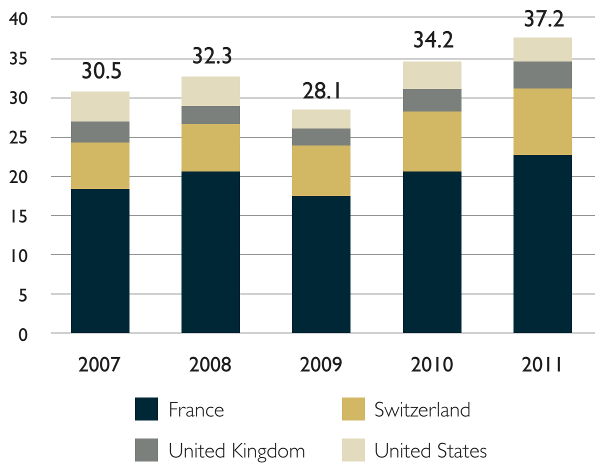
Wealth Management and Asset Management looks after around 7,000 clients in 75 countries and employs more than 650 people. It had a total of €37.2 billion in assets under management at the end of March 2011, split between France (€22.4 billion), Switzerland (€8.4 billion), the United Kingdom (€3.4 billion) and the United States (€3 billion).

Assets under management over the past five years

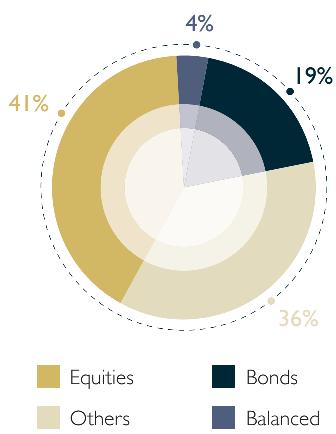
By business (in billions of Euros)



By country (in billions of Euros)



Assets under management distribution as of end March 2011



Wealth Management

The Wealth Management activity consists of investment advisory and wealth management services for high-net-worth individuals with the aim of conserving and enhancing their wealth. Its core services include wealth structuring, portfolio management, banking services and trust services.

The Bank's clients benefit from short-term actions, reflected in optimising the organisation of their assets, combined with long-term actions 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. The Bank's knowledge is at the service of high-net-worth families and of business leaders seeking to consolidate their wealth or to transmit the result of their business success.

Wealth Management in France

Assets under management totalled €7.1 billion for Wealth Management activity in France (Rothschild Patrimoine) and Belgium at the end of March 2011 compared with €6.9 billion the previous year.

The merger and acquisitions market improved in 2010 which had a positive impact on the inflow of new assets collected by the Wealth Management business during the year. The strength of this market is an essential support factor of collecting new capital. The Group's unique positioning in France enables it to be involved right from the disposal of a business.

Private Banking's asset allocation proved successful with an emphasis on exposure to equities while at the same time diversifying in terms of geographic regions and currencies. This ensured very good performances in 2010 for all investment profiles (dynamic, balanced, prudent and personal equity savings plans).

The added momentum provided by the new management team in Paris from September 2009 was reflected in the rationalisation of all client portfolios with the creation of dedicated teams of private bankers for each client profile, thereby improving efficiency to meet higher expectations.

A financial management division was set up within Rothschild Patrimoine to personalise asset allocations in clients' financial portfolios. This division also aims to put in place a sophisticated financial engineering service so as to extend to private individuals the asset-liability approach currently reserved for institutional investors.

In the 2011 edition of Euromoney's Wealth Management Survey, Rothschild & Cie Gestion was ranked "best local private bank" in France and was also ranked first in "client relationship management" and "family office services".

International Wealth Management

The international Wealth Management activity covers the main offices in Zurich, London, Frankfurt and Guernsey.

Assets under management grew significantly during the year up by €1.4 billion to €11.8 billion. The net intake of €1.1 billion in new capital highlights the Group's ability to attract new clients with substantial portfolios.

The international Wealth Management activity continued to post solid performances, with its discretionary portfolios in Swiss francs and in Euros outperforming rival products.

Several major changes were implemented within the investment department with the aim of improving operating efficiency and service to clients. The research and advisory activities were grouped within a single unit to ensure better coordination and more efficient use of research between London, Zurich and Frankfurt.

Wealth Management continues to face a challenging regulatory environment in Switzerland. To operate as efficiently as possible in these conditions, Rothschild has reorganised its sales teams into three departments to achieve the ambitious growth targets set for the coming years:
- the "Onshore" department covers Switzerland, Germany and the United Kingdom, where the Group has been operating for some years. This team has promising growth prospects with a solid potential for inflows of new capital;
- the "International" department covers countries where the Wealth Management market is more mature and competitive and where the Group is seeking to increase the intake of new assets;
- the "Emerging Countries" department covers regions such as the Commonwealth of Independent States, Latin America and Asia which, given their growing wealth, are expected to contribute significantly to business development.

To support this growth, the London and Zurich offices will be equipped with a new banking information system as from next year. This system will completely modify internal processing, through improved data management, accounting for and placing of orders and reporting to clients.

Greater collaboration between the various Wealth Management entities at Group level continues to be a key priority, together with cooperation with other Group businesses, particularly Global Financial Advisory and Merchant Banking.

The links with the Paris-based teams remain strong, in particular in the area of investment where representatives of the other offices attend the monthly asset allocation meetings.

In a highly competitive environment, Rothschild received the "Image and Reputation" award at the 2011 Private Asset Managers (PAM) Awards. One of the Group's in-house funds, "RBZ Bond Fund Euro", was ranked "Best bond fund over five years" in its category at the 2011 Lipper Fund Awards.

Asset Management and Institutional Management

Asset Management continues to be a source of growth and development for the Group, thanks to its renown amongst a large clientele and its international ambitions. Constantly seeking to serve the best interests of pension funds, prudential institutions, mutual insurance companies and insurers, the Group's institutional asset management services stand out for their independence, in-depth knowledge of the institutional and regulatory environment and for the quality and personalisation of the services provided.

The institutional asset management activities are carried out by teams based in Paris and New York.

The investment teams have in-depth knowledge of all the main asset classes, business sectors, capitalisations and geographic zones:

- equities (large and mid-caps),
- fixed income (government bonds, corporate bonds and convertible bonds),
- diversified management,
- multi-management, hedge funds,
- private equity,
- structured products.

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 put the emphasis on personalised and close relationships with its clients. Each client is assigned a personal relationship manager who is responsible for centralising all the client's requirements and drawing on the Group's resources (investment, reporting, risk management, legal, etc.) to meet them. Clients receive investment management reports and other periodic information adapted to their needs in terms of content, frequency, presentation of performances according to Global Investment Performance Standards (GIPS), etc.

Asset Management in France

The asset management activities are carried out in France by Rothschild & Cie Gestion a subsidiary of RCB. Rothschild & Cie Gestion develops and provides its asset management services to various types of French and European clients:

- French institutional clients, which account for the majority of the company's assets under management and which are offered a tailor-made service that takes into account the constraints specific to each client;

- French distributors, consisting of financial professionals (multi-managers, private banks, banking and insurance networks, independent wealth advisors, etc) that market the company's products and services through their own networks or to their own customer bases, or for which Rothschild & Cie Gestion manages products created specifically for them ("white label" or "own label" products);

- a mainly European international clientele, developed more recently and which is considered a major growth path for the coming years, both with institutional investors (in particular by the listing of the company's investment management skills with major international consultants) and with distribution networks.

This business is carried out by a team of around 110 people in Paris, dedicated solely to group and institutional management (investment, sales, marketing and support functions), including around 50 financial markets professionals (fund managers and discretionary managers, financial analysts and economists) and has around €15.2 billion in assets under management.

It is concentrated on a number of sectors in which it has proven expertise: European equities, bond management (particularly credit and convertible bonds), diversified funds, conventional multimanager funds and alternative multimanager funds.

As at 31st December 2010, the company managed nearly 130 UCITS; both open to the public and dedicated funds created for specific clients.

Rothschild & Cie Gestion's success is underpinned by its active management and a very stable team of experienced investment managers with more than 25 years of experience in the financial markets. The quality of its asset management has enabled Rothschild & Cie Gestion to substantially outperform the indices, in very different market conditions and with well-controlled risk, and to win numerous institutional tender bids. The net intake of new assets amounted to around €1 billion in the financial year, against a difficult economic and competitive background.

With type I SAS 70 certification, Rothschild & Cie Gestion provides its clients with clear and objective reports, certified by an independent auditor, on the controls implemented at every level of its investment management process.

Rothschild & Cie Gestion received numerous awards in 2010 for the quality of its management in various asset classes: "Best French Fund Promoter" (Eurofonds - FundClass), "Best French Asset Manager in equities" (Alpha League Table Europerformance-Edhec), Bronze Trophy for the "Best bond range over three years" (Le Revenu). La Tribune's award for "Best range of funds" and Morningstar's "Best bond manager" award as well as many other top awards for various individual funds.

Asset Management in the United States

The US Asset Management activities are carried out by Rothschild Asset Management Inc. a subsidiary of Rothschilds Continuation Holdings AG.

Rothschild Asset Management manages investments for institutional clients and high-net-worth individuals using a disciplined investment philosophy and process. The aim is to invest in companies that have favourable business trends and whose stocks are reasonably valued. In the US market the investment solutions cover large-cap, medium-cap and small capitalisations together with balanced and long/short strategies.

This activity employs around 40 people in the United States and had $4.3 billion (€3 billion) in assets under management as at 31st March 2011. Assets under management increased substantially in 2010/2011 thanks to several large new accounts.

Financial markets remained volatile during the past year. In the face of this persistent volatility, the investment teams maintained the rigorous approach that has guided them through numerous market cycles over the past 20 years and more.

To support its continuing success, a position of Chief Marketing Officer was created to accelerate new business development, to extend the client base, to expand the sales team and to improve the quality of client services and support.

Corporate Banking

The Corporate Banking activity is undertaken by NMR, a subsidiary of RCH. These activities are focused on the growth activities of Debt Fund Management and Wealth Management loans.

The portfolio, worth €1.8 billion as at 31st March 2011 against €1.9 billion last year, is focused on mid-market UK property companies; the larger European leveraged buyouts and mid-size global mining companies.

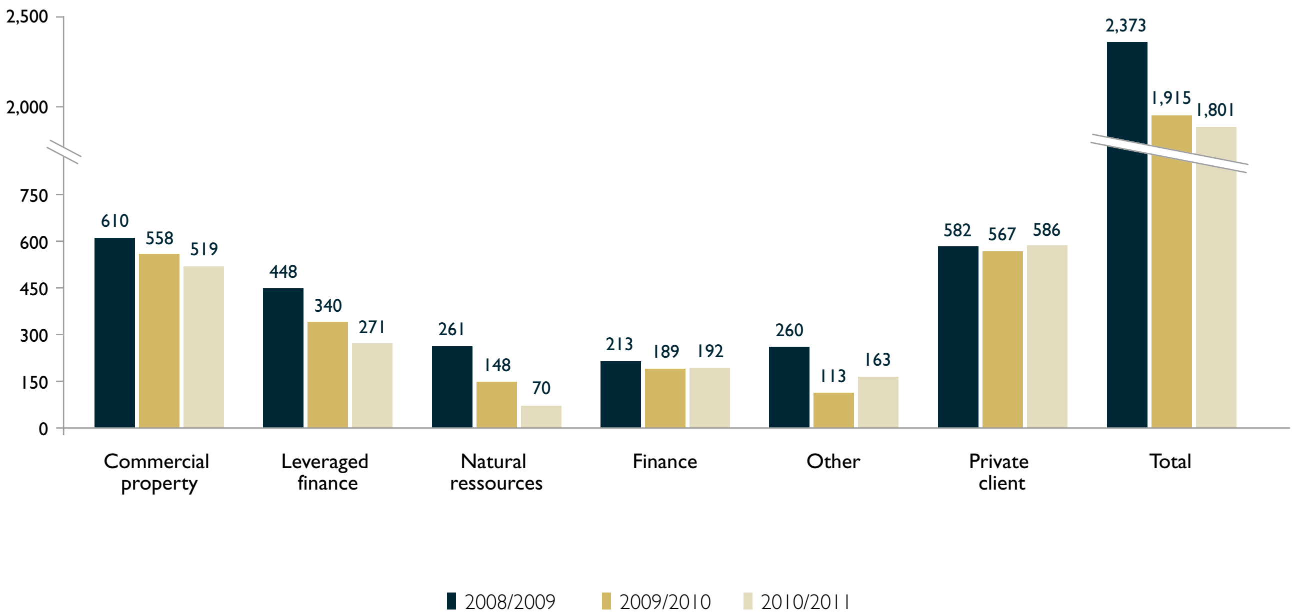
As planned, there has been a further reduction in the corporate loan books during the year. The corporate loan books decrease was €200 million and a marked reduction in impairment levels. This decrease is largely a result of loan repayments and, to a lesser extent, asset disposals, especially for leveraged loans.

The Rothschild Corporate Banking business continues to build its Debt Fund Management business which manages loan assets for third party investors. This includes both senior debt and mezzanine funds, along with the portfolio of investment property funds managed through Lanebridge.

In 2009 Rothschild launched Rothschild Reserve, a deposit-taking business, which complements the existing private client activities of the wealth management business in UK. In spite of difficult market conditions, deposits were at €930 million as at 31st March 2011.

Rothschild Corporate Banking also includes loans for private clients. This business is undertaken by two others RCH subsidiaries, one in Guernsey with Rothschild Bank International (RBI), and another one in Zurich with Rothschild Bank AG (RBZ). The business provides deposit taking services to private clients and a range of lending products to private clients focused on residential mortgages and loans secured on investments.

Banking assets by categories over the past three years (in millions of euros)



Merchant Banking

Based upon its skills in M&A advisory and its direct-investing experience, the Group has, since 2007 developed a private equity and fund activity dedicated to third party investors. This activity builds upon the direct-investing experience of Paris Orléans SA. The core activity is conducted in France through Five Arrows Management SAS, a portfolio management company licensed by the French Financial Markets Authority.

Merchant Banking deals with partners operating companies, (entrepreneurs or financial sponsors); it generally does not control deals, and targets minority holdings (co-investment, growth capital and participations through structured instruments such as mezzanine, preferred and convertibles).

The income of this activity is composed of management fees calculated from assets under management and profits relative to capital gains brought out during investments disposals.

This activity is managed by professional teams based in Paris, London, Mumbai and Hong-Kong.

European Investment Portfolio

Between 2007 and 2008, investment teams have invested €120 million on behalf of Paris Orléans and its subsidiary RCH in 8 investments, booked directly in their balance sheet. These portfolio companies allowed investment teams to demonstrate their skills to source high quality deals through its network and led to the launch of the first European Fund of the Group, Five Arrows Principal Investments "FAPI".

During the course of last year, two mezzanine debts were reimbursed for a total of €22.2 million. The Group has retained in its balance sheet warrants in both companies.

Five Arrows Principal Investment (" FAPI")

FAPI held its final closing in March 2010 at €583 million, in excess of its original target of €500 million. Of this amount €375 million came from third-party investors, €100 million came from Paris Orléans and its subsidiary RCH and €108m from bankers from throughout the Group.

FAPI is focused on opportunities in Western Europe in the mid-cap segment (i.e. companies with an enterprise value between €100 million and €500 million).

FAPI has made three investments to date and explored other investment opportunities.

Go Voyages
In July 2010, FAPI invested €40 million in a mixture of mezzanine debt and equity in Go Voyages as part of a secondary buyout led by Axa Private Equity.

Les Petits Chaperons Rouges ("LPCR")
In December 2010, FAPI made an equity investment of €45.7 million in an owner-led buyout of LPCR, a leading French player in the privately-managed nurseries market.

Prosol / Grand Frais
In March 2011, FAPI invested €15.5 million in equity and quasi-equity in Prosol alongside Abenex Capital in the context of an owner buy-out. Prosol is one of the leading partners in Grand Frais, a fast-growing specialist fresh food retailer.

Five Arrows Secondary Opportunities ("FASO")

In April 2011 Merchant Banking hired a team of five professionals in order to launch a new European business dedicated to investing in private equity secondary transactions. The intention is to start fund-raising in the course of 2011 with the objective of raising a €200 million fund focused on European mid-cap assets.

JRE Partners

JRE Partners, a joint venture formed in 2008 between Rothschild and Jardine Matheson was strengthened in 2010, by including Exor S.p.A as a partner.

JRE Partners invests in Asia with a focus on China and India, Commitments stand at US$250 million with 50m$ for Paris Orléans and its subsidiaries RCH. Advisory offices have been established and a number of senior staff appointments have been made.

In September 2008 Rothschild invested €30 million in the Bank of Qingdao. The deal was sourced through Rothschild Italy advising the sponsor, Intesa SanPaolo.

The Bank of Qingdao is a city commercial bank, in the northern Chinese province of Shandong, the second wealthiest province in China.

Nº

£1000

£1000

Orleans Railway Company

COMPAGNIE DU CHEMIN DE FER DE PARIS A ORLEANS

INCORPORATED WITH LIMITED LIABILITY UNDER THE LAWS OF FRANCE

AUTHORISED AND ISSUED SHARE CAPITAL Fcs. 300,000,000.

ISSUE OF £1,990,000 4% STERLING BONDS

IN
450 BONDS OF £1,000 EACH NUMBERS 0,001 TO 0,450 INCLUSIVE
1,500 BONDS OF £ 500 EACH NUMBERS 0,451 TO 1,950 INCLUSIVE
7,900 BONDS OF £ 100 EACH NUMBERS 1,951 TO 9,850 INCLUSIVE

CREATED BY A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COMPANY DATED THE 1ST DAY OF FEBRUARY 1935, IN ACCORDANCE WITH THE AUTHORITY OF A RESOLUTION OF THE GENERAL MEETING OF SHAREHOLDERS HELD ON THE 13TH DAY OF DECEMBER 1921 AND ISSUED WITH THE JOINT AUTHORISATION OF THE MINISTERS OF FINANCE AND PUBLIC WORKS OF FRANCE DATED THE 13TH DAY OF FEBRUARY 1935.

BOND

The **Compagnie du Chemin de Fer de Paris à Orléans** *(hereinafter called the Company which expression shall where the context so requires or admits include its successors) for valuable consideration received unconditionally promises for itself and its successors that on the 15th day of May 1975 or on such earlier day as the principal moneys hereby secured shall become payable pursuant to any of the Conditions endorsed hereon there shall be paid to the Bearer of this Bond at the Counting House in the City of London of Morgan Grenfell & Co. Limited or N. M. Rothschild & Sons or Lazard Brothers & Co. Limited (hereinafter collectively referred to as the Bankers) the sum of*

ONE THOUSAND POUNDS STERLING

and that in the meantime until the said sum shall be fully paid off interest thereon shall be paid at the rate of 4 per cent per annum by equal half yearly instalments on the 15th day of May and the 15th day of November in every year at any of the Counting Houses above mentioned on presentation and surrender of the annexed coupon corresponding to such payment.

All payments whether of principal or interest will be made in London in Sterling without deduction for any present or future French taxes or other French impositions whatsoever.

The Company undertakes that so far as it is concerned it will maintain the Convention dated the 28th day of June 1921 concluded between the Government of the French Republic and the principal French Railway Systems and approved by Law dated the 29th day of October 1921 as modified by Supplemental Agreement dated the 6th day of July 1933 and approved by Law dated the 8th day of July 1933.

The due payment of the moneys necessary to meet the interest and capital on the Bonds of the Company is assured by:—

(A) The receipts arising from the working of the Company's System.

(B) The Joint Fund of all the large French Railway Systems into which Fund the excess receipts of any of the said Systems realising a profit are payable.

(C) The payments which the Public Treasury of France has undertaken to effect if necessary to make up any deficiency in the Joint Fund.

(D) The obligation of the French State that it will itself pay on the due dates for payment thereof all sums remaining payable whether in respect of interest or capital on the Bonds remaining in circulation upon the termination of the Company's Concession.

The Company undertakes not to give or consent to any hypothecation mortgage or charge of any description to any creditor present or future whether in respect of Bonds Shares or any other obligation whatsoever now or hereafter created in France or any other country without giving to this series of Sterling Bonds the benefit of such hypothecation mortgage or charge pari passu with such other creditor.

This Bond is issued subject to and with the benefit of the Conditions endorsed hereon which are to be deemed part of it.

In Witness *whereof this Bond has been signed on behalf of the Company by its authorised representatives this 24th day of May 1935.*

SPECIMEN

COUNTERSIGNED FOR IDENTIFICATION BY
FOR: MORGAN GRENFELL & Cº LIMITED
N. M. ROTHSCHILD & SONS
LAZARD BROTHERS & Cº LIMITED

PRÉSIDENT DU CONSEIL D'ADMINISTRATION

LE DIRECTEUR

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Left: Orleans Railway Company sterling bond, issued by NM Rothschild & Sons, 1922.

Asset valuation as at 31st March 2011

Paris Orléans' private equity activities cover investments made by Paris Orléans' private equity team for the Group's own account (as opposed to investments made on behalf of third parties by the Merchant Banking teams).

Over the years, Paris Orléans' opportunistic investment strategy has led the team to invest in diverse investment niches. The private equity portfolio, valued at €466 million as at 31st March 2011, is therefore essentially comprised of:

- investments in equity and mezzanine debt as part of leveraged buyouts (LBO);
- property investments, mainly in the context of property development projects;
- growth capital investments, in France and abroad;
- investments in listed companies;
- investments in private equity funds.

Despite the unprecedented financial and economic conditions of the past three years, Paris Orléans' private equity portfolio has proved particularly resilient. It recorded net positive change in fair value of around €54 million compared with 31st March 2010, reflecting the robust performance of its underlying investments.

This performance in an uncertain and difficult environment owes much to:

- the high degree of diversification maintained by our investment team in recent years, in terms of: (i) number of holdings (the portfolio currently comprises more than 70 holdings with an average amount invested per holding of around €4 million), (ii) type of investment and investment situations (LBO, growth capital, mezzanine debt, property, listed companies, etc.). (iii) geographic zones, (iv) business sector of portfolio companies, and (v) investment timing, with an investment portfolio built up over time, thereby reducing risks related to a specific investment year;
- thorough and regular monitoring of holdings, reflecting the strong involvement of Paris Orléans' investment team, even though these are frequently minority holdings. Since 2008, the team has focused primarily on (i) strengthening the monitoring of holdings (frequency of contacts with managers, setting up an internal monitoring committee, improved reporting standards, etc.), (ii) ensuring that management teams have taken all the necessary steps to deal with the sharp slump in business activity, such as reducing their breakeven point and optimising cash management, compliance with bank covenants, etc., (iii) early involvement in situations requiring restructuring;
- a more cautious approach to new investments, with a significantly reduced pace of investment since 2008 resulting in around €20 million invested in direct holdings in 2010/2011 and €22 million in capital calls by investment funds, mainly in growth capital in fast-growing countries such as Brazil, China and Indonesia.

Despite the cautious approach adopted systematically by our investment team, several portfolio companies encountered serious difficulties, sometimes requiring operational and/or financial restructuring. These restructuring measures were implemented through concerted efforts between management teams, shareholders and creditors, under the supervision – the more worrying situations - of specially appointed officers or administrators.

A review of the period shows that:

- most of the portfolio holdings that have undergone restructuring are now post encouraging performances;

- losses were limited to just a few isolated holdings in 2010/2011;

- only a few isolated cases, representing an insignificant part of Paris Orléans' portfolio in terms of amount invested, are still in difficult situations.

Disposals amounted to €121 million in 2010/2011, generating a capital gain of €50 million. The main disposals included:

- Les Domaines Barons de Rothschild (Lafite) (sale of Paris Orléans' long-standing shareholding in DBR): disposal proceeds of €33.0 million with a capital gain of €17.9 million;

- Coffee Nation (UK leader in up-market coffee-dispensing machines): disposal proceeds of €13.7 million with a capital gain of €8.9 million (corresponding to an investment multiple of 2.7 x the amount invested.);

- Les Petits Chaperons Rouges (sale of LPCR, specialising in corporate child care): disposal proceeds of €11.0 million with a capital gain of €8.7 million (corresponding to an investment multiple of 4.8 x the amount invested.);

- Findis (repayment of mezzanine debt in the context of the sale of household appliances wholesaler, Findis): disposal proceeds of €7.6 million with a capital gain of €2 million (corresponding to an investment multiple of 1.7 x the amount invested.).

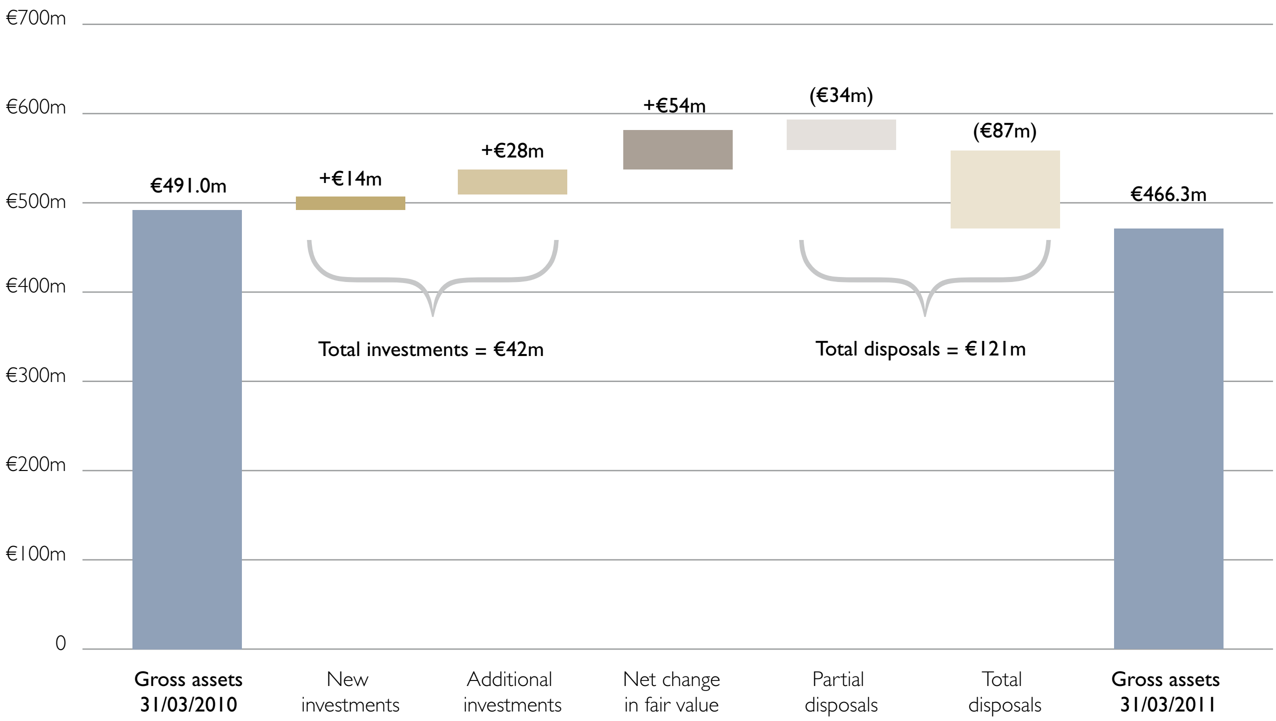
The outlook for Paris Orléans' private equity business is encouraging for the medium term, thanks to the disposals scheduled for 2011/2012 – (which include the recent SIACI deal) and a quality deal flow that has been growing steadily since the beginning of 2010/2011.

PRIVATE EQUITY PORTFOLIO VALUATION (EXCLUDING BANKING ACTIVITIES) AS AT 31ST MARCH 2011

In millions of euros	31/03/2011				31/03/2010		Change	
	No. of holdings	Net investment	Fair Value	% of total	Fair Value	% of total	In millions of euros	As a %
LBO/equity	22	81.9	97.4	21%	101.5	21%	(4.1)	-4%
LBO/mezzanine debt	18	71.0	75.4	16%	95.9	20%	(20.5)	-21%
Property	6	35.5	32.4	7%	37.6	8%	(5.2)	-14%
Growth capital	10	30.1	38.8	8%	41.3	8%	(2.6)	-6%
Group investments	18	81.0	77.0	17%	93.3	19%	(16.3)	-17%
Listed companies	10	66.8	59.8	13%	44.6	9%	15.1	34%
Treasury shares	3	8.6	17.1	4%	16.4	3%	0.7	4%
Other	4	3.2	16.2	3%	12.3	2%	4.0	32%
Subtotal	**91**	**378.1**	**414.1**	**89%**	**443.0**	**90%**	**(28.9)**	**-7%**
Funds (excluding Group)	54	47.8	52.2	11%	48.0	10%	4.2	9%
TOTAL GROSS ASSETS	145	425.8	466.3	100%	491.0	100%	(24.7)	-5%

For information, Debt, net of cash and cash equivalents, amounted to €127.6 million as at 31st March 2011 compared with €191.4 million as at 31st March 2010.

CHANGES IN THE INVESTMENT PORTFOLIO (IN MILLIONS OF EUROS) AS AT 31ST MARCH 2011



Portfolio review

LBO/Equity

Paris Orléans takes part in leveraged buy outs (LBO) of companies through special purpose vehicles.

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

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

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

The average effective holding period for this type of deal is 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.

Some examples of LBO/Equity investments:

Cadum	SIACI	Belambra clubs
LBO led by Milestone on Cadum, one of the leaders in soap and body care products	Primary, secondary and tertiary LBOs the insurance broker SIACI	Co-investment alongside Finama in the LBO of the French holiday accommodation group
2007	2007, 2003 & 2000	2006

The portfolio comprised around twenty holdings representing a total net investment of €82 million, with a fair value of €97.4 million.
LBO/equity investments account for 21% of total gross assets.

Strategy

Paris Orléans' policy is to co-invest, by taking minority shareholdings in medium-sized LBO deals alongside specialist funds, in particular LBO France and Apax, and smaller funds such as Milestone, Acto and Argan Capital.

The largest investment is in the insurance broker SIACI Saint-Honoré, in which Paris Orléans is a longstanding and significant shareholder alongside Compagnie Financière Edmond de Rothschild, Jardine Lloyd Thompson (a UK broker) and the management team. This investment for a net initial amount of €27 million gained 17% during the year, its value rising from €37 million to €43 million, and a further transaction involving this investment was carried out in July 2011.

Significant events of the year

Paris Orléans made only one LBO equity investment during the year, investing €2 million in a laminated tubes manufacturer.

In contrast, the portfolio decreased by €18 million as the result of several disposals, including Coffee Nation, the UK leader in coffee dispensers, for €14 million generating a gain of €9 million.

Four of the portfolio's LBO investments, representing a total investment of €11 million, are fully provisioned. These provisions are the result of a severe deterioration in economic conditions in the sectors in which these companies operate (manufacturing and consumer goods).

LBO/Mezzanine debt

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

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

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

Some examples of mezzanine investments:

Club Med Gym	ARMATIS	RÉPONSE GROUPE
Mezzanine financing for the LBO led by 21 Centrale on the Paris network of fitness clubs	Mezzanine financing alongside IDI mezzanine for the LBO led by CIC LBO on a French call centre operator	Mezzanine financing in the context of a Public to Private deal led by Abénex on the leader in the design and installation of commercial and tertiary facilities
2008	**2008**	**2008**

The portfolio comprised around 20 holdings representing a total investment of €71 million, valued at €75 million.
Mezzanine financing accounts for 16% of total gross assets.

Strategy

Since 2004, Paris Orléans has gradually built up a portfolio of mezzanine debt, mainly concentrated on small to midcap deals. Paris Orléans has arranged mezzanine financing alongside LBO funds, such as Abénex, LBO France, 21 Central Partners and Edmond de Rothschild Capital Partners. It also acts as the lead investor in sponsorless deals alongside the management teams.

Significant events of the year

No new mezzanine investments were made during the year. This is in keeping with Paris Orléans' policy, introduced some months ago, of reducing this type of investment in the climate of gradual economic recovery.

Seven lines were repaid during the year, corresponding to a total of €24 million, reflecting the good performances recorded by a number of portfolio companies:

- €12 million was repaid in full (Findis for €7.6 million and Questel for €3.9 million),
- €12 million in partial repayments (including CH Pharma for €9.2 million).

Paris Orléans holds warrants issued by two companies on its balance sheet.

Some portfolio companies encountered serious difficulties, however, in some cases requiring restructuring. Restructuring measures were implemented through concerted efforts between management teams, shareholders and creditors, under the supervision in some cases of specially appointed officers or administrators. Most of these companies are now posting encouraging results. This is the case of Mikit (detached-house building firm) in particular.

Only one of the mezzanine investments, representing an initial investment of €2.5 million, has been fully provisioned (since 2009).

Eryma, in which Paris Orléans had invested €10 million, was placed in court-ordered liquidation during the year. A 50% impairment provision has been recognised against this investment since 2009. An additional impairment provision of €5 million was therefore recognised in 2010/2011.

Property

Property investments consist mainly of shareholdings in property development projects.

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

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

Some examples of property investments:

Development of a shopping centre in Weiterstadt (South of Frankfurt) alongside Foncière Euris and Sonae

2006

Reconstruction of the Beaugrenelle shopping centre in the fifteenth arrondissement of Paris alongside Gecina, Foncière Euris and Apsys

2003

The portfolio comprised six holdings representing a total net investment of €36 million, with a fair value of €32 million. Property investments represent 7% of total gross assets.

Strategy

Paris Orléans has invested in the development of shopping centres in Europe in partnership with Foncière Euris and property developers Apsys and Sonae. To a lesser extent, Paris Orléans is also involved in residential property development outside the Paris region, in particular with Nouveaux Constructeurs.

These long-standing portfolio investments do not reflect any specific policy to build up this part of the business. The portfolio has remained stable for several years.

Significant events of the year

No new investment was made during the year. Only additional funds totalling €1 million were drawn down for Beaugrenelle and Julianow.

Current account repayments amounting to €1.5 million were also made.

The Beaugrenelle shopping centre located in the fifteenth arrondissement of Paris remains the largest portfolio investment. Paris Orléans has invested a total of €21 million in this project since it was launched. An agreement signed with Gécina in July 2010 enables Paris Orléans and its partners to sell half their holding. With retail floor space of 45,000 m². Beaugrenelle is one of the three largest shopping centres in Central Paris and is due to open in 2013.

Paris Orléans has also invested a total of €8.4 million in the development of a 56,500 m² shopping centre in Weiterstadt, a retail area located south of Frankfurt, which opened in October 2009. The fair value of this investment is the same.

Only one property investment - Julianow (a residential development near Warsaw) has been 100% provisioned since 2009.

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.

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

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

Some examples of growth capital investments:

Co-investment with TMG in Brazil's second-largest credit bureau.	Co-investment with Crescent Point in one of China's leading providers of integrated surveillance and control systems	Co-investment alongside Atlas Consolidated Mining and Development Corporation in a company that owns a copper mine in the Philippines
2010	**2009**	**2006, 2008**

The portfolio comprised around 10 holdings representing a total investment of €30 million, valued at €39 million.
Growth capital investments account for 8% of total gross assets.

Strategy

Paris Orléans usually takes a non-controlling interest alongside specialist funds and invests between €2 million and €5 million, in one or more instalments, depending on the company's needs.

Significant events of the year

Paris Orléans continued its already successful strategy of investing in emerging countries, particularly as part of an investors club, in Asia where it has co-investments in China and the Philippines.

Two new investments were made during the year in Brazil and China for a total investment of €6.4 million.

Disposals during the year totalled €15 million. The main disposal concerned Les Petits Chaperons Rouges (corporate child care) for a total of €11 million, with a capital gain of €8.7 million.

Paris Orléans also took advantage of Masterskill's initial public offering to reduce its investment in this Malaysia-based medical training company.

No impairment provisions have been recognised for any of the investments in this portfolio.

Group investments

The Group Investments portfolio is composed of around 20 holdings for a total investment of €81 million, valued at €77 million.

This portfolio represents 17% of total gross assets and consists of highly-varied investments:

- €69.5 million invested in the merchant banking activity (see page 36);
- €11.5 million in other Group investments.

Other Group investments included the holding in Domaines Barons de Rothschild (Lafite), which was sold during the year.

As the owner of Château Lafite Rothschild for five generations, the Rothschild family has had deep-rooted ties with Bordeaux vineyards since 1868. This prestigious vineyard is managed and marketed by Les Domaines Barons de Rothschild (Lafite) ("DBR"), which is majority-owned by the Rothschild family.

As part of the reorganisation of its ownership structure, Les Domaines Barons de Rothschild (Lafite) offered to buy Paris Orléans' 23.5% shareholding.

Having accompanied DBR's development since the mid-1980s, Paris Orléans wished to take advantage of the attractively priced liquidity offered, by accepting DBR's proposal. This deal generated a capital gain of nearly €17.9 million on 25 November 2010 and took the form of a capital decrease solely to the benefit of Paris Orléans.

In the Bordeaux region, DBR owns the Château Duhart-Milon, Château Rieussec, Château l'Évangile and Château Paradis Casseuil vineyards. DBR also manages and markets Château Lafite and distributes other wines and spirits through its subsidiary DBR-Distribution.

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.

At the end of the 1980s, Paris Orléans invested alongside Jean-Charles Naouri to support the expansion of companies in the Euris group (Finatis and Rallye).

The portfolio consists of around ten holdings for a total net investment of €67 million, valued at €60 million.
Shareholdings in listed companies account for 13% of total gross assets.

Strategy

Apart from the legacy holdings in listed companies, 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 €32.5 million. Paris Orléans is a shareholder through Finatis, the group's holding company, in which it owns a 5% stake, and through Rallye, in which it owns approximately a 1% stake. Other holdings include Inea (€5.4 million) and IDI (€1.4 million).

The Euris group has three main business activities:

- **Retail:** through its subsidiary Rallye, which holds majority stakes in Casino and Go Sport.

- **Property:** through Foncière Euris which owns commercial property assets valued at €166 million as at 31st December 2010 (including €44 million of unrealised gains). Foncière Euris owns the Beaugrenelle shopping centre in which Paris Orléans has co-invested.

- **Private equity:** Rallye manages a diversified investment portfolio valued at €435 million as at 31st December 2010.

During the year, Paris Orléans:
- subscribed to the initial public offering of Bumi (formerly Vallar) for a total of €6 million, valued at €7 million at the closing date. Paris Orléans owns 1% of the capital of this company, which is managed by Nathaniel Rothschild and whose purpose is to make significant investments in a company linked to commodities in Indonesia;
- raised its investment in medical training company Masterskill to €1 million by subscribing to its initial public offering;
- took advantage of Dab's repurchase offer to sell all the shares held in the portfolio since 1999 for a total of €1.1 million.

Private equity funds (excluding Group)

The purpose of the non-Group 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, etc.) or on investments in other funds.

31/03/2011		31/03/2010 (1)
€151.6m	Total commitments	€156.9m
€133.7m	Capital called	€126.3m
€123.9m	Distributions	€116.7m
€23.7m	Uncalled commitments	€30.6m
€52.2m	Residual valuation	€48.0m

(1) Restated for funds liquidated during the year.

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).

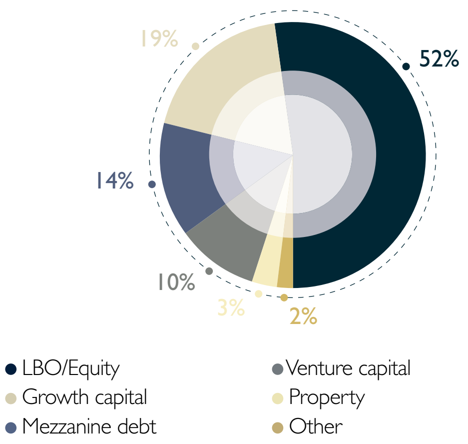
In recent years, the Group's focus has been on taking direct holdings in companies rather than through investment funds and on supporting the start-up of its third-party investment management activity (Merchant Banking).

Significant events of the year

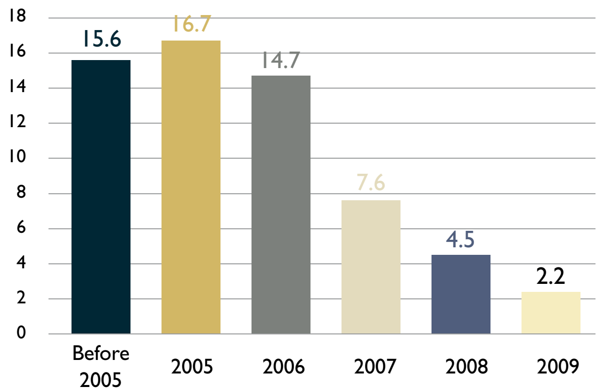
During the year, Paris Orléans:
• committed in no new fund;
• was called on for €6.9 million;
• received €7.2 million in distributions.

The valuation of these funds is updated every three months based on information provided by the fund managers, and impairment provisions are recognised for any unrealised capital losses. At constant scope, the portfolio gained €6.1 million over the year.

By type of fund (1)

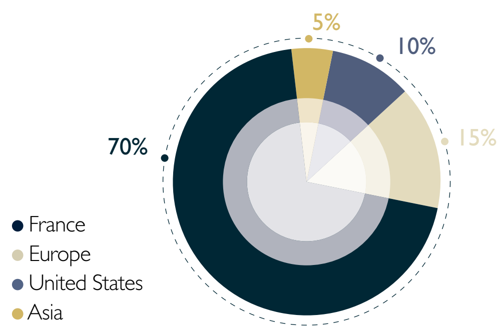


By investment year (1) (in € million)



(1) Based on valuation as at 31st March 2011.

By region (1)



Mayer Amschel Rothschild

Amschel Mayer Rothschild

Salomon Mayer Rothschild

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Left: in 1810, Mayer Amschel Rothschild wrote a partnership agreement with three of his sons. This provided a basis for future Rothschild activity. © The Rothschild Archive London.

Consolidated results

(in millions of euros) as at 31st March	2010/2011	2009/2010
Income statement figures		
Net banking income	1,214.6	871.7
Gross operating income	243.2	180.4
Operating income	229.5	76.0
CONSOLIDATED NET PROFIT	**269.3**	**90.9**
Of which attributable to equity holders of the parent	102.4	25.7
Of which non-controlling interests	166.8	65.2
Balance sheet figures		
Total assets	8,615.7	7,718.40
Available-for-sale financial assets	1,675.9	2,117.00
Loans and advances to banks	2,696.0	1,574.70
Loans and advances to customers	1,719.8	1,786.70
SHAREHOLDERS' EQUITY	**1,684.5**	**1,404.10**
Of which attributable to equity holders of the parent	731.7	538.5
Of which controlling interests	952.8	865.6

Against the backdrop of a gradual recovery in financial markets, the operating results reflect the strength of our business lines: global financial advisory, wealth management and asset management, and private equity of Paris Orléans.

Net banking income for the year ended 31st March 2011 amounted to €1,214.6 million compared with €871.7 million for the previous year, an increase of €342.9 million, which includes the impact of fully consolidating Rothschild & Cie Banque in Paris Orléans accounts (€318.2million). The previous year's net banking income included income of €68.6 million arising from the reclassification to equity of a subordinated debt. Excluding changes in the consolidation scope and reclassified debt, net banking income rose by €93.3 million.

Revenues from global financial advisory increased slightly, driven by business in fast-growing countries (Brazil, China and Australia) and, to a lesser extent, by the United Kingdom and France, where the Group has a long-established presence. A pick-up in M&A activity offset the slowdown in the financing and debt restructuring advisory business.

Wealth management and asset management generated solid revenues, which were up sharply compared with the 2009/2010 financial year, owing to efforts made to attract new assets as well as investments in human resources and technology over the past two years.

The corporate banking business in the United Kingdom continued to downsize its portfolio. However, unlike previous years, no significant impairment provisions were recorded.

Loan impairment and counterparty risk provisions declined sharply from €104.3 million to €13.7 million, reflecting a less pronounced deterioration in loan quality and an overall improvement in the credit environment.

General operating expenses rose by €280 million, of which €216.6 million was due to the consolidation of French businesses.

Net income from other assets includes a €17.9 million capital gain on the sale of Paris Orléans longstanding 23.5% equity stake in Domaines Barons de Rothschild (Lafite) ("DBR").

All the regulatory ratios for the Group's banking operations exceed the required standards and liquidity improved considerably during the financial year.

Consolidated net income for the 2010/2011 financial year was up by €178.4m year-on-year to €269.3 million Consolidated net income attributable to equity holders of the parent amounted to €102.4 million, compared with €25.7 million the previous year.

Note that net income attributable to equity holders of the parent for the 2010/2011 financial year includes €33.1 million of non-recurring income relating to Rothschild & Cie Banque. This comprises a €31.4 million revaluation gain arising from the first-time full consolidation of this company in Paris Orléans accounts and a €1.7m capital gain on the sale of the asset management company Sélection 1818 (Sélection R).

Parent company results

(in millions of euros) as at 31st March	2010/2011	2009/2010
Income statement figures		
Income before tax	(0.4)	1.0
Revenue from capital transactions	21.4	(2.1)
NET INCOME	21.0	2.3
Balance sheet figures		
Total assets	1,099.1	1,097.5
Non-current assets	913.4	936.3
Current assets	183.5	159.3
Borrowing and financial liabilities	119.8	149.7
SHAREHOLDERS' EQUITY	938.5	921.2

Paris Orléans reinforces its role as the ultimate holding company, on the one hand controlling Rothschilds Continuation Holdings AG ("RCH"), the intermediate holding company that controls the Rothschild group's banking entities and, on the other hand, indirectly holding the structures dedicated to its private equity activities through its subsidiary K Développement SAS. Paris Orléans also provides various services on behalf of the Group, particularly to the banking activities, and centralises the main expenses (personnel, rentals, operating expenses) related to the private equity activity.

During the 2010/2011 financial year, the company received €9.8 million in dividends from its subsidiaries and other portfolio interests, enabling it to cover its operating expenses for the year and to broadly breakeven in terms of current income before tax (compared with €1 million in the previous financial year).

Income from capital transactions totalled €21.4 million, a very sharp increase from a loss of €2.1 million in the previous financial year. This was due mainly to the disposal of the long-standing 23.5% holding in Les Domaines Barons de Rothschild (Lafite) ("DBR"), which generated a €16.3 million capital gain. Other than the impact of the disposal of the holding in DBR, income from capital transactions comprises capital gains of €5.8 million, mainly from distributions by investment funds.

Looking at the balance sheet, asset disposals during the financial year by Paris Orléans and by its private equity subsidiaries enabled financial debt to be reduced by nearly €30 million while at the same time increasing cash and cash equivalents by €30.7 million.

Controlled companies

Controlled companies as at 31st March 2011, within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*), are presented in note 37, "Consolidation scope", of the notes to the consolidated financial statements on page 145 of this report. In addition to the subsidiaries listed in this note, Paris Orléans also controls two companies that are not included within the consolidation scope, due to their immateriality: Clarifilter SAS and Franinvest SAS.

The following companies were not controlled anymore as at 31st March 2011: the holding in Treilhard Investissements SA has been divested, whereas Central Call International SARL and PO Capinvest 3 SAS have been respectively liquidated and subject to a complete transfer of assets and liabilities (*TUP*).

Acquisitions of holdings and controlling interests during the financial year 2010/2011

Throughout the financial year 2010/2011, Paris Orléans has neither acquired holdings nor controlling interests in a company having its registered office on the French Republic territory.

As far as may be necessary, it is hereby specified that, pursuant to Article L. 233-6 of the French Commercial Code (*Code de commerce*), the registered office of the Dutch company Concordia BV, the intermediate holding established in 2003 within the frame of the reconciliation of the English and French branches of the Rothschild family, and of which Paris Orléans acquired control on 22nd January 2008, has been transferred from the Netherlands to France during the financial year under review.

At this occasion, this company has changed its corporate name into Concordia Holding SARL, and has been registered with the Greffe of the Paris Commercial Court on 2nd December 2010.

Throughout the financial year under review, Paris Orléans has divested the whole of its 23.5% holding in DBR.

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' own-account private equity activities. Private equity activities are presented on pages 39 and onwards in this report.

Agreements and undertakings of Articles L. 225-86 onwards of the French Commercial Code (*Code de commerce*)

In accordance with the provisions of Article L. 225-88 of the French Commercial Code (*Code de commerce*), the Statutory Auditors have been informed of all the agreements and undertakings to which Article L. 225-86 of the French Commercial Code (*Code de commerce*) applies.

The shareholders are asked to approve the new agreements mentioned in the Statutory Auditors' special report and to note that agreements previously approved have been continued during the financial year under review.

Statutory Auditors' terms of office

Considering the expiration of the appointments, as Statutory Auditor, of Cailliau Dedouit et Associés, having its registered office at 19 rue Clément Marot, 75008 Paris and, as Alternate Auditor, of Mr. Didier Cardon, whose address is 36 rue de Picpus, 75012 Paris, the shareholders are asked to renew these appointments for a new term of 6 financial years.

Considering also the expiration of the appointments, as Statutory Auditor, of KPMG Audit, a division of KPMG SA, and as Alternate Auditor, of Jean-Claude André et Autres SCP, the shareholders are asked to appoint, as a replacement, for a term of 6 financial years:

- The company KPMG Audit FS II, having its registered office at Immeuble le Palatin, 3 cours du Triangle, 92393 Paris La Défense, as Statutory Auditor, and
- The company KPMG Audit FS I, having its registered office at Immeuble le Palatin, 3 cours du Triangle, 92393 Paris La Défense, as Alternate Auditor.

Proposed allocation of income and dividend

The Executive Board proposes to the General Meeting that the net income of €20,954,549.27 for the financial year ended 31st March 2011 should be allocated as follows:

• Net income for the year of	20,954,549.27€
• Plus retained earnings of	190,121,913.89€
• To the legal reserve for	85,792.40€
• **Corresponding to a total distributable income of**	**210,990,670.76€**
• To the payment of a dividend of €0.40 per share (1) for	12,949,406.00€
• To retained earnings for	198,041,264.76€

(1) On a total of 32,373,515 shares and investment certificates.

In accordance with statutory provisions, the entire dividend distributed in respect of the 2010/2011 financial year will be eligible for the 40% tax rebate provided for in Article 158 (3) (2°) of the French Tax Code (*Code général des impôts*), bearing in mind that only individuals who are French tax residents qualify for this rebate.

The dividend will be payable as from 2nd November 2011.

The third resolution to be submitted to the General Meeting of 27th September 2011 will propose that shareholders have the option of receiving the dividend in Paris Orléans shares, for all or part of the dividend due.

Dividend paid in respect of the last three financial years

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

Financial year	**2009/2010**	**2008/2009**	**2007/2008**
Number of shares and certificates of investment (1)	31,020,213	30,748,400	30,840,420
Net dividend per share	€0.35 (2)	€0.35 (2)	€0.55 (2)
Total amount distributed	€10,857,074.55	€10,761,940.00	€16,962,231.00

(1) Held on the detachment date, excluding treasury shares and investment certificates.
(2) 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.

Results of the Company during the last five financial years

(in euros)	**2006/2007 (1)**	**2007/2008**	**2008/2009**	**2009/2010**	**2010/2011**
1. Share capital at the end of the financial year					
a) Share capital	19,178,778	63,264,160	63,264,160	63,889,106	64,747,030
b) Number of shares or investment certificates issued	2,516,900	31,632,080	31,632,080	31,944,553	32,373,515
c) Number of shares and investment certificates (excluding treasury shares and investment certificates)	2,450,222	30,814,642	30,773,060	31,036,383	31,560,195
d) Number of shares and investment certificates with dividend rights as of the date of the General Meeting	2,516,900	31,632,080	31,632,080	31,944,553	32,373,515
e) Maximum number of future shares to be created					
Through conversion of bonds	-	-	-	-	-
Through the exercise of subscription rights	-	-	-	-	-
2. Overall result of effective operations					
a) Revenues exclusive of tax (financial and operating income)	35,725,252	31,698,622	28,384,137	20,128,414	17,039,485
b) Income before tax, amortisation and provisions	51,029,036	159,707,524	(5,414,728)	(8,021,864)	23,366,227
c) Corporate income tax (2)	6,204,154	4,567,594	(8,792,342)	(3,431,230)	(1,468)
d) Income after tax, amortisation and provisions	53,387,151	152,455,798	(1,520,224)	2,320,372	20,954,549
e) Distributed income, excluding treasury shares	12,251,140	16,962,231	10,761,940	10,857,075	12,949,406
3.Operating results per share					
a) Income after tax, but before amortisation and provisions	17.81	4.90	(0.11)	(0.14)	0.72
b) Income after tax, amortisation and provisions	21.21	4.82	(0.05)	0.07	0.65
c) Dividend allocated to each share	5.00	0.55	0.35	0.35	0.40 (3)
4. Personnel					
a) Average employee headcount	15	19	25	25	26
b) Total of the payroll	2,476,250	3,580,150	4,007,256	4,442,566	3,555,524
c) Total employee benefits (social security, welfare, etc.)	1,636,325	2,356,922	3,110,028	3,910,732	1,724,996

(1) It should be noted that the shares were split (10-for-1) on 28 January 2008, which resulted in the allocation of 10 new shares for each old share held by the shareholders.
(2) Negative amounts correspond to tax benefits.
(3) Dividend proposed to General Meeting of 27 September 2011.

Significant events after the end of the period

Since the beginning of the 2011/2012 financial year, the Group has announced two significant transactions. This was the case of a transaction carried out on 4th July 2011 as part of a refinancing deal to ensure the liquidity of some of the shareholders of SIACI Saint-Honoré. Paris Orléans reduced its shareholding from 14.9% to 9.9% of the capital, which enabled it to record a capital gain of €32.8 million on the €27 million reinvestment made in 2007.

In addition, the merchant banking division stepped up its activity by launching a new investment vehicle on the secondary private equity market, the Five Arrows Secondary Opportunities fund. This €200 million secondary fund will focus on small deals in the European small and mid-caps segment.

This new fund comes in addition to the existing Five Arrows Principal Investments and R Capital Management funds and will contribute to developing the third prong of the Group's banking activities.

No significant event that could damage or have a material impact on the Company's activity has occurred between 31st March 2011 and the date of this report.

Foreseeable trends and outlook

After two financial years marked by an international financial crisis that affected both the private equity and banking activities, and 2010/2011 which benefited from the gradual upturn in the world economy, Paris Orléans started 2011/2012 with a stronger financial structure that will enable it to benefit to the full from the new-found momentum in the private equity business. Against this background, the corporate banking activity can be expected to profit greatly from its strong positioning with investment funds.

At geographic level, the Group's international expansion, particularly in emerging countries, is likely to continue while the recovery that started last year will continue in those regions most severely hit by the crisis (United States, United Kingdom and the rest of Europe).

The start of the present financial year featured several new investments by the merchant banking division (third-party investment activity) and by Paris Orléans' private equity team (own private equity activity), and several sales in Paris Orléans' portfolio.

Accounts payable policy

The Company's settlement periods for its accounts payable comply with Article 21 of the French Economic Modernisation Act No. 2008-776 of 4th August 2008, amending Article L. 441-6 of the French Commercial Code (*Code de commerce*). Accounts payable are settled within 30 days of receiving the invoice, unless otherwise arranged as part of a sales agreement or pursuant to a dispute.

In thousands of euros as at 31st March 2011	Gross	Amounts due	Amounts not yet 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**	**-**	**-**

In thousands of euros as at 31st March 2010	Gross	Amounts due	Amounts not yet due		
			Due within 30 days	Due in 31 to 60 days	Due in more than 60 days
Accounts payable	581.6	195.6	386.0	-	-
Accounts payable – invoices not yet received	777.0	-	-	-	-
TOTAL ACCOUNTS PAYABLE	**1,358.6**	**195.6**	**386.0**	**-**	**-**

Paris Orléans and its shareholders

Share ownership structure

In accordance with statutory requirements, the table below lists the shareholders of Paris Orléans that hold a percentage of the share capital or of the voting rights that exceeds the statutory thresholds for disclosure:

	31/03/2011				31/03/2010		
	Number of shares and investment certificates	**% of share capital**	**Number of voting rights certificates**	**% of voting rights**	**Number of shares and investments certificates**	**% of share capital**	**% of voting rights**
Rothschild Concordia SAS	15,738,000	48.61%	-	52.03%	15,476,900	48.45%	52.07%
NM Rothschild & Sons Ltd *(treasury shares with no voting rights)*	1,800,000	5.56%	-	-	1,800,000	5.63%	-
Other members of the Rothschild family	1,456,902	4.50%	340,190	5.94%	1,456,900	4.56%	6.04%
Total family concert (1)	**18,994,902**	**58.67%**	**340,190**	**57.98%**	**18,733,800**	**58.64%**	**58.12%**
Asset Value Investors	1,962,687	6.06%	-	6.49%	1,922,163	6.02%	6.47%
Allianz Vie	1,645,729	5.08%	-	5.44%	1,611,747	5.05%	5.42%
Paris Orléans (2)	813,320	2.51%	-	-	908,170	2.85%	-
Free float	8,956,877	27.68%	145,040	30.09%	8,768,673	27.44%	29.99%
TOTAL	**32,373,515(3)**	**100.00%**	**485,230**	**100.00%(4)**	**31,944,553(3)**	**100.00%**	**100.00%(4)**

(1) Concert agreement between the shareholders of Rothschild Concordia SAS (David de Rothschild Branch, Eric de Rothschild Branch, and English Branch of the Rothschild family) and the other members of the Rothschild family (Edouard de Rothschild Branch, Philippe de Nicolay, NM Rothschild & Sons Ltd – assumed concert – and the Eranda foundation) disclosed by the French financial markets authority (AMF) on 25th January 2008 (Decision and Information notice No. 208C0180).
(2) 328,090 treasury shares held by Paris Orléans (including 146,600 shares allocated to a liquidity agreement) and 485,230 investment certificates.
(3) Including 485,230 investment certificates as at 31th March 2011 and 31st March 2010.
(4) Total voting rights: 30,245,425, after excluding the voting rights attached to shares held by Paris Orléans and NM Rothschild & Sons Ltd.

It is hereby specified that as at 31st March 2011, the share capital and voting rights of Rothschild Concordia SAS are divided as follows: David de Rothschild, directly and indirectly, for 25.82%, Eric de Rothschild, directly and indirectly, for 38.67% and Integritas BV and Rothschild Trust (Schweiz) AG (English Branch of the Rothschild family) for 35.51%.
The provisions of the Rothschild Concordia SAS shareholders' agreement were communicated to and disclosed by the French financial markets authority (AMF) on 25th January 2008 (Decision and Information notice No. 208C0180).

During the financial year under review, 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.

Information about the share capital

In addition to ordinary shares in Paris Orléans, the Company issues investment certificates (with no voting rights by nature) and voting rights certificates. A whole share is automatically consolidated by combining an investment certificate with a voting right certificate.

It is reminded that the shareholders of Paris Orléans, for the dividend in respect of the 2009/2010 financial year, were given the option to receive their dividend payment in 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 (€19.03).

On expiry of the period for taking up this option, the share capital of the Company was increased by €857,924, through the issuance of 428,962 new shares with a par value of €2 each. The share capital was increased from €63,889,106 to €64,747,030. 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. €6,262,845.20 was transferred to a "premium issue" account.

These newly issued shares qualified for dividends as from 1st April 2010 and share identical rights with all other Paris Orléans shares.

Buyback of own shares

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

The Combined Ordinary and Extraordinary General Meetings of 29th September 2009 and 27th September 2010 authorised the Executive Board to purchase or arrange the purchase of Paris Orléans shares up to a maximum limit of 10% of the Company's 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*). The authorisation granted by the General Meeting of 29th September 2009 thus expired during the financial year under review.

Each authorisation was granted for a maximum effective period of 18 months.

As required under Article L. 225-211 of the French Commercial Code (Code de commerce), the table below summarises the transactions in its own shares carried out by the Company under these authorisations during the 2010/2011 financial year.

Number of shares purchased	37,677
Number of shares sold	132,703
Number of shares cancelled	-
Average price of purchases and sales (1)	Purchases €18.85/Sales €19.10
Number of shares allocated to the liquidity agreement as at 31/03/2011	146,600
Total number of shares held as at 31/03/2011	181,490
Number of investment certificates held as at 31/03/2011	485,230
Total number of shares and investment certificates (par value: €2) held as at 31/03/2011	**813,320**
% of the share capital	***2.51%***
Book value as at 31/03/2011	***€5,916,573.79***

(1) Arithmetic mean of the share market prices for transactions initiated from 1st April 2010 and settled until 31st March 2011.

In accordance with Article L. 225-211 of the French Commercial Code (*Code de commerce*) as amended by Article 1 of Ordonnance No. 2009-105 of 30th January 2009, Paris Orléans transmits a monthly report to the French financial markets authority (AMF) 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 (AMF) website (www.amf-france.org).

Treasury shares

As at 31st March 2011, NM Rothschild & Sons Ltd, which is indirectly controlled by Paris Orléans, held 1,800,000 Paris Orléans shares, corresponding to 5.56% of the share capital. Paris Orléans held 328,090 shares (including 146,600 shares allocated to a liquidity agreement) and 485,230 investment certificates, representing a total of 2.51% of the share capital.

Unexpired authorisations (as at the date of this report) granted to the Executive Board by the General Meeting

The Combined General Meeting of 29th September 2009 granted the following powers:

Purpose	Resolution No.	Amount	Period	Use during the 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	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*)	12	Limited to 5% of the share capital	38 months	None

The Combined General Meeting of 27th September 2010 granted the following powers:

Purpose	Resolution No.	Amount	Period	Use during the 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	24 months	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 €50 million (this limit is independent from the limit set for the other authorisations)	26 months	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 €50 million	26 months	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 €50 million or to the available balance within the limit set for the issue of securities with preferential rights maintained	26 months	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 months	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 Labor Code (*Code du travail*)	27	Limited to a nominal amount of €1 million	26 months	None

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 31st March 2011 amounted to 0.68% of the share capital, held within the frame of a Company Savings Plan (*Plan d'Épargne d'Entreprise*).

Summary statement of transactions involving the Company's securities
(Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*))

Pursuant to Article 223-26 of the General Regulations of the French financial markets authority (*Règlement général de l'Autorité des marchés financiers*), no transaction referred to in Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and requiring disclosure to the shareholders has been carried out during the financial year under review.

Information that may prove significant in the event of a takeover bid

Pursuant to Article L. 225-100-3 of the French Commercial Code (*Code de commerce*), this section provides information that may prove significant in the event of a takeover bid for the Company's shares.

Restrictions on voting rights under the Company's Articles of Association

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

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

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

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

Without prejudice to the provisions of the law, any individual or legal entity, acting alone or with others, that holds bearer capital securities registered in an account with an accredited intermediary and that comes into possession of a number of shares or voting rights equal to or greater than 2% of the total number of Company shares or voting rights, and each time it crosses a multiple of this threshold in terms of share capital or voting rights, must inform the Company within the timeframe provided for in Article L. 233-7 of the French Commercial Code, by recorded delivery mail or facsimile with recorded delivery, stating whether the number of shares or voting rights are or are not held on behalf of, under the control of or in 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 threshold mentioned in the previous paragraph, or a multiple of this threshold in terms of share capital or voting rights.

The person or entity required to make the disclosure shall specify whether the number of securities held grants entitlement to the Company's shares in the future, as well as the voting rights attached thereto, Companies that manage mutual funds are required to disclose this information for all the voting rights attached to the Company shares held by the funds they manage.

For the calculation of their stake in the share capital and voting rights, the shareholders shall apply the same rules as those for the threshold disclosures provided for by the law, as construed by the French financial markets regulator, the Autorité des Marches Financiers.

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

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

Pursuant to Article L. 233-11 of the French Commercial Code (*Code de commerce*), the French Financial markets authority (*AMF*) was informed by letter dated 23rd January 2008 of the existence of two shareholders' agreements entered into on 22nd January 2008.

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

The first agreement concerns relations between the family members acting in concert, composed of shareholders in Rothschild Concordia SAS, Paris Orléans' parent company. 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 second agreement concerns relations between Paris Orléans and the Eranda foundation (a member of the enlarged concert between family members), covering in particular the terms and conditions governing the sale by Eranda of its securities in Paris Orléans.

As required under Article L. 233-11 of the French Commercial Code (*Code de commerce*), the two agreements were disclosed by the French Financial markets authority (*AMF*) on 25th January 2008 (Decision and Information Notice No. 208C0180). They were still effective as at 31st March 2011.

Pursuant to the provisions of the first agreement and in accordance with the provisions of Article 787 B of the French Tax Code (*Code general des impôts*), on 28th October 2009, Rothschild Concordia SAS, David de Rothschild, Eric de Rothschild and Alexandre de Rothschild entered into a lock-up agreement governing their securities in the Company.

This lock-up agreement applies to all securities in the Company owned by these shareholders on the date of signing the agreement. It is effective for a minimum period of two years from its date of registration with the French tax authorities. Although this agreement is not subject to the provisions of Article L. 233-11 of the French Commercial Code (*Code de commerce*), it has been disclosed to the French Financial markets authority (*AMF*).

This agreement was still effective as at 31st March 2011.

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

The rules relating to the appointment and replacement of members of the Supervisory Board and Executive Board are detailed on pages 70, and pages 75 onwards of this report, in the Chairman of the Supervisory Board's report on corporate governance and internal control.

Other information

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 notes to the consolidated financial statements of the financial year under review, on pages 107 onwards of this report.

Human resources information

Consolidated headcount as at 31st March 2011

The consolidated headcount of the companies fully consolidated within the Group amounted to 2,855 people as at 31st March 2011, to be compared with 2,834 people as at 31st March 2010.

By country / region	31/03/2011	31/03/2010 (1)
United Kingdom	916	909
France	667	679
Switzerland	457	453
Europe	288	282
North America	245	241
Rest of the world	283	269
TOTAL	2,855	2,834

(1) Pro forma data, including French activities which have been consolidated within the scope of Paris Orléans since 1st April 2010.

By business	31/03/2011	31/03/2010 (1)
Global Financial Advisory and Corporate Banking	1,556	1,531
Wealth Management and Asset management	722	734
Private equity	53	44
Support	525	525
TOTAL	2,855	2,834

(1) Pro forma data, including French activities which have been consolidated within the scope of Paris Orléans since 1st April 2010.

Company headcount as at 31st March 2011

As at 31st March 2011, Paris Orléans employed 26 people (22 executive-grade and 4 non-executive staff), 58% of whom were female. Two new employees were hired and 3 people left the Company during the financial year under review.

Paris Orléans' staff includes 4 people responsible for private equity activities and 19 people engaged in various support functions (finance, accounting, legal, insurance, internal control, cash management, middle office and regulatory reporting), 2 people involved in general administration and one apprentice.

Since 1st April 2010, when the Company agreement on the organisation and reduction of working hours was signed, Paris Orléans' staff work 37 hours a week and are entitled to 12 additional days leave each year.

Company payroll and employee savings scheme

(in thousands of euros)	31/03/2011	31/03/2010
Salaries	3,378.6	4,442.6
Employee-related charges	1,697.7	3,910.7
TOTAL	5,076.3	8,353.3

An employee incentive agreement came into effect on 30th 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.
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 has not, therefore, drawn up a formal health and safety policy, but is nonetheless 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 2010/2011 financial year, 64% of Paris Orléans' employees attended training courses, representing a total of 341 hours

Social and environmental responsibility

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

Over the past few 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.

In 2009, the Group renewed its adherence to the United Nations Global Compact. This adherence has resulted in concrete social and environmental measures being taken at the level of the Rothschild & Cie Banque and Rothschilds Continuation Holdings sub-groups (the "RCB sub-group" and the "RCH sub-group"), not only with regard to the Group's internal operations but also, more recently, in terms of its investment policy.

When examining investment projects, Paris Orléans' investment team now takes social and environmental aspects into account as well as a purely economic analysis. The Group as a whole is committed to preventing all types of risk, including reputation risk. Paying attention to environmental issues can help prevent this type of risk. In the same way, the RCB sub-group's asset management activities are gradually adopting the Principles for Responsible Investment drawn up by UNEP FI (United Nations Environment Program Finance Initiative), which include, as part of the investment policy, the examination of social, environmental and governance aspects.

Fighting discrimination and encouraging diversity

The Group places great importance on diversity, which it promotes through its recruitment and internal career management policies. Initiatives in this area are drawn up and implemented at the level of the RCH and RCB sub-groups.

In the United Kingdom, in 2008 the London-based teams concluded a partnership with the Rare programme aimed at broadening recruitment channels for interns and young graduates by helping employers enter into contact with candidates from all backgrounds.

In France, the RCB sub-group in 2006 signed a Charter of Diversity in Recruitment, aimed at taking diversity issues into account in hiring procedures.

Environmental responsibility

Paris Orléans is not involved in any industrial activities that might have an impact on the environment. The environmental impact, if any, of the Group's activities is therefore limited.

The Group is nonetheless committed to reducing this impact as much as possible in its day-to-day business operations and to promote environmental awareness among its staff. Environmental responsibility policies are drawn up and implemented at the level of the RCH and RCB sub-groups, where concrete measures are taken to ensure that all employees take the necessary steps to reduce the environmental impact of the Group's activities.

These endeavours focus in particular on reducing energy consumption, particularly electricity, through continued monitoring and adjustment of office heating and air conditioning systems. Efforts are also being made to reduce and recycle waste and to control consumption of office supplies, particularly paper, which is a major item of consumption.

The Group is gradually implementing a waste recycling and reuse policy. More specifically, the recycling programme covers glass, aluminium, plastic bottles, batteries, printer cartridges, paper and cardboard. Unwanted office furniture and supplies and PCs are frequently donated to local partners.

Environmental issues and application of the environmental responsibility policy are supervised at the level of each sub-group, by committees dedicated specifically to these issues.

Social involvement, partnerships and sponsoring

The Group is involved in several major community programmes and partnerships, particularly in London. These initiatives now form part of the Rothschild in the Community programme, which covers various areas.

The Group is deeply involved in supporting education, and works in partnership with several English schools (Bow School of Maths and Computing, South Camden Community School and Old Palace Primary School).

It regularly supports volunteering initiatives and encourages these among its employees.

Lastly, the Group has a long history of involvement in charitable aid. In the United Kingdom, the Rothschild Charities Committee meets quarterly to examine charitable initiatives proposed to it and to decide on the financial support to be given.

The greater part of the financial support granted to such initiatives goes to charities working in the fields of social welfare, young people and healthcare. Local initiatives are particularly encouraged and close to 50% of the money donated each year is given in response to requests from Rothschild employees who have a connection with a particular charity.

A star project, the Charity of the Year, is chosen by the staff in January of each year. This year's winner was the UK association Cancer Research UK which supports the work of more than 4,000 scientists, doctors and nurses across the UK engaged in cancer research. This association also provides information and support to people with cancer, their families, carers and health professionals; and campaigns to keep cancer at the top of the medical research agenda.

Research and development activity within the Company

As a holding company, Paris Orléans, as well as the RCH and RCB sub-groups have no specific research and development activity.

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

In accordance with Article L. 451-1-1 of the French Monetary and Financial code (*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).

Corporate governance

Organisation and operation of the Supervisory Board

For further information on the compensation of corporate officers, please see pages 71 onwards of this report. The information on the conditions for the preparation and organisation of the Supervisory Board's work are detailed on pages 75 onwards of this report, in the Chairman of the Supervisory Board's report on corporate governance and internal control.

List of directorships and positions

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 in other companies by each of the corporate officers of the Company is presented below.

Members of the Supervisory Board

Éric de Rothschild

Member and Chairman of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 3rd October 1940
Number of Paris Orléans shares held: 10

Other positions and main directorships held

- **Chairman of:**
  - Rothschild Holding AG (Switzerland)
  - Rothschild Bank AG (Switzerland)
  - Rothschild Asset Management Holding AG (Switzerland)
- **Managing Director of:**
  - Continuation Investments NV (Netherlands)
- **Director and General Manager of:**
  - Rothschild Concordia SAS
- **Managing Partner of:**
  - Béro SCA
- **Permanent representative of Béro SCA, Managing Director of:**
  - Château Lafite Rothschild SC
  - Château Duhart-Milon SC
  - La Viticole de Participation SCA
- **Permanent representative of Béro SCA, Chairman of:**
  - Société du Château Rieussec SAS
- **Director of:**
  - Baronne et Barons Associés SAS
  - Christie's France SA
  - DBR USA (United States)
  - NM Rothschild & Sons Ltd (United Kingdom)
  - Rothschild North America Inc. (United States)
  - 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
- **Deputy Chairman of:**
  - Rothschilds Continuation Holdings AG Group Management Committee
- **Member of:**
  - Rothschilds Continuation Holdings AG Remuneration and Nomination Committee

André Lévy-Lang

Independent member and Vice-chairman of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 26th November 1937
Number of Paris Orléans shares held: 101

Other positions and main directorships held

- **Chairman of the Supervisory Board of:**
  - Les Échos SAS
- **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

Martin Bouygues

Independent member of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 3rd May 1952
Number of Paris Orléans shares held: 5,092

Other positions and main directorships held

- **Chairman of the Board of Directors and Chief Executive Officer of:**
  - Bouygues SA
- **Chairman of:**
  - SCDM SAS
- **Director of:**
  - TF1 SA
- **Permanent representative of SCDM SAS, Chairman of:**
  - SCDM Invest 3 SAS
  - SCDM Participations SAS
  - Actiby SAS

Claude Chouraqui

Member of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 2nd August 1942
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Chairman of the Supervisory Board of:**
  - SIACI Saint-Honoré SA
  - Newstone Courtage SA
- **Director of:**
  - ART (Assurances et Réassurances Techniques) SAS

Russell Edey

Member of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 2nd August 1942
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Chairman of:**
  - Anglogold Ashanti Ltd (South Africa) until 7th May 2010
- **Deputy Chairman of:**
  - NM Rothschild Corporate Finance Ltd (United Kingdom)
- **Director of:**
  - NM Rothschild & Sons South Africa Pty Ltd (South Africa)
  - NM Rothschild China Holding AG (Suisse)
  - Rothschild Australia Ltd (Australia)
  - Rothschilds Continuation Ltd (United Kingdom)
  - Shield MBCA Ltd (United Kingdom)
  - Shield Trust Ltd (United Kingdom)
  - Southern Arrows (Pty) Ltd (South Africa)
- **Non-executive Director and Chairman of:**
  - Avocet Mining Plc (United Kingdom) since 8th July 2010
- **Non-executive Director of:**
  - Old Mutual Plc (United Kingdom)

Christian de Labriffe

Member of the Supervisory Board, member and Chairman of the Audit Committee
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 13th March 1947
Number of Paris Orléans shares held: 300

Other positions and main directorships held

- **Managing Partner of:**
  - Rothschild & Cie Banque SCS
  - Rothschild & Cie SCS
- **Chairman of:**
  - Transaction R SAS
- **Chairman of the company and Chairman of the Strategic Committee of:**
  - Financière-Rabelais SAS
- **Representative of Chairman of:**
  - Montaigne-Rabelais SAS
- **Director of:**
  - Rothschild Conseil International SCS
  - Christian Dior SA
  - Christian Dior Couture SA
  - Holding Financier Jean Goujon SAS
  - Nexity France SA
  - Investec Asset Mangement Inc. (United Kingdom)
- **Member of the Supervisory Board of:**
  - Groupe Beneteau SA
- **Member of:**
  - Group Risk Committee
  - Rothschild & Cie Banque SCS Risks and Conformity Committee (*Comité de la Conformité et des Risques*) and Internal Audit Committee (*Comité d'audit interne*)
- **Managing Director of:**
  - Parc Monceau SARL
  - Delahaye Passion SC

Philippe de Nicolay

Member of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 1st August 1955
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Chairman of the Supervisory Board of:**
  - Rothschild & Cie Gestion SCS
- **Chairman of:**
  - Rothschild Japan KK (Japan) until 1st April 2010
  - Wichford Plc (Isle of Man)
- **Director of:**
  - Elan R SICAV
  - Blackpoint Management (Guernesey)
  - Rothschild Bank AG (Switzerland)
  - Rothschild Holding AG (Switzerland)
  - Rothschild Japan KK (Japan)
- **Member of the Supervisory Board of:**
  - Les Domaines Barons de Rothschild (Lafite) SCA

- **Managing Director of:**
  - Hunico SC
  - Polo & Co SARL

Robert de Rothschild

Member of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 14th April 1947
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Director of**
  - Rothschild Concordia SAS

Philippe Sereys

Independent member of the Supervisory Board and member of the Audit Committee
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 28th May 1963
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Member of the Supervisory Board and Vice-chairman of:**
  - Baron Philippe de Rothschild SA
- **Member of the Supervisory Board of:**
  - GT Finances SA
- **Managing Director of:**
  - Baronne Philippine de Rothschild GFA

Rothschild & Cie Banque SCS

Member of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Chairman of:**
  - Bastia-Rabelais SAS
- **Chairman and member of the Board of Directors of:**
  - Montaigne-Rabelais SAS

Permanent representative of Rothschild & Cie Banque SCS: Marc-Olivier Laurent

Last appointed: 7th December 2007
Date of birth: 4th March 1952

Other positions and main directorships held

- **Chairman of:**
  - Five Arrows Managers SAS
- **Managing Partner of:**
  - Rothschild & Cie Banque SCS
- **Director of:**
  - Caravelle
  - NM Rothschild & Sons (Singapore) Ltd (Singapore), until 31st August 2010
  - NM Rothschild & Sons (Hong-Kong) Ltd (Hong-Kong), until 7th July 2010
  - Rothschild Asia Holdings Ltd (Hong-Kong), until 7th July 2010
- **Member of the Supervisory Board of:**
  - Manutan SA
  - Paprec SAS
  - Foncière Inea SA (formerly Inea SA)
- **Member and Chairman of the Surveyance Committee (*Comité de surveillance*) of:**
  - R Capital Management SAS
- **Member of the Audit Committee of:**
  - Manutan SA
- **Director and Member of the Investment Committee of:**
  - JRE Asia Capital Management Limited (Hong-Kong)

François Henrot

Member of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 3rd July 1949
Number of Paris Orléans shares held: 10

Other positions and main directorships held

- **Managing Partner of:**
  - Rothschild & Cie Banque SCS
  - Rothschild & Cie SCS
- **Director of:**
  - Rothschilds Continuation Holdings AG (Switzerland)
  - 3 Suisses SA
  - Yam Invest (Netherlands)
- **Member of the Supervisory Board of:**
  - Vallourec SA
- **Chairman of:**
  - Global Financial Advisory Committee

Jacques Richier

Independent member of the Supervisory Board
Last appointed: 27th September 2010
Expiry date: 2013
Date of birth: 12th February 1955
Number of Paris Orléans shares held: 10

Other positions and main directorships held

- **Chairman of the Board of Directors and Chief Executive Officer of:**
  - Allianz IARD SA
  - Allianz Vie SA
  - Allianz France SA
- **Member of the Supervisory Board of:**
  - Allianz Global Assistance SAS, from 9th December 2010
  - Allianz Global Corporate & Speciality AG (Germany)
  - Oddo & Cie SCA
- **Director of:**
  - REMA (*Réunion des Mutuelles d'Assurances Régionales*), until 21st May 2010

Michel Cicurel

Non-voting member (*Censeur*) of the Supervisory Board
Last appointed: 29th September 2009
Expiry date: 2011
Date of birth: 5th September 1947

Other positions and main directorships held

- **Chairman of the Executive Board of:**
  - La Compagnie Financière Edmond de Rothschild Banque SA
  - Compagnie Financière Saint-Honoré SA
- **Chairman of the Board of Directors of:**
  - ERS SA
  - Edmond de Rothschild SGR SpA (Italy)
  - Edmond de Rothschild SIM SpA (Italy)
- **Chairman of the Supervisory Board of:**
  - Edmond de Rothschild Corporate Finance SAS
- **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 (United Kingdom), since 26 October 2010
  - Bouygues Telecom SA
  - COE-Rexecode (Association - Loi 1901)
  - Société Générale SA
- **Member of the Supervisory Board of:**
  - Publicis SA
  - SIACI Saint-Honoré SA
  - Newstone Courtage SA
- **Permanent representative of La Compagnie Financière Edmond de Rothschild Banque SA, member of the Supervisory Board of:**
  - Edmond de Rothschild Asset Management (SAS) (Chairman)
  - EDRIM Solutions
- **Permanent representative of La Compagnie Financière Saint-Honoré SA, Director of:**
  - Cogifrance SA

Members of the Executive Board

Sylvain Héfès

Chairman of the Executive Board
Last appointed: 27th September 2010
Expiry date: 2012
Date of birth: 28th March 1952

Other positions and main directorships held

- **Senior Advisor of:**
  - NM Rothschild & Sons Ltd (United Kingdom)
- **Chairman of:**
  - Rothschilds Continuation Holdings AG Remuneration and Nomination Committee since 21st May 2010
  - Francarep Inc. (United States)
- **Director of:**
  - Rothschild Concordia SAS
  - Rothschilds Continuation Holdings AG (Switzerland)
  - Rothschild Europe BV (Netherlands)
  - Rothschild Bank AG (Switzerland)
  - Five Arrows Capital Ltd (British Virgin Islands)
  - NYSE Euronext Inc. (United States)
- **Member of the Advisory Committee of:**
  - Five Arrows Managers SAS
  - General Atlantic LLC (United States)
- **Member of:**
  - Group Risk Committee
  - Rothschilds Continuation Holdings AG (Switzerland) Audit Committee
  - Rothschild Bank AG (Switzerland) Audit Committee
  - Five Arrows Principal Investments Committee

David de Rothschild

Member of the Executive Board
Last appointed: 27th September 2010
Expiry date: 2012
Date of birth: 15th December 1942

Other positions and main directorships held

- **Chairman and Director of:**
  - Rothschild Concordia SAS
- **Statutory Managing Partner of:**
  - Rothschild & Cie Banque SCS
  - Rothschild & Cie SCS
- **Managing Partner of:**
  - Rothschild Gestion Partenaires SNC
- **Chairman of:**
  - NM Rothschild & Sons Ltd (United Kingdom)
  - Rothschilds Continuation Holdings AG (Suisse) (non-executive)
  - Rothschild North America (United States)
  - Financière de Reux SAS
  - Financière de Tournon SAS
  - SCS Holding SAS
- **Vice-chairman of:**
  - Rothschild Bank AG (Switzerland)
- **Managing Director of:**
  - Rothschild Europe BV (Netherlands)
- **Director of:**
  - Casino, Guichard-Perrachon SA
  - La Compagnie Financière Martin-Maurel SA
  - Continuation Investments NV (Netherlands)
  - De Beers SA (Luxemburg)
  - Rothschild Asia Holdings Ltd (Hong-Kong)
  - Rothschild Concordia AG (Switzerland)
  - Rothschild Holding AG (Switzerland)
- **Member of the Supervisory Board of:**
  - Compagnie Financière Saint-Honoré SA
  - Euris SAS
- **Chairman of:**
  - Group Risk Committee
  - Group Management Committee de Rothschilds Continuation Holdings AG (Switzerland)
- **Member of:**
  - Rothschild & Cie Banque SCS Internal Audit Committee
  - Rothschilds Continuation Holdings AG Remuneration and Nomination Committee (Switzerland)

Olivier Pécoux

Member of the executive Board and Managing Director
Last appointed: 27th September 2010
Expiry date: 2012
Date of birth: 9th September 1958

Other positions and main directorships held

- Managing Partner of:
  - Rothschild & Cie Banque SCS
  - Rothschild & Cie 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 global financial advisory in the world
- Chairman of the:
  - Comité exécutif banque d'affaires de Rothschild & Cie SCS
- Member of the Strategic Committee of:
  - Financière Rabelais SAS

Michele Mezzarobba

Member of the executive Board
Last appointed: 27th September 2010
Expiry date: 2012
Date of birth: 25th September 1967

Other positions and main directorships held

- Managing Director of:
  - Concordia Holding SARL (formerly Concordia BV) since 6 October 2010
- Chairman of:
  - K Développement SAS
  - Messine Managers Investissements SAS
  - Paris Orléans Holding Bancaire (POHB) SAS
  - Ponthieu Ventures SAS
- Director and Chairman of:
  - Francarep Inc. (United States)
- Director of :
  - Five Arrows Capital AG (Switzerland)
  - FIN PO SA (Luxemburg)
  - PO Invest 1 SA (Luxemburg)
  - PO Invest 2 SA (Luxemburg)
  - PO Investimmo SARL (Luxemburg) until 23rd November 2010
  - PO Participations SARL (Luxemburg)
  - PO Titrisation SARL (Luxemburg)
  - Rothschild Europe BV (Netherlands)
- Managing Director of:
  - Centrum Orchidée SARL (Luxemburg)
  - Centrum Jonquille SARL (Luxemburg)
  - Centrum Narcisse SARL (Luxemburg)
  - Centrum Iris SARL (Luxemburg), until 20th December 2010
- Member of the Supervisory Board of:
  - EuropaCorp SA, until 5th October 2010
  - Ubiqus SAS
- Permanent representative of Paris Orléans SA, member of the Supervisory Board of:
  - Santoline SAS
- Permanent representative of K Développement SAS, Chairman of:
  - Alexanderplatz Investissement SAS
  - Clarifilter SAS
  - Chaptal Investissements SAS
  - Franinvest SAS
  - HI Trois SAS
  - Manufaktura SAS
  - Narcisse Investissements SAS
  - PO Capinvest 1 SAS
  - PO Capinvest 2 SAS
  - PO Capinvest 3 SAS, until 30 December 2010
  - PO Fonds SAS
  - PO Mezzanine SAS
  - SPCA Deux SAS
  - Verseau SAS
- Permanent representative of Ponthieu ventures SAS, Chairman of:
  - Rivoli Participation SAS
- Permanent representative of Rivoli Participation SAS, Director of:
  - Affiches Parisiennes SA
  - Claude et Goy SA
- Permanent representative of PO Participation SARL, member of the Managing Board of:
  - Five Arrows Managers SARL (Luxemburg)
- Director and Chairman of the Board of Directors of:
  - Concordia BV (Netherlands) until 6th October 2010
- Managing Director of:
  - Central Call International SARL, until 18th June 2010

Method for appointing members of the Supervisory Board and Executive Board

Members of the Supervisory Board and Executive Board are appointed in accordance with legal requirements and the Company's Articles of Association.

Note that the Chairman of the Board of Directors of Rothschild Concordia SAS, Paris Orléans' parent company, must obtain the consensus of Rothschild Concordia SAS's Board of Directors before Paris Orléans' Supervisory Board can appoint members of the Executive Board. In addition, Rothschild Concordia SAS must obtain prior authorisation from its Board of Directors before exercising its voting rights at the Ordinary General Meetings of Paris Orléans, which covers the resolutions relating to the appointment of Supervisory Board members.

Compensation of corporate officers

In compliance with 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.

In its meeting held on 1st December 2008, the Supervisory Board of Paris Orléans examined the AFEP-MEDEF recommendations of 6th October 2008 regarding the compensation of corporate and executive officers and decided that these recommendations were in line with Paris Orléans' corporate governance policy.

Table 1 – Compensation paid to each member of the Executive Board

Main terms and conditions of corporate officers' compensation

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

- The compensation paid to Sylvain Héfès, Chairman of the Executive Board, is borne entirely by NM Rothschild & Sons Limited in respect of the functions he fulfils within the Rothschilds Continuation Holdings AG sub-group in London.

- David de Rothschild and Olivier Pécoux receive no compensation in respect of their mandates as members of the Executive Board. In their capacities as Managing Partners of the limited partnerships, Rothschild & Cie Banque SCS and Rothschild & Cie SCS, their status is governed by the following rules:
  - the Articles of Association of Rothschild & Cie Banque SCS and of Rothschild & Cie SCS prohibit the payment of any compensation whatsoever to Managing Partners in respect of the fulfilment of their duties as Managing Partners; no Managing Partner is tied to either company by an employment contract;
  - these same Articles of Association entitle Managing 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.

- Note that Michele Mezzarobba has a permanent employment contract entered into with the Company on 15th December 2003, before his appointment to the Executive Board. At its meeting on 27th September 2010 to renew the Executive Board's mandate, the Supervisory Board noted, as it had done at each previous renewal, that this 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 private equity activities. 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, 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, described on page 63 of this report.

  Michele Mezzarobba also benefits from a so-called "Article 83" defined-benefit supplementary retirement scheme.

For all the reasons mentioned above, the Company does not have a special committee responsible for defining a compensation policy for Executive Board members.

In view of the new requirements relating to the compensation policies of banking and financial institutions, introduced by Directive 2010/76/EU of 25th November 2010, which came into force on 1st January 2011, action was taken during the 2010/2011 financial year:

- at the level of the Rothschilds Continuation Holdings AG and Rothschild & Cie Banque banking sub-groups with a view to defining a compensation policy that is in line with the measures taken locally;
- at the level of Paris Orléans, on a consolidated basis, with the aim of defining a Group compensation policy.

To the extent that Paris Orléans is responsible for prudential oversight of the Group on a consolidated basis, the Supervisory Board will be called upon to deliberate on the Group compensation policy during the present financial year. The possible impact of said policy on the method of compensation of certain of Paris Orléans' corporate and executive officers will be presented in the annual report for the financial year ending 31st March 2012.

No bonus shares or share subscription options have been granted to corporate and executive officers of Paris Orléans, nor do 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 6th October 2008 relating to the compensation of corporate officers.

Table 1 summarises the compensation of each Executive Board member in the financial year under review and in the previous year.

For Executive Board members who benefit from a company car, the amounts shown on the "Benefits in kind" line of Table 1 relate solely to use of said cars, and exclude any other benefit in kind.

Sylvain Héfès – Chairman of the Executive Board

In thousands of euros	Amounts paid	
	FY 2010/2011	**FY 2009/2010**
Fixed compensation (1)	169.7	168.4
Variable compensation (1) (2)	367.6	420.9
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kind (3)	2.1	1.9
TOTAL	**539.4**	**591.2**

(1) Remuneration received in respect of positions within the Rothschilds Continuation Holdings AG sub-group, converted at €/£ exchange rate as at 31st March 2010 and as at 31st March 2011.
(2) The variable compensation due in respect of given financial year is paid in the same financial year.
(3) Health insurance.

David de Rothschild – Member of the Executive Board

In thousands of euros	Amounts paid	
	FY 2010/2011	**FY 2009/2010**
Fixed compensation (1)	377.8	371.8
Variable compensation	-	-
Extraordinary compensation	-	-
Attendance fees	-	6.2
Benefits in kind	-	-
TOTAL	**377.8**	**378.0**

(1) Remuneration received in respect of mandates within NM Rothschild & Sons Ltd and Rothschild Holding AG, converted at €/£ and €/CHF exchange rates as at 31st March 2010 and 31st March 2011.

Olivier Pécoux – Managing Director and member of the Executive Board

In thousands of euros	Amounts paid	
	FY 2010/2011	**FY 2009/2010**
Fixed compensation	-	-
Variable compensation	-	-
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kind (2)	67.1	-
TOTAL	**67.1**	**-**

(1) Due to the date of appointment of Olivier Pécoux (30 March 2010), information regarding the compensation, attendance fees or benefits in kind received by him during the 2009/2010 financial year was not indicated.
(2) Chauffeur-driven company car.

Michele Mezzarobba – Chief Financial Officer and member of the Executive Board

In thousands of euros	Amounts paid	
	FY 2010/2011	**FY 2009/2010**
Fixed compensation (1)	250.0	250.0
Variable compensation (1) (2)	400.8	325.0
Extraordinary compensation	-	-
Attendance fees	62.5	37.5
Benefits in kind (1) (3)	6.0	6.0
TOTAL	**757.8**	**629.6**

(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) Company car.
Incentive payment and Company's premiums in respect of employee savings schemes: €38.5 thousands as at 31st March 2011 and €11.1 thousands as at 31st March 2010.

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

The General Meeting of Shareholders of 27th September 2010 set at €134,000 the maximum amount of attendance fees available for allocation to Supervisory Board members.

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

Fixed ordinary attendance fee: €1,000
Vairable ordinary attendance fee per meeting: €1,000
Fixed supplement for attending Audit Committee meetings: €1,000
Variable supplement for attending Audit Committee meetings: ... €1,000
Fixed supplement for attending joint Audit Committee meetings: €1,000
Variable supplement for attending joint Audit Committee meetings: €2,000

In accordance with the AFEP-MEDEF Code of corporate governance of listed corporations, payment of the variable portion is conditional upon effective attendance at each meeting.

The table below shows the attendance fees and other compensation received by non-executive corporate officers in respect of their functions within Paris Orléans and any other Group company.

Members of the Supervisory Board	FY 2010/2011 Amounts paid in thousands of euros		FY 2009/2010 Amounts paid in thousands of euros	
	Attendance fees (1) (2)	Other compensation	Attendance fees (1)	Other compensation
Eric de Rothschild	16.0	Benefits in kind: 6.4	8.9	Benefits in kind: 6.4
André Lévy-Lang (6)	36.0	-	12.0	-
Claude Chouraqui	14.0	-	8.9	-
Russell Edey (2) (3)	6.0	Fixed: - Variable: - Benefits in kind: -	6.2	Fixed: - Variable: - Benefits in kind: 0.2
Christian de Labriffe (6)	39.0	-	12.0	-
Robert de Rothschild (4) (5)	5.0	Fixed: 21.1 Benefits in kind: 10.4	2.2	Fixed: 22.2
Philippe Sereys (6)	38.0	-	12.0	-
Martin Bouygues	14.0	-	7.5	-
Philippe de Nicolay	13.0	-	8.9	-
Marc-Olivier Laurent for Rothschild & Cie Banque (4)	15.0	800.0	6.2	700.0
François Henrot (8)	6.0	-	-	-
Jacques Richier (8)	6.0	-	-	-
Jean-Philippe Thierry (non-voting member (*Censeur*)) (7)	6.0	-	3.5	-
Michel Cicurel (non-voting member (*Censeur*))	11.0	-	7.5	-

(1) Attendance fees paid by Paris Orléans as respect of a mandate as member of the Supervisory Board.
(2) For the first time, as from the 2010/2011 financial year, attendance fees due in respect of a given financial year are paid by Paris Orléans during this financial year (with the exception of Russel Edey and Robert de Rothschild, whose attendance fees were paid in April 2011).
(3) Moreover, Russel Edey has received €113.1 thousands in attendance fees from the controlled companies as at 31st March 2011.
(4) Other compensation received from the controlled companies.
(5) Compensation converted at €/£, €/USD or €/CHF exchange rates as at 31st March 2011 and as at 31st March 2010.
(6) Attendance fees paid by Paris Orléans as respect of mandates as member of the Supervisory Board and member of the Audit Committee.
(7) Appointment expired on 18th March 2010.
(8) Appointment on 27th September 2010.

Table 3 – Information on employment contracts, supplementary pension schemes, compensation or benefits due or that could become due in the event of termination of office or change in function and non-competition clauses for members of the Executive Board

Members of the Executive Board	**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**
Sylvain Héfès Chairman of the Executive Board • Date of appointment: 2010 • Term of appointment ends: 2012	No	No	No	No
David de Rothschild Executive Board Member • Date of appointment: 2010 • Term of appointment ends: 2012	No	No	NA	NA
Olivier Pécoux Managing Director • Date of appointment: 2010 • Term of appointment ends: 2012	No	No	No	No
Michele Mezzarobba Chief Financial Officer and member of the Executive Board in charge of private equity activities • Date of appointment: 2010 • Term of appointment ends: 2012	Yes (1)	Yes (2)	No	No

(1) Michele Mezzarobba entered into an employment contract on 15 December 2003 with Paris Orléans, i.e. 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.
(2) Supplementary defined benefit retirement scheme ("article 83 pension scheme").

No commitment falling within the scope of 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 2010/2011 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 within the Rothschilds Continuation Holdings AG sub-group.

Chairman of the Supervisory Board's Report

on the composition of the Board, the conditions in which its work is prepared and organised, and on internal control and risk management procedures

As required by Article L. 225-68 of the French Commercial Code (*Code de commerce*), this report presents the composition of the Board, the conditions in which its work is prepared and organised, and describes the internal control and risk management procedures implemented by the Company.

This report has been prepared based on interviews and meetings with members of Paris Orléans' Executive Board and with the different parties involved in the Group's internal control. Section two of this report deals with internal control and risk management procedures and forms part of the Group's system of internal control on a consolidated basis, which has been in place since 2008.

Section 1 – Composition of the Supervisory Board and conditions in which its work is prepared and organised, corporate governance, terms and conditions of attendance at General Meetings and information required pursuant to Article L. 225-100-3 of the French Commercial Code

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

In 2004, Paris Orléans opted for the administration and management structure governed by an Executive Board and a Supervisory Board, as provided for in Articles L. 225-57 to L. 225-93 of the French Commercial Code (*Code de commerce*).

1. Presentation of the Supervisory Board

Composition

At the date of this report, Paris Orléans' Supervisory Board was composed of twelve members and a *censeur* (non-voting member): Eric de Rothschild (Chairman), André Lévy-Lang (Vice-Chairman), Martin Bouygues, François Henrot, Jacques Richier, Claude Chouraqui, Russell Edey, Christian de Labriffe, Philippe de Nicolay, Robert de Rothschild, Philippe Sereys, Rothschild & Cie Banque, represented by Marc-Olivier Laurent, and Michel Cicurel (*censeur*).

The Supervisory Board members are appointed by the General Meeting of Shareholders. Under the Company's Articles of Association, the term of office of Supervisory Board members is three years. Each Board member must own at least ten shares in the Company.

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

Of the twelve board members, André Lévy-Lang, Martin Bouygues, Jacques Richier and Philippe Sereys qualify as independent members.

Powers of the Supervisory Board

The Supervisory Board exercises permanent control over the Company's management by the Executive Board. In accordance with the law and the Company's Articles of Association, it is responsible for granting the Executive Board the necessary authorisation to carry out transactions and enter into agreements that must be submitted to it beforehand.

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

The Executive Board reports to the Supervisory Board's Chairman on a monthly basis on the Company's equity interests, net cash position, level of debt and on private equity transactions (investments, disposals, supplementary investments) carried out by Paris Orléans' subsidiaries and sub-subsidiaries.

As required by the Articles of Association and by law, at least once a quarter the Executive Board reports to the Supervisory Board on the Company's activities. This report covers the activity and results of the Group's two main businesses: the banking activities carried out by the two main sub-groups Rothschilds Continuation Holdings AG ("RCH") and Rothschild & Cie Banque ("RCB") and the private equity activities carried out by Paris Orléans' consolidated sub-subsidiaries.

The Supervisory Board performs the checks and controls it considers necessary on the company and consolidated financial statements approved by the Executive Board, reviews the Executive Board's management report, issues an opinion on the proposed resolutions submitted to it for approval and on press releases. The Supervisory Board also determines the content of the observations it will present to the Annual General Meeting of Shareholders on presenting the financial statements for approval.

Organisation and operation

The Supervisory Board's organisation and operating procedures are established by law, by the Company's Articles of Association and the Board's internal rules. These internal rules set forth the guiding principles for its operation.

The Chairman may convene Board members by any means whatsoever. To enable as many members as possible to attend meetings (including by conference call and videoconference), the dates of meetings are set several months in advance and the schedule of future meetings always appears on the agenda of each Board meeting.

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

2. Review of the Supervisory Board's activity in 2010/2011

The Supervisory Board met four times in 2010/2011 with an average attendance rate of 78%. Before each Board meeting, every member systematically receives a file containing all the documentation, notes and reports relating to each item on the agenda.

At these meetings, the subjects dealt with by the Board included in particular:
- renewal of the Executive Board's mandate and composition;
- forecast management accounts;
- the Executive Board's quarterly reports;
- draft financial releases;
- the consolidated and Company financial statements for the periods ended 31st March 2010 and 30th September 2010 (interim financial statements) and the Statutory Auditors' reports;
- the Executive Board's Management Report (including the report on the Group's activity) and the resolutions proposed by the Executive Board to the General Meeting of 29th September 2010;
- disposals of significant equity interests during the year: Domaines Baron de Rothschild (Lafite) and part of the shareholding in NewStone Courtage (SIACI);
- the Chairman of the Supervisory Board's report, prepared in accordance with Article L. 225-68 of the French Commercial Code, for the 2009/2010 financial year;
- annotated budget proposals;
- regulated agreements within the meaning of Articles L. 225-86 and L. 225-87 of the French Commercial Code;
- outcome of the option to choose between payment of the 2009/2010 dividend in cash or in shares;
- prior authorisation of the usual asset and liability guarantees requested in the normal course of business by the purchaser of a holding in the portfolio with a view to its sale;
- breakdown of attendance fees;
- governance (appointment of a new Executive Board member and Managing Director);
- annual self-assessment as recommended by the AFEP-MEDEF Code of Corporate Governance for listed corporations.

In addition, with regard to the responsibilities of the financial company Rothschild Concordia SAS (the holding company for the Group), exercised through Paris Orléans since 2008 and during the past financial year, the Board's attention was drawn to the impact on Group equity of the principles and regulations issued by the Basel Committee.

In particular, the Board was kept informed of the discussions with the regulatory authorities and the action taken by the Group, which resulted in the authorisation granted by the Autorité de Contrôle Prudentiel (ACP) for the Group's supervision on a consolidated basis to be performed directly at the level of Paris Orléans.

Lastly, the Board took note of the 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 21st February 1997.

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

On 28th June 2011, the Supervisory Board performed its annual self-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.

4. Specialised Committees – Audit Committee

The Board has not created any specialised committee other than the Audit Committee, as the Board members perform their functions on a collegial basis. Well before the Order of 8th December 2008 introducing the requirement for companies traded on a regulated market to create an audit committee, the Board had decided to implement the AFEP-MEDEF recommendations issued on 23rd October 2003 by creating an audit committee in 2004.

Composition

The Supervisory Board determines the composition of the Audit Committee, which may only be composed of Supervisory Board members taking into account their skills and financial expertise.

At its meeting on 27th September 2010, the Supervisory Board renewed the mandates of the three Audit Committee members:
• Christian de Labriffe (Chairman);
• André Lévy-Lang (independent member);
• Philippe Sereys (independent member).

Audit Committee – Responsibilities, resources and scope

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

In particular, it is responsible for monitoring:
• the preparation of financial information;
• the effectiveness of the internal control and risk management systems;
• the statutory audit of the company and consolidated accounts by the Statutory Auditors; and
• the independence and objectiveness of the Statutory Auditors.

The Audit Committee examines the annual and interim company and consolidated financial statements before these are presented to the Supervisory Board. Any event that could give rise to a significant risk for Paris Orléans is referred to the Audit Committee by the Executive Board and the Statutory Auditors. It is also responsible for:
• issuing recommendations on the proposals submitted to the General Meeting of Shareholders regarding the appointment or renewal of the Statutory Auditors;
• reporting to the Board regularly on its work and informing it immediately of any difficulties encountered.

In accordance with the Supervisory Board's internal rules, the Audit Committee 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 Executive Board members, their staff and the Company's, or its subsidiaries' Statutory Auditors.

Activity

At the Paris Orléans level, the Audit Committee met twice in 2010/2011: on 26th November 2010 to review the interim financial statements and on 24th June 2011 to examine the Company and consolidated financial statements for the financial year ended 31st March 2011.

In addition, as part of the system of internal control and risk management at consolidated level implemented within the Group, all the Audit Committee members attended joint meetings with the Rothschilds Continuation Holdings sub-group's Audit Committee.

1.2. 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.

Nonetheless, it should be noted that Paris Orléans has not created any specialised committees other than the Audit Committee for the reasons already given above.
It should also be noted that the Company has not put in place any golden parachute or supplementary retirement scheme in favour of its corporate officers, nor given any commitment that falls within the application scope of Article L. 225-90-1 of the French Commercial Code and which corresponds to an element of remuneration, indemnification or benefits due or likely to become due on termination of office or change in function of any Executive Board member or subsequently to such event.

The information relating to the appointment and remuneration of corporate and executive officers is provided in the Executive Board's management report in the section relating to this subject (page 70 and onwards).

At its meeting on 28th June 2011, the Board took note of the provisions set forth in the law of 27th January 2011 relating to gender balance within Supervisory and Management Boards and to equality in the workplace.

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

Under Articles 23 and 24 of the Company's Articles of Association, all shareholders are entitled to attend General Meetings and vote at all General or Special Meetings of Shareholders, either in person or by proxy, regardless of the number of shares they hold, on condition they provide proof of identity and of ownership of their shares as required by law.

For registered shareholders, the financial institution in charge of servicing the Company's shares is responsible for producing evidence of ownership of the shares; accordingly the shareholders concerned do not need to carry out any specific formalities. On the other hand, holders of bearer shares must contact the financial institution that holds their securities account to obtain a share certificate: this document, which evidences ownership of the shares prior to the General Meeting, must include an undertaking from the financial institution to notify the company or the centralising agent of any transaction carried out up to midnight, Paris time, of the third business day before the General Meeting.

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

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

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

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

In accordance with the new provisions of Article L. 225-106 of the French Commercial Code arising from Article 3 of Order 2010-1511 of 9th December 2010, shareholders may now grant power of attorney to any person or legal entity. It will be proposed to the General Meeting to modify the Articles of Association in keeping with the new regulation. Similarly, electronically transmitted notification of the appointment or revocation of a proxy is now admitted under the terms and conditions provided for in the notice convening the meeting.

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

1.4. Information provided for in Article L. 225-100-3 of the French Commercial Code

The information required pursuant to Article L. 225-103-3 of the French Commercial Code is provided on pages 60 to 62 of the Report of the Executive Board and forms an integral part of this report.

Section 2 – Internal control and risk management procedures

2.1. Definition and objectives of internal control

The internal control system refers to Paris Orléans' own internal control system and the Group system based on the independent systems already in place at the RCB and RCH sub-groups and overseen by Paris Orléans.

The internal control system follows the AMF internal control guidelines and is designed to ensure:
- the effectiveness and efficiency of the Company's operations;
- the prevention and detection of fraud;
- compliance with laws and regulations. internal standards and rules;
- the reliability of accounting and financial information;
- protection of the Group's assets.

It must also fulfil the internal control objectives specific to financial companies.

However, internal control cannot guarantee that the objectives set will be achieved or that the risks will be totally eliminated.

2.2. Scope of internal control and Chairman's work

1. Scope of internal control

The internal control system described in this report covers all the operations carried out within the Group and the activity of the Committees set up by the Group.

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 AMF).

2. Work providing the basis for this report

This report was prepared based on work carried out and documentation produced throughout the 2010/2011 financial year by the Group Committees, the Executive Board, the Investment Committee, the Audit Committee, and on the reports issued in respect of the 2010/2011 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 internal control and risk management so as to obtain a comprehensive view of the system. The report was submitted to the Audit Committee on 24th June 2011 for the matters falling within its scope, and approved by the Supervisory Board at its meeting on 28th June 2011.

2.3. Principles of organisation of the internal control system

1. At the Paris Orléans level

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

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

The Supervisory Board is assisted by the Audit Committee, whose constitution, activities and responsibilities are described in the first part of this report. The Audit Committee also assesses the quality of the internal control system, based if necessary on significant observations relating to internal control formulated by the Statutory Auditors.

In the case of the private equity activities specific to Paris Orléans, the internal control system relies on:
- the Executive Board, responsible for permanent monitoring and oversight of the risks relating to Paris Orléans' activities and whose approval must be sought before any investment is made;

- the Audit Committee, which may be required to assess the potential impact on accounting or financial information of a risk identified beforehand or which is brought to its attention;
- The Investment Committee to which investment proposals are submitted and which monitors all the assets held in the portfolio.

2. At the level of the banking activities

a) At consolidated level

Internal control is based on the systems already in place at RCH and RCB. Since 31st March 2011, internal control is supervised on a consolidated basis by Paris Orléans.

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.

Permanent control

Permanent control is organised around two committees: the Group Compliance Committee and the Group Risk Committee. Each committee is composed of the senior internal control and compliance officers at the banking group's operating entities and constitutes the executive body of the risk and compliance functions.

The Group Compliance Committee and the Group Risk Committee meet on a quarterly basis (or more frequently when necessary).

The Group Risk Committee's policy is based on the Group Risk Framework, which sets forth the general risk management guidelines and policies applicable within the Rothschild group. These guidelines, approved by the Group Risk Committee and updated when necessary, are available on the Group intranet.

Periodic control

As stated above, given the nature of the Group, periodic control is overseen by the Audit Committees of RCH and RCB and by their internal audit departments. At the consolidated level, since 2009, the Paris Orléans and RCH 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 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.

This system will be reinforced and fully integrated during the present financial year, resulting in the putting in place of an audit committee wholly and exclusively dedicated to periodic control within the meaning of banking regulations.

b) At entities level

RCH and RCB each retains the responsibility for all operating, business and risk management decisions within their respective scope and for audits of the financial statements and consolidation package transmitted to Paris Orléans. At each entity, the internal control function is organised around specific internal audit units and risk management and compliance departments that are independent from operating activities.

At RCH, internal control is organised around three bodies:
- RCH's Board of Directors, which is responsible for implementing and overseeing the RCH group's corporate governance and risk management in accordance with the legal and regulatory requirements applying to the Group's activities;
- the Audit Committee;
- the Group Management Committee which in its capacity as RCH's main management body oversees the proper operation of governance structures at RCH and its subsidiaries and the correct implementation of policies and procedures.

The internal control system at RCB is organised around two main bodies based on separation of the different types of control within distinct structures:
- The Audit Committee validates the recommendations arising from periodic controls;
- The Compliance and Risk Committee coordinates the supervision and measurement of risk. Four special committees have been created to enhance communication and information exchange with operating managers: the Internal Control Committee, the Corrective Actions Committee, the Operational Risks Committee and the Internal Approval Committee for Capital Requirement;
- The Managing Partners Committee validates and approves the allocation of capital, the financial statements, the budget for the year, the business situation and the reports on internal control and risk measurement and supervision submitted yearly to the French bank supervisory authority (Autorité de Contrôle Prudentiel) pursuant to Articles 42 and 43 of CRBF Regulation 97-02.

2.4. Summary description of the internal control systems

1. Organisation of the risk management function

Since 2009 the Group Risk Committee is the collegiate body that supervises all risks at group level. Its main purpose is to draw up and institute policies and procedures to identify, measure, monitor and manage risk in keeping with the Group's desired risk profile.

The policies and procedures implemented and approved by the Group Risk Committee meet the objectives established in the Group Risk Framework.

The Group Risk Committee's duties include:

- Assessing the suitability and effectiveness of risk identification, control and measurement procedures, with particular reference to risks relating to:
  - Rothschild'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 written reports presented to the Board of Directors of Rothschild Concordia SAS, the Executive Board of Paris Orléans SA, RCH's Group Management Committee and RCB's Managing Partners Committee.

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 system is based on a decentralised organisation of risk functions at each entity according to their business scope. It thus supplements the risk measurement, management and monitoring systems that are adapted to each entity's business and are organised around the Group's principal business lines:
- the Private Equity (excluding Merchant Banking) division's Risk Department, under the supervision of the Paris Orléans Executive Board, is responsible for global risk monitoring and management. It helps draft and implement the investment and risk management policies, in particular through the Investment Committee;
- the Banking division's Risk function, which is performed by each local Risk Department.

In accordance with the organisation principles described above, managing risks involves implementing a system at local level, which at most of the Group entities comprises:
- 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, delegation levels, including the conditions governing the role of specialised committees.

2. Risk measurement and monitoring

The Group's activities expose it to three main categories of risk:
- Credit risk – which is the risk of loss due to a counterparty's inability to meet its financial obligations – arises mainly on the banking activities.
- Financial risks – which include global liquidity, settlement, interest rate and exchange rate risks – arise mainly on the banking activities, equity interests and cash management transactions carried out within the Group. In addition to the financial risk policies defined at the level of each local entity, financial risk is measured using a number of indicators:

  - the ratios required by banking regulators, such as the solvency and liquidity ratios required for entities governed by French banking regulations.
  - the monitoring of portfolio positions and outstandings, and
  - a system of limits, designed to control risk exposure.

- Operational risk (which also includes non-compliance and legal risk) is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

In keeping with Basel 2 regulations, the Group's banking subsidiaries have implemented operational risk management systems. Operational risk is measured and supervised based on a series of guidelines and methodologies for calculating capital requirements in respect of these risks. All the employees were involved in implementing local risk policies.

3. Preparation of Paris Orléans' accounting and financial information

The Finance Department of Paris Orléans has the necessary human resources to produce the financial, accounting and regulatory information of Paris Orléans. Under the authority of the Chief Financial Officer, also a member of the Executive Board, the Finance Department consists of three divisions: Company accounting, consolidated accounting and regulatory reporting.

a) 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 sufficiency 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 new consolidation tool rolled out throughout the Group in 2009, all subsidiaries currently report their individual accounting information using a schedule of accounts and a format common to the whole Group.

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 breakdowns. 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 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 shareholders' equity by entity and transition from company to consolidated level;
- checks on consistency by analysing changes in consolidated balances between two financial years.

b) Accounting control

The accounting control process is based on the juxtaposition of the control systems 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. These controls are performed daily by Paris Orléans' accounting department for all subsidiaries based in France and by external accounting firms for the foreign subsidiaries based in Luxemburg and in the United States;
- a second level control performed by the accounting department which consists of checking securities accounts to verify securities positions and carrying out consistency checks to ensure the reliability and completeness of accounting and financial information;
- a third level control, performed by the Statutory Auditors as part of their audit of the accounts, carried out on an annual and half-yearly basis;
- a final level of control is ensured by the Audit Committee, which is responsible for examining the sub-consolidated accounts and the consolidated accounts of Paris Orléans.

Accounting control framework for the banking business line

For the banking activities sub-consolidated at the level of RCH, the Finance Department relies on a decentralised system in which the control functions are assigned to the persons responsible locally for producing the financial statements.

The accounts are sub-consolidated at the RCH level using the Group consolidation software application. Reporting of local entities' accounting information is automatic. Once the data has been input, "blocking" controls are applied.

For the consolidation requirements at the Paris Orléans level, every 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 the Chairman of the Paris Orléans' Executive Board and the Chief Financial Officer to sign the representation letter to Paris Orléans' statutory auditors.

Accounting control at consolidated level

As well as the control procedures described above, the consolidation process includes checking 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 valuations used for assets 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 of regulatory reports

The Group Regulatory Reporting department draws up the relevant 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);
- large risks (SURFI);
- unrealised gains and losses (SURFI);
- lists of subsidiaries (SURFI);
- commitments outside France (SURFI);
- the bank deposits guarantee system (SURFI).

Financial communications

The Executive Board is responsible for preparing financial communications. It applies the general principles and good financial communications practices set out in the "Financial Communication: Framework and Practices" guide published by the *Observatoire de la Communication Financière*, 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 Executive Board defines the financial communication strategy. All press releases are approved by the Executive Board prior to release. In addition, releases relating to the interim and annual results are submitted to the Supervisory Board. The Supervisory Board may also be consulted on specific subjects before information is published.

4. 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.

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

Prevention and control of non-compliance risks

The system 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:
- viewing Group compliance policies on client acceptance 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 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:
- RCH's Group Head of Legal and Compliance who is responsible for overseeing, supervising and coordinating Group compliance in collaboration with local compliance officers, who constitute the first level of control at each operational entity; and
- local compliance officers, who monitor and regularly review – with complete independence – the security and compliance of operations by business line, within their scope of action and responsibility.

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

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), on the report prepared by the President of the Supervisory Board of the company Paris Orléans S.A.

Year ended 31st March 2011

To the Shareholders,

In our capacity as Statutory Auditors of Paris Orléans S.A. and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the President of the Supervisory Board of your Company in accordance with Article L. 225-68 of the French Commercial Code for the year ended 31st March 2011.

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

It is our responsibility:

- to report to you on the information contained in the President's report in respect of the internal control 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. 225-68 of the French Commercial Code (*Code de commerce*), it being specified that we are not responsible for verifying the fairness of these disclosures.

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

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

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

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

Other disclosures

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

The Statutory Auditors

Paris, 29th July 2011
Cailliau Dedouit et Associés

Stéphane Lipski
Partner

Paris La Défense, 29th July 2011
KPMG Audit
A division of KPMG S.A.

Fabrice Odent
Partner

Activen

an Transport fol. 2			1715457	29
" 5% Badische bei von Vrinz	f 3000	70%	2100	. .
" 4% D° " bei J. A. Matti	2000	75	1500	.
" 5½% L^n D. bei demselben	8000	46	3680	.
" " " " demselben	12000	d	5520	.
" landst Darms " Steitz	10000	90	9000	.
" fällige D° " demselben			2000	.
" 6% Bayer " demselben	3000	95	2850	. .
" Dänische Coupons bei de Neufville			23503	30
" 5½% L^n D bei J A Matti	11000	46	5060	. .
" landst Darmst " Demselben	5000	90	4500	.
" Dänische Coupons bei Speyer			16402	30
landst Darms bei M W Schmid	3000	90	2700	. .
" Bayer Coupons bei Speyer			900	.
" Bethmy 5% bei Langer	f 1500	40	720	. -
" W^n Loosen " demselben	Ct 23	60	1380	. .
" Dänische coupons bei Speyer			2945	.
" 5% Flurter bei Manskopf	15000	88	13200	.
" 6% Bayer bei J. M Speyer	15000	95	14250	. .
landst Darms " demselben	10000	90	9000	.
" Hanövr bei M W. Cassa	R 9000	75	12825	. -
" Lövenst: " derselben	f 1000	80	800	. -
" landub Oblig " derselben			1000	. .
" Bethmy " derselben	f 3000	40	1440	.
" B^n Lotterie " derselben	f 1000	50	600	. .
" Amöneberger derselben			3000	. -
Latus			f 1856333	29

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Parent company financial statements

Left: an extract from income and expenditure accounts of M A Rothschild & Söhne, 1807.

Consolidated financial statements

Consolidated balance sheet as at 31st March 2011

Assets

In thousands of euros	Notes	31/03/2011	31/03/2010
Cash and amounts due from central banks		968,302	1,147,577
Financial assets at fair value through profit or loss	1	267,582	53,519
Hedging derivatives	2	16,630	14,922
Available-for-sale financial assets	3	1,675,939	2,116,971
Loans and advances to banks	4	2,696,000	1,574,676
Loans and advances to customers	5	1,719,769	1,786,732
Current tax assets		9,250	20,006
Deferred tax assets	18	102,880	127,622
Other assets	6	515,306	245,222
Non-current assets held for sale	19	-	55,076
Investments accounted for by the equity method	7	65,648	128,768
Investment property		41	44
Tangible fixed assets	8	287,567	210,425
Intangible fixed assets	9	187,230	170,388
Goodwill	10	103,574	66,413
TOTAL ASSETS		8,615,718	7,718,362

Liabilities and shareholders' equity

In thousands of euros	Notes	31/03/2011	31/03/2010
Due to central banks		5,683	437
Financial liabilities at fair value through profit or loss	1	93,750	70,348
Hedging derivatives	2	29,493	36,312
Due to banks	11	494,724	736,892
Due to customers	12	4,769,187	3,960,074
Debt securities in issue	13	524,561	529,465
Current tax liabilities		22,245	16,895
Deferred tax liabilities	18	61,492	54,369
Other liabilities, accruals and deferred income	14	763,791	671,292
Liabilities related to non-current assets held for sale	19	-	40,113
Provisions	15	138,754	168,462
Subordinated debt	16	27,507	29,645
Shareholders' equity		**1,684,531**	**1,404,058**
Shareholders' equity - Group share		**731,705**	**538,445**
Share capital		64,748	63,890
Share premium		503,084	496,822
Income and expenses directly recognised in shareholders' equity		(16,145)	(84,249)
Available-for-sale reserve		*43,048*	*(7,339)*
Cash flow hedge reserve		*(7,805)*	*(9,542)*
Translation reserve		*(51,388)*	*(67,369)*
Consolidated reserves		77,581	36,327
Net income - Group share		102,437	25,655
Non-controlling interests		**952,826**	**865,613**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,615,718**	**7,718,362**

Consolidated income statement for the year ended 31st March 2011

	In thousands of euros	Notes	2010/2011	2009/2010
+	Interest income	20	166,306	164,030
-	Interest expense	20	(104,674)	(101,335)
+	Fee income	21	1,149,816	700,478
-	Fee expense	21	(85,611)	(10,706)
+/-	Net gains / (losses) on financial instruments at fair value through profit or loss	22	48,299	35,531
+/-	Net gains / (losses) on available-for-sale financial assets	23	29,172	6,571
+	Other operating income	24	17,199	82,687
-	Other operating expenses	24	(5,903)	(5,577)
Net banking income			**1,214,604**	**871,679**
-	Operating expenses	25	(947,986)	(675,109)
-	Amortisation, depreciation and impairment of tangible and intangible fixed assets	26	(23,397)	(16,217)
Gross operating income			**243,221**	**180,353**
-	Impairment of debt and provisions for counterparty risk	27	(13,675)	(104,315)
Operating income			**229,546**	**76,038**
+/-	Net income from companies accounted for by the equity method	7	15,210	15,636
+/-	Net income/expense from other assets	28	70,899	(1,926)
Profit before tax			**315,655**	**89,748**
-	Income tax expense	29	(46,381)	1,171
CONSOLIDATED NET INCOME			**269,274**	**90,919**
Non-controlling interests			**166,837**	**65,264**
Net income - Group share			**102,437**	**25,655**

Earnings per share

In euros	Notes	2010/2011	2009/2010
Basic earnings per share - Group share	31	3.48	0.88
Diluted earnings per share - Group share	31	3.48	0.88
Basic earnings per share - continuing operations		3.48	0.88
Diluted earnings per share - continuing operations		3.48	0.88

Statement of comprehensive income

In thousands of euros	31/03/2011	31/03/2010
Consolidated net income	**269,274**	**90,919**
Translation differences	39,833	40,139
Revaluation of available-for-sale financial assets	82,760	135,710
of which (gains) / losses transferred to income	*2,453*	*6,877*
Cash flow hedge derivatives revaluation	4,005	(1,294)
Actuarial gains / (losses) on defined benefit pension funds	31,072	(92,810)
Gains and losses recognised directly in equity for companies accounted for by the equity method	(976)	640
Tax	(28,241)	(10,921)
Other	(96)	(165)
Total gains and losses recognised directly in equity	**128,357**	**71,299**
TOTAL COMPREHENSIVE INCOME	**397,631**	**162,218**
attributable to equity shareholders	181,878	59,914
attributable to non-controlling interests	215,753	102,304

Reconciliation of movements in consolidated shareholders' equity and Non-controlling Interests

In thousands of euros	Capital and associated reserves			Consolidated reserves	Unrealised or deferred capital gains or losses (net of tax)				Net income, Group share	Shareholders' equity, Group share	Shareholders' equity, non-controlling interests	Total shareholders' equity
							Changes in value of financial instruments					
	Common stock	Capital associated reserves	Treasury shares		Related to translation differences	Linked to re-evaluation	Available-for-sale Reserve	Hedging Reserve				
Shareholders' equity as at 31st March 2009	**63,264**	**491,499**	**(11,279)**	**66,965**	**(77,347)**	**-**	**(70,332)**	**(8,414)**	**46,759**	**501,114**	**708,227**	**1,209,342**
Allocation of profit	-	-	-	46,759	-	-	-	-	(46,759)	-	-	-
Shareholders' equity as at 31st March 2009	**63,264**	**491,499**	**(11,279)**	**113,724**	**(77,347)**	**-**	**(70,332)**	**(8,414)**	**-**	**501,114**	**708,227**	**1,209,342**
Increase in common stock	626	5,323	-	-	-	-	-	-	-	5,949	-	5,949
Elimination of treasury shares	-	-	(892)	-	-	-		-	-	(892)	-	(892)
2010 Dividends paid	-	-	-	(10,761)	-	-	-	-	-	(10,761)	(18,784)	(29,545)
Sub-total of changes linked to transactions with shareholders	**626**	**5,323**	**(892)**	**(10,761)**	**-**	**-**	**-**	**-**	**-**	**(5,704)**	**(18,784)**	**(24,488)**
Changes in value of financial instruments having an impact on equity	-	-	-	-	-	-	64,535	(1,133)	-	63,402	35,602	99,004
Changes in value of financial instruments recognised in income	-	-	-	-	-	-	2,204	-	-	2,204	(1,052)	1,152
Actuarial gains/ (losses) on defined benefit funds	-	-	-	(39,981)	-	-	-	-	-	(39,981)	(29,455)	(69,436)
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(14,603)	(14,603)
2009/2010 Net income for the period	-	-	-	-	-	-	-	-	25,655	25,655	65,264	90,919
Effect of acquisitions and disposals on non-controlling interests	-	-	-	(326)		-	-	-	-	(326)	59,938	59,612
Change in consolidation scope	-	-	-	(4,387)	555	-	713	196	-	(2,923)	22,359	19,436
Translation differences and other changes	-	-	-	(9,771)	9,423	-	(4,459)	(191)	-	(4,998)	38,117	33,119
Shareholders' equity as at 31st March 2010	**63,890**	**496,822**	**(12,171)**	**48,498**	**(67,369)**	**-**	**(7,339)**	**(9,542)**	**25,655**	**538,445**	**865,613**	**1,404,058**
Allocation of profit	-	-	-	25,655	-	-	-	-	(25,655)	-	-	-
Shareholders' equity as as at 1st April 2010	**63,890**	**496,822**	**(12,171)**	**74,153**	**(67,369)**	**-**	**(7,339)**	**(9,542)**	**-**	**538,445**	**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 and fixed assets having an impact on equity	-	-	-	-	-	-	46,911	1,895	-	48,806	17,579	66,385
Changes in value of financial instruments and fixed assets recognized 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 31ST 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**

Cash flow statement

In thousands of euros	31/03/2011	31/03/2010
Consolidated net income	**269,278**	**90,919**
+/- Depreciation and amortisation expense on tangible fixed assets and intangible assets	25,447	18,052
- Amortisation of consolidated goodwill and other fixed assets	-	-
+/- Depreciation and net allocation to provisions	35,153	33,562
+/- Net (income) / loss from companies accounted for by the equity method	(15,210)	(15,637)
+/- Net loss / (gain) from investing activities	(111,255)	57,437
+/- Net loss / (gain) from financing activities	4,263	3,953
- Gain on reclassification to equity of subordinated debt	-	(68,698)
+/- Other movements	(548)	(79)
Deferred tax (benefit) / expense	22,499	(13,534)
Total Non-monetary items included in consolidated net income and other adjustments	**229,627**	**105,975**
+/- Interbank transactions	(1,156,173)	(615,918)
+/- Customers transactions	594,974	1,348,140
+/- Transactions related to other financial assets and liabilities	(18,769)	(18,736)
+/- Transactions related to other non-financial assets and liabilities	(277,177)	76,370
- Tax paid	(18,023)	8,376
Net decrease/(increase) in cash related to operating assets and liabilities	**(875,168)**	**798,232**
Net cash inflow (outflow) related to operating activities (A)	**(645,541)**	**904,207**
+/- Inflow (outflow) related to financial assets and long-term investments	591,012	(295,145)
+/- Inflow (outflow) related to investment property	-	-
+/- Inflow (outflow) related to tangible and intangible fixed assets	(80,080)	(71,880)
Net cash inflow (outflow) related to investment activities (B)	**510,932**	**(367,025)**
+/- Cash flows from/(to) shareholders	(140,514)	(29,587)
+/- Other net cash flows from financing activities	(60,438)	(21,075)
Net cash inflow (outflow) related to financing activities (C)	**(200,952)**	**(50,662)**
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)	**(335,714)**	**486,520**
Change of scope	242,738	-
Net cash and cash equivalents at the beginning of the period	**1,633,658**	**1,147,138**
Cash and amounts due/from central banks	1,147,573	744,730
Accounts (assets and liabilities), demand deposit and loans with banks	486,085	402,408
Net cash and cash equivalents at the end of the period	**1,540,682**	**1,633,658**
Cash and amounts due/from central banks	962,616	1,147,573
Accounts (assets and liabilities), demand deposits and loans with banks	578,066	486,085
NET INFLOW (OUTFLOW) IN CASH	**(335,714)**	**486,520**

Notes to the consolidated financial statements

I. Highlights of the financial year

Against the background of a gradual recovery in financial markets, the operating results reflect the strength of our business lines: global financial advisory, wealth management and asset management, and the private equity business of Paris Orléans.

Net banking income for the year ended 31st March 2011 amounted to €1,214.6 million compared with €871.7 million for the previous year, an increase of €342.9 million, which includes the impact of fully consolidating Rothschild & Cie Banque in Paris Orléans accounts (€318.2 million).

The previous year's net banking income included income of €68.6 million arising from the reclassification to equity of a subordinated debt. Excluding changes in the consolidation scope and reclassified debt, net banking income rose by €93.3 million.

Revenues from GFA increased slightly, driven by business in fast-growing countries (Brazil, China and Australia) and, to a lesser extent, by the United Kingdom and France, where the Group has a long-established presence. A pick-up in M&A activity offset the slowdown in the financing and debt restructuring advisory business.

Wealth management and asset management generated solid revenues, which were up sharply compared with the 2009/2010 financial year, owing to efforts made to attract new assets as well as investments in human resources and technology over the past two years.

The corporate banking business in the United Kingdom continued to downsize its portfolio. However, unlike previous years, no significant impairment provisions were recorded.

Loan impairment and counterparty risk provisions declined sharply from €104.3 million to €13.7 million, reflecting a less pronounced deterioration in loan quality and an overall improvement in the credit environment.

General operating expenses rose by €273 million, of which €210 million was due to the consolidation of French businesses.

Net income from other assets includes a €17.9 million capital gain on the sale of Paris Orléans longstanding 23.5% equity stake in Domaines Barons de Rothschild (DBR).

All the regulatory ratios for the Group's banking operations exceed the required standards and liquidity improved considerably during the financial year.

Consolidated net income for the 2010/2011 financial year was up by €178.4 million year-on-year to €269.3 million. Consolidated net income attributable to equity holders of the parent amounted to €102.4 million, compared with €25.7 million the previous year.

Note that net income attributable to equity holders of the parent for the 2010/2011 financial year includes €33.1 million of non-recurring income relating to Rothschild & Cie Banque. This comprises a €31.4 million revaluation gain arising from the first-time full consolidation of this company in Paris Orléans accounts and a €1.7 million capital gain on the sale of the asset management company Sélection 1818 (Sélection R).

II. Preparation of the financial statements

A. Information concerning the company

The consolidated financial statements of Paris Orléans Group for financial year 2010/2011 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 consistent with Recommendation No. 2009-R-04 of 2nd July 2009 of the French National Accounting Council (Conseil National de la Comptabilité).

The statements cover the period from 1st April 2010 to 31st March 2011 and, unless otherwise indicated, are established in thousands of euros (€k).

The consolidated accounts were approved by the Management Board on 27th June 2011.

The Group's parent company is Paris Orléans S.A., a public limited company with a Management Board and Supervisory Board whose head office is located as at 31st March 2011 at the following address: 23 bis, avenue de Messine 75008 Paris (Paris Corporate and Trade Register (RCS) No. 302 519 228). The company is listed on the Eurolist market of Euronext Paris (B compartment).

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

In the consolidated financial statements dated 31st March 2011, the Group applied the provisions of the revised IFRS 3 and IAS 27 relating, respectively, to business combinations and consolidated financial statements. The application of these revised standards is prospective and therefore does not affect the accounting treatment of transactions prior to 1st April 2010. On the other hand, its application to business combination since 1st April 2010 require a change of accounting rules of the Group relating to recognition of goodwill and the accounting of acquisition costs.

For the initial valuation of non-controlling interests, the purchaser may choose between the so-called full goodwill method, i.e. the fair value at the acquisition date, and the partial goodwill method, i.e. the purchaser's share of the acquired company's identifiable assets and liabilities remeasured at fair value. This option can be exercised on an acquisition by acquisition basis.

On taking exclusive control of RCB on 1st April 2010, Paris Orléans opted for the so-called partial goodwill method.

The Group recorded goodwill representing the difference between:

- the fair value as at 1st April 2010 of the share of the interest in Rothschild et Cie Banque held by Paris Orléans before acquiring full control;
- and the amount of the assets acquired and liabilities assumed in the context of the business combination, valued in accordance with Revised IFRS 3.

Note 10 relating to goodwill describes the methods used to calculate the goodwill recorded at the date of acquisition of control of RCB.

As required by the amendments to Revised IFRS 3 and IAS 27, the heading "Non-controlling interests" in the statement of financial position and in the statement of comprehensive income has been changed to "Non-controlling interests". This change of heading has no impact on the content of these lines.

The coming into force of other mandatory standards as from 1st April. Under the provisions of Revised IFRS 3, acquisition-related costs can no longer be included in goodwill and must be recognised in expenses for their full amount.

The start date of the other new standards applied since 1st April 2010, have not had any effect on the current financial statements.

D. Control over Rothschild & Cie Banque

Paris Orléans has had full exclusive control over RCH since 21st November 2007. From this date to the beginning of the 2010/2011 financial year. Paris Orléans considered that it exercised significant influence over RCB.

The recent changes in the governance of the Paris Orléans group has led the Management to consider that since the beginning of the 2010/2011 financial year. Paris Orléans has been in a position to direct RCB's financial and operating policies.

This situation arises from the inclusion in Paris Orléans' governing bodies of managing partners of RCB, who have full executive operating powers to direct RCB's strategy and enable Paris Orléans to fulfil its role as head of the Group. Accordingly, without any change in the percentage of interest in the capital. Paris Orléans can no longer be considered to have only a significant influence, but should be considered to have effective full control of RCB.

Paris Orléans consolidated RCB as at 31st March 2010 using the equity method based on financial statements for the year ended 31st December 2009. Following PO's acquisition of full control of RCB on 1st April 2010, the Group consolidated the financial statements of this subsidiary using the equity method for the period from 1st January 2010 to 31st March 2010 and using the full consolidation method for the period from 1st April 2010 to 31st March 2011, RCB's contribution to Paris Orléans' 2010/2011 financial statements therefore covers a period of 15 months.

As at 1st April 2010, on first consolidation using the full consolidation method, the identifiable assets and liabilities of RCB contributed to the Paris Orléans' group were as follows:

In thousands of euros	
Assets	
Loans and receivables to banks	350
Loans and receivables to customers	45
Investments accounted for by equity method	7
Other financial assets	53
Other current assets	169
Tangible and intangible fixed assets	103
Total Assets	**727**

In thousands of euros	
Liabilities	
Due to banks	6
Due to customers	349
Other current liabilities	216
Shareholders equities	156
Total Liabilities	**727**

As at 1st April 2010, after elimination of non-identifiable assets held by the RCB sub-group, only a private banking and asset management customer relationship valued at €20 million was identified as an item whose fair value differed from its net carrying amount. No assumed or incurred liability not included in RCB's balance sheet was identified.

E. Standards not adopted early

The Group has not applied new standards, adopted by the European Union or IASB where the application in 2010/2011 is optional.

F. Subsequent events

There are no relevant events after year end.

III. Accounting principles and valuation methods

When applying the accounting principles for the purpose of preparing the consolidated financial statements of the Group. Management make assumptions and estimates that may have an impact on figures booked in the income statement, and on the valuation of assets and liabilities in the balance sheet.

By nature, valuations based on estimates include, especially in the context of the financial crisis, risks and uncertainties relating to their occurrence in the future. Management considers the financial situation, outlook and multicriteria valuation of the counterparty, in order to have the observable parameters with which it determine the existence of objective signs of impairment.

The impact of estimates and assumptions are material to goodwill, available-for-sale financial assets, loan and receivables and cost of risk.

At each closing , the group Paris Orléans group draws its conclusion from past experiences and all factors relevant to its business.

A. Consolidation methods

1. Financial year end of the consolidated companies and sub-groups

Paris Orléans and the subsidiaries in which it holds a controlling interest of over 50% are consolidated on the basis of a financial year end as at 31st March 2011, while Francarep Inc. Continuation Investments NV (CINV), Rivoli Participation SAS, NM Rothschild & Sons (Mexico) SA of CV, Rothschild Mexico Guernsey Ltd are included in the consolidation on the basis of a 31st December 2010 year end.

If a subsequent event occurs between the closing date of the subsidiary and 31st March 2011 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 31st March 2011.

2. Consolidation principles

The financial statements of the Group are made up to 31st March 2011 and consolidate the audited financial statements of the Company and its subsidiary undertakings.

Subsidiaries undertakings

Subsidiaries are all the entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally as a result of a shareholding of more than one half of the voting rights so as to obtain benefits from the activities of the entity.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which the Group acquires control, and cease to be consolidated from the date that control ceases.

The Group uses the purchase method of accounting for the acquisition of subsidiary undertakings. The cost of an acquisition is measured as the fair value of the assets given as consideration, shares issued or liabilities undertaken at the date of acquisition, plus any costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net identifiable assets and fair value of contingent liabilities of the subsidiary undertaking acquired is recorded as goodwill. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated on consolidation. The accounting policies used by subsidiary undertakings in their consolidation returns are consistent with the policies adopted by the Group.

Some subsidiaries are limited partnerships (Sociétés en Commandité Simple). The percentage 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) as at 1st April 2010, 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 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 IFRS5 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).

This commitments is recognised as follows:
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 "Operating segments", 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: Corporate and Investment Banking, Private Banking and Trust, and Private Equity;
- **Secondary segmentation:** geographic breakdown, In terms of geographic breakdown the segmentation is as follows: France, United Kingdom and Channel Islands, Switzerland, North America, Asia and Australia and other European countries.

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

B. Accounting principles and valuation methods

1. 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. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates when the fair value was determined.

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

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

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 loans and debt securities that do not meet the criteria for classification as loans and receivables as they are quoted in an active market. They are initially recognised at fair value, including direct and incremental transaction costs, and are subsequently measured at fair value. The available-for-sale financial assets include loans and debt securities that do not meet the classification criteria for loans and receivables, as they are listed on an active market.

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

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 settled, between knowledgeable, willing parties in an arm's length transaction. For financial instruments carried at fair value, market prices or rates are used to determine that fair value where an active market exists (such as a recognised exchange), as it is the best evidence of the fair value of a financial instrument.

Market prices are not, however, available for certain financial assets and liabilities held or issued by the Group. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The valuation may be derived from quotations received from various sources. Where the market is illiquid, the quotations may not be supported by prices from actual market transactions.

The fair value of quoted investments in active markets is based on current bid prices. For other financial assets, the Group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation methods commonly used by market participants. For non-listed private equity securities, a multi-criteria approach, which takes into account the experience of the investment managers in evaluating non-listed businesses, is used.

Valuation techniques are generally applied to over the counter derivative transactions and unlisted debt and equity securities. The most frequently applied pricing models and valuation techniques include discounted cashflow techniques and option valuation models. The values derived from applying these techniques are significantly affected by the choice of valuation model used and the assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility, and credit quality.

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 the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Impairment of loans and receivables

The Group first assesses whether objective evidence of impairment exists: individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment losses are calculated on a collective basis for any losses on loans that are subject to individual assessment for impairment, where those losses have been incurred but not yet identified. Collective assessment is also used for homogeneous groups of loans that are not considered individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it is included in a collective assessment for impairment with other assets with similar risk characteristics.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account. The amount of the loss is recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a financial asset reflects the cash flows that may result from scheduled interest payments, principal repayments or other payments due, including liquidation of collateral where available. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the value of any underlying collateral or guarantees in the Group's favour. Each impaired asset is assessed on its merits, and the relevant Credit Committee reviews the workout strategy and estimate of cash flows considered recoverable on a regular basis. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Collectively assessed credit risk allowances cover credit losses inherent in portfolios of financial assets with similar economic characteristics where there is objective evidence to suggest that they contain impaired assets but the individual impaired items cannot yet be identified. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Future cash flows are estimated on the basis of historical loss experience.

These estimates are subject to regular review and adjusted to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

The accuracy of the allowances made depends on how accurately the Group estimates future cash flows for specific counterparty allowances and provisions and the model assumptions and parameters used in determining collective allowances.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the original effective interest rate which was used to discount the future cash flows for the purpose of measuring the impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an objective event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance for loan impairment. The amount of the reversal is recognised in the income statement.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. Recoveries received in respect of loans previously written off are recorded as a decrease in the impairment losses on loans and advances recorded in the income statement in the year in which the recovery was made.

Loans that are to be tested for impairment, for which the repayment terms have been renegotiated and that have been classified as unpaid or impaired (if they were not renegotiated) are reviewed in order to determine if they should be classified as impaired or unpaid.

Impairment of available-for-sale financial assets

Available-for-sale assets are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

For equity 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	5-15 years
• Buildings	50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are recognised in the income statement.

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. Commodities

Where stocks of gold and silver bullion are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, they are measured at fair value less costs to sell. Any movements in fair value of these stocks are recognised in the income statement. Where commodities in the Group are not actively traded, they are measured at the lower of cost and net realisable value.

27. Non-current assets held 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 Orleans Group and its principal subsidiaries, the management has 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 Audit Committee (the participation of Paris Orleans's Audit Committee members in the subgroups Audit Committees)
- Group Risk Committee
- Group Compliance Committee

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

Risk management is coordinated at Paris Orléans level, with the 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 committees, which approve policies, set limits, monitor exceptions and make recommendations on operational, liquidity, credit and market 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.

This risk is managed and mitigated through loan documentation, credit policies, including credit approval, and monitoring and review processes which are independent of the relationship managers.

Market Risk arises from changes in the market value of assets and liabilities, Financial instruments, including derivatives,are used to provide clients with solutions to meet their commercial objectives. Financial instruments are also used to manage the Group's exposure to market risk arising from movements in exchange rates, interest rates and volatility levels. Market risk from trading activities is subject to appropriate limits and is measured and monitored independently of traders.

Liquidity Risk arises from the funding of our lending and trading activities. Liquidity is measured by classifying assets, liabilities and other cashflows into future time bands using a series of prudent assumptions and calculating the resultant surplus or deficit in each period.

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

Independent external audits of operating subsidiaries are carried out annually in regards to the subsidiaries timeline and those audits are supported by testing of the internal control framework by the internal auditors of RCH who report their findings to the audit committees of the companies concerned and to joint RCH/PO 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.

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 for private equity activities are set by the Executive Board of Paris Orléans, by the Group Management Committee in RCH, or by the Credit Committee in NM Rothschild & Sons Limited ("NMR"), which is the Group's largest subsidiary, and to a lesser extent by the Swiss ("RBZ") and the french ("RCB") subsidiaries credit committees too. The Credit Committee reviews concentrations and makes recommendations to the Executive Committee of NMR. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties, to industry sectors and to countries.

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

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

Category 1	Exposures where the payment of interest or principal is not in doubt and which are not part of catogories 2 to 5. They are in compliance with the terms of their loan agreements.
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.
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.

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

Available for sale financial assets – debt securities include valuations of synthetic CDOs, which are accounted in Financial liabilities at fair value through profit and loss. As at 31st March 2011, the amount was €14million.

The tables below disclose the maximum exposure to credit risk as at 31st March 2011 and as at 31st March 2010 for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In thousands of euros	Category 1	Category 2	Category 3 (1)	Category 4	Category 5	Impairment allowance	31/03/2011
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 advances to banks	2,696,000	-	-	-	-	-	2,696,000
Loans and advances 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**

(1) Past due but not impaired assets amount to €59,350k as at 31st March 2011. A detailed report considering their maturity date follows.

In thousands of euros	Category 1	Category 2	Category 3 (2)	Category 4	Category 5	Impairment allowance	31/03/2010
Financial assets at fair value through profit and loss (excluding equity)	44,188	-	129	-	-	-	44,317
Hedging derivatives	14,922	-	-	-	-	-	14,922
Loans and advances to banks	1,574,677	-	-	-	-	-	1,574,677
Loans and advances to customers	1,383,317	164,319	217,582	119,672	36,392	(134,550)	1,786,732
Available for sale financial assets - debt securities	1,564,719	34,129	22,491	129,344	14,123	(99,497)	1,665,309
Other financial assets	154,627	1,147	19,795	4,035	5,320	(7,516)	177,408
Sub-total Assets	**4,736,450**	**199,595**	**259,997**	**253,051**	**55,835**	**(241,563)**	**5,263,365**
Commitments and guarantees	266,991	4,332	11,682	1,680	-	-	284,685
TOTAL	**5,003,441**	**203,927**	**271,679**	**254,731**	**55,835**	**(241,563)**	**5,548,050**

(2) Past due but not impaired assets amount to €75,851k as at 31st March 2010. 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	31/03/2011					31/03/2010				
	Past due but not impaired					Past due but not impaired				
	< 90 days months	> 90 days <180 days	> 180 days < 1 year	> 1 year	TOTAL	< 90 days months	> 90 days <180 days	> 180 days < 1 year	> 1 year	TOTAL
Loans and advances to banks	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	15,856	585	4,444	29,691	**50,576**	15,956	1,566	38,534	-	**56,056**
Other financial assets	-	5,564	1,300	1,910	**8,774**	52	10,290	4,455	4,998	**19,795**
TOTAL	**15,856**	**6,149**	**5,744**	**31,601**	**59,350**	**16,008**	**11,856**	**42,989**	**4,998**	**75,851**

The table below presents the carrying value of financial assets which would have been classed as past due or impaired if the terms of the loans had not been renegotiated:

In thousands of euros	31/03/2011	31/03/2010
Loans and advances to customers	126,202	121,842
Debt securities	-	-
TOTAL	**126,202**	**121,842**

2. Collateral

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

Collateral takes various forms.

Property exposures are typically secured by fixed charges on the underlying property, with 79% of the committed property loan book benefiting from first ranking charges (80% as at 31st March 2010). They may also be supported by other securities or guarantees. All property is subject to a professional valuation at inception and may be revalued periodically through the life of the loan.

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

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

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

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

In thousand of euros	31/03/2011		31/03/2010	
	Past due but not impaired	Individually impaired	Past due but not impaired	Individually impaired
Tangible assets Collateral	35,633	44,840	13,280	34,809
Financial assets Collateral	15,813	19,382	43,591	7,508
TOTAL	**51,446**	**64,222**	**56,871**	**42,317**
Fair value of loans	50,576	71,633	56,056	70,076

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 at 31st March 2011 and 31st March 2010.

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	31/03/2011
Financial assets at fair value through profit and loss (excluding equity)	16,171	40,473	39,478	1,742	28,154	-	-	126,018
Hedging derivatives	1,270	10,422	-	4,938	-	-	-	16,630
Loans and advances to banks	763,152	422,720	337,256	836,404	264,438	59,822	12,208	2,696,000
Loans and advances 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**

In thousands of euros	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2010
Financial assets at fair value through profit and loss (excluding equity)	1,580	6,780	33,665	2,265	27	-	-	44,317
Hedging derivatives	1,831	6,829	-	6,262	-	-	-	14,922
Loans and advances to banks	122,549	388,984	139,782	644,741	234,602	28,918	15,101	1,574,677
Loans and advances to customers	93,632	938,507	250,994	336,471	145,597	14,765	6,766	1,786,732
Available for sale financial assets – debt securities	181,784	385,561	421,618	469,403	171,261	35,682	-	1,665,309
Other financial assets	18,860	42,431	18,184	43,329	27,773	20,929	5,902	177,408
Sub-total Assets	**420,236**	**1,769,092**	**864,243**	**1,502,471**	**579,260**	**100,294**	**27,769**	**5,263,365**
Commitments and guarantees	95,094	39,634	49,655	79,556	15,246	4,085	1,415	284,685
TOTAL	**515,330**	**1,808,726**	**913,898**	**1,582,027**	**594,506**	**104,379**	**29,184**	**5,548,050**

b) Credit risk by sector

The sector is based on Global Industry Classification Standards.

In thousands of euros	31/03/2011	31/03/2010
Financial	2,968,887	2,579,781
Government	1,245,886	691,064
Real estate	614,060	633,991
Private clients	511,605	511,752
Industrials	227,949	255,482
Consumer discretionary	178,430	209,838
Materials	123,539	184,337
IT and telecoms	97,911	122,193
Consumer staples	56,007	86,734
Utilities	62,889	77,417
Energy	23,100	52,578
Healthcare	22,975	21,204
Other	202,122	121,679
TOTAL	**6,335,360**	**5,548,050**

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	31/03/2011	31/03/2010
Financial sector		
Short term interbank exposures	2,071,961	1,656,601
Treasury marketable securities - investment grade	357,732	624,839
Cash/ investment backed lending	152,420	44,371
Finance companies	25,970	25,611
Other marketable securities	-	1,918
Other	360,804	226,441
TOTAL FINANCIAL SECTOR	**2,968,887**	**2,579,781**

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

In thousands of euros	31/03/2011	31/03/2010
Real estate sector		
Senior loans	479,232	499,307
Mezzanine	117,422	110,893
Other	17,406	23,791
TOTAL REAL ESTATE SECTOR	**614,060**	**633,991**

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 (retail, office and industrial), 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 and 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 NMR, which is the Group's largest subsidiary, are set by its Executive Committee, using the method of value at risk described below. Monitoring of market risk limits and determination of trading profits are undertaken independently of the dealing area.

Although the Value at risk is the main item of the monitoring and of the market risk communication, the value at risk is 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. Figures associated to value at risk are described below.

1. *Value-at-risk*

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

Market risk in treasury activities arises from interest rate and foreign exchange positions. Foreign exchange and interest rate contracts are used for trading and for hedging purposes. Risk is monitored daily using a sensitivity-based Value at Risk approach, which determines the effect of changes in market price factors, including currency prices, interest rates and volatilities, on positions.

Shifts in market price factors and correlations are calculated weekly, or more frequently in turbulent markets, using the industry standard of 99% probability over a ten day holding period for all risks except currency position risk, which is measured using a 99% probability over a one day holding period.

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

NMR

In thousands of euros	12 months to 31st March 2011			12 months to 31st March 2010		
	Average	Low	High	Average	Low	High
Interest rate risk	580	310	1,099	1,008	402	1,878
Foreign exchange risk	20	2	89	21	2	73
VALUE AT RISK	**600**	**312**	**1,188**	**1,029**	**404**	**1,951**

RBI

In thousands of euros	12 months to 31st March 2011			12 months to 31st March 2010		
	Average	Low	High	Average	Low	High
Interest rate risk	191	43	717	303	97	732
Foreign exchange risk	-	-	-	-	-	-
VALUE AT RISK	**191**	**43**	**717**	**303**	**97**	**732**

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. Price risk related to 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 €0.7 million (€0.9 million as at 31st March 2010) and a charge to equity of €23.5 million (€27.8 million as at 31st March 2010).

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	31/03/2011
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**

In thousands of euros	France	UK and Channel Islands	Switzerland	Rest of Europe	Americas	Australia and Asia	Other	31/03/2010
Equity investments	121,787	10,775	140,074	74,807	29,859	25,065	33,306	**435,673**
Warrants and other equity derivatives	(240)	-	-	-	-	-	-	**(240)**

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 31st March 2011. 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	31/03/2011	31/03/2010
USD	55,455	36,021
Euro	8,858	5,808
GBP	26,384	21,140
CHF	(320)	(3,098)
AUD	13,273	749
Other	11,389	11,050

	31/03/2011	31/03/2010
€ / USD	1.4200	1.3513
€ / GBP	0.8841	0.8909
€ / CHF	1.3000	1.4231
€ / AUD	1.3710	1.4748

If the Euro strengthened against these currencies by 5%, then the effect on the Group would be a charge to the income statement of €0.44 million (€0.04 million in 2010).

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	31/03/2011		31/03/2010	
	+100 bps	-100 bps	+100 bps	-100 bps
USD	286	(290)	(257)	264
Euro	1,500	(1,498)	(404)	434
GBP	(3,635)	3,683	(1,491)	1,498
CHF	(1,848)	1,902	(1,734)	1,810
Other	(5)	6	(22)	(29)
TOTAL	(3,702)	3,803	(3,908)	3,977

On 31st March 2011, within Private equity activities in France, Paris Orléans and its subsidiaries:
- contracted loans on demand and at term, among which €146.7 million are with a variable rate and €23 million are with a fixed rate;
- detain securities with fixed incomes of which €25 million are with fixed rate and €127.3 million with variable 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 liquidity of the Group's four main banking branches is managed independently of each other. This is briefly summarised below.

1. N M Rothschild and Sons Limited ("NMR")

Since October 2010, NMR has revised its policy for monitoring its liquidity, to be in line with the requirements of the FSA's new liquidity regime.

NMR now measures its liquidity risk quantitatively against a Liquidity Coverage Ratio ("LCR") limit. 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. As at 31st March 2011, the ratio measured was 374%.

As at 31st March 2010, NMR measured its regulatory liquidity ratio using the cumulative liquidity gap at the 1-month horizon as a percentage of total deposits, after certain allowable behavioural adjustments. The limit set by the FSA was -5.0% and NMR's ratio was 41.5%. This ratio was calculated in accordance with FSA guidelines for Liquidity Mismatch reporting.

2. Rothschild Bank International Limited ("RBI")

The Guernsey Financial Services Commission (GFSC) introduced a new liquidity regime with effect from 31st December 2010. RBI complies with this regime 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).

As at 31st March 2011, the new RBI regulatory liquidity ratio for the 8 day to 1 month period as a percentage of total deposits was 18.3%; well in excess of the limit set by the GFSC of -5.0%. In the year ended March 2010, RBI's cumulative liquidity gap in the 8 day to 1 month period, as measured for regulatory purposes, was 231% greater than the limit required by the local regulator.

3. Rothschild Bank Zurich ("RBZ")

RBZ's liquidity policy was approved in October 2009 and 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.

As of 31st March 2011, liquid assets were 435% of liquid liabilities, as measured for regulatory purposes (31st March 2010: 319%). The regulatory limit is 100%.

4. Rothschild & Cie Banque ("RCB")

RCB's liquidity assets, composed of clients' accounts, UCITS and the bank's outstanding income, are invested daily on the money market.

The Treasury Committee, held monthly, authorises the counter-parties for these investments.

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 - 1m	1m - 3m	3m - 1y	1y - 2y	2y - 5y	>5 yr	No contractual maturity	31/03/2011
Cash and balances at central banks	968,302	-	-	-	-	-	-	968,302
Financial assets at FVTPL	106,473	53,223	5,264	95	1,188	88,557	12,782	267,582
Hedging derivatives	577	3,827	8,682	434	3,110	-	-	16,630
AFS financial assets	94,461	261,969	402,742	59,562	149,051	357,250	350,904	1,675,939
Loans and advances to banks	2,632,108	38,592	10,936	5,448	6,468	1,984	464	2,696,000
Loans and advances to customers	394,368	111,651	499,235	184,003	399,520	130,992	-	1,719,769
Other financial assets	226,808	31,092	41,583	779	180	317	7,504	308,263
TOTAL ASSETS	**4,423,097**	**500,354**	**968,442**	**250,321**	**559,517**	**579,100**	**371,654**	**7,652,486**
Financial liabilities at FVTPL	6,129	54,573	10,713	10,457	10,503	1,340	35	93,750
Hedging derivatives	353	20	4,191	2,422	9,003	13,505	-	29,493
Deposits by banks and central bank	158,546	45,735	40,812	5,090	124,787	125,437	-	500,407
Due to customers	3,277,783	146,674	839,904	13,511	482,195	9,120	-	4,769,187
Debt securities in issue	78	1,919	352,564	170,000	-	-	-	524,561
Subordinated loan capital	-	-	-	-	27,507	-	-	27,507
Other financial liabilities	149,825	18,924	4,407	530	4,326	2,162	13,636	193,810
TOTAL LIABILITIES	**3,593,204**	**267,845**	**1,252,591**	**202,010**	**658,321**	**151,563**	**13,671**	**6,138,716**

Liquidity risk - undiscounted cashflows of liabilities

The following table shows contractual undiscounted cash flows payable by the Group (i.e. including future interest payments) on its financial liabilities and commitments, analysed by remaining contractual maturity at the balance sheet date. This table does not reflect the liquidity position of the Group.

Loan commitments are analysed at the earliest date they can be drawn down.

In thousands of euros	Demand - 1m	1m - 3m	3m - 1y	1y - 2y	2y - 5y	>5 yr	No contractual maturity	31/03/2011
Hedging derivatives	353	20	4,191	2,422	9,003	13,505	-	29,494
Deposits by banks and central bank	159,236	84,486	4,702	9,560	144,143	127,387	-	529,514
Due to customers	3,285,704	149,431	869,831	27,512	535,572	11,283	-	4,879,333
Debt securities in issue	78	3,117	353,829	174,533	-	-	-	531,557
Subordinated liabilities	-	-	285	375	29,180	-	-	29,840
Ohter financial liabilities	149,825	18,924	4,407	530	4,326	2,162	13,636	193,810
Gross loan commitments	33,580	-	-	-	38,529	-	-	72,109
TOTAL LIABILITIES INCLUDING COMMITMENTS	**3,628,776**	**255,978**	**1,237,245**	**214,932**	**760,753**	**154,337**	**13,636**	**6,265,657**

E. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as it is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Group. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The valuation may be derived from quotations received from various sources. Where the market is illiquid, the quotations may not be supported by prices from actual market transactions.

Valuation techniques are generally applied to over the counter derivative transactions and unlisted debt and equity securities, trading portfolio assets and liabilities. The most frequently applied pricing models and valuation techniques include discounted cash flow techniques and option valuation models. The values derived from applying these techniques are significantly affected by the choice of valuation model used and the assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility, and credit quality.

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

- Cash and balances at central banks, loans and advances to banks and deposits by banks. Fair value of these instruments is materially the same as their carrying value due to the short term nature of the financial asset or liability.
- Derivative financial instruments and available-for-sale financial assets are carried in the balance sheet at fair value, usually determined using market prices or valuations provided by third parties. Debt securities or unlisted equity securities for which no price is available are valued by discounting expected future cash flows at market interest rates adjusted for appropriate credit spreads.
- Within debt securities, a portfolio of a small number of asset backed securities has been difficult to price due to a lack of liquidity in the market. The fair value of these securities is based on external estimates together with values ascribed to them in repo transactions. As a result of the global credit crunch, there are few underlying transactions against which to calibrate these valuations and quoted prices are significantly below par value although the assets are not considered to be impaired. Nonetheless, where there is a quoted market price, it has been used to determine fair value at the balance sheet date.
- Loans and advances to customers have been reviewed and their terms and pricing compared to recent similar transactions. Where a material difference in terms and/or pricing has been observed, or where there is any other indication that the fair value of the asset differs materially from its carrying value, the disclosed fair value has been adjusted accordingly.
- Repurchase agreements and amounts due to customers. The fair value of these instruments is determined by discounting the future cash flows at market interest rates adjusted for the appropriate credit spread.
- Debt securities in issue and subordinated liabilities: fair value is determined using quoted market prices where available, or by discounting the future cash flows at market interest rates adjusted for the appropriate credit spread.
- Other financial assets and liabilities: fair value is considered to be the same as carrying value for these assets.

The fair value of each class of financial asset and liability is shown below.

Carried at amortised cost:

In thousands of euros	31/03/2011		31/03/2010	
	Carrying value	Fair value	Fair value	Fair value
Financial assets				
Loans and advances to banks	2,696,000	2,696,000	1,574,677	1,574,677
Loans and advances to customers	1,719,769	1,627,057	1,786,732	1,601,455
TOTAL	**4,415,769**	**4,323,057**	**3,361,409**	**3,176,132**
Financial liabilities				
Due to banks and central bank	500,407	500,407	737,330	737,220
Due to customers	4,769,187	4,775,437	3,960,074	3,966,016
Debt securities in issue	524,561	523,538	529,465	518,821
Subordinated debt	27,507	25,081	29,645	23,716
TOTAL	**5,821,662**	**5,824,463**	**5,256,514**	**5,245,773**

Carried at fair value:

In thousands of euros	31/03/2011				31/03/2010			
	TOTAL	Measured using			TOTAL	Measured using		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Financial assets - trading	207,455	139,122	68,333	-	46,739	36,312	10,427	-
Financial assets at fair value through profit or loss	60,127	5,625	54,502	-	6,948	5,344	1,604	-
Available-for-sale financial assets	1,675,939	1,027,471	617,549	30,919	2,116,621	1,564,055	544,921	7,645
TOTAL	**1,943,521**	**1,172,218**	**740,384**	**30,919**	**2,170,308**	**1,605,711**	**556,952**	**7,645**
Financial liabilities								
Financial liabilities at fair value through profit and loss	93,750	-	93,750	-	70,348	-	70,348	-
TOTAL	**93,750**	**-**	**93,750**	**-**	**70,348**	**-**	**70,348**	**-**

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). An example would be an instrument valued using a price: earnings multiple of a comparable quoted company;
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 at 31st March 2011

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	**7,645**
Change of scope	1,045
Total gains and (losses) through the income statement	3,380
Total gains and (losses) through shareholders' funds	(682)
Purchases	2
Settlements	(697)
Transfers into/ (out of) level 3	21,295
Exchange	39
Others	(1,108)
Closing balance	**30,919**

V. Notes to the Balance Sheet

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

In thousands of euros	31/03/2011	31/03/2010
Trading instruments	139,756	2,912
Financial assets designated at fair value through profit or loss	60,127	6,948
Derivative financial instruments	67,699	43,659
AT THE END OF THE PERIOD	267,582	53,519
of which financial assets at fair value through profit or loss - listed	*144,747*	*7,472*
of which financial assets at fair value through profit or loss - unlisted	*122,835*	*46,047*

Trading portfolio

	31/03/2011	31/03/2010
Public bills and similar securities	29,151	-
Bonds	-	-
Equities	110,605	2,912
Other financial instruments	-	-
AT THE END OF THE PERIOD	139,756	2,912

The trading portfolio includes €101.2 million from Rothschild & Cie Banque fully consolidated.

Financial assets designated at fair value through profit and loss

	31/03/2011	31/03/2010
Public bills and similar securities	-	-
Bonds	22	83
Equities	30,960	5,555
Other financial instruments	29,145	1,310
AT THE END OF THE PERIOD	60,127	6,948

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	31/03/2011			31/03/2010		
	Notional principal	Positive fair value	Negative fair value	Notional principal	Positive fair value	Negative fair value
Interest rate contracts						
- Firm	125,240	1,191	(12,887)	198,104	3,227	(7,402)
- Conditional	14,000	12	-	14,000	84	-
Foreign exchange contracts						
- Firm	2,811,054	60,159	(63,610)	1,605,857	36,628	(34,961)
- Conditional	426,926	3,188	(3,193)	380,289	2,905	(2,899)
Equity instruments						
- Firm	-	-	-	-	206	-
- Conditional	-	2,700	(35)	983	529	(983)
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Credit derivatives						
- Firm	40,564	449	(14,025)	51,717	-	(24,103)
- Conditional	-	-	-	-	-	-
Other instruments	-	-	-	-	80	-
AT THE END OF THE PERIOD	3,417,784	67,699	(93,750)	2,250,950	43,659	(70,348)

Note 2 - Hedging derivatives

In thousands of euros	31/03/2011			31/03/2010		
	Notional principal	Positive fair value	Negative fair value	Notional principal	Positive fair value	Negative fair value
Interest rate contracts						
- Firm	1,715,030	12,209	(29,488)	1,584,355	14,922	(34,196)
- Conditional	-	-	-	-	-	-
Foreign exchange contracts						
- Firm	217,091	4,421	(5)	96,676	-	(2,116)
- Conditional	-	-	-	-	-	-
Equity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-
AT THE END OF THE PERIOD	1,932,121	16,630	(29,493)	1,681,031	14,922	(36,312)

The schedule of cash flows hedged is as follows

In thousands of euros	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years < 10 years	> 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	(4,745)	(14,981)	(14,789)	(2,177)	-
As at 31/03/2011	(4,745)	(14,981)	(14,789)	(2,177)	-

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 31st March 2011, the Group recognised a net profit of €106 thousand (net gain of €284 thousand for 31st March 2010) 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 €(2,306) thousand as at 31st March 2011 and €(3,467) thousand as at 31st March 2010.

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 31st March 2011, the Group did not recognise a gain in the income statement in respect of the ineffective portion of cash flow hedges (gain of €147 thousand as at 31st March 2010).

The fair value of derivatives designated as cash flow hedges as at 31st March 2011 was €(10,557) thousand and €(15,811) thousand as at 31st March 2010.

Note 3 - Available-for-sale financial assets

In thousands of euros	31/03/2011	31/03/2010
AFS debt securities		
Public bills and similar securities	543,166	622,113
Bonds and similar securities	298,887	437,671
Notes and other securities	407,521	691,930
Sub total	1,249,574	1,751,714
of which listed securities	*1,003,482*	*1,510,016*
of which unlisted securities	*246,092*	*241,698*
Accrued interest	41,517	37,196
Sub total	1,291,091	1,788,910
Impairment	(104,236)	(99,498)
Total of afs debt securities	1,186,855	1,689,412
AFS equity securities		
Affiliates and long term securities	266,449	239,798
Other equities	289,253	245,091
Equities and other variable income securities	555,702	484,888
of which listed securities	*147,684*	*127,854*
of which unlisted securities	*408,018*	*357,034*
Impairment	(66,618)	(57,329)
Total of afs equity securities	489,084	427,559
TOTAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	1,675,939	2,116,971

Total of Available-for-sale financial assets includes €9.8 million from Rothschild & Cie Banque fully consolidated.

Movements in available-for-sale financial assets

In thousands of euros	31/03/2011	31/03/2010
AT THE BEGINNING OF THE PERIOD	**2,116,971**	**2,261,428**
Additions	4,175,653	3,879,894
Change of scope	8,590	
Disposals (sale and redemption)	(4,738,989)	(4,111,228)
Reclassifications and changes in consolidation scope	(14,728)	(22,806)
Gains/(losses) from changes in fair value	76,646	120,423
Impairment	(14,394)	(50,332)
Exchange differences	66,190	39,592
AT THE END OF THE PERIOD	**1,675,939**	**2,116,971**

In application of the amendments to IAS 39 and IFRS 7 adopted by the European Commission on 15th October 2008, on 1st 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.

This reclassification had no effect on the income statement.

On the reclassification date and on 31st March 2011, 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:

Fair value as at 31st March 2008 of the available-for-sale financial assets to be reclassified as loans and receivables	**417,147**
Changes in fair value of these assets between 1st April 2008 and 1st July 2008	15,250
Translation differences and other movements	5,179
Amortised cost as at 1st July 2008 of reclassified loans and receivables	**437,576**
Impairment	(20,249)
Disposals (sale and redemption)	(230,993)
Translation differences and other movements	59,016
Amortised cost as at 31st March 2011 of reclassified loans and receivables	**245,350**

Fair value as at 1st April 2009 of financial assets reclassified as loans and receivables	**282,625**
Disposals (sale and redemption)	(148,182)
Changes in fair value of reclassified financial assets between 1st April 2009 and 31st March 2011	94,825
Other movements	11,042
Fair value as at 31st March 2011 of financial assets reclassified as loans and receivables	**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	2010/2011	2009/2010
Income interests	3,604	5,194
Impairment	(3,411)	(6,835)
Other gains and losses	(1,961)	(2,954)
TOTAL	**(1,768)**	**(4,595)**

Note 4 - Loans and advances to banks

In thousands of euros	31/03/2011	31/03/2010
Interbank demand deposits and overnight loans	765,447	619,255
Interbank term deposits and loans	1,299,591	947,719
Reverse repos and loans secured by bills	630,074	-
Subordinated loans - banks	-	-
Total	**2,695,112**	**1,566,974**
Accrued interest	888	7,702
Loans and advances to banks - Gross amount	**2,696,000**	**1,574,676**
Allowance for credit losses and receivables to bank	-	-
AT THE END OF THE PERIOD	2,696,000	1,574,676

Loans and advances to banks include €776.8 million from Rothschild & Cie Banque fully consolidated.

Note 5 - Loans and advances to customers

In thousands of euros	31/03/2011	31/03/2010
Overdrafts on current accounts - customers	56,219	3,417
Loans to customers - retail	470,879	446,415
Loans to customers - corporate	1,295,935	1,467,081
Reverse repos and loans secured for bills	-	-
Subordinated loans - customers	-	-
Total	**1,823,033**	**1,916,913**
Accrued interest	11,445	4,370
Loans and advances to customers – Gross amount	**1,834,478**	**1,921,283**
Allowance for credit losses on loans and advances to customers	(114,709)	(134,551)
AT THE END OF THE PERIOD	1,719,769	1,786,732

Loans and advances to customers include €55.7million from Rothschild & Cie Banque fully consolidated.

Allowance for credit losses on loans and receivables

In thousands of euros	31/03/2011			31/03/2010		
	Specific provision	Collective provision	TOTAL	Specific provision	Collective provision	TOTAL
Allowance for credit losses on loans and advances to customers	(71,087)	(43,622)	**(114,709)**	(85,989)	(48,562)	**(134,551)**

Loans and advances to customers on 31st March 2011 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	49,796	(8,089)	41,707
Between 1 and 5 years	75,405	(12,416)	62,989
Over 5 years	1,364	(112)	1,252
TOTAL	126,565	(20,617)	105,948

Note 6 - Other assets

In thousands of euros	31/03/2011	31/03/2010
Guarantee deposits paid	11,443	914
Settlement accounts on securities transactions	68,773	-
Other receivable	193,019	50,465
Other assets	**273,235**	**51,379**
Dividends to allocate	1,445	-
Prepaid expenses	13,525	9,836
Accrued income	227,101	184,007
Estimated accounts	**242,071**	**193,843**
AT THE END OF THE PERIOD	**515,306**	**245,222**

Other assets include €151.8 million from Rothschild & Cie Banque fully consolidated.

Note 7 - Investments accounted for by equity method

In thousands of euros	Les Domaines Barons de Rothschild (Lafite) (D.B.R.)	Continuation Investment NV	Rivoli Participation	Comepar	JRAC Proprietary Investments LP	Partnerships between RCH and Rothschild & Cie Banque	Rothschild & Cie Banque	Sélection 1818 (Sélection R)	Rothschild Europe BV	Other	TOTAL
As at 31/03/2009	**11,864**	**2,080**	**-**	**-**	**-**	**2,548**	**72,058**	**-**	**25,049**	**17,008**	**130,607**
Of which goodwill	*1,267*	-	-	*915*	-	-	-	-	-	-	*2,182*
Of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	*(915)*
Profit for the period 2009/2010	2,087	322	-	-	(1,128)	5,714	7,784	-	-	857	15,636
Change in percentage ownership	-	-	-	-	16,958	-	-	-	(25,049)	399	(7,692)
Exchange differences on translation	-	135	-	-	(342)	52	200	-	-	(142)	(97)
Shareholders' dividends	(32)	-	-	-	(76)	(713)	(8,067)	-	-	(563)	(9,451)
Gains (losses) from changes in fair value	-	40	-	-	-	-	-	-	-	190	230
Increase in Shareholdings	(896)	-	-	-	-	-	-	-	-	-	(896)
Other	(9)	19	-	-	-	2	8	-	-	411	431
Provisions	-	-	-	-	-	-	-	-	-	-	-
As at 31/03/2010	**13,014**	**2,596**	**-**	**-**	**15,412**	**7,603**	**71,983**	**-**	**-**	**18,160**	**128,768**
Of which goodwill	*1,267*	-	-	*915*	-	-	-	-	-	-	*2,182*
Of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	*(915)*
Profit for the period 2010/2011	1,779	2,174	386	-	280	-	9,981 [(1)]	-	-	610	15,210
Change in percentage ownership	(14,793)	-	-	-	-	(7,603)	(81,964)	17,850	-	1,472	(85,038)
Exchange differences on translation	-	(207)	-	-	(1,284)	-	-	-	-	622	(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	-	-	-	-	-	-	423	421
As at 31/03/2011	**-**	**3,332**	**396**	**-**	**23,018**	**-**	**-**	**17,850**	**-**	**21,052**	**65,648**
Of which goodwill	-	-	-	*915*	-	-	-	*9,355*	-	-	*10,270*
Of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	*(915)*

(1) In the year ended 31st March 2011, the net income of Rothschild & Cie Banque represents the result from 1st January 2010 to 31st March 2010. It has been calculated based on a shareholding of 44.25% by RCH. Its breakdown is €983 thousand in Group share and €8,998 thousand in non-controlling interests.

Information related to associates as at 31st March 2011

In thousands of euros	Gross assets	Net banking income or net operating income	Net Income
Continuation Investment NV	8,703	5,746	5,379
Rivoli Participation (consolidated subgroup)	12,233	11,407	1,396
Comepar (consolidated subgroup)	17,112	12,190	(218)
JRAC Proprietary Investments LP	47,051	1,800	479
Sélection 1818 (Sélection R)	34,744	9,948	2,404

Note 8 - Tangible fixed assets

In thousands of euros	01/04/2010	Consolidation of new subsidiaries	Additions	Disposals	Write offs	Changes in consolidation method	Changes in consolidation scope of the period	Depreciation charge	Exchange rate movement	Other movements	31/03/2011
Operating lands and buildings	159,956	14,974	1,357	(5)	(52)	-	30	-	4,796	-	181,056
Assets used to generate lease income	11,389	-	3,483	(2,079)	-	-	-	-	48	-	12,841
Other tangible fixed assets	180,353	8,008	76,533	(6,983)	(7,906)	(37)	54	-	1,140	29	251,191
Total tangible fixed assets – Gross amount	**351,698**	**22,982**	**81,373**	**(9,067)**	**(7,958)**	**(37)**	**84**	**-**	**5,984**	**29**	**445,088**
Amortisation and allowances – operating lands and buildings	(72,463)	(4,913)	-	-	52	-	-	(7,292)	(95)	(12)	(84,723)
Amortisation and allowances – assets used to generate lease income	(5,214)	-	-	1,290	-	-	-	(2,050)	(21)	2	(5,993)
Amortisation and allowances – other tangible fixed assets	(63,595)	(4,400)	-	3,928	7,904	21	-	(8,989)	(1,616)	(58)	(66,805)
Total amortisation and allowances	**(141,272)**	**(9,313)**	**-**	**5,218**	**7,956**	**21**	**-**	**(18,331)**	**(1,732)**	**(68)**	**(157,521)**
TOTAL TANGIBLE FIXED ASSETS - NET AMOUNT	**210,426**	**13,669**	**81,373**	**(3,849)**	**(2)**	**(16)**	**84**	**(18,331)**	**4,252**	**(39)**	**287,567**

Note 9 - Intangible fixed assets

In thousands of euros	01/04/2010	Consolidation of new subsidiaries	Additions	Disposals	Write offs	Changes in consolidation method	Changes in consolidation scope of the period	Depreciation charge	Exchange rate movement	Other movements	31/03/2011
Intangible fixed assets – Gross amount	188,140	27,289	2,130	(233)	(3,028)	(667)	-	-	431	3	214,065
Amortisation and allowances – Intangible fixed assets	(17,752)	(5,476)	-	103	3,028	637	-	(7,115)	(257)	(3)	(26,835)
TOTAL INTANGIBLE FIXED ASSETS - NET AMOUNT	**170,388**	**21,813**	**2,130**	**(130)**	**-**	**(30)**	**-**	**(7,115)**	**174**	**-**	**187,230**

Note 10 - Goodwill

Changes in the Group's governance since its acquisition of control over Concordia Holding (formerly CBV) have resulted in the managing bodies concluding that Paris Orléans has been in a position to direct RCB's financial and operational policies since 1st April 2010, and RCB and its subsidiaries are therefore fully consolidated by the Group. The Group opted to apply the so-called partial goodwill method, resulting in the recognition of goodwill representing the difference between:

- the fair value on the acquisition date of Paris Orléans' interest in Rothschild et Cie Banque, prior to the date control was acquired;
- and the assets acquired and liabilities assumed in respect of the business combination, measured in accordance with IFRS 3 as revised.

In thousands of euros	
Total fair value of RCB as at 1st April 2010 (A)	314,626
RCB's identifiable assets and liabilities, measured at fair value (B)	174,008
Total goodwill in respect of RCB (A - B)	**140,618**
Non-controlling interests' share of goodwill (C)	89,871
Goodwill recognised on acquisition of a controlling interest in RCB (A - B - C)	**50,747**

The goodwill recognised on acquisition of a controlling interest in Concordia Holding in 2007 totalled €66,033 thousand.

In accordance with IAS 36, taking control of RCB was treated as a disposal-acquisition. Accordingly, the portion of total goodwill of €66,033 thousand relating to RCB, amounting to €6,687 thousand, was included in the calculation of the disposal price, based on the relative fair values of RCB and Concordia Holding as at 31st March 2010.

In thousands of euros	Rothschild & Cie Banque	Concordia Holding (ex CBV)	TOTAL
Gross amount as at 31/03/2010	-	66,413	**66,413**
Allocation of the share of Concordia Holding goodwill attributable to RCB	6,687 (1)	(6,687)	-
Additions	44,060 (1)	714	44,774
Disposal and other decreasing	(7,540)	-	(7,540)
Translation difference and other movements	-	(73)	(73)
Gross amount as at 31/03/2011	43,207	60,367	**103,574**
Accumulated impairment	-	-	-
Net amount as at 31/03/2011	**43,207**	**60,367**	**103,574**

(1) Goodwill recorded at the date of acquisition of control of RCB for a total of €50,747 thousand.

The disposal of part of the shareholding in Sélection 1818 (Sélection R) resulted in a decrease in the goodwill of RCB, calculated based on their relative fair values as at 31st March 2011.

As at 31st March 2011, the Group performed an annual impairment test on each cash generating unit to which goodwill had been allocated.

The recoverable value of cash generating units was calculated based on multiple criteria: stock-market multiples, transaction multiples, discounting of future cash flows for Concordia Holding and, in the case of RCB, an independent external valuation based on multiple criteria.
This independent valuation was based on stock-market comparables, comparable transactions and a sum of parts methods in which the Corporate Banking and Asset Management activities were valued separately.

The cash flows used to calculate the discounted cash-flows of Concordia Holding correspond to consolidated net income after tax and were based on a business plan drawn up based on estimated budgets for the next seven years.

The growth in perpetuity rate applied for valuing Concordia Holding was 2% and a discount rate of 11% was applied to estimated future cash flows.

As at 31st March 2011, the group did not record any goodwill impairment as the recoverable value of cash generating units was higher than their carrying amount.
The sensitivity tests show that:

- a 5% increase in the discount rate would not result in impairment of the goodwill on Concordia Holding.
- a 10% fall in the value of RCB would not result in impairment of the goodwill allocated to this CGU.

Note 11 - Due to banks

In thousands of euros	31/03/2011	31/03/2010
Interbank demand deposits and overnight	259,979	132,748
Interbank term deposits and borrowings	183,696	361,807
Borrowings secured by repurchase agreement	47,174	233,893
Due to banks	**490,849**	**728,448**
Accrued interest	3,875	8,444
AT THE END OF THE PERIOD	**494,724**	**736,892**

Due to banks include €7.2 million from Rothschild & Cie Banque fully consolidated.

Note 12 - Due to customers

In thousands of euros	31/03/2011	31/03/2010
Customer demand	2,312,389	1,762,298
Term deposits - customers	1,984,260	2,185,037
Borrowings secured by bills (customers)	442,158	-
Customer deposits	**4,738,807**	**3,947,335**
Accrued interest	30,380	12,739
AT THE END OF THE PERIOD	**4,769,187**	**3,960,074**

Amounts due to customers comprise €795.6 million relating to the Rothschild & Cie Banque fully consolidated.

Note 13 - Debt securities in issue

In thousands of euros	31/03/2011	31/03/2010
Securities with a short term maturity	107,270	100,000
Securities with a medium term maturity	415,480	424,708
Securities with a long term maturity and bonds	-	-
Debt securities in issue	**522,750**	**524,708**
Accrued interest	1,811	4,757
AT THE END OF THE PERIOD	**524,561**	**529,465**

Medium term debt securities have been issued under a Euro Medium Term Note Programme in the United Kingdom. These securities were issued with variable interest rates and had residual maturities ranging from 6 to 13 months as at 31st March 2011 (against 1 and 18 months as at 31st March 2010). Short-term debt securities correspond to certificates of deposit issued with fixed interest rates and which had a maturity of more than 6 months as at 31st March 2011.

Note 14 - Other liabilities, accruals and deferred income

In thousands of euros	31/03/2011	31/03/2010
Settlement accounts on securities transactions	79,309	3,518
Accounts payable	115,592	39,008
Sundry creditors	173,177	123,441
Other liabilities	**368,078**	**165,967**
Due to employees	318,666	439,157
Other accrued expenses and deferred income	77,047	66,168
Estimated accounts	**395,713**	**505,325**
AT THE END OF THE PERIOD	**763,791**	**671,292**

Other liabilities, accruals and deferred income include €194.8 million, from Rothschild & Cie Banque fully consolidated.

Note 15 - Provisions

In thousands of euros	01/04/2010	Conso-lidation of new subsidiaries	Charge	Reversal	Change of consolidation method	Discounting	Exchange rate movement	Other movements	31/03/2011
Allowance for counterparty risk	83	84	1,306	-	-	-	8	(4)	1,477
Provision for claims or litigation	458	20	904	-	-	-	39	-	1,421
Reinstatement provisions	11,162	-	269	-	-	636	52	7	12,126
Vacant property provisions	8,773	-	10,653	-	-	-	(301)	-	19,125
Retirement benefit provisions	147,915	-	-	-	-	-	-	(44,909)	103,006
Other provision	71	1,390	368	(229)	(41)	-	(2)	42	1,599
TOTAL	**168,462**	**1,494**	**13,500**	**(229)**	**(41)**	**636**	**(204)**	**(44,864)**	**138,754**

The provision for vacant property relates to costs incurred on some buildings rented by the Group and which remain empty during part of the lease. These leases expire in 2018.
The €10.7 million charge to the property reinstatement provision corresponds to the indemnity payable on termination of the London office lease.
Provisions for retirement benefit obligations were down by €44.9 million. This improvement, mainly on the NMRP and NMROP plans, was due to an increase in the value of plan assets as well as decreases in the discount rate, the inflation rate and the expected rate of salary increases, parameters that are the components of the present value of retirement benefit obligations (see Note 35).

Note 16 - Subordinated debt

In thousands of euros	31/03/2011	31/03/2010
Perpetual Floating Rate Subordinated Notes - 2015 (US$40 million)	27,466	29,602
Subordinated debt	**27,466**	**29,602**
Accrued interest	41	43
AT THE END OF THE PERIOD	**27,507**	**29,645**

Note 17 - Impairments

In thousands of euros	01/04/2010	Conso-lidation of new subsidiaries	Charge	Reversal	Written off	Exchange rate move-ment and other move-ments	31/03/2011
Loans and advances to customers	(134,551)	(39)	(12,011)	9,664	26,721	(4,493)	(114,709)
Available-for-sale financial assets	(156,827)	(2,264)	(40,541)	11,793	14,251	2,734	(170,854)
Other assets	(10,720)	(6,414)	(7,882)	6,831	3,331	670	(14,184)
TOTAL	**(302,098)**	**(8,717)**	**(60,434)**	**28,288**	**44,303**	**(1,089)**	**(299,747)**

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	31/03/2011	31/03/2010
Deferred tax assets at the beginning of the period	127,622	110,993
Deferred tax liabilities at the beginning of the period	54,369	49,796
NET AMOUNT (AT THE BEGINNING OF THE PERIOD)	73,253	61,197
Change of scope	(6,855)	-
Recognised in income statement		
Income statement credit	(7,136)	(5,303)
Recognised in equity		
Defined benefit pension arrangements	(11,528)	23,336
Available for sale financial assets	(5,952)	(14,409)
Cash flow hedges	(1,145)	(923)
Impact of scope changes	(166)	2,834
Derecognition of joint venture	(13)	-
Payments/(Refunds)	(174)	(161)
Exchange differences	281	3,579
Other	823	3,103
NET AMOUNT (AT THE END OF THE PERIOD)	41,388	73,253
Deferred tax assets at the end of the period	102,880	127,622
Deferred tax liabilities at the end of the period	61,492	54,369

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

In thousands of euros	31/03/2011	31/03/2010
Accelerated tax depreciation	12,041	12,136
Deferred profit share arrangements	38,519	52,325
Defined benefit pension liabilities	18,180	31,497
Available-for-sale financial assets	18,396	20,857
Cash flow hedges	(147)	593
Losses carried forward	9,466	5,723
Provisions	2,197	2,503
Other temporary differences	4,228	1,988
DEFERRED TAX NET ASSETS AT THE END OF THE PERIOD	102,880	127,622

As at 31st March 2011, the Group's main banking subsidiary NMR recognised deferred tax assets corresponding to tax losses.

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 March 2011, based on the most recent revenue projections; these showed that NMR's operations should generate sufficient taxable profits to absorb its carried forward over a period of four or five years.

In thousands of euros	31/03/2011	31/03/2010
Defined benefit pension liabilities	(23)	(23)
Available-for-sale financial assets	29,698	21,159
Other temporary differences	31,817	33,233
DEFERRED TAX NET LIABILITIES AT THE END OF THE PERIOD	**61,492**	**54,369**

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off and the balance relates to income tax levied by the same tax authority on the same taxable entity. There must also be the intention and the will to settle on a net basis or to realise the assets and liabilities simultaneously.

The deferred tax charge/(credit) in the income statement comprises the following temporary differences:

In thousands of euros	31/03/2011	31/03/2010
Accelerated tax depreciation	205	(244)
Defined benefit pension liabilities	2,504	(6,005)
Allowances for loan losses	317	4,386
Tax losses carried forward	(3,837)	2,216
Due to staff cost	14,873	6,558
Deferred profit share arrangements	-	(13,767)
Available-for-sale financial assets	(2,830)	(596)
Other temporary differences	(4,096)	12,755
INCOME TAX EXPENSES OF THE PERIOD	**7,136**	**5,303**

Note 19 - Non current assets held for sale and liabilities related to non current assets held for sale

In thousands of euros	31/03/2011	31/03/2010
Loans and receivables to banks	-	4,121
Deferred tax assets	-	612
Estimated accounts and other assets	-	50,343
NON CURRENT ASSETS HELD FOR SALE AT THE END OF THE PERIOD	**-**	**55,076**
Due to banks	-	39,950
Estimated accounts and other liabilities	-	163
LIABILITIES RELATED TO NON CURRENT ASSETS HELD FOR SALE AT THE END OF THE PERIOD	**-**	**40,113**

As at 31st March 2010, there remained a number of residual assets and liabilities relating to Australian operations that did not form part of the Group's strategic businesses, and which corresponded to the definition of assets and debts relating to non-current assets held for sale. Their disposal was finalised on 10th March 2011, resulting in a €0.6 million gain on disposal after reversal of the €3.8 million provision that had been recognised in respect of this transaction.

VI. Notes to the Income statement

Note 20 - Net interest income

Interest income

In thousands of euros	2010/2011	2009/2010
Interest income - loans to banks	18,034	13,203
Interest income - loans to customers	79,184	85,559
Interest income - instruments available for sale	32,464	44,252
Interest income - derivatives	32,563	18,388
Interest income - other financials assets	4,061	2,628
TOTAL	166,306	164,030

Interest income includes €4.1 million from Rothschild & Cie Banque fully consolidated.

As at 31st March 2011, Interest income included €7 million of interest accrued from impaired assets, compared with €8 million in respect of the previous year.

Interest expense

In thousands of euros	2010/2011	2009/2010
Interest expense - loans to banks	(10,728)	(18,601)
Interest expense - loans to customers	(54,846)	(29,418)
Interest expense - debt securities in issue	(7,871)	(22,135)
Interest expense - subordinated borrowings	(345)	(422)
Interest expense - derivatives	(29,051)	(22,757)
Interest expense - other financials assets	(1,833)	(8,002)
TOTAL	(104,674)	(101,335)

Interest expense includes €2.3 million from Rothschild & Cie Banque fully consolidated.

Note 21 - Net fee and commission income

Fee and commission income

In thousands of euros	2010/2011	2009/2010
Fees for advisory work and other services	786,870	545,106
Portfolio and other management fees	317,239	108,090
Banking and credit-related fees and commissions	4,866	5,137
Other fees	40,841	42,145
TOTAL	1,149,816	700,478

Fee and commission income includes €366.7 million from Rothschild & Cie Banque fully consolidated.

Fee and commission expense

In thousands of euros	2010/2011	2009/2010
Fees for advisory work and other services	(18,800)	(267)
Portfolio and other management fees	(57,186)	(1,392)
Banking and credit-related fees and commissions	(623)	(1,857)
Other fees	(9,002)	(7,190)
TOTAL	**(85,611)**	**(10,706)**

Fee and commission expense include €70.3 million from Rothschild & Cie Banque fully consolidated.

Note 22 - Net gains/(losses) on financial instruments at fair value through profit and loss

In thousands of euros	2010/2011	2009/2010
Net income – debt securities and related derivatives – trading	849	2,371
Net income – equities securities and related derivatives – trading	6,207	(1,723)
Net income – forex operations	25,896	11,241
Net income – other trading operations	10,322	25,619
Net income – financial instruments designated at fair value through profit and loss	5,131	(1,693)
Net income – hedging derivatives	(106)	(284)
TOTAL	**48,299**	**35,531**

During the year ended 31st March 2011, the net income on other trading operations comprises a gain of €10.3 million (against a loss of €24.7 million as at 31st March 2010) 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	2010/2011	2009/2010
Increase of fair value of the hedging instruments	7,509	10,381
Decrease of the fair value of the hedged instruments	7,615	10,655

Note 23 - Net gains/(losses) on available-for-sale financial assets

In thousands of euros	2010/2011	2009/2010
Gains or losses on sales of long term securities	11,758	1,844
Impairment losses on long term securities	(3,073)	(5,571)
Gains or losses on sales of other available-for-sale financial assets	15,154	3,291
Impairment losses on other available-for-sale financial assets	(14,310)	(6,620)
Available-for-sale dividend income	19,643	13,626
TOTAL	**29,172**	**6,570**

Note 24 - Net income from other activities

Income from other activities

In thousands of euros	2010/2011	2009/2010
Gains on extinguishment of subordinated debt	-	68,698
Income from leasing	11,960	11,794
Other income	5,239	2,195
TOTAL	**17,199**	**82,687**

Expense on other activities

In thousands of euros	2010/2011	2009/2010
Investment property	(3)	(3)
Expenses from assets used to generate lease income	(5,716)	(5,556)
Other expenses	(184)	(18)
TOTAL	**(5,903)**	**(5,577)**

Note 25 - Operating expenses

In thousands of euros	2010/2011	2009/2010
Staff costs	(718,932)	(547,249)
Administrative expenses	(229,054)	(127,860)
TOTAL	**(947,986)**	**(675,109)**

Operating expenses include €191.2 million from Rothschild & Cie Banque fully consolidated.

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

In thousands of euros	2010/2011	2009/2010
Depreciation and amortisation		
Amortisation of intangible assets	(7,115)	(3,866)
Depreciation of tangible assets	(15,836)	(12,351)
Impairment allowance expenses		
Impairment allowance on intangible assets	-	-
Impairment allowance on tangible assets	(446)	-
TOTAL	**(23,397)**	**(16,217)**

Depreciation, amortisation and impairment include €6.6 million from Rothschild & Cie Banque fully consolidated.

Note 27 - Cost of risk

In thousands of euros	Impairment	Impairment written back	Irrecoverable loans	Recovered loans	2010/2011	2009/2010
Loans and receivables	(12,009)	37,946	(28,283)	4,564	2,218	(59,511)
Debt securities	(23,493)	18,474	(7,983)	337	(12,665)	(40,896)
Other	(7,500)	8,567	(4,295)	-	(3,228)	(3,908)
TOTAL	**(43,002)**	**64,987**	**(40,561)**	**4,901**	**(13,675)**	**(104,315)**

Note 28 - Net income/expense from other assets

In thousands of euros	2010/2011	2009/2010
Gains or losses on sales of tangible or intangible assets	706	57
Gain or loss on sale of associates	27,822	(1,983)
Remeasurement gains on interests in equity-accounted companies	42,371	-
TOTAL	**70,899**	**(1,926)**

The gain on sale of subsidiaries include €17.9 million of sale of the historical investment of 23.5% in Les Domaines Barons de Rothschild (Lafite) ("DBR"). It includes also a gain of €9.8 million relating to the investment of 66% of Sélection 1818 (Sélection R), hold by RCB.

The disposal of Sélection 1818's asset management activity(formerly Sélection R) resulted in the recognition of a €10.2 million remeasurement gain on the remaining portion of the equity held.

The acquisition of a controlling interest in RCB by Paris-Orléans resulted in the remeasurement through profit and loss of the Group's equity-accounted interest in RCB prior to the business combination, for €32.2 million.

Interest in RCB, measured at fair value as at 1st April 2010	**80,470**
Value of equity-accounted RCB securities as at 31st March 2010	71,983
Group share in RCB as at 31st March 2010	57.80%
Portion of goodwill relating to RCB linked to the acquisition of a majority controlling interest in Concordia Holding in 2007 (see Note 10)	6,687
Group share of RCB's identifiable net assets as at 1st April 2010	**48,293**
Gain on revaluation of RCB shares previously equity accounted	**32,177**

Note 29 - 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	2010/2011	2009/2010
Tax charges for the current period	39,303	(6,943)
Prior year adjustments	45	(272)
Overseas tax	-	-
Relief for double taxation	-	-
Prior year losses utilised	-	-
Unrecoverable dividend withholding tax	268	1,047
Other	(371)	(305)
TOTAL	**39,245**	**(6,473)**

Deferred tax

In thousands of euros	2010/2011	2009/2010
Temporary differences	7,242	2,157
Prior year losses utilised	-	-
Changes in tax rates	2,970	-
Prior year adjustment	(1,314)	3,340
Other	(1,762)	(195)
TOTAL	**7,136**	**5,302**

Reconciliation of the tax charge

In thousands of euros	Base	Tax at 33 1/3 %
Net income	269,274	
Reconciling items		
Income (loss) of companies accounted for by the equity method	(15,210)	
Corporate income tax	46,381	
Income of consolidated companies before tax	300,445	100,138
Consolidation adjustments (deferred tax, fair value adjustments, provisions and reversals of provisions for impairment, other)		(11,109)
Losses to be carried forward		2,568
Taxation differences (French social contribution, long-term capital gains tax, venture capital companies, US tax)		(56,494)
Disposal activity		-
Permanent differences		9,995
Temporary differences and other		1,283
Tax on consolidated companies		46,381
Effective tax rate		
Net income - Group share	102,437	
Non-controlling interests	166,837	
Corporate income tax	46,381	
GROSS INCOME	315,655	
EFFECTIVE TAX RATE	14.69%	

In 2009/2010, the Group effective tax rate was -1.30%.

Note 30 - Commitments given and received

Commitments given

In thousands of euros	31/03/2011	31/03/2010
Loan commitments	75,979	128,026
Given to banks	-	-
Given to customers	75,979	128,026
Guarantee commitments	101,237	806,700
Given to banks	46,633	771,260
Given to customers	54,604	35,440
Other commitments	393,520	120,060
Underwriting commitments	82,849	36,483
Other commitments given	310,671	83,577

Commitments given include €32 million from Rothschild & Cie Banque fully consolidated.

Commitments received

In thousands of euros	31/03/2011	31/03/2010
Loan commitments	**85,573**	**81,545**
Received from banks	85,573	81,545
Received from customers	-	-
Guarantee commitments	**115,291**	**186,643**
Received from banks	77	-
Received from customers	115,214	186,643
Other commitments	**28,449**	**10,456**
Other commitments received	28,449	10,456

Commitments given include €11 thousand from Rothschild & Cie Banque fully consolidated.

A system of deferred remuneration has been set in place at several entities throughout the Group. Other commitments given include €59.9 million in respect of commitments to employees in connection with this 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 (€46.8 million as at 31st March 2010).

From time to time the Group is involved in judicial proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, the directors do not believe that there are any potential or actual proceedings or other claims that will have a material adverse impact on the Group's financial position.

Operating lease commitments

The Group is obligated under a number of non-cancellable operating leases for premises and equipment used primarily for banking purposes. The significant premises leases usually include renewal options and escalation clauses in line with general office rental market conditions.

In thousands of euros	31/03/2011		31/03/2010	
	Land and Buildings	Other	Land and Buildings	Other
Up to 1 year	23,017	462	20,990	598
Between 1 and 5 years	62,574	493	57,877	420
Over 5 years	40,809	-	28,190	-
TOTAL	126,400	955	107,057	1,018

Note 31 - Earnings per share

As at 31st March 2011, Paris Orléans' share capital comprised 31,888,285 shares and 485,230 investment certificates with a par value of €2 each.

At the end of the year, the shares held by Group companies in other Group companies or in Paris Orléans resulted in the consolidating entity holding 97.60% 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).
- 5.56% of Paris Orléans held by NMR (NM Rothschild & Sons Limited).
- lastly, treasury shares held by Paris Orléans corresponding to 2.51% of the capital in the form of 145,425 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 29,404,893 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.

Earnings per share (Group share) for the year ended 31st March 2011 came to €3.48 compared with €0.88 in respect of the previous year. As there were no gains or losses on activities discontinued or held for sale, the earnings per share on continuing activities is the same as earnings per share.

Note 32 - Related parties

In thousands of euros	31/03/2011			31/03/2010	
	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**	**Other related parties**
Assets					
Loans and advances to banks	-	-	-	15	-
Loans and advances to customers	-	18,158	-	-	-
Other assets	1,790	75	22,059	1,790	19,891
TOTAL	1,790	18,233	22,059	1,805	19,891
Liabilities					
Due to banks	-	-	-	-	-
Due to customers	101	24,084	4	16,549	-
Debt securities in issue	-	-	-	-	-
Other liabilities	1,335	-	-	2,710	102
TOTAL	1,436	24,084	4	19,259	102
Loan and guarantee commitments					
Loan commitments given	1,000	-	-	-	-
Guarantee commitments given	-	18,311	-	-	-
Loan commitments received	-	-	-	-	-
Guarantee commitments received	-	-	-	-	-
TOTAL	1,000	18,311	-	-	-
Realised operating income from transactions with related parties					
Interest received	-	-	-	-	-
Interest paid	-	-	-	-	-
Commissions received	-	-	-	-	-
Commissions paid	-	-	-	-	-
Other income	25	111	3	31	7
TOTAL	25	111	3	31	7
Other expenses	(418)	-	-	(1,055)	(430)
TOTAL	(418)	-	-	(1,055)	(430)

Note 33 - Fees to statutory auditors

	Cailliau Dedouit et Associés				KPMG Audit			
	2010/2011		2009/2010		2010/2011		2009/2010	
	In thousand of euros	%	In thousand of euros	%	In thousand of euros	%	In thousand of euros	%
Audit								
• Fees related to statutory audit, certification, examination of:								
- Paris Orléans (parent company)	159	51%	339	78%	159	4%	340	9%
- Subsidiaries fully consolidated	138	44%	58	13%	2,463	68%	2,494	70%
• Fees related to audit services and related assignments:								
- Subsidiaries fully consolidated	17	5%	35	8%	345	10%	8	-
- Paris Orléans (parent company)	1	-	-	-	7	-	-	-
Sub-total	315	100%	432	100%	2,974	82%	2,842	79%
Other benefits from the network of consolidated subsidiaries								
• Law, tax, social	-	-	-	-	363	10%	557	16%
• Other	-	-	-	-	279	8%	182	5%
Sub-total	-	-	-	-	642	18%	739	21%
TOTAL	315	100%	432	100%	3,616	100%	3,581	100%

Note 34 - 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 2010/2011:

- Fixed remuneration .... €797.5 thousand
- Variable remuneration .... €768.4 thousand
- Directors' fees .... €62.5 thousand
- Amounts received in respect of incentive schemes and employer's contributions to savings plans .... €38.5 thousand
- Payments in kind .... €75.3 thousand

Total short-term benefits .... €1,742.2 thousand

In addition, in respect of retirement and similar commitments (Note 35), 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 2010/2011 and no severance benefits were provided for termination of work contracts.

Note 35 - 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:

Systems specific to the subgroup RCH

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 31st March 2010 and 31st March 2009. As required by IAS 19, the value of the defined benefit obligation and current service cost have been measured using the projected unit credit method.

Rothschild North America Inc. maintains an unfunded qualified non-contributory defined benefit pension plan and other pension agreements constituting retirement benefit obligations covering designated employees (RNAP). Neither the plan nor the pension agreements provide for health or other benefits for employees or retirees.

Rothschild Bank AG, Zurich (RBZ), operates a pension scheme for the benefit of employees of certain Rothschild group employees in Switzerland (RBZP). This scheme has been set up on the basis of the Swiss method of defined contributions but does not 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:

	2011			2010		
	NMRP & NMROP	RBZP	RNAP	NMRP & NMROP	RBZP	RNAP
Discount rate	**5.5%**	**2.7%**	**4.1%**	**5.6%**	**3.0%**	**4.5%**
Retail price inflation	**3.5%**	**-**	**-**	**3.7%**	**-**	**-**
Consumer price inflation	2.8%	-	-	-	-	-
Expected return on plan assets	6.8%	3.5%	-	6.9%	3.8%	-
Expected rate of salary increases	4.5%	1.5%	-	4.7%	1.5%	-
Expected rate of pensions increases in payment:	-	0.3%	-	-	0.3%	-
Capped at 5.0%	3.4%	-	-	3.6%	-	-
Capped at 2.5%	2.3%	-	-	2.4%	-	-
Male pensioner aged 60	27.8	21.3	17.0	27.3	21.0	17.0
Female pensioner aged 60	29.3	24.3	21.0	29.1	24.0	21.0
Male pensioner aged 60 in 20 years time	28.4	-	-	29.4	-	-
Female pensioner aged 60 in 20 years time	29.2	-	-	30.4	-	-

Amounts recognised in the balance sheet as at 31st March 2011

In thousands of euros	NMRP & NMROP	RBZP	RNAP	Other	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)		**4,135**	**31,450**	**8,518**	**98,906**
Unrecognised plan assets	-	1,378	-	-	1,378
Total (recognised and unrecognised)	**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**

Amounts recognised in the balance sheet as at 31st March 2010

In thousands of euros	NMRP & NMROP	RBZP	RNAP	Other	2010
Present value of funded obligations	626,207	138,534	-	-	764,741
Fair value of plan assets	(524,584)	(138,519)	-	-	(663,103)
Sub-total	**101,623**	**15**	**-**	**-**	**101,638**
Present value of unfunded obligations	-	-	33,882	8,952	42,834
Total (recognised)	**101,623**	**15**	**33,882**	**8,952**	**144,472**
Unrecognised plan assets	-	3,363	-	-	3,363
Total (recognised and unrecognised)	**101,623**	**3,378**	**33,882**	**8,952**	**147,835**
LIABILITY	**101,623**	**3,378**	**33,882**	**8,952**	**147,835**
ASSET	**-**	**-**	**-**	**-**	**-**

Changes in the assets of non-recognised plans are recognised through retaired earning.

Movement in defined benefit obligation

In thousands of euros	2011	2010
AT THE BEGINNING OF THE PERIOD	807,575	579,213
Consolidation of previously equity accounted investment	-	2,249
Current service cost net of contribution paid by other plan participants	13,654	10,210
Interest cost	43,152	36,226
Actuarial losses/(gains) through equity	(19,708)	186,799
Benefits paid	(29,424)	(30,604)
Past service costs	(2,943)	-
Settlements	-	-
Exchange and other adjustments	17,719	23,482
AT THE END OF THE PERIOD	830,025	807,575

Movement in plan assets

In thousands of euros	2011	2010
AT THE BEGINNING OF THE PERIOD	663,103	509,618
Expected return on plan assets	41,516	32,038
Actuarial losses/(gains) through equity	9,055	95,177
Contributions by the Group	25,375	29,156
Benefits paid	(25,281)	(26,023)
Settlements	-	-
Exchange and other adjustments	17,351	23,137
AT THE END OF THE PERIOD	731,119	663,103

As at 31st March, the major categories of plan assets as a percentage of total plan assets are as follows:

	2011			2010		
	NMRP	NMROP	RBZP	NMRP	NMROP	RBZP
Equities	40%	54%	21%	44%	55%	24%
Bonds	16%	13%	52%	20%	13%	57%
Cash	21%	27%	10%	19%	23%	7%
Hedge funds and private equity	22%	5%	15%	14%	6%	10%
Property and others	1%	1%	2%	3%	3%	3%

The actual return on plan assets in the year was a profit of €50.6 million (€127.2 million as at 31st March 2010). 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	2011	2010
Current service cost (net of contributions paid by other plan participants)	13,654	10,210
Interest cost	43,152	36,226
Expected return on plan assets	(41,516)	(32,038)
Past service cost	(2,943)	-
(Gains) / losses on curtailment or settlement	-	-
Other	-	-
TOTAL (INCLUDED IN THE STAFF CHARGES)	12,347	14,398

The experience adjustments arising on the plan assets and liabilities were as follows:

In thousands of euros	**2011**	**2010**
Actual less expected return on assets	9,055	95,177
Experience gains and losses arising on liabilities	(5,695)	6,100

Amounts recognised in statement of comprehensive income

In thousands of euros	**2011**	**2010**
Actuarial gains / (losses) recognised in the year	28,763	(91,622)
Cumulative actuarial losses recognised in the statement of comprehensive income	(92,317)	(121,080)

System specific to Paris Orléans

As at 31st March 2011, 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

In thousands of euros	**2010/2011**	**2009/2010**
Social security charges and payroll taxes	63,039	33,345
Retirement expenses - defined benefit plans	14,452	8,817
AT THE END OF THE PERIOD	**77,491**	**42,162**

Social security charges and payroll taxes include €25.4 million, from Rothschild & Cie Banque fully consolidated.

Retirement expenses include €6.1 million, from Rothschild & Cie Banque fully consolidated.

Note 36 - Segmented information

Segmental split by business

In thousands of euros	Global Financial Advisory and Corporate Banking	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**

In thousands of euros	Global Financial Advisory and Corporate Banking	Wealth Management and Asset Management	Private Equity	Intersegment eliminations	31/03/2011
Other segment information					
Segment assets	4,500,192	3,703,251	639,570	(292,943)	8,550,070
Associates	21,053	17,850	26,745	-	65,648
Total consolidated assets	**4,521,245**	**3,721,101**	**666,315**	**(292,943)**	**8,615,718**
Segment liabilities	3,762,196	3,036,232	257,875	(125,116)	6,931,187
Total consolidated liabilities	**3,762,196**	**3,036,232**	**257,875**	**(125,116)**	**6,931,187**

Segmental split by geography

In thousands of euros	France	United Kingdom and Channel Islands	Switzerland	Americas	Asia and Australia	Other	Inter-segment eliminations	31/03/2011
Net banking income	**358,787**	**327,902**	**144,335**	**180,534**	**83,648**	**119,398**	**-**	**1,214,604**
Segment assets	**1,804,110**	**4,020,256**	**3,364,005**	**333,016**	**118,896**	**159,426**	**(1,183,991)**	**8,615,718**

Segmental split by business

In thousands of euros	Global Financial Advisory and Corporate Banking	Wealth Management and Asset Management	Private Equity	Intersegment eliminations	31/03/2010
Income					
External sales	707,630	149,970	14,079	-	871,679
Intersegment revenues	14,733	1,318	(3,758)	(12,293)	-
Net banking income	**722,363**	**151,288**	**10,321**	**(12,293)**	**871,679**
Operating income by segment before non analysed expenses	376,162	49,170	(53,398)	(11,170)	360,764
Expenses not analysed					(284,726)
Operating income					**76,038**
Results of companies accounted for by the equity method	12,524	1,834	1,278	-	15,636
Net gains or losses on other assets	(2,132)	(56)	262	-	(1,926)
Taxes					1,171
Consolidated net income					**90,919**

In thousands of euros	Global Financial Advisory and Corporate Banking	Wealth Management and Asset Management	Private Equity	Intersegment eliminations	31/03/2010
Other segment information					
Segment assets	4,823,535	2,449,221	569,351	(252,513)	7,589,594
Associates	70,226	27,924	30,618	-	128,768
Total consolidated assets	**4,893,761**	**2,477,145**	**599,969**	**(259,513)**	**7,718,362**
Segment liabilities	4,203,629	1,957,274	267,266	(113,865)	6,314,304
Total consolidated liabilities	**4,203,629**	**1,957,274**	**267,266**	**(113,865)**	**6,314,304**

Segmental split by geography

In thousands of euros	France	United Kingdom and Channel Islands	Swit-zerland	Americas	Asia and Australia	Other	Inter-segment eliminations	31/03/2010
Net banking income	**15,030**	**381,775**	**131,566**	**169,711**	**35,228**	**138,369**	**-**	**871,679**
Segment assets	**298,135**	**4,429,690**	**3,147,670**	**411,214**	**136,179**	**372,737**	**(1,077,263)**	**7,718,362**

Note 37 - Consolidation scope

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method [1]	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
Corporate and investment banking							
338 East LLC	United States	100.00	57.95	100.00	57.80	FC	FC
Arrow Capital Limited	Australia	100.00	57.95	100.00	57.80	FC	FC
Arrow Custodians Pty Limited	Australia	100.00	57.95	100.00	57.80	FC	FC
Arrow Hawthorn Pty Limited	Australia	100.00	57.95	100.00	57.80	FC	FC
Arrow Investment Pty Limited	Australia	100.00	57.95	100.00	57.80	FC	FC
Belegging- en Exploitatiemij. Brine BV	Netherlands	-	-	100.00	57.80	-	FC
Capital Professions Finance Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Charter Oak Group Limited	United States	100.00	57.95	100.00	57.80	FC	FC
Concordia Holding SARL	France	100.00	97.60	100.00	97.55	FC	FC
Continuation Computers Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
E.L.J Nominees Limited	United Kingdom	-	-	100.00	57.80	-	FC
Elsinore Part. e Serv. Limeteda	Brazil	100.00	57.95	100.00	57.80	FC	FC
ESOP Services AG	Switzerland	100.00	92.70	100.00	92.58	FC	FC
FDR Finance SAS	France	100.00	8.54	-	-	FC	-
Fineline Holdings Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Fineline Media Finance Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Capital Markets LLC	United States	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Films Pty Limited	Australia	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Finance Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Five Arrows International Holdings Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
Five Arrows International Inc.	United States	-	-	100.00	57.80	-	FC
Five Arrows Leasing Group Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Leasing Holdings Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Leasing Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Management Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
GIE Rothschild	France	100.00	8.54	-	-	FC	-
Guernsey Loan Asset Securitisation Scheme Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
International Property Finance (Spain) Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Jofran Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Jofran NV	Netherlands Antilles	100.00	57.95	100.00	57.80	FC	FC
Lanebridge Holdings Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC

(1) FC: full consolidation EM: equity method

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method [1]	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
Lanebridge Investment Management Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Lease Portfolio Management Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
LF Rothschild Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
Maison (CI) Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Marinada NV	Netherlands Antilles	100.00	57.95	100.00	57.80	FC	FC
Marplace (No 480) Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
MBCA Finance Private Limited	Zimbabwe	4.33	2.51	18.21	10.52	EM	EM
MBCA Holdings Limited	Zimbabwe	75.35	1.89	74.96	7.89	FC	FC
MBCA Limited	Zimbabwe	100.00	57.95	100.00	57.80	FC	FC
Mentor Industrial Trust Limited	United Kingdom	-	-	100.00	57.80	-	FC
Mist Two Limited	United Kingdom	-	-	100.00	57.80	-	FC
Mustang Capital Partners Inc.	Canada	100.00	57.95	-	-	FC	-
N C Research Limited	United Kingdom	-	-	100.00	57.80	-	FC
NM Rothschild & Sons (Denver) Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
NM Rothschild & Sons (International) Limited	United Kingdom	-	-	100.00	57.80	-	FC
NM Rothschild & Sons (Leasing) Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
NM Rothschild & Sons (South Africa) (Proprietary) Limited	South Africa	51.00	29.55	51.00	29.47	FC	FC
NM Rothschild Asset Management Holdings Limited	United Kingdom	-	-	100.00	57.80	-	FC
NM Rothschild Asset Management Limited	United Kingdom	-	-	100.00	57.80	-	FC
NM Rothschild Banking Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
NM Rothschild Corporate Finance Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
NM Rothschild Holdings Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
NM Rothschild Investment Management Limited	United Kingdom	-	-	100.00	57.80	-	FC
NM Rothschild Services (Bermuda) Limited	Bermuda	-	-	100.00	57.80	-	FC
NC (Bermuda) Limited	Bermuda	-	-	100.00	57.80	-	FC
NC Investments (Barbados) Inc.	Barbades	-	-	100.00	57.80	-	FC
NC Investments NV	Netherlands Antilles	-	-	100.00	57.80	-	FC
NC Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
NC Participations NV	Netherlands Antilles	100.00	57.95	100.00	57.80	FC	FC
NCCF Holdings Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC

(1) FC: full consolidation EM: equity method

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
NCPS Holdings Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
New Court & Partners Limited	United Kingdom	-	-	100.00	57.80	-	FC
New Court Fund Managers Limited	United Kingdom	-	-	100.00	57.80	-	FC
New Court Nominees Limited	United Kingdom	-	-	100.00	57.80	-	FC
New Court Nominees Private Limited	Singapore	100.00	57.95	100.00	57.80	FC	FC
New Court Property Services Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
New Court Securities Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
New Court Services Inc.	United States	-	-	100.00	57.80	-	FC
New Court Trust Limited	United Kingdom	-	-	100.00	57.80	-	FC
NM Rothschild & Sons (Asia) NV	Netherlands Antilles	100.00	57.95	100.00	57.80	FC	FC
NM Rothschild & Sons (Brasil) Limiteda	Brazil	100.00	57.95	100.00	57.80	FC	FC
NM Rothschild & Sons Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
NMR Consultants NV	Netherlands Antilles	100.00	57.95	100.00	57.80	FC	FC
NMR Europe	United Kingdom	100.00	33.25	50.00	28.90	FC	EM
NMR International NV	Netherlands Antilles	100.00	57.95	100.00	57.51	FC	FC
O C Investments Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
O C Investments Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
OC Chile SA	Chile	100.00	57.95	100.00	57.80	FC	FC
Old Court Limited	United Kingdom	-	-	100.00	57.80	-	FC
Paninco Corporation NV	Netherlands Antilles	100.00	57.95	100.00	57.80	FC	FC
Plusrare Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Print Finance Limited	United Kingdom	100.00	57.95	-	-	FC	-
PT Rothschild Indonesia	Indonesie	100.00	57.95	100.00	57.80	FC	FC
RAIL Limited	Hong Kong	100.00	57.95	100.00	57.80	FC	FC
RAM Japan Limited	Japan	100.00	57.95	100.00	52.47	FC	FC
RAPH Holding AG	Switzerland	-	-	100.00	57.80	-	FC
RCF (Israel) BV	Netherlands	100.00	33.25	100.00	28.90	FC	FC
RCF (Russia) BV	Russia	100.00	33.25	100.00	28.90	FC	FC
RCH Finance (CI) Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Rothschild & Cie SCS	France	99.98	6.24	-	-	FC	-

(1) FC: full consolidation EM: equity method

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method [1]	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
Rothschild & Sons Financial Advisory Services (Beijing) Co. Limited	China	100.00	57.95	-	-	FC	-
Rothschild (Middle East) Limited (sous-groupe consolidé)	Dubai	100.00	33.25	100.00	28.90	FC	FC
Rothschild Asia Holdings Limited	China	100.00	57.95	100.00	57.80	FC	FC
Rothschild Asset Management Asia Pacific Limited	Bermuda	-	-	90.79	52.47	-	FC
Rothschild Asset Management Holdings (CI) Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Rothschild Asset Management Holdings AG	Switzerland	100.00	57.95	100.00	57.80	FC	FC
Rothschild Asset Management Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
Rothschild Australia Holding Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschild Australia Limited	Australia	100.00	57.95	100.00	57.80	FC	FC
Rothschild Bank International Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Rothschild Canada Holdings Limited	Canada	100.00	57.95	100.00	57.80	FC	FC
Rothschild Canada Inc.	Canada	100.00	57.95	100.00	57.80	FC	FC
Rothschild Canada Securities Limited	Canada	100.00	57.95	100.00	57.80	FC	FC
Rothschild China Holding AG	Switzerland	100.00	57.95	100.00	57.80	FC	FC
Rothschild Concordia AG	Switzerland	91.05	92.70	91.05	92.58	FC	FC
Rothschild Concordia Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschild & Cie Banque SCS	France	44.98	8.54	-	-	FC	-
Rothschild & Cie Banque (consolidated subgroup)	France	-	-	44.25	8.93	-	EM
Rothschild España SA	Espagne	100.00	33.25	100.00	28.90	FC	FC
Rothschild Europe BV	Netherlands	100.00	33.25	100.00	28.90	FC	FC
Rothschild Europe Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschild Europe SNC	France	100.00	33.25	50.00	28.90	FC	EM
Rothschild Finance Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschild Financial Services Inc.	United States	-	-	100.00	57.80	-	FC
Rothschild Fund Managers Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschild Gold Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschild GmbH	Germany	100.00	33.25	100.00	28.90	FC	FC
Rothschild Holdings Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschild Hong Kong Limited	Hong Kong	100.00	57.95	100.00	57.80	FC	FC
Rothschild Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
Rothschild India Holding AG	Switzerland	100.00	57.95	100.00	57.80	FC	FC
Rothschild India Private Limited	India	100.00	57.95	100.00	57.80	FC	FC
Rothschild Investment Banking Services LLP	United Kingdom	100.00	57.95	-	-	FC	-
Rothschild Israel	Israel	100.00	33.25	100.00	28.90	FC	FC

(1) FC: full consolidation EM: equity method

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
Rothschild Italia SpA	Italia	100.00	33.25	100.00	28.90	FC	FC
Rothschild Japan KK	Japan	100.00	57.95	100.00	57.80	FC	FC
Rothschild Latin America NV	Netherlands Antilles	100.00	57.95	100.00	57.80	FC	FC
Rothschild Life Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschild Limited	Hong Kong	100.00	57.95	100.00	57.80	FC	FC
Rothschild Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschild Malaysia Sendirian Berhad	Malaysia	100.00	57.95	100.00	57.80	FC	FC
Rothschild Management AG	Switzerland	100.00	92.70	100.00	92.58	FC	FC
Rothschild Management Services Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschild Mexico Guernsey Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Rothschild Mexico SA de CV	Mexico	100.00	57.95	100.00	57.80	FC	FC
Rothschild Nordic AB	Sweden	100.00	33.25	100.00	28.90	FC	FC
Rothschild Nominees (Hong Kong) Limited	Hong Kong	100.00	57.95	100.00	57.80	FC	FC
Rothschild Nominees Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschild North America Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
Rothschild Polska Sp ZOO	Poland	100.00	33.25	100.00	28.90	FC	FC
Rothschild Portugal - Serviços Financeiros, Lda	Portugal	100.00	33.25	100.00	28.90	FC	FC
Rothschild Properties Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschild Realty Group Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
Rothschild Realty Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
Rothschild Reserve Limited	United Kingdom	100.00	57.95	-	-	FC	-
Rothschild Services Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	-
Rothschild Silver Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschild Singapore Limited	Singapore	100.00	57.95	100.00	57.80	FC	FC
Rothschild Turkey	Turkey	100.00	33.25	100.00	28.90	FC	FC
Rothschild Ventures Asia Pte Limited	Singapore	100.00	57.95	100.00	57.80	FC	FC
Rothschild Ventures Inc.	United States	100.00	57.95	100.00	57.80	FC	FC
Rothschilds & Co Limited	United Kingdom	-	-	100.00	57.80	-	FC
Rothschilds Continuation Finance (CI) Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Rothschilds Continuation Finance BV	Netherlands	85.00	62.14	85.00	62.05	FC	FC
Rothschilds Continuation Finance Holdings Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschilds Continuation Finance PLC	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschilds Continuation Holdings AG	Switzerland	52.77	57.95	52.77	57.80	FC	FC

(1) FC: full consolidation EM: equity method

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method [1]	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
Rothschilds Continuation Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschilds Finance (CI) Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
S y C (International) Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
SCS Holding SAS	France	100.00	57.95	100.00	57.80	FC	FC
Second Continuation Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Shield Trust Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Shield Holdings (Guernsey) Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Shield MBCA Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Shield Securities Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Southern Arrows (Pty) Limited	South Africa	100.00	57.95	100.00	57.80	FC	FC
Specialist Fleet Services Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
St. Julian's Properties Limited	Channel Islands	50.00	28.98	50.00	28.90	EM	EM
State Securities Holdings Limited	United Kingdom	100.00	57.95	97.64	56.44	FC	FC
State Securities Limited	United Kingdom	100.00	57.95	97.64	56.44	FC	FC
Third New Court Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Transaction R SAS	France	98.50	3.83	-	-	FC	-
Walbrook Assets Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Wealth Management and Asset Management							
Anterana Holdings AG Glarus	Switzerland	100.00	42.86	100.00	42.00	FC	FC
Blackpoint Management	Channel Islands	90.00	8.12	-	-	FC	-
Creafin SA	Switzerland	100.00	42.86	100.00	42.00	FC	FC
Equitas SA	Switzerland	100.00	42.86	90.00	37.80	FC	FC
Master Nominees Inc.	British Virgin Islands	100.00	42.86	100.00	42.00	FC	FC
Messine Participations SAS	France	100.00	7.02	-	-	FC	-
Montaigne Rabelais SAS	France	100.00	8.54	-	-	FC	-
Old Court Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
RBZ (Representative) Pte. Limited	Singapore	100.00	42.86	100.00	42.00	FC	FC
RBZ Fiduciary Limited	Switzerland	100.00	42.86	100.00	42.00	FC	FC
Rothschild & Cie Gestion SCS	France	99.99	7.03	-	-	FC	-
Rothschild Advisory Partners AG	Switzerland	100.00	42.86	100.00	57.80	FC	FC
Rothschild Assurance & Courtage SCS	France	99.83	7.02	-	-	FC	-
Rothschild Bank (CI) Limited	Channel Islands	100.00	42.86	100.00	42.00	FC	FC

(1) FC: full consolidation EM: equity method

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
Rothschild Bank AG	Switzerland	100.00	42.86	100.00	42.00	FC	FC
Rothschild Corporate Fiduciary Services Limited	Channel Islands	100.00	42.86	100.00	42.00	FC	FC
Rothschild Employee Trustees Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Rothschild Holding AG	Switzerland	72.67	42.86	72.67	42.00	FC	FC
Rothschild Wealth Management (Hong Kong) Limited	Hong Kong	100.00	42.86	100.00	42.00	FC	FC
Rothschild Private Fund Management Limited	United Kingdom	100.00	47.39	100.00	46.74	FC	FC
Rothschild Private Management Limited	United Kingdom	100.00	47.39	100.00	46.74	FC	FC
Rothschild Private Trust Holdings AG	Switzerland	100.00	42.86	100.00	42.00	FC	FC
Rothschild Switzerland (CI) Trustees Limited	Channel Islands	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust (Singapore) Limited	Singapore	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust (Switzerland) Limited	Switzerland	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust BVI Limited	British Virgin Islands	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust Canada Inc.	Canada	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust Cayman Limited	Cayman Islands	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust Corporation Limited	United Kingdom	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust Financial Services Limited	Channel Islands	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust Guernsey Limited	Channel Islands	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust New Zealand Limited	New Zealand	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trust Protectors Limited	Channel Islands	100.00	42.86	100.00	42.00	FC	FC
Rothschild Trustee Services (Ireland) Limited	Ireland	-	-	100.00	42.00	-	FC
Rothschild Vermögensverwaltungs-GmbH	Germany	100.00	42.86	100.00	42.00	FC	FC
Rotrust Nominees Limited	United Kingdom	100.00	42.86	100.00	42.00	FC	FC
RTB Trustees Limited	British Virgin Islands	100.00	42.86	100.00	42.00	FC	FC
RTB Protectors	British Virgin Islands	100.00	42.86	100.00	42.00	FC	FC
RTS Geneva SA	Switzerland	100.00	42.86	100.00	42.00	FC	FC
Sagitas AG Glarus	Switzerland	100.00	42.86	100.00	42.00	FC	FC
Sagitas SA Zürich	Switzerland	-	-	100.00	42.00	-	FC
Sélection 1818 (Sélection R) SAS	France	34.00	2.39	-	-	EM	-
Sélection R Immobilier SAS	France	100.00	7.03	-	-	FC	-
Private equity							
ACTIV G.P Co.	Cayman Islands	-	-	50.00	28.90	-	EM
Alexanderplatz Investissement SAS	France	100.00	97.60	100.00	97.55	FC	FC

(1) FC: full consolidation EM: equity method

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method [1]	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
Centrum Iris SARL	Luxemburg	-	-	100.00	97.55	-	FC
Centrum Jonquille SARL	Luxemburg	100.00	97.60	100.00	97.55	FC	FC
Centrum Narcisse SARL	Luxemburg	100.00	97.60	100.00	97.55	FC	FC
Centrum Orchidée SARL	Luxemburg	100.00	97.60	100.00	97.55	FC	FC
Chaptal Investissements SAS	France	100.00	97.60	100.00	97.55	FC	FC
Comepar SARL (consolidated subgroup)	France	25.00	24.40	25.00	24.39	EM	EM
Continuation Investments NV (CINV)	Netherlands	39.33	34.33	39.33	34.25	EM	EM
FA International Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
FAC Carry LP	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Fin PO SICAR	Luxemburg	100.00	97.60	100.00	97.55	FC	FC
Five Arrows (Scotland) General Partner Limited	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Capital AG	Switzerland	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Capital GP Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Capital Limited	British Virgin Islands	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Co-investments Feeder V LP	United Kingdom	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Co-Investments Feeder V SCA SICAR	Luxemburg	100.00	57.95	-	-	FC	-
Five Arrows Friends & Family Feeder LP	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Investments SARL SICAR	Luxemburg	100.00	77.78	100.00	77.67	FC	FC
Five Arrows Managers SA	Luxemburg	100.00	73.81	100.00	73.70	FC	FC
Five Arrows Managers SAS	France	100.00	73.81	100.00	73.70	FC	FC
Five Arrows Mezzanine Debt Holder SA	Luxemburg	100.00	51.00	100.00	50.86	FC	FC
Five Arrows Mezzanine Holder LP	Channel Islands	88.00	51.00	88.00	50.86	FC	FC
Five Arrows Mezzanine Investments SARL	Luxemburg	100.00	77.78	100.00	67.74	FC	FC
Five Arrows Partners LP	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Principal Investments International Feeder SCA SICAR	Luxemburg	100.00	77.78	100.00	77.67	FC	FC
Five Arrows Proprietary Feeder LP	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Five Arrows Staff Co-investment LP	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Francarep Inc.	United States	100.00	97.60	100.00	97.55	FC	FC
Hi Trois SAS	France	100.00	97.60	100.00	97.55	FC	FC
JRE Asia Capital Limited	Cayman Islands	50.00	38.89	50.00	38.84	EM	EM
JRAC Carry LP Inc.	Channel Islands	45.44	35.34	45.44	35.30	EM	EM
JRAC Proprietary Investments LP Inc.	Channel Islands	50.00	38.89	50.00	38.84	EM	EM

(1) FC: full consolidation EM: equity method

Company names	Country of activity	31/03/2011		31/03/2010		Consolidation method (1)	
		% of control	% of interest	% of control	% of interest	31/03/2011	31/03/2010
K Développement SAS	France	100.00	97.60	100.00	97.55	FC	FC
Les Domaines Barons de Rothschild (Lafite) SCA ((consolidated subgroup)	France	-	-	23.51	22.94	-	EM
Manufaktura SAS	France	100.00	97.60	100.00	97.55	FC	FC
Messine Manager Investissement SAS	France	100.00	97.60	100.00	97.55	FC	FC
Narcisse Investissements SAS	France	100.00	97.60	100.00	97.55	FC	FC
Paris Orléans SA	France	100.00	97.60	100.00	97.55	Parent company	Parent company
PO Capinvest 1 SAS	France	100.00	97.60	100.00	97.55	FC	FC
PO Capinvest 2 SAS	France	100.00	97.60	100.00	97.55	FC	FC
PO Capinvest 3 SAS	France	-	-	100.00	97.55	-	FC
PO Fonds (ex Colisée Investissements) SAS	France	100.00	97.60	100.00	97.55	FC	FC
Paris Orléans Holding Bancaire (POHB) (ex SFIR) SAS	France	100.00	97.60	100.00	97.55	FC	FC
PO Invest 1 SoParFi	Luxemburg	62.86	61.35	62.86	61.32	FC	FC
PO Invest 2 SoParFi	Luxemburg	57.68	56.30	52.95	51.65	FC	FC
PO Investimmo SARL	Luxemburg	-	-	100.00	97.55	-	FC
PO Mezzanine (ex Franoption) SAS	France	100.00	97.60	100.00	97.55	FC	FC
PO Participations SA	Luxemburg	100.00	97.60	100.00	97.55	FC	FC
PO Titrisation A SARL	Luxemburg	60.00	58.56	100.00	58.53	FC	FC
PO Titrisation B SARL	Luxemburg	-	-	100.00	97.55	-	FC
PO Titrisation C SARL	Luxemburg	-	-	100.00	97.55	-	FC
PO Titrisation D SARL	Luxemburg	-	-	100.00	97.55	-	FC
Ponthieu Ventures SAS	France	100.00	97.60	100.00	97.55	FC	FC
Quintus European Mezzanine (GP) Limited	Channel Islands	100.00	57.95	100.00	57.80	FC	FC
Quintus European Mezzanine Fund Limited	Channel Islands	50.00	28.98	40.00	23.12	EM	EM
R Capital Management SAS	France	95.00	1.56	-	-	FC	-
Rivoli Participation SAS (consolidated subgroup)	France	27.62	26.95	27.62	26.95	EM	EM
SPCA Deux SAS	France	100.00	97.60	100.00	97.55	FC	FC
Verseau SAS	France	95.00	92.72	95.00	92.67	FC	FC

(1) FC: full consolidation EM: equity method

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

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 31st March 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31st March 2011, on:

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

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

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, 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 31st March 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the Part II "Preparation of the financial statements" to the consolidation financial statements that describes the effects of the adoption of the revised version of IAS 27 relating to consolidated financial statements and the revised version of IFRS 3 relating to business combinations, adopted by the European Union on 3rd June 2009.

2. Justification of our assessments

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

Accounting policies

- The part II "Presentation of the financial statements" and the note 10 "Goodwill" to the financial statements describe the accounting treatment adopted by your Group to account for the exclusive control over Rothschild & Cie Banque and the related goodwill.
  Our work consisted in assessing the appropriateness and the accuracy of the accounting treatment and the method used to determine the goodwill under IFRS and of the disclosures in the notes to the financial statements.

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.

  However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

  We also assessed whether these estimates were reasonable.

- Your Group performs accounting estimates related to the assessment of the fair value of available for- sale financial assets, intangible assets and goodwill.

Our work consisted, in the specific context of the current financial crisis, in assessing the appropriateness of the processes used by the management, in reviewing, when applicable, independent valuation reports, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

We also assessed whether these estimates were reasonable.

These assessments were made 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 relating to the Group given in the Company's management report.

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

The Statutory Auditors

Paris, 29th July 2011
Cailliau Dedouit et Associés

Stéphane Lipski
Partner

Paris La Défense, 29th July 2011
KPMG Audit
A division of KPMG S.A.

Fabrice Odent
Partner

Parent company results

Balance sheet as at 31st March 2011

Assets

In thousands of euros	Notes	31/03/2011 Gross value	31/03/2011 Depreciation, amortisation and provisions	31/03/2011 Net carrying amount	31/03/2010 Net carrying amount
Non-current assets					
Intangible assets					
Concessions, patents, brand and software		153	153	-	-
Total intangible assets		**153**	**153**	**-**	**-**
Property, plant and equipment	1				
Land		-	-	-	-
Buildings		15	15	-	-
Other property, plant and equipment		395	208	187	242
Total property, plant and equipment		**410**	**223**	**187**	**242**
Non-current financial assets					
Investments in associates	2	895,567	2,267	893,300	917,820
Portfolio holdings	3	24,499	8,472	16,027	18,061
Receivables related to portfolio holdings		1	-	1	-
Loans	4	5,693	1,646	4,047	435
Other non-current financial assets		3	-	3	3
Total non-current financial assets		**925,763**	**12,385**	**913,378**	**936,319**
Total non-current assets		**926,326**	**12,761**	**913,565**	**936,561**
Current assets					
Accounts receivable	5	**144,887**	**1,690**	**143,197**	**149,890**
Marketable securities	6				
Treasury shares		2,778	-	2,778	4,576
Other securities		38,187	906	37,281	4,740
Cash		**30**	-	**30**	**34**
Prepaid expenses		**172**	-	**172**	**68**
Total current assets		**186,054**	**2,596**	**183,458**	**159,308**
Unrealised translation losses	7	**2,078**	-	**2,078**	**1,601**
TOTAL ASSETS		**1,114,458**	**15,357**	**1,099,101**	**1,097,470**

Liabilities and shareholders' equity

In thousands of euros	Notes	31/03/2011	31/03/2010
Shareholders' equity	8		
Share capital		64,747	63,889
Additional paid-in capital		503,084	496,821
Reserves			
Legal reserves		6,389	6,326
Regulated reserves		-	-
Other reserves		153,044	153,044
Retained earnings		190,122	198,722
Net income for the period		20,954	2,320
Regulated provisions		137	97
Total shareholders' equity		938,477	921,219
Provisions for contingencies and charges	9		
Provisions for contingencies		1,884	1,267
Total provisions		1,884	1,267
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities - Banks	10	119,826	137,275
Borrowings and other financial liabilities - Others	11	1	12,402
Operating liabilities	12		
Accounts payable		650	1,359
Tax and social liabilities		1,156	1,158
Other liabilities	13		
Miscellaneous liabilities		36,109	22,457
Deferred income		-	-
Total liabilities		157,742	174,651
Unrealised translation gains		998	333
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,099,101	1,097,470

Income statement for the year ended 31st March 2011

In thousands of euros	Notes	2010/2011	2009/2010
Income transactions			
Operating income transactions			
Operating income	14	1,287	1,968
Operating expenses	15	(11,299)	(11,914)
Net operating income		**(10,012)**	**(9,946)**
Other income transactions			
Income from investments in associates and portfolio holdings	16	9,812	9,414
Other financial income	17	2,685	1,626
Capital gains (losses) on disposals of marketable securities	18	(588)	(17)
Recoveries of provisions on other income transactions	19	1,169	2,388
Financial expenses	20	(2,824)	(2,497)
Charges to provisions on other income transactions	19	(642)	-
Income from other income transactions		**9,612**	**10,914**
Income from joint ventures			
Share of profit (loss)		-	-
Current income before tax		**(400)**	**968**
Capital transactions			
Capital gains on disposals of investments in associates and portfolio holdings	21	22,082	904
Recoveries of impairment of investments in associates and portfolio holdings	22	2,060	4,647
Capital losses on disposals of investments in associates and portfolio holdings	23	(391)	(7,580)
Charges to impairment of investments in associates and portfolio holdings	24	(2,398)	(50)
Income from capital transactions		**21,353**	**(2,079)**
Income tax	25	(1)	(3,431)
NET INCOME		**20,954**	**2,320**

Appendix

I. Highlights of the financial year

Paris Orléans confirms its role as the ultimate holding company, on the one hand controlling Rothschilds Continuation Holdings AG ("RCH"), the intermediate holding company controlling the banking entities of the Rothschild group and, on the other hand, indirectly holding the structures dedicated to its private equity activities through its subsidiary K Développement SAS, Paris Orléans also provides various services on behalf of the Group, particularly to the banking activities, and centralizes the main expenses (personnel, rentals, operating expenses) related to the private equity activity.

During the 2010/2011 financial year, the company received €9.8 million in dividends from its subsidiaries and other portfolio interests, enabling it to cover its operating expenses for the year and to practically breakeven in terms of current income before tax (compared with €1 million in the previous financial year).

Income from capital transactions totaled €21.4 million, a very sharp increase from €2.3 million in the previous financial year. This was due mainly to the disposal of the long-standing 23.5% holding in Les Domaines Barons de Rothschild (Lafite) ("DBR"), which generated a €16.3 million capital gain. Other than the impact of the disposal of the holding in DBR, income from capital transactions comprises capital gains of €5.8 million, mainly from distributions by investment funds.

Looking at the balance sheet, asset disposals during the financial year by Paris Orléans and by its private equity subsidiaries enabled financial debt to be reduced by nearly €30 million while at the same time increasing cash and cash equivalents by €30.7 million.

II. Subsequent events (post-closing)

No significant events at the start of financial year 2011/2012.

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 as at 31st March 2011 was measured using the same method as applied in the preceding financial year, but adjusted to the market conditions and highly uncertain outlook.

Dividends are recorded in the month in which it is decided to distribute them.

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 €315 thousand net expense for the period.

IV. Notes to the balance sheet

Note 1. Property, plant and equipment

Changes in property, plant and equipment during the financial year:

In thousands of euros	01/04/2010	Acquisitions	Sales/Disposals	31/03/2011
Property, plant and equipment				
I - Land	-	-	-	-
II - Other				
- buildings	15	-	-	15
- plant and improvements	10	-	-	10
- vehicles	252	27	113	166
- office equipment	74	1	-	75
- office furniture	144	-	-	144
Total gross values	**495**	**28**	**113**	**410**
Depreciation		**Increases**	**Decreases**	
II – Other				
- buildings	15	-	-	15
- plant and improvements	3	1	-	4
- vehicles	115	48	98	65
- office equipment	68	5	-	73
- office furniture	52	14	-	66
Total depreciation	**253**	**68**	**98**	**223**
TOTAL NET VALUES	**242**	**(40)**	**15**	**187**

The main movements during the financial year concerned transport equipment, with the acquisition of one vehicle and the disposal of four another one.

Note 2. Investments in associates

As at 31st March 2011, the gross values of the company's investments in associates could be analysed in the following manner:

In thousands of euros	
Paris Orléans Holding Bancaire SAS (POHB)	773,846
K Développement SAS	94,698
Finatis SA	12,287
Other investments in associates for a value less than €10m	14,736
TOTAL	**895,567**

The movements for the 2010/2011 financial year are summarised in the table below:

In thousands of euros	01/04/2010	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	31/03/2011
Gross value	917,840	74	22,347	895,567
Total Gross value	**917,840**	**74**	**22,347**	**895,567**
		Increases	**Decreases**	
Impairment	20	2,247	-	2,267
Total Impairment	**20**	**2,247**	**-**	**2,267**
NET VALUE	**917,820**	**(2,173)**	**22,347**	**893,300**

The small increase in participating interests reflects mainly the acquisition from the subsidiary company K Développement SAS of all the securities in the investment firm Franinvest SAS for €61 thousand.

Full or partial disposals of participating interests during the financial year comprised the entire 23.5% holding in Les Domaines Barons de Rothschild (Lafite) ("DBR") (€16,711 thousand) following the buyback by DBR of its own shares and a capital reduction (€5,617 thousand) by the US subsidiary Francarep Inc.

In view of the dividends distributed in 2010 by Francarep Inc and of the above-mentioned capital reduction, an impairment provision was recognized against this subsidiary's securities totaling €2,247 thousand in 2010/2011.

Note 3. Portfolio holdings

This heading includes all non-current strategic portfolio investments that cannot be classified as "investment in associates".

The changes during financial year 2010/2011 may be analysed in the following manner:

In thousands of euros	01/04/2010	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	31/03/2011
Gross value	28,442	733	4,676	24,499
Total Gross value	**28,442**	**733**	**4,676**	**24,499**
		Increases	**Decreases**	
Impairment	10,381	151	2,060	8,472
Total Impairment	**10,381**	**151**	**2,060**	**8,472**
NET VALUE	**18,061**	**582**	**2,616**	**16,027**

The main acquisitions/increases for the financial year concerned the Rallye and Rhino Ressources shares and investment funds for amounts of €432 thousand, €223 thousand and €73 thousand respectively.

Sales/reductions for the financial year concerned the Diveo, IDI, DAB and Rallye shares for amounts of €2,035 thousand, €1,151 thousand, €483 thousand, and €347 thousand respectively, the balance being mainly in investment funds.

As at 31st March 2011, the estimated value of the portfolio holdings was €50,275 thousand.

Note 4. Loans

"Loans" includes:
- USD 1,485 thousand in advances to SEP Financière Bagatelle, which was fully discounted at the 31st March 2011. The amount of this loan is due.
- To a loan in a principal amount of €4 million granted to the subsidiary company K Développement SAS with accrued interest of €47 thousand as at 31st March 2011. Of this loan, €847 thousand is repayable within one year and the balance within five years.

Note 5. Accounts receivable

The €144,887 thousand total consisted nearly entirely of:
- group and associated companies' advances and current accounts (€144,737 thousand), primarily in connection with the cash pooling programme, and current accounts related to the tax consolidation group (€26 thousand);
- advances to SEP Financière Bagatelle (€67 thousand), fully discounted at the 31st March 2011;
- miscellaneous trade receivables for €24 thousand and miscellaneous debit balances for €14 thousand.

All of these receivables are due.

Note 6. Marketable securities

Marketable securities consist of:
- 146,600 treasury shares (held in accordance with a liquidity contract) in the amount of €2,778 thousand. As at 31st March 2011, the estimated value of the marketable securities was €2,925 thousand, with an unrealised gain of €147 thousand.
- the other securities (€38,187 thousand) consist solely of mutual funds and short-term liquid investments. As at 31st March 2011 the inventory value of these securities amounted to €37,322 thousand, for an unrealised loss of €906 thousand for which a provision was made whereas the unrealised gain amounted to €41 thousand.

Note 7. 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 €2,078 thousand as at 31st March 2011.
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 8. Shareholders' equity

Changes in shareholders' equity during financial year 2010/2011 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 01/04/2010	63,889	496,821	6,326	153,044	198,722	97	2,320	921,219
Capital increase								-
Appropriation of net income for FY 2009/2010			63		2,257		(2,320)	-
Distribution of dividends [(1)]	858	6,263			(10,857)			(3,736)
Net income for FY 2010/2011							20,954	20,954
Change in investment provision						40		40
SHAREHOLDERS' EQUITY AS AT 31/03/2011	**64,747**	**503,084**	**6,389**	**153,044**	**190,122**	**137**	**20,954**	**938,477**

(1) The dividends distributed during financial year 2010/2011 in respect of the previous year were €323 thousand lower than the amount approved in the second resolution proposed to the Combined General Meeting of 27th September 2010, as no dividends were paid on treasury stock (investment certificates).

As at 31st March 2011, the company's capital was composed of 31,888,285 shares and 485,230 investment certificates with a nominal value of €2 each. The 428,962 new shares corresponded to the €858 thousand capital increase carried out as part of the scrip dividend payment for the previous financial year.

Treasury shares:

As at 31st March 2011, Paris Orléans holds 485,230 own investment certificates (i.e. all the securities issued in this category) and 328,090 own shares, including 146,600 shares held as part of the liquidity contract.

Note 9. Provisions

Provisions may be analysed in the following manner:

In thousands of euros	01/04/2010	Charge for the period	Recovery f or the period (provision used)	Recovery for the period (provision unused)	31/03/2011
Provisions for contingencies	1,267	804	187	-	1,884
- Insufficient hedging of foreign currency risk	-	-	-	-	-
- Lawsuit	-	804	-	-	804
- Translation charges on USD funds	1,267	-	187	-	1,080
Provisions for charges	-	-	-	-	-
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**1,267**	**804**	**187**	**-**	**1,884**

Non application of the preferential method: the non application of the preferential method of accounting for retirement commitments, as recommended by French General Chart of Accounts, did not have a material impact on the total assets or current income of the company.

The provision for foreign exchange losses booked as at 31st March 2011 corresponds to the negative translation difference (see Note 7).

A provision for risk arising on a dispute was recognized in 2010/2011 following an unfavorable district court decision in a dispute between the Company and a former subsidiary, SGIM, which was sold in July 2006.

Note 10. Borrowings and financial liabilities – banks

As at 31st March 2011, these may be analysed as follows:

In thousands of euros	Total	Maturity		
		Less than 1 year	Between 1 and 5 years	> 5 years
Medium-term loan	103,519	24,377	79,142	-
US-dollar denominated loan	15,499	15,499	-	-
Bank overdrafts	289	289	-	-
Accrued interests	519	519	-	-
TOTAL BORROWINGS AND FINANCIAL LIABILITIES	**119,826**	**40,684**	**79,142**	**-**

These loans have a variable rate of interest. The US dollar-denominated loan is used to hedge the exchange rate risk on USD investments.

Loan principal was amortised or repaid over the financial year for amounts of €36,443 thousand and $36,504 thousand respectively, whereas new loans taken out in the financial year were for a total of €27,551 thousand and $26,028 thousand.

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 on €34.2 million starting on 22/07/2009 and maturing on 22/01/2015, the notional swap amounted to €22.8 million.
- a fixed interest rate swap at 2.22% against 3-month Euribor on €20 million starting on 22/01/2010 and maturing on 28/01/2015, the notional swap amounted to €16.0 million.

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.

As at 31st March 2011, the first swap has a negative fair value of €133.3 thousand, whereas the second swap has a positive fair value of €20.6 thousand.

Note 11. Borrowings and financial liabilities – other

The significant decline in this item, from €12,402 thousand as at 31st March 2010 to €1 thousand as at 31st March 2011 is due mainly to the repayment during the year of an advance granted to Paris Orléans by its subsidiary Francarep Inc (€9,018 thousand) and, to a lesser extent, to the repayment by way of offset against a receivable of an amount due to AlexanderPlatz Voltaires Strasse ("APVS").

These advances mature in less than one year.

Note 12. Operating liabilities

These include accounts payable of €650 thousand and tax and social liabilities of €1,156 thousand for FY 2010/2011. All amounts are due in less than one year.

Note 13. Other liabilities

This item, which totals €36,109 thousand, consists of:
- advances and current account balances and related accounts granted to Group entities by subsidiaries as part of the "cash pooling" scheme (€36,098 thousand);
- various liabilities amounting to €11 thousand.

All of these liabilities are due.

V. Notes to the income statement

Net income amounted to €20,954 thousand in 2010/2011, up sharply on the figure of €2,320 thousand for the preceding year. This was largely due to the level of income from capital transactions, particularly the €16,286 thousand capital gain generated on the disposal of the holding in Les Domaines Barons de Rothschild (Lafite) ("DBR").

Current income before tax, which was close to breakeven, was down by an immaterial amount from the preceding year.

Apart from the capital gain on DBR mentioned previously, income from capital transactions also benefited from the fine performance of the private equity portfolio with, in particular, distributions totaling €4,840 thousand received from investment funds, a gain on the sale of Diveo shares totaling €1,644 thousand and, finally, capital gains of €956 thousand recognized on the full or partial disposal of three listed investments.

There was no income tax charge in respect of 2010/2011, whereas the company had benefited in the preceding year from an income tax credit of €3,431 thousand, virtually all of which derived from loss carry-backs.

Note 14. Operating income

Operating income consist primarily of expenses passed on to related companies. Consequently, amounts of €50 thousand and €25 thousand were respectively charged in Rothschild Concordia SAS, parent company of Paris Orléans, and in Rivoli Participation SAS.

Note 15. Operating expenses

In thousands of euros	Exercice 2010/2011	Exercice 2009/2010
Purchases and external charges	2,519	2,845
Taxes other than those on income	773	505
Salaries and payroll taxes	5,281	8,353
Depreciation and amortization	69	73
Impairment	2,494	-
Other expenses	163	138
TOTAL	11,299	11,914

This line mainly consists of:
- actual operating expenses, excluding any expenses passed on to the subsidiaries, amounted to €10,020 thousand (1.07% of shareholders' equity).
- the auditors' fees came to €389 thousand in 2010/2011.

The running costs include an impairment of partner's current accounts granted to subsidiaries Alexanderplatz Investissement and Hi Trois for a global amount of €1,690 thousand, as well as a provision for risk within the framework of the dispute with the SGIM mentionned in note 9.

The taxes include in particular a share of ACP (Autorité de Contrôle Prudentiel) contribution charged by Rothschild Concordia SAS.

The amount of auditors' fees breaks down as follows:
- fees for the statutory audit of the financial statements for the 2010/2011 financial year: €381 thousand;
- fees for due diligence work directly linked to the statutory audit of the accounts: €8 thousand.

Note 16. Income from investments in associates and portfolio holdings

Details regarding income from investments in associates and portfolio holdings during financial year 2010/2011 are provided in the table below:

In thousands of euros	Exercice 2010/2011	Exercice 2009/2010
Dividends/Investments in associates		
Francarep Inc.	3,897	6,029
AlexanderPlatz VS ("APVS")	3,361	-
Finatis SA	566	1,132
Total dividends/Investments in associates	7,824	7,161
Dividends/Portfolio holdings		
Rallye SA	988	988
Total E&P Cameroun SA	851	1,043
Norsea Pipeline SA	46	111
Other Dividends/Portfolio holdings < €100 thousand	56	111
Total dividends/ Portfolio holdings	1,941	2,253
Loans Interest/ Investments in associates		
K Développement SAS	47	-
Total loans Interest/ Investments in associates	47	-
TOTAL INCOME FROM INVESTMENTS IN ASSOCIATES AND PORTFOLIO HOLDINGS	9,812	9,414

Note 17. Other financial income

Other financial income includes interest on advances to Group companies for an amount of €1,472 thousand. The Group companies contributing the most to this line were K Développement SAS (€864 thousand), Verseau SAS (€219 thousand), PO Mezzanine SAS (€143 thousand) and PO Capinvest 2 SAS (€135 thousand), PO Gestion and PO Gestion 2 Orléans terminated the partnership agreement acquired respectively during the periods from 1st April 2006 to 31st March 2009 and from 1st April 2007 to 31st March 2010 with Paris Orléans, consequently a financial gain of €768 thousand was generated for Paris Orléans. The amount of foreign exchange gain was €399 thousand on the financial year 2010/2011.

Note 18. Capital gains (losses) on disposals of marketable securities

This heading comprises gains amounting to €53 thousand on disposals of short-term investment securities and losses amounting to €641 thousand on disposals of Paris Orléans shares held in the context of a liquidity contract.

Note 19. Charges to / Recoveries of provisions on other income transactions

Recoveries of provisions on other income transactions concerned:
- marketable securities for an amount of €982 thousand, including €730 thousand for own shares held as part of the liquidity contract;
- currency risk for €187 thousand.

The only charges to provisions on other income transactions concerned an additional charges to SEP Financière Bagatelle, which was fully discounted during the financial year.

Note 20. Financial expenses

In thousands of euros	Exercice 2010/2011	Exercice 2009/2010
Medium-term borrowings	2,442	1,931
Other interest expense	298	398
Translation charges	84	168
TOTAL OF FINANCIAL EXPENSES	2,824	2,497

Financial expenses increased in 2010/2011 compared with the preceding year, mainly as the result of two factors: firstly, the rise in average interest rates over the period and, secondly, the negotiation of new loan agreements on less favourable conditions than previously.

Note 21. Capital gains on disposals of investments in associates and portfolio holdings

This item, for a total amount of €22,082 thousand includes:
- a capital gain on disposals of investments in associates for an amount of €16,286 thousand relating to the buyback by Domaines Barons de Rothschild "DBR" of all shares, representing about 23.50% of the latter's capital;
- Paris Orléans also generated €4,840 thousand in capital gains on disposals of portfolio investments, mainly concerning investment funds and €956 thousand in capital gains on disposal of listed securities.

Note 22. Recoveries of impairment of investments in associates and portfolio holdings

Recoveries of impairment provisions totalled €2,060 thousand related mainly to the holdings in Diveo (€2,035 thousand) and the balance being mainly in American investment fund (€25 thousand).

Note 23. Capital losses on disposals of investments in associates and portfolio holdings

This item mainly includes a capital loss on the disposal of Diveo shares in December 2010.

Note 24. Charges for impairment of investments in associates and portfolio holdings

Following the very significant dividend distributions and capital reduction by Francarep Inc. the participating interests in this subsidiary were subject to an impairment provision of €2,246 thousand as at 31st March 2011. The provisions for write down of portfolio investments, for a total amount of €152 thousand, concerned investment funds.

Note 25. 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 2010/2011. Moreover, Paris Orléans post tax revenue on the subsidiary Paris Orléans Holding Bancaire (POHB) SAS consolidated for tax purposes.

VI. Other information

A. Employee data

The average headcount of 26 people in financial year 2010/2011 included 23 executives and 3 other employees.

B. Compensation of management bodies

In respect of their functions as corporate officers of Paris Orléans for 2010/2011, members of the Supervisory Board received €125 thousand in attendance fees and €6.4 thousand in benefits in kind, and members of the Executive Board received €43.7 thousand in benefits in kind.

C. Tax consolidation

Paris Orléans is the head of a tax group that includes the following company:
• Paris Orléans Holding Bancaire SAS (POHB)

This tax group, whose option for application of the Group tax regime expired on 31st 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 €4,724 thousand as at 31st March 2011.

D. Consolidation

Paris Orléans, the parent company of the Paris Orléans group, drew up consolidated financial statements as at 31st March 2011. 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. Off-balance sheet commitments

The off-balance sheet commitments as at 31st March 2011 are presented in the table below:

In thousands of euros	Total	Executive managers	Subsidiaries	Investments	Other related companies	Other
Commitments given						
Termination benefits [1]	-	-	-	-	-	-
Guarantee in favour of HSBC France on a €10,435 thousand borrowing	10,435	-	-	-	-	10,435
Investment commitments in various funds	361	-	-	-	-	361
TOTAL COMMITMENTS GIVEN	10,796	-	-	-	-	10,796
Retirement commitments	-	-	-	-	-	-
Commitments received						
Pledge of 45,768 shares of Rothschild & Cie Banque	10,435	-	-	-	-	10,435
Line of credit convertible into a loan maturing on 01/10/2013 from CIC. Expires 01/10/2010	20,000	-	-	-	-	20,000
Line of credit convertible into a loan from Société Générale. Expires 22/01/2012	16,000	-	-	-	-	16,000
Line of credit in dollars from BNP Paribas. Expires 21/01/2012	5,628	-	-	-	-	5,628
TOTAL COMMITMENTS RECEIVED	52,063	-	-	-	-	52,063
Reciprocal commitments	None	-	-	-	-	None

(1) This expense is outsourced with an insurance company.

The main changes in off-balance sheet commitments compared to the previous financial year concern the removal of commitments given and received in the context of the investment in SCI du Pont de Grenelle, following the partial withdrawal by the Paris Orléans group from SCI Beaugrenelle.

Commitments given	31/03/2011	31/03/2010
Guarantees given and other commitments	10,435	18,435
Investment commitments in various funds	361	360
TOTAL	10,796	18,795

Commitments received	31/03/2011	31/03/2010
Undrawn lines of credit	41,628	41,939
Pledges of shares and equity warrants in our favour	10,435	10,435
Counter-guarantees received	-	4,568
TOTAL	52,063	56,942

Paris Orléans confirms that it has not omitted any significant current or potential future off-balance sheet commitment as defined by the accounting standards in effect.

F. Analysis of subsidiaries and participating interests

Companies or groups of companies	Share Capital	APIC, reserves and retained earnings excluding net income for the period	Share of capital held	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	Comments
				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	773.8	-	-	-	-	-	
K Développement SAS (Paris)	99.0	47.6	95 %(4)	94.7	94.7	-	-	-	13.5	-	
Francarep Inc (USA) (2)	-	3.4	100%	5.6	3.3	-	-	-	(0.1)	3.9	€1 = 1,41995 USD
Messine Manager Investissement	5.0	5.4	99.76%	9.1	9.1	-	-	-	(0.5)	-	
B - Participating interests (company holds 10% to 50% of capital)											
Alexanderplatz VoltaireStrasse GmbH (Germany) (2)	0.2	-	10%	-	-	-	-	-	-	3.4	
Finatis SA (Paris) (1) (2) (3)	85.0	535.0	5%	12.3	12.3	-	-	29,782.0	14.0	0.6	

(1) Consolidated figures.
(2) Financial year ended 31st December 2010.
(3) Reserves and net income (group share).
(4) Paris Orléans holds 100% of the economic rights.

This is a free translation into English of the statutory auditors' report on the 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 financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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 financial statements

Year ended 31st March 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31st March 2011, on:
• the audit of the accompanying financial statements of 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 Executive Board. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by using 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 31st March 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

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

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 31st March 2011, and in the specific context of the current financial crisis, we have verified, on the basis of the information available and tests of detail on a sample, the appropriateness and the accurate application of these methods described in the notes to the financial statements.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

These assessments were made 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 of the Executive Board, 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 purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

The Statutory Auditors

Paris, 29th July 2011
Cailliau Dedouit et Associés

Stéphane Lipski
Partner

Paris La Défense, 29th July 2011
KPMG Audit
A division of KPMG S.A.

Fabrice Odent
Partner

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 on regulated agreements and commitments

Year ended 31st March 2011

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. 225-58 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. 225-58 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 considered necessary in accordance with professional guidance issued by the national institute of auditors (*Compagnie Nationale des Commissaires aux Comptes*), relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

1. Agreements and commitments approved during the year ended 31st March 2011

In accordance with article L. 225-88 of the French Commercial Code (*Code de commerce*), we have been informed of the following agreements and commitments previously approved by your Supervisory Board.

Sale of the participating interest in Les Domaines Barons de Rothschild (Lafite) S.C.A.

- **Directors concerned by the agreement**: M. Éric de Rothschild, Chairman of the Supervisory Board, M. Philippe de Nicolay, member of the Supervisory Board.
- **Purpose**: On 25th November 2010, Paris Orléans sold its 23.5% participating interest in Les Domaines Barons de Rothschild (Lafite) S.C.A. as a consequence of a capital reduction reserved to Paris Orléans.
- **Terms and conditions**: The sale resulted in a gain of €16.3 million and has been previously approved by the Supervisory Board on 27th September 2010.

Amendments to the sub-renting contract with Rothschild & Cie S.C.S. of buildings

- **Directors concerned by the agreement**: M. Éric de Rothschild, Chairman of the Supervisory Board; M. François Henrot, Christian de Labriffe and Rothschild & Cie Banque S.C.S. represented by Marc-Olivier Laurent, members of the Supervisory Board; M. David de Rothschild, member of the Executive Board and Olivier Pécoux, member of the Executive Board and Chief Executive Officer.
- **Purpose**: amendements to the sub-renting contract with Rothschild & Cie S.C.S. of the buildings located at 23 bis, avenue de Messine, Paris.
- **Terms and conditions**: two amendments were concluded to adapt the contract to the surface area occupied, to the indexed annual rent amount and the invoicing of the provisions of the services rendered by Rothschild & Cie S.C.S. These amendments have been approved by the Supervisory Board on 27th September 2010. The financial impacts of these amendments are reported below.

Opening of a fourth profit-sharing program ruled on the same basis as the previous one within the frame of the incentive scheme of the investment team members

- **Director concerned by the agreement**: M. Michele Mezzarobba, member of the Executive Board.

- **Purpose**: Opening of a fourth profit-sharing program with a maximal amount of €50 million of underlying investments of Paris Orléans, ruled on the same basis as the previous one (see below).

- **Terms and conditions**: this new profit-sharing program takes effect as from 1st April 2011, for three years. This agreement has been previously authorised by the Supervisory Board on 28th March 2011.

2. Agreement not previously authorised

In accordance with articles L. 225-90 and L. 823-12 of the French Commercial Code (*Code de commerce*), we inform you that this agreement has not been previously authorised by your Supervisory Board.

We are required to inform you of the reason why the authorisation procedure has not been followed.

Automatic renewal of the liquidity agreement with the company Rotshchild & Cie Banque S.C.S.

- **Directors concerned by the agreement**: M. Éric de Rothschild. Chairman of the Supervisory Board; M. François Henrot, Christian de Labriffe and Rothschild & Cie Banque S.C.S. represented by Marc-Olivier Laurent, members of the Supervisory Board; M. David de Rothschild, member of the Executive Board and Olivier Pécoux, member of the Executive Board and Chief Executive Officer.

- **Purpose**: Liquidity agreement with the company Rothschild & Cie Banque S.C.S., with an automatic renewal every 18 months.

- **Terms and conditions**: Pursuant to this agreement, your company recorded a €28,750 expense (VAT included) during the year ended 31st March 2011.

Two automatic renewals have happened during the year ended 31st March 2011 and the previous one, without previous approval of the Supervisory Board. However, the Supervisory Board has been informed of the continuity of this agreement. We inform you that the Supervisory Board authorised these automatic renewals on 28th June 2011.

3. Continuing agreements and commitments which were entered into in prior years

In accordance with article R. 225-57 of the French Commercial Code (*Code de commerce*), we have been informed of the following agreements and commitments, which were approved during previous years and which were applicable during the period.

Sub-renting to Rothschild & Cie S.C.S. of buildings

- **Purpose**: Sub-renting from Rothschild & Cie S.C.S. of the buildings located at 23 bis, avenue de Messine, Paris.

- **Terms and conditions**: Pursuant to this agreement, your company recorded a €622,606.81 rent expense (maintenance service charge and VAT included) during the year ended 31st March 2011.

Assistance agreement with the company Béro S.C.A.

- **Purpose**: Assistance agreement between Paris Orléans (beneficiary) and Béro S.C.A. (service provider), modified in January 2010.
- **Terms and conditions**: The agreement allows for a €24,000 (excl. VAT) annual fee, payable on a quarterly basis. During the year ended 31st March 2011 and pursuant to this agreement, your company recorded a €28,704 expense (VAT included) for the year ended 31st March 2011.

Incentive scheme allowing the investment team members 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 profit-sharing programs whose amount and duration are limited. To each program corresponds a new class of preferred shares. The company Messine Managers Investissements S.A.S. is the co-investment vehicle dedicated to the incentive scheme. It takes over the non-trading companies PO Gestion and PO Gestion 2, through which the first two profit-sharing programs were managed. Each program was limited to €100 million of underlying investments from Paris Orleans over a maximum period of 3 years. The third profit-sharing program, opened on 1st April 2009 for a period of three years and capped at the same amount as the previous ones, has been invested up to €22 million. It was closed in anticipation during the year.
- **Terms and conditions**: There has been no impact in the financial statements of the year ended 31st March 2011.

The Statutory Auditors

Paris, 29th July 2011
Cailliau Dedouit et Associés

Stéphane Lipski
Partner

Paris La Défense, 29th July 2011
KPMG Audit
A division of KPMG S.A.

Fabrice Odent
Partner

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Combined General Meeting
of 27th September 2011

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Left: an extract from N M Rothschild & Sons, Accounts Current ledgers, c.1910.

Agenda

Within the remit of the Ordinary General Meeting

- Management report of the Executive Board and observations of the Supervisory Board;
- Statutory Auditors' reports on the Company and consolidated financial statements for the financial year ended 31st March 2011;
- Statutory Auditors' special report on agreements and commitments referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*);
- Approval of the Company financial statements for the financial year ended 31st March 2011;
- Appropriation of income for the financial year ended 31st March 2011 and distribution of dividend;
- Option to choose payment of the dividend in the form of shares in the Company;
- Approval of the consolidated financial statements for the financial year ended 31st March 2011;
- Approval and ratification of the agreements and commitments referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*);
- Renewal of the appointment of Mr. Michel Cicurel as *Censeur*;
- Renewal of the appointment of a Statutory Auditor and an Alternate Auditor;
- Appointment of a Statutory Auditor and an Alternate Auditor;
- Authorisation of a Company's share buyback program.

Within the remit of the Extraordinary General Meeting

- Executive Board's report on the resolutions falling within the remit of the Extraordinary General Meeting;
- Amendment to article 24 of the Company's articles of association with a view to make it compliant with the new provisions of article L. 225-106 of the French Commercial Code (*Code de commerce*) arising from article 3 of *Ordonnance* n° 2010-1511 of 9th December 2010;
- Granting power for formalities.

Summary of ordinary resolutions

First to fourth resolution

These resolutions concern approval of the Company financial statements and consolidated financial statements for the financial year ended 31st March 2011.
The Company financial statements show a net income of €20,954,549.27. The Executive Board, in accordance with the Supervisory Board, therefore proposes to the shareholders the payment of a dividend of €0.40 per share. As in respect of the previous financial year, the shareholders are offered the option to choose payment of the dividend in cash or in new company shares, for all or part of the dividend due to them. The dividend to be distributed shall be detached from the share on 4th October 2011 and shall be payable as from 2nd November 2011.

The consolidated financial statements show a consolidated net income of €269.2 million, of which €102.4 million is attributable to equity holders of the parent.

Fifth to seventh resolution

These resolutions aim at approving four so-called "regulated" agreements, entered into during the 2010/2011 financial year upon the Supervisory Board's prior authorisation.

These agreements are presented within the Statutory Auditors' special report, in pages 170 onwards of this report. In brief, these agreements are as follows:

- Divestment of Paris Orléans' holding in Les Domaines Barons de Rothschild (Lafite) SCA;
- Amendments to the sub-lease agreement between Rothschild & Cie SCS and Paris Orléans, concerning the premises occupied by Paris Orléans;
- Opening of a fourth profit-sharing program with a maximal amount of €50 million of underlying investments of the Company and a duration of 3 years, within the frame of the incentive scheme allowing the investment team members of the Company to share the possible gains made by the Company on its capital investment activity.

Eighth resolution

This resolution aims at ratifying, pursuant to article L. 225-90 of the French Commercial Code (*Code de commerce*), the tacit renewals, on 28th January 2009 and 28th July 2010, of the liquidity agreement entered into with Rothschild & Cie Banque SCS on 23rd January 2008.

These tacit renewals, which fall within the category of the so-called "regulated" agreements, have not been authorised by the Supervisory Board prior to their conclusion. Nevertheless, the latter:

- Has been kept informed, during each financial year, of the continuation of this liquidity agreement, when deliberating about the renewal of the Company's share buy-back program;
- Has decided to authorise *a posteriori* these tacit renewals during its meeting held on 28th June 2011, and to submit them to the General Meeting for ratification.

These agreements are presented within the Statutory Auditors' special report, in pages 170 onwards of this report.

Ninth resolution

This resolution concerns renewal of Mr. Michel Cicurel's term of office as Censeur (non-voting member of the Supervisory Board), considering that this term of office expires at the end of the General Meeting.

It is thus proposed to renew Mr. Michel Cicurel's term of office for a new 3-year term, which will expire at the end of the General Meeting called to approve the financial statements for the financial year ended 31st March 2014.

The list of directorships and positions held by Mr. Michel Cicurel, in France and abroad, is presented in page 69 of this report, in the section relating to corporate governance.

Tenth and eleventh resolution

These resolutions concern reappointment of the Statutory Auditors and Alternate Auditors, whose terms of office expire at the end of the General Meeting. These renewals are proposed as follows:

- Renewal, for a new 6-year term, of Cailliau Dedouit et Associés term of office as Statutory Auditor and of Mr. Didier Cardon's term of office as Alternate Auditor;
- Renewal, for a new 6-year term, of KPMG Audit's and Jean-Claude André & Autres terms of office, through the appointment of 2 new entities of KPMG network:
  - KPMG Audit FS II, as Statutory Auditor, and
  - KPMG Audit FS I, as Alternate Auditor.

Pursuant to applicable regulations and the internal rules of the Supervisory Board, the Audit Committee has presented its recommendations on these renewals during the Supervisory Board's meeting held on 28th June 2011. At this occasion, the Audit Committee declared that it was in favor of these renewals. Besides, pursuant to the provisions applicable to Statutory Auditors' independence, the entities of KPMG network shall be represented by a new executive partner.

Twelfth resolution

This resolution concerns renewal of the Company's share buyback program for a new 18-month term, last authorised by the 27th September 2010 General Meeting, with the following terms and conditions:

- Maximum percentage of the share capital that may be repurchased by the Company: 10% of the total number of shares comprising the share capital on the purchase date. As an indicator, based on the share capital existing as at 28th June 2011 (date of this report), and after deducting the 2 613 320 shares and certificates of investment held by Paris Orléans at this date, the maximum number of ordinary shares that may be repurchased within the frame of this program would be 624,031; the total number of shares held at any time shall not exceed 10% of the share capital existing at such time, it being understood that this 10% threshold shall be calculated based on the number of shares repurchased, less the number of shares sold throughout the term of the buyback program;
- Maximum repurchase price of the shares: €35 per share, subject to adjustments transactions on the share capital of the Company;
- Maximum amount of funds that may be allocated to the implementation of the buy-back program: €113,307,285;
- This program would be implemented, in accordance with applicable regulations and market practices authorised by the French Financial Market Authority (*Autorité des marches financiers*), with a view to:
  - supporting the market for the share within the framework of a liquidity agreement with an independent investment services provider under the terms and conditions provided for in the French Financial Market Authority General Regulations (*Règlement général de l'Autorité des Marchés Financiers*), it being understood that the number of shares taken into account in calculating the 10% limit set out in article L. 225-209 of the French Commercial Code (*Code de commerce*) shall correspond to the number of shares purchased, less the number of shares sold, throughout the term of this authorisation;
  - cancelling shares, subject to an authorisation granted to the Executive Board by the General Meeting;
  - allocating shares to employees and corporate officers of the Company and/or associated companies under the terms and conditions set forth in articles L. 225-197-1 onwards of the French Commercial Code (*Code de commerce*);
  - allocating shares upon exercise, by their grantees, of stock options of the Company under the terms and conditions set forth in articles L. 225-177 onwards of the French Commercial Code (*Code de commerce*);
  - selling shares to the employees of the Company or to the employees of its subsidiaries, either directly or through a Company mutual fund, under the terms and conditions set forth in articles L. 3332-1 onwards of the French Labour Code (*Code du travail*);
  - allocating shares upon exercise of any rights attached to securities granting immediate or deferred access to share capital;
  - conserving and later allocating shares in payment or exchange under the terms and conditions set forth in article L. 225-209 section 6 of the French Commercial Code (*Code de commerce*) and, more generally, within the frame of external growth transactions under the terms and conditions of market practices accepted by the French Financial Market Authority (*Autorité des Marchés Financiers*);
  - more generally, implementing any other practice permitted or recognised – or becoming permitted or recognised – by applicable regulations, or by the French Financial Market Authority (*Autorité des Marchés Financiers*) or any other purpose compliant with – or becoming compliant with – applicable regulations.

Executive Board's report on extraordinary resolutions

Thirteenth resolution

This resolution concerns amendment to article 24 of the articles of association, in order to make it compliant with the new provisions of article L. 225-106 of the French Commercial Code (*Code de commerce*) arising from article 3 of Ordonnance n° 2010-1511 of 9th December 2010 relating to the representation of the shareholders during General Meetings.

Indeed, these new provisions cancel the prohibition for a shareholder to give proxy to any person being neither their spouse nor another shareholder. From now on, the shareholders, to be represented during the General Meeting, may give proxy to "any natural person or legal entity of their choice".

Fourteenth resolution

This resolution 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,

We inform you that during the financial year ended 31st March 2011, the Supervisory Board of Paris Orléans fulfilled its role of management control of your Company as provided for by the law and by the Company's articles of association.

The activity of the Supervisory Board and of its Audit Committee during the financial year is described in the Chairman of the Supervisory Board's report on corporate governance and internal control, which is included in this annual report.

In application of article L. 225-68 of the French Commercial Code (*Code de commerce*), we have no observations to make on the Executive Board's report or on the financial statements for the year under review and we invite the General Meeting to approve all the resolutions submitted to it by the Executive Board.

The Supervisory Board

Draft resolutions

Within the remit of the Ordinary General Meeting

First resolution – Approval of the Company financial statements for the financial year ended 31st March 2011

The General Meeting, after consulting the Executive Board's management report, the observations of the Supervisory Board and the Statutory Auditors' report on the Company financial statements for the financial year ended 31st March 2011, approves the said financial statements as presented to it, as well as the transactions evidenced in these statements and summarised in these reports.

Second resolution – Appropriation of income for the financial and dividend distribution

The General Meeting, after consulting the Executive Board's management report, the observations of the Supervisory Board and the Statutory Auditors' report on the Company financial statements for the financial year ended 31st March 2011, decides to appropriate the income for the said financial year, amounting to €20,954,549.27, as follows:

• Net income for financial year:	€20,954,549.27
• Increased with retained earnings by:	€191,121,913.89
• Decreased with amounts credited to the legal reserve by:	€85,792.40
• Corresponding to a total distributable income of:	**€210,990,670.76**
• Allocated to payment of a dividend of €0.40 per share (1) for:	€12,949,406.00
• And to retained earnings for:	€198,041,264.76

(1) On a total of 32,373,515 shares and investment certificates.

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 shall be automatically added to retained earnings. To this purpose, the General Meeting grants powers to the Executive Board to revise the final amount of the actual distribution and the final amount of retained earnings.

The dividend distributed to natural persons 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.

The dividend to be distributed shall be detached from the share on 4th October 2011 and shall be payable as from 2nd November 2011.

In accordance with the provisions of article 243 bis of the French Tax Code (*Code général des impôts*), the General Meeting hereby notes that the dividends per share distributed in respect of the preceding three financial years were as follows:

Financial year	2009/2010	2008/2009	2007/2008
Number of shares and investment certificates	31,944,553	31,632,080	31,632,080
Net dividend per share (in €)	0.35 (1)	0.35 (1)	0.55 (1)
Total amount distributed (in €)	11,180,628.55	11,071,228.00	17,397,644.00

(1) Eligible for the 40% tax allowance provided for in article 158 (3) (2°) of the French Tax Code (*Code général des impôts*) for the natural persons being French tax residents.

Third resolution – Option to choose payment of the dividend in the form of shares in the Company

The General Meeting, in accordance with the provisions of articles L. 232-18 to L. 232-20 of the French Commercial Code (*Code de commerce*) and of article 30 of the Company's articles of association, after noting that the share capital is fully paid up, decides that shareholders may choose to receive all or part of the dividend due to them in Company shares.

The price of any shares issued in payment of the dividend shall be equivalent to 90% of the average price of the Company share during the twenty stock market trading sessions preceding the day of the General Meeting, less the amount of the dividend and rounded up to the next euro cent.

The option of receiving payment of the dividend in shares must be taken up between 4th October and 21st October 2011 inclusive via the intermediaries authorised to pay the dividend. If the option has not been taken up by this date, the dividend shall be payable in cash only.

If the amount of the dividend payable under this option does not correspond to a whole number of shares, shareholders will receive the next lower whole number of shares plus the balance in cash.

Shares thus issued in payment of the dividend shall qualify for dividend as from 1st April 2011.

The General Meeting grants powers to the Executive Board, with the option of delegating such powers under the terms and conditions provided for by applicable regulations and by the Company's articles of association, to take necessary measures to implement this decision, carry out any necessary transactions linked or relating to the exercise of the option of receiving payment of the dividend in shares, record the number of shares issued and the resulting increase in the share capital, amend the Company's articles of association to reflect the changes in the number of shares and the amount of the share capital, and generally do whatever may be necessary and useful.

Fourth resolution – Approval of the consolidated financial statements for the financial year ended 31st March 2011

The General Meeting, after consulting the Executive Board's management report (in its provisions relating to the activity of the Group), the observations of the Supervisory Board and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 31st March 2011, approves the said financial statements as presented to it, as well as the transactions evidenced in these statements and summarised in these reports, which show a consolidated net banking income of €1,214.6 million, a consolidated net income of €269.2 million and a net consolidated income attributable to equity holders of the parent of €102.4 million.

Fifth resolution – Approval of an agreement referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*)

The General Meeting, after consulting the Statutory Auditors' special report on the agreements and commitments referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*), approves the agreement entered into on 25th November 2010 for the divestment of the Company's holding in Les Domaines Barons de Rothschild (Lafite) SCA, implemented through a share capital decrease in Les Domaines Barons de Rothschild (Lafite) SCA to the sole benefit of the Company.

Sixth resolution – Approval of agreements referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*)

The General Meeting, after consulting the Statutory Auditors' special report on the agreements and commitments referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*), approves the amendments to the sub-lease agreement of the premises occupied by the Company entered into respectively on 27th September 2010 and 19th January 2011 with Rothschild & Cie SCS.

Seventh resolution – Approval of an agreement referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*)

The General Meeting, after consulting the Statutory Auditors' special report on the agreements and commitments referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*), approves the opening of a fourth profit-sharing envelope with a maximal amount of €50 million of underlying investments of the Company and a duration of 3 years, within the frame of the profit-sharing program allowing the investment team members of the Company to share the possible gains made by the Company on its capital investment activity.

Eighth resolution – Ratification of agreements referred to in article L. 225-86 of the French Commercial Code (*Code de commerce*)

The General Meeting, after consulting the Statutory Auditors' special report on the agreements and commitments referred to in article L. 225-90 of the French Commercial Code (*Code de commerce*), decides, in accordance with the provisions hereinabove referred to, to ratify the tacit renewal on 28th January 2009 and 28th July 2010, of the liquidity agreement initially entered into on 23rd January 2008 with Rothschild & Cie Banque SCS.

Ninth resolution – Renewal of the appointment of Mr. Michel Cicurel as Censeur

The General Meeting, after consulting the Executive Board's report, noting the expiration of the term of office of Mr. Michel Cicurel as Censeur, decides to renew its appointment for a new term of 3 years expiring at the end of the General Meeting which will be convened to approve the financial statements for the financial year ending 31st March 2014.

Tenth resolution – Renewal of the appointment of a Statutory Auditor and an Alternate Auditor

The General Meeting, after consulting the Executive Board's report, noting the expiration of the term of office of Cailliau Dedouit et Associés, having its registered office at 19 rue Clément Marot, 75008 Paris, as Statutory Auditor, and of the term of office of Mr. Didier Cardon, with professional address at 36 rue de Picpus, 75012 Paris, as Alternate Auditor, decides to renew their appointments for a new term of 6 financial years expiring at the end of the General Meeting which will be convened to approve the financial statements for the financial year ending 31st March 2017.

Eleventh resolution – Appointment of a Statutory Auditor and an Alternate Auditor

The General Meeting, after consulting the Executive Board's report, noting the expiration of the term of office of KPMG Audit, department of KPMG SA, as Statutory Auditor, and of the term of office of Jean-Claude André & Autres as Alternate Auditor, decides not to renew their appointments and to appoint, in order to replace them, for a term of 6 financial years expiring at the end of the General Meeting which will be convened to approve the financial statements for the financial year ending 31st March 2017:

- as Statutory Auditor, KPMG Audit FS II, having its registered office at Immeuble le Palatin, 3 cours du Triangle, 92393 Paris La Défense, and

- as Alternate Auditor, KPMG Audit FS I, having its registered office at Immeuble le Palatin, 3 cours du Triangle, 92393 Paris La Défense.

Twelfth resolution – Authorisation of a Company's share buyback program

The General Meeting, after consulting the Executive Board's report, pursuant to articles L. 225-209 onwards of the French Commercial Code (*Code de commerce*). Title IV of Book II of the French Financial Market Authority General Regulations (*Règlement général de l'Autorité des Marchés Financiers*) and European Commission Regulation n° 2273/2003 of 22nd December 2003.

- cancels, with immediate effect, the unused portion of the authorisation for the Executive Board to buy back the Company's shares granted by the General Meeting of 27th September 2010 in its 20th resolution.

- authorises the Executive Board to purchase or to arrange for the purchase of shares in the Company within the limit of a number of shares representing a maximum of 10% of the share capital on the date of such purchases, it being understood, however, that the maximum number of shares held directly or indirectly subsequent to such purchases may not exceed 10% of the share capital.

The maximum purchase price per share is set at €35. As a result, the maximum amount that can be paid for the purchase of shares under this authorisation may not exceed €113,307,285. However, in the event of a transaction affecting the share capital, in particular by capitalisation of reserves, bonus share allocation, share split or share consolidation, the price indicated above may be adjusted accordingly.

These shares may be purchased, sold or transferred by any means, on one or more occasions, in particular on the market or over the counter, including the purchase or sale of blocks of shares, public offerings, by using derivative financial instruments, warrants or transferable securities giving a right to the Company's shares, or by using option strategies under the terms and conditions provided for by applicable regulations.

The Company may use this authorisation, in accordance with applicable regulations and market practices accepted by the French Financial Market Authority (*Autorité des Marchés Financiers*) with a view to:

- supporting the market for the share within the framework of a liquidity agreement with an independent investment services provider under the terms and conditions provided for in the French Financial Market Authority General Regulations (*Règlement général de l'Autorité des Marchés Financiers*), it being understood that the number of shares taken into account in calculating the 10% limit set out in article L. 225-209 of the French Commercial Code (*Code de commerce*) shall correspond to the number of shares purchased, less the number of shares sold, throughout the term of this authorisation;

- cancelling shares, subject to an authorisation granted to the Executive Board by the General Meeting;

- allocating shares to employees and corporate officers of the Company and/or associated companies under the terms and conditions set forth in articles L. 225-197-1 onwards of the French Commercial Code (*Code de commerce*);

- allocating shares upon exercise, by their grantees, of stock options of the Company under the terms and conditions set forth in articles L. 225-177 onwards of the French Commercial Code (*Code de commerce*);

- selling shares to the employees of the Company or to the employees of its subsidiaries, either directly or through a Company mutual fund, under the terms and conditions set forth in articles L. 3332-1 onwards of the French Labour Code (*Code du travail*);

- allocating shares upon exercise of any rights attached to securities granting immediate or deferred access to share capital;

- conserving and later allocating shares in payment or exchange under the terms and conditions set forth in article L. 225-209 section 6 of the French Commercial Code (*Code de commerce*) and, more generally, within the frame of external growth transactions under the terms and conditions of market practices accepted by the French Financial Market Authority (Autorité des Marchés Financiers);

- more generally, implementing any other practice permitted or recognised – or becoming permitted or recognised – by applicable regulations, or by the French Financial Market Authority (Autorité des Marchés Financiers) or any other purpose compliant with – or becoming compliant with – applicable regulations.

This authorisation is granted for a term of 18 months from the date of this General Meeting.

Purchases, sales or transfers of the Company's shares by the Executive Board may take place at any time in compliance with applicable regulations, including during a public share purchase or exchange offering initiated by the Company or involving the Company's securities.

Pursuant to applicable regulations, the Executive Board shall notify the General Meeting of any transactions concluded during the financial year and the Company shall notify the French Financial Market Authority (*Autorité des Marchés Financiers*) of any purchases, sales or transfers made, and generally fulfill all necessary formalities and disclosure requirements.

The General Meeting grants powers to the Executive Board, with the option of delegating such powers under the terms and conditions provided for by article L. 225-209 of the French Commercial Code (*Code de commerce*), to decide whether to implement this authorisation and to determine the terms and conditions thereof, and in particular to adjust the abovementioned purchase price in the case of operations affecting the share capital as set forth hereinabove, place any stock market orders, enter into any agreements, make any declarations, carry out any formalities and generally do whatever may be necessary and useful.

Within the remit of the Extraordinary General Meeting

Thirteenth resolution – Amendment to article 24 of the Company's articles of association with a view to make it compliant with the new provisions of article L. 225-106 of the French Commercial Code (*Code de commerce*) arising from article 3 of Ordonnance n° 2010-1511 of 9th December 2010

The General Meeting, after consulting the Executive Board's report and the new provisions of article L. 225-106 of the French Commercial Code (*Code de commerce*) arising from article 3 of Ordonnance n° 2010-1511 of 9th December 2010 relating to representation of the shareholders during the General Meetings, decides, in order to make it compliant with said provisions, to amend article 24 of the Company's articles of association, which shall be, from now on, drafted as follows, it being understood that the provisions of said article that are not copied below remain unchanged:

"The shareholders may, under the terms and conditions provided for by applicable regulations, be represented in the General Meetings by any natural person or legal entity of their choice.

[…]"

The General Meeting grants powers to the Executive Board, with the option of delegating such powers under the terms and conditions provided for by applicable regulations and the Company's articles of association, to take necessary measures in order to implement this resolution, carry out any requisite formalities, and generally do whatever may be necessary and useful.

Fourteenth resolution – Granting power for formalities

The General Meeting grants powers to the bearer of an original counterpart, a copy of or excerpt from these minutes, to carry out all requisite filings and formalities.

Persons responsible for the annual financial report

Persons responsible for the annual financial report

Sylvain Héfès Chairman of the Executive Board	**Michele Mezzarobba** Member of the Executive Board, Chief Financial Officer

Statements by the persons taking responsibility for the 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, 29th July 2011

Sylvain Héfès Chairman of the Executive Board	**Michele Mezzarobba** Member of the Executive Board, Chief Financial Officer

Persons responsible for the audit of the financial statements

Statutory Auditors

Cailliau Dedouit et Associés
Represented by Stéphane Lipski
19, rue Clément Marot
75008 Paris

Start date of first term: 24th June 2003
Date of last renewal of term: 29th September 2005
End date of term: General Meeting called to approve the financial statements for the financial year 2010/2011

KPMG Audit, département de KPMG
Represented by Fabrice Odent
1, cours Valmy
92923 Paris La Défense Cedex

Start date of first term: 29th September 2005
End date of term: General Meeting called to approve the financial statements for the financial year 2010/2011

Alternate Auditors

Didier Cardon
19, rue Clément Marot
75008 Paris

Start date of first term: 29th September 2009
End date of term: General Meeting called to approve the financial statements for the financial year 2010/2011

SCP de Commissaire aux comptes
Jean-Claude André & Autres
2 bis, rue de Villiers
92309 Levallois-Perret Cedex

Start date of first term: 29th September 2005
End date of term: General Meeting called to approve the financial statements for the financial year 2010/2011

Notes

Notes

French public limited company (*société anonyme*) with an Executive Board and a Supervisory Board, and a share capital of €64,747,030
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