PARIS ORLÉANS

Half-year financial report

First half of the 2011/2012 financial year

Contents

1. Half-year activity report

The Supervisory Board of Paris Orléans, chaired by Mr Eric de Rothschild, met on 29th November 2011 to examine the consolidated financial statements for the half-year from 1st April to 30th September 2011.

1.1 Activity and highlights of the period

Net banking income for the half-year ended 30th September 2011 came to €590.7 million compared with €580.3 million for the first half of the previous financial year restated for full consolidation of Rothschild & Cie Banque.

Revenues from the global financial advisory activity declined slightly, by 3.5%:

- The global financial advisory business slowed in most of the countries in which the Group operates, with the exception of the United States, Germany, Australia and some emerging countries;
- Financing and debt restructuring advisory and capital markets advisory activities grew slightly compared with the same period the previous year.

Despite the highly volatile financial markets, private banking and asset management revenues decreased only slightly compared with the first half of the previous financial year, as a result of a growth in new assets.

The corporate banking business in the United Kingdom continued to downsize its portfolio. Impairment on the banking portfolio saw a small increase, mainly due to the deterioration of certain property loans.

The Paris Orléans' level private equity business generated capital gains totalling €49.1 million on disposals of assets amounting to €98.5 million. Note that the SIACI Saint Honoré (Newstone Courtage) operation alone generated gains amounting to €33 million.

Impairments and provisions increased from €9.1 million to €13.1 million over the period.

Based on the above elements, the Group posted operating income of €118.3 million, up compared with €106.7 million in the first half of the previous financial year.

Note that pre-tax profit for the 2010/2011 financial year included €31.4 million of non-recurring income relating to the first-time full consolidation of Rothschild & Cie Banque in Paris Orléans' accounts.

Consolidated net income for the first half came to €103.1 million, in line with that of the same period the previous year after restatement for non-recurring income. After minority interests, the share of net income attributable to equity holders of the parent came to €42.4 million compared with €53.3 million for the first half of the previous financial year.

1.2 Analysis by activity

1.2.1 *Banking*

A cautious financial policy aimed at increasing liquid assets placed with the central banks, together with the reduction in exposure to the credit market that the Group began three years ago, resulted in a contraction in the interest margin over the first half.

Net fee and commission income, which comprises mainly the revenues from the global financial advisory and private banking businesses, was down by 4.6%.

Net banking income from banking activities came to €527.6 million for the period against €557.9m€ prior year.

The deterioration in economic conditions had an impact on the loan portfolio. Impairment increased to €7 million, and concerned mainly the property sector.

Net income from banking activities, after tax but before minority interests, came to €60 million in the first half-year, making an insignificant contribution to consolidated net income attributable to equity holders of the parent given the level of shareholdings in these subsidiaries.

1.2.2 *Private equity*

In a still uncertain financial climate, the highlight of the period for the private equity business was Paris Orléans' disposal of SIACI Saint Honoré (Newstone Courtage).

The shareholders of SIACI Saint-Honoré (Newstone Courtage) completed a refinancing operation to ensure liquidity for some of this group's employee-shareholders. On completion of this transaction, Paris Orléans had reduced its stake in the company from 14.9% to 9.9% and generated a capital gain of €32.9 million.

The other assets sold for a total of €38.8 million generating capital gains amounting to €16.3 million compared with gains of €7.2 million in the first half of the previous year.

The private equity business contributed €63.1 million to net banking income compared with €22.4 million in the same period the previous year.

Impairments decreased substantially, down to €6 million from €21.3 million in the first half of 2010/2011.

Consolidated net income from the private equity business amounted to €42.7 million in the first half, of which €42.2 million was attributable to equity holders of the parent.

1.2.3 *Risk management*

The management of risks associated with financial instruments used or held by the Group is described in detail in section IV of the notes to the condensed interim consolidated financial statements, to which you are invited to refer.

1.2.4 *Transactions with related parties*

Transactions with related parties during the period are detailed in Note 28 of the notes to the interim consolidated financial statements.

2. Condensed half-yearly consolidated financial statements

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PARIS ORLEANS

Consolidated balance sheet as at 30th September 2011

Assets

In thousands of euros	Notes	30/09/2011	31/03/2011
Cash and amounts due from central banks		1,922,512	968,302
Financial assets at fair value through profit or loss	1	231,890	267,582
Hedging derivatives	2	16,766	16,630
Available-for-sale financial assets	3	1,188,858	1,675,939
Loans and advances to banks	4	2,259,039	2,696,000
Loans and advances to customers	5	1,636,471	1,719,769
Current tax assets		12,201	9,250
Deferred tax assets	16	111,947	102,880
Other assets	6	567,113	515,306
Non-current assets held for sale		-	-
Investments accounted for by the equity method	7	69,328	65,648
Investment property		40	41
Tangible fixed assets		334,111	287,567
Intangible fixed assets		194,190	187,230
Goodwill	8	103,588	103,574
TOTAL ASSETS		**8,648,054**	**8,615,718**

Liabilities and shareholders' equity

In thousands of euros	Notes	30/09/2011	31/03/2011
Due to central banks		1,403	5,683
Financial liabilities at fair value through profit or loss	**1**	81,538	93,750
Hedging derivatives	**2**	36,626	29,493
Due to banks	**9**	364,991	494,724
Due to customers	**10**	5,326,574	4,769,187
Debt securities in issue	**11**	173,583	524,561
Current tax liabilities		10,754	22,245
Deferred tax liabilities	**16**	56,962	61,492
Other liabilities, accruals and deferred income	**12**	621,381	763,791
Liabilities related to non-current assets held for sale		-	-
Provisions	**13**	183,605	138,754
Subordinated debt	**14**	29,053	27,507
Shareholders' equity		**1,761,584**	**1,684,531**
Shareholders' equity - Group share		**711,402**	**731,705**
Share capital		64,748	64,748
Share premium		503,084	503,084
Income and expenses directly recognised in shareholders' equity		(42,899)	(16,145)
Available-for-sale reserve		*12,900*	*43,048*
Cash flow hedge reserve		*(12,049)*	*(7,805)*
Translation reserve		*(43,750)*	*(51,388)*
Consolidated reserves		144,113	77,581
Net income - Group share		42,356	102,437
Non-controlling interests		**1,050,182**	**952,826**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,648,054**	**8,615,718**

PARIS ORLEANS

Consolidated income statement as at 30th September 2011

In thousands of euros	Notes	30/09/2011	30/09/2010 restated (*)
+ Interest income	17	77,077	81,779
- Interest expense	17	(49,949)	(51,165)
+ Fee income	18	513,151	546,900
- Fee expense	18	(25,908)	(36,107)
+/- Net gains / (losses) on financial instruments at fair value through profit or loss	19	11,434	16,803
+/- Net gains / (losses) on available-for-sale financial assets	20	59,114	16,676
+ Other operating income	21	9,059	8,454
- Other operating expenses	21	(3,238)	(2,998)
Net banking income		**590,740**	**580,342**
- Operating expenses	22	(447,429)	(453,126)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets		(11,907)	(11,379)
Gross operating income		**131,404**	**115,837**
- Impairment of debt and provisions for counterparty risk	23	(13,078)	(9,136)
Operating income		**118,326**	**106,701**
+/- Net income from companies accounted for by the equity method		2,088	13,302
+/- Net income/expense from other assets	24	1,488	32,194
Profit before tax		**121,902**	**152,197**
- Income tax expense	25	(18,768)	(16,811)
CONSOLIDATED NET INCOME		**103,134**	**135,386**
Non-controlling interests		**60,778**	**82,088**
Net income - Group share		**42,356**	**53,298**

Earnings per share

In thousands of euros	30/09/2011	30/09/2010 restated (*)
Basic earnings per share - Group share	1.420	1.820
Diluted earnings per share - Group share	1.420	1.820
Basic earnings per share - continuing operations	1.420	1.820
Diluted earnings per share - continuing operations	1.420	1.820

(*) restated consolidated financial data presented in application of IAS 8 following the acquisition by Paris Orléans of full control of Rothschild & Cie Banque during the 2010/2011 financial year.

Statement of comprehensive income

In thousands of euros	30/09/2011	30/09/2010 restated (*)
Consolidated net income	**103,134**	**135,386**
Translation differences	40,319	34,980
Revaluation of available-for-sale financial assets	(60,886)	(1,955)
of which (gains) / losses transferred to income	*(46,028)*	*(2,406)*
Cash flow hedge derivatives revaluation	(10,832)	(9,305)
Actuarial gains / (losses) on defined benefit pension funds	(50,552)	(39,086)
Gains and losses recognised directly in equity for companies accounted for by the equity method	1,570	1,451
Tax	17,262	7,694
Other	(268)	(1,162)
Total gains and losses recognised directly in equity	**(63,387)**	**(7,383)**
TOTAL COMPREHENSIVE INCOME	**39,747**	**128,003**
attributable to equity shareholders	*1,254*	*43,111*
attributable to non-controlling interests	*38,493*	*84,892*

(*) restated consolidated financial data presented in application of IAS 8 following the acquisition by Paris Orléans of full control of Rothschild & Cie Banque during the 2010/2011 financial year.

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

	Capital and associated reserves				Unrealised or deferred capital gains or losses (net of tax)							
							Changes in value of financial instruments					
In thousands of euros	Common stock	Capital asso-ciated reserves	Treasury shares	Consolidated reserves	Related to translation differences	Linked to re-evaluation	Available-for-sale Reserve	Hedging Reserve	Net income, Group share	Shareholders' equity, Group share	Shareholders' equity, non-controlling interests	Total shareholders' equity
Shareholders' equity at 31st March 2010	**63,890**	**496,822**	**(12,171)**	**48,498**	**(67,369)**	**-**	**(7,339)**	**(9,542)**	**25,655**	**538,444**	**865,613**	**1,404,058**
Allocation of profit	-	-	-	25,655	-	-	-	-	(25,655)	-	-	-
Shareholders' equity at 1st April 2010	**63,890**	**496,822**	**(12,171)**	**74,153**	**(67,369)**	**-**	**(7,339)**	**(9,542)**	**-**	**538,444**	**865,613**	**1,404,058**
Increase in common stock	858	6,262	-	-	-	-	-	-	-	7,120	-	7,120
Elimination of treasury shares	-	-	1,672	-	-	-	-	-	-	1,672	-	1,672
2011 Dividends paid	-	-	-	(10,206)	-	-	-	-	-	(10,206)	(202,842)	(213,048)
Sub-total of changes linked to transactions with shareholders	**858**	**6,262**	**1,672**	**(10,206)**	**-**	**-**	**-**	**-**	**-**	**(1,414)**	**(202,842)**	**(204,256)**
Changes in value of financial instruments having an impact on equity	-	-	-	-	-	-	46,911	1,895	-	48,806	17,579	66,385
Changes in value of financial instruments recognised in income	-	-	-	-	-	-	(515)	-	-	(515)	4,202	3,687
Actuarial gains/ (losses) on defined benefit funds	-	-	-	11,454	-	-	-	-	-	11,454	8,091	19,545
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(14,094)	(14,094)
2010/2011 Net income for the period	-	-	-	-	-	-	-	-	102,437	102,437	166,837	269,274
Effect of acquisitions and disposals on non-controlling interests	-	-	-	(2,846)	421	-	824	-	-	(1,601)	(10,881)	(12,482)
Change in consolidation scope	-	-	-	12,008	(140)	-	(73)	(25)	-	11,770	106,692	118,462
Translation differences and other changes	-	-	-	3,517	15,700	-	3,240	(133)	-	22,324	11,629	33,953
Shareholders' equity at 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**
Allocation of profit	-	-	-	102,437	-	-	-	-	(102,437)	-	-	-
Shareholders' equity at 1st April 2011	**64,748**	**503,084**	**(10,499)**	**190,517**	**(51,388)**	**-**	**43,048**	**(7,805)**	**-**	**731,705**	**952,826**	**1,684,531**
Increase in common stock	-	-	-	-	-	-	-	-	-	-	-	-
Elimination of treasury shares	-	-	(224)	-	-	-	-	-	-	(224)	-	(224)
2012 Dividends paid	-	-	-	(12,644)	-	-	-	-	-	(12,644)	(17,745)	(30,389)
Sub-total of changes linked to transactions with shareholders	**-**	**-**	**(224)**	**(12,644)**	**-**	**-**	**-**	**-**	**-**	**(12,868)**	**(17,745)**	**(30,613)**
Changes in value of financial instruments and fixed assets having an impact on equity	-	-	-	-	-	-	4,852	(5,302)	-	(450)	(17,578)	(18,028)
Changes in value of financial instruments and fixed assets recognized in income	-	-	-	-	-	-	(43,155)	(402)	-	(43,557)	(1,931)	(45,488)
Actuarial gains/ (losses) on defined benefit funds	-	-	-	(23,441)	-	-	-	-	-	(23,441)	(18,072)	(41,513)
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(7,307)	(7,307)
2011/2012 Net income for the period	-	-	-	-	-	-	-	-	42,356	42,356	60,778	103,134
Effect of acquisitions and disposals on non-controlling interests	-	-	-	4,815	(2,100)	-	919	1,808	-	5,442	69,395	74,837
Change in consolidation scope	-	-	-	480	-	-	-	-	-	480	9	489
Translation differences and other changes	-	-	-	(4,890)	9,738	-	7,236	(348)	-	11,736	29,806	41,542
SHAREHOLDERS'EQUITY AT 30th SEPTEMBER 2011	**64,748**	**503,084**	**(10,723)**	**154,836**	**(43,750)**	**-**	**12,900**	**(12,049)**	**42,356**	**711,402**	**1,050,182**	**1,761,584**

Cash flow statement

In thousands of euros	30/09/2011	30/09/2010 restated (*)
Consolidated net income	**103,134**	**135,386**
+/- Depreciation and amortisation expense on tangible fixed assets and intangible assets	12,941	12,325
- Amortisation of consolidated goodwill and other fixed assets	-	-
+/- Depreciation and net allocation to provisions	16,341	6,381
+/- Net (income) / loss from companies accounted for by the equity method	(2,088)	(13,302)
+/- Net loss / (gain) from investing activities	(51,653)	(37,068)
+/- Net loss / (gain) from financing activities	1,626	2,063
+/- Other movements	(42)	(1,381)
Deferred tax (benefit) / expense	5,800	(12,622)
Total Non-monetary items included in consolidated net income and other adjustments	**86,059**	**91,782**
+/- Interbank transactions	265,764	(723,611)
+/- Customers transactions	631,047	410,634
+/- Transactions related to other financial assets and liabilities	(62,896)	(2,920)
+/- Transactions related to other non-financial assets and liabilities	(159,791)	(313,361)
- Tax paid	-	5,665
Net decrease/(increase) in cash related to operating assets and liabilities	**674,124**	**(623,593)**
Net cash inflow (outflow) related to operating activities (A)	**760,183**	**(531,811)**
+/- Inflow (outflow) related to financial assets and long-term investments	535,585	19,467
+/- Inflow (outflow) related to investment property	-	-
+/- Inflow (outflow) related to tangible and intangible fixed assets	(46,147)	(42,260)
Net cash inflow (outflow) related to investment activities (B)	**489,438**	**(22,793)**
+/- Cash flows from/(to) shareholders	(30,378)	(18,555)
+/- Other net cash flows from financing activities	(371,367)	(3,187)
Net cash inflow (outflow) related to financing activities (C)	**(401,745)**	**(21,742)**
Impact of exchange rates changes on the cash and cash equivalents (D)	**-**	**(42)**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	**847,876**	**(576,388)**
Change of scope	-	**242,738**
Net cash and cash equivalents at the beginning 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 deposit and loans with banks	578,066	486,085
Net cash and cash equivalents at the end of the period	**2,388,558**	**1,300,008**
Cash and amounts due/from central banks	1,921,107	716,425
Accounts (assets and liabilities), demand deposits and loans with banks	467,451	583,583
NET INFLOW (OUTFLOW) IN CASH	**847,876**	**(576,388)**

(*) restated consolidated financial data presented in application of IAS 8 following the acquisition by Paris Orléans of full control of Rothschild & Cie Banque during the 2010/2011 financial year.

Notes to the consolidated financial statements

I. Highlights of the first-half of the financial year

The net banking income for the half-year ended 30th September 2011 came to €590.7 million compared with €580.3 million for the first half of the previous financial year, corresponding to an increase of €10.4 million or 1.8%.

Revenues from financial advisory activities declined slightly, by(-3.5%):
– The mergers and acquisitions advisory business slowed in most of the countries in which the Group operates, with the exception of the United States, Germany, Australia and some emerging countries;
– Financing and debt restructuring advisory and capital markets advisory activities grew slightly compared with the same period the previous year.

Despite the highly volatile financial markets, private banking and asset management revenues decreased only slightly compared with the first half of the previous financial year, thanks to a positive intake of new assets.

The corporate banking business in the United Kingdom continued to downsize its portfolio. Impairment on the banking portfolio nonetheless increased due to the deterioration of certain property loans.

The proprietary private equity business, carried out at the level of Paris Orléans, generated capital gains totalling €49.1 million on disposals of assets amounting to €98.5 million. Note that the SIACI Saint Honoré (Newstone Courtage) disposal alone generated gains amounting to €33 million.

Impairment and provisions increased from €9.1 million to €13.1 million over the period.

Based on the above elements, the Group posted operating income of €118.3 million, up compared with €106.7 million in the first half of the previous financial year.

Note that pre-tax profit for the 2010/2011 financial year included €31.4 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.

Consolidated net income for the first half came to €103.1 million, in line with that of the same period the previous year after restatement for non-recurring income. After minority interests, the share of net income attributable to equity holders of the parent came to €42.4 million compared with €53.3 million for the first half of the previous financial year.

No other significant events occurred after the 30th September 2011 closing date.

II. Preparation of the financial statements

The summary consolidated financial statements of Paris Orléans Group for the six months ended 30th September 2011 are presented in accordance with the IFRS in force at the reporting date, as adopted in the European Union by EC Regulation No. 1606/2002, particularly IAS 34 relating to interim financial reporting. The statements cover the period from 1st April 2011 to 30th September 2011 and, unless otherwise indicated, are established in thousands of euro (€k).

The Group applies all the IAS (International Accounting Standards) and IFRS (International Financial and Reporting Standards) and associated interpretations adopted at the date of closing of the consolidated accounts. With the exception of certain categories of assets and liabilities in accordance with IFRS rules, 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.

The consolidated accounts were approved by the Executive Board on 22nd November 2011.

The Group's parent company is Paris Orléans S.A., a public limited company with an Executive Board and a Supervisory Board, whose head office is located as at 30th September 2011 at the following address: 23 bis, avenue de Messine 75008 Paris (Paris Companies and Trade Registry (RCS) No. 302 519 228). The company is listed on the Eurolist market of Euronext Paris (B compartment)

III. Accounting principles and valuation methods

The accounting principles and valuation methods applied by the Group for the half-year summary consolidated financial statements are identical to those applied and described in the annual financial statements for the year ended 31st March 2011, with the addition of IAS 34 relating to interim financial reporting. The only change relates to segment reporting.

Under Regulation no. 243/2010, the European Union adopted the Improvements to International Financial Reporting Standards recommended by the International Accounting Standards Board (IASB) in the framework of its annual improvement process, which aims at streamlining and clarifying the international accounting standards. In accordance with the amended standards, as the breakdown of assets by business segment and by geographic segment is not included in the information regularly provided to General Management, the segment information disclosed now relates solely to elements of profit or loss.

The Group has not opted for early application of new standards, amendments and interpretations adopted by the European Union or the IASB where their application in 2011/2012 is optional.

To prepare the financial statements in accordance with the Group's accounting methods, the Management has made assumptions and estimates that could have an impact on the book value of certain assets and liabilities and items of income and expense.

By their nature, such valuations carry risks and uncertainties as to their realisation in the future. In conditions of market crisis, marked by frequent impairment of financial assets, the Management has taken care to take into consideration the counterparty's financial situation and outlook as well as multiple-criteria valuations that take observable parameters into account to determine whether there are objective signs of impairment.

Estimates and assumptions are used mainly with regard to goodwill, available-for-sale financial assets, loans and receivables and impairment and provisions.

At each closing, the Group draws conclusions from past experience and all relevant factors relating to its business.

IV. Control over Rothschild & Cie Banque

Changes in the governance of Paris Orléans Group have led 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, the beginnings of which date from the previous financial year, 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 company 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.

The change in consolidation method arising from this situation took effect on 1st April 2010, the first day of the 2010/2011 financial year. Due to the length of time required to collect the data and obtain the approval of the supervisory bodies, the half-year financial statements for the period ended 30th September 2010 did not take this change into account and RCB was consolidated using the equity accounting method. However, the financial statements for the year ended 31st March 2011 presented the full impact for the Group of the change in the consolidation method applied to RCB from the equity method to the full consolidation method.

Paris Orléans' acquisition of full control of RCB also resulted in a change in the consolidation method used for the subsidiaries jointly owned by NM Rothschild & Sons Ltd and Rothschild & Cie (NMR Europe and Rothschild Europe SNC) from the equity method to the full consolidation method.

To enable comparison between the 2011/2012 first half data and that of the first half of 2010/2011, the financial statements include the following data:

- a non-restated income statement corresponding to the information published for the first half of 2010/2011, where RCB and the joint ventures contribute solely the share of net income from companies accounted for by the equity method,

- a restated income statement in which RCB is consolidated 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 30th September 2010. RCB's contribution to Paris Orléans' restated 2010/2011 income statements therefore covers a period of nine months.

Comparative income statement as of 30th September 2011

In thousands of euros	**2010-2011 non-restated with RCB by equity method**	**2010-2011 restated with RCB fully consolidated**
+ Interest income	80,132	81,779
- Interest expense	(50,258)	(51,165)
Net interest income	**29,874**	**30,614**
+ Fee income	364,726	546,900
- Fee expense	(4,176)	(36,107)
Net fee and commission income	**360,550**	**510,793**
+/- Net gains / (losses) on financial instruments at fair value through profit or loss	13,614	16,803
+/- Net gains / (losses) on available-for-sale financial assets	14,629	16,676
+ Other operating income	7,518	8,454
- Other operating expenses	(2,889)	(2,998)
Net banking income	**423,296**	**580,342**
- Operating expenses	(347,854)	(453,126)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets	(8,111)	(11,379)
Gross operating income	**67,331**	**115,837**
- Impairment of debt and provisions for counterparty risk	(9,134)	(9,136)
Operating income	**58,197**	**106,701**
+/- Net income from companies accounted for by the equity method	3,730	13,302
+/- Net income/expense from other assets	(5)	32,194
Profit before tax	**61,922**	**152,197**
- Income tax expense	(12,968)	(16,811)
CONSOLIDATED NET INCOME	**48,954**	**135,386**
Non-controlling interests	**29,383**	**82,088**
Net income - Group share	**19,571**	**53,298**

Net fees and commissions

Net fees and commissions generated by the full consolidation of RCB and the joint ventures amounted to respectively €145.5 million and €4.4 million, after eliminating the following inter-company transactions:
- €2 million in fees and commissions for advisory and other services provided by RCB to the RCH group;
- €2.3 million in fees and commissions for advisory and other services paid by RCB to the RCH group.

Gains or losses on financial assets at fair value through profit or loss

The €3.2 million increase is mainly attributable to foreign exchange gains generated by RCB on transactions with customers.

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

The €2 million increase mainly reflects restatement on consolidation to eliminate an intra-group provision set aside by Rothschild Holding AG.

Net income from companies accounted for by the equity method

The change is explained by the elimination of the loss generated by the joint ventures and the taking into account of the share of income from RCB under the equity accounting method for the period from January to March 2010, before the switch to the full consolidation method. This figure of €9,981 thousand was calculated on the basis of a 44.25% interest in RCH. The breakdown is €983 thousand for the portion attributable to equity holders of the parent and €8,998 thousand for non-controlling interests.

General operating expenses

The €105.3 million increase breaks down between staff costs for €62.6 million and administrative expenses for €42.7 million.

Net gains or losses on other assets

This line includes €32.2 million corresponding to the revaluation of the Group's equity interest in RCB before regrouping, i.e., the share previously accounted for using the equity method.

Non-controlling interests

The switch to full consolidation of RCB resulted in the recording of minority interests relating to RCH's stake in RCB, in addition to the minority interests generated at the level of RCH itself.

V. 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's Group and its principal subsidiaries, the Executive Committee and the Supervisory Board have delegated certain functions and responsibilities carried out by several committees of which some are at a Group level, and others are at the operational subsidiaries level.

Group Committees:

• Group Audit Committee (the participation of Paris Orleans 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 separately constituted 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 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 of the part VI.

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

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

B. Credit risk

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

Limits on credit risk are set by the Executive board of director in Paris Orléans for private equity activities, 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. 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 catogeries 2 to 5.
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.
of which past due but not impaired financial assets	*Payment overdue, but not considered necessary to provide against.*
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 (Collaterised Debt Obligations), which are accounted in Financial liabilities at fair value through profit and loss. At 30th September 2011, the amount was €8,9 million.

The tables below disclose the maximum exposure to credit risk at 30th Septembre 2011 and at 31st March 2011 for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In thousands of euros	**Category 1**	**Category 2**	**Catégorie 3(1)**	**Category 4**	**Category 5**	**Impairment allowance**	**30/09/2011**
Financial assets at fair value through profit and loss (excluding equity)	161,679	-	2,700	-	-	-	164,379
Hedging derivatives	16,766	-	-	-	-	-	16,766
Loans and receivables to banks	2,259,039	-	-	-	-	-	2,259,039
Loans and receivables to customers	1,174,435	168,662	245,059	134,486	9,356	(95,527)	1,636,471
Available for sale financial assets - debt securities	679,642	6,370	23,039	112,579	12,110	(97,203)	736,537
Other financial assets	290,970	-	11,396	1,709	9,464	(9,957)	303,582
Sub-total Assets	**4,582,531**	**175,032**	**282,194**	**248,774**	**30,930**	**(202,687)**	**5,116,774**
Commitments and guarantees	212,898	43,304	13,255	873	-	-	270,330
TOTAL	**4,795,429**	**218,336**	**295,449**	**249,647**	**30,930**	**(202,687)**	**5,387,104**

(1) Past due but not impaired assets amount to €52,340 thousand as of 30th September 2011. A detailed report considering their maturity date follows.

In thousands of euros	**Category 1**	**Category 2**	**Category 3(2)**	**Category 4**	**Categories 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 receivables to banks	2,696,000	-	-	-	-	-	2,696,000
Loans and receivables to customers	1,365,949	137,552	188,257	126,515	16,164	(114,668)	1,719,769
Available for sale financial assets - debt securities	1,103,267	3,476	22,413	124,639	23,270	(104,235)	1,172,830
Other financial assets	295,429	617	8,773	5,123	9,129	(10,807)	308,264
Sub-total Assets	**5,600,593**	**141,645**	**222,143**	**256,277**	**48,563**	**(229,710)**	**6,039,511**
Commitments and guarantees	234,156	44,809	16,310	574	-	-	295,849
TOTAL	**5,834,749**	**186,454**	**238,453**	**256,851**	**48,563**	**(229,710)**	**6,335,360**

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

1. Past due but not impaired assets

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

In thousands of euros	30/09/2011					31/03/2011				
	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 receivables to banks	-	-	-	-	-	-	-	-	-	-
Loans and receivables to customers	14,458	1,397	2,992	22,097	40,944	15,856	585	4,444	29,691	50,576
Other financial assets	-	3,267	5,477	2,652	11,396	-	5,564	1,300	1,910	8,774
TOTAL	**14,458**	**4,664**	**8,469**	**24,749**	**52,340**	**15,856**	**6,149**	**5,744**	**31,601**	**59,350**

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 82% of the committed property loan book benefiting from first ranking charges at 30th September 2011 (31st March 2011: 79%). They may also be supported by other security or guarantees. All property is subject to a professional valuation at inception and may be revalued periodically through the life of the loan.

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

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

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

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

In thousand of euros	30/09/2011		31/03/2011	
	Past due but not impaired	Individually impaired	Past due but not impaired	Individually impaired
Tangible assets Collateral	25,246	71,233	35,633	44,840
Financial assets Collateral	16,716	19,259	15,813	19,382
TOTAL	**41,962**	**90,492**	**51,446**	**64,222**
Net value of loans	40,944	93,441	50,576	71,633

3. Credit risk analysis

The Group monitors concentrations of credit risk by geographic location and industry sector. The tables below show an analysis of credit risk by location and by sector as of 30th September 2011 and 31st March 2011.

a) Credit risk by location

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

In thousands of euros	UK and Channel Islands	France	Rest of Europe	Switzerland	Americas	Australia and Asia	Other	30/03/2011
Financial assets at fair value through profit and loss (excluding equity)	16,615	24,264	37,328	86,172	-	-	-	164,379
Hedging derivatives	14,729	1,380	657	-	-	-	-	16,766
Loans and receivables to banks	470,883	848,131	458,444	184,648	219,767	42,910	34,256	2,259,039
Loans and receivables to customers	946,987	102,997	337,455	41,203	165,302	39,195	3,332	1,636,471
Available for sale financial assets - debt securities	284,882	169,916	211,711	38,854	26,750	4,424	-	736,537
Other financial assets	47,247	149,033	43,404	16,336	25,929	16,257	5,376	303,582
Sub-total Assets	**1,781,343**	**1,295,721**	**1,088,999**	**367,213**	**437,748**	**102,786**	**42,964**	**5,116,774**
Commitments and guarantees	16,280	74,655	50,212	14,988	21,311	7,282	85,602	270,330
TOTAL	**1,797,623**	**1,370,376**	**1,139,211**	**382,201**	**459,059**	**110,068**	**128,566**	**5,387,104**

In thousands of euros	UK and Channel Islands	France	Rest of Europe	Switzerland	Americas	Australia and Asia	Other	31/03/2011
Financial assets at fair value through profit and loss (excluding equity)	40,473	16,171	1,742	39,478	28,154	-	-	126,018
Hedging derivatives	10,422	1,270	4,938	-	-	-	-	16,630
Loans and receivables to banks	422,720	763,152	836,404	337,256	264,438	59,822	12,208	2,696,000
Loans and receivables to customers	924,176	132,764	372,799	33,952	212,709	38,673	4,696	1,719,769
Available for sale financial assets - debt securities	418,784	163,364	221,793	297,357	54,969	8,036	8,527	1,172,830
Other financial assets	65,412	120,840	46,485	16,465	32,656	16,035	10,371	308,264
Sub-total Assets	**1,881,987**	**1,197,561**	**1,484,161**	**724,508**	**592,926**	**122,566**	**35,800**	**6,039,511**
Commitments and guarantees	16,585	83,247	103,301	5,654	1,889	4,849	80,324	295,849
TOTAL	**1,898,572**	**1,280,808**	**1,587,462**	**730,162**	**594,815**	**127,415**	**116,124**	**6,335,360**

b) Credit risk by sector

The sector is based on Global Industry Classification Standards (GICS).

In thousands of euros	30/09/2011	31/03/2011
Financial	2,731,398	2,968,887
Government	609,383	1,245,886
Real estate	614,864	614,060
Private persons	551,661	511,605
Industrials	197,746	227,949
Consumer discretionary	175,345	178,430
Materials	98,263	123,539
IT and telecoms	71,076	97,911
Consumer staples	58,986	56,007
Utilities	56,324	62,889
Energy	6,327	23,100
Healthcare	23,410	22,975
Other	192,321	202,122
TOTAL	**5,387,104**	**6,335,360**

The "government" exposure above predominantly consists of UK, Swiss and French government securities.

Financial and real estate sector exposures may be analysed as follows:

In thousands of euros	30/09/2011	31/03/2011
Financial sector		
Short term interbank exposures	2,019,651	2,071,961
Treasury marketable securities - investment grade	155,509	357,732
Cash/ investment backed lending	158,230	152,420
Finance companies	10,575	25,970
Other marketable securities	-	-
Other	387,433	360,804
TOTAL FINANCIAL SECTOR	**2,731,398**	**2,968,887**

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

In thousands of euros	30/09/2011	31/03/2011
Real estate sector		
Senior loans	479,358	479,232
Mezzanine	115,115	117,422
Other	20,391	17,406
TOTAL REAL ESTATE SECTOR	**614,864**	**614,060**

Real estate exposures are supported by income generated by a large number of tenants from a wide variety of industry sectors. Exposures are, broadly, evenly split between the major property types, and are located predominantly within the UK.

C. Market risk

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

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

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

Market risks associated with treasury, leveraged finance loan trading and equity positions are described below with a description of risk management and the levels of risk.

1. Treasury

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

In thousands of euros	12 months to 30th September 2011			12 months to 31st March 2011		
	Average	Low	High	Average	Low	High
Interest rate risk	770	379	2,369	580	310	1,099
Foreign exchange risk	20	1	99	20	2	89
TOTAL VALUE AT RISK	**790**	**380**	**2,468**	**600**	**312**	**1,188**

RBI Value at Risk

In thousands of euros	12 months to 30th September 2011			12 months to 31st March 2011		
	Average	Low	High	Average	Low	High
Interest rate risk	164	108	223	191	43	717
Foreign exchange risk	-	-	-	-	-	-
TOTAL VALUE AT RISK	**164**	**108**	**223**	**191**	**43**	**717**

The main assumption used in the calculation is that price factors are normally distributed. This is a common assumption in Value at Risk calculations but is known to be tenuous, particularly for interest rates and volatilities, and is one of the reasons for use of a high probability over a long holding period.

2. Equity investments

The Group has exposure to equity price risk through holdings of equity investments and warrants on equity investments. Each of these positions is individually approved by senior management and is monitored on an individual basis.

If the price of these equities and of the equities on which derivative instruments are dependent were to fall by 5%, then there would be a post-tax charge to the income statement of €2 million (€ 0.7 million as at 31st March 2011) and a charge to equity of €24.5 million (€23.5 million as at 31st March 2011).

The Group, moreover, is exposed through its investments to the risks affecting the companies in which it invests.

The table below shows the Group's equity price risk in relation to these instruments by location:

In thousands of euros	UK and Channel Islands	France	Rest of Europe	Switzerland	Americas	Australia and Asia	Other	30/09/2011
Equity investments	11,061	222,334	31,100	154,878	40,574	25,172	19,334	**504,453**
Warrants and other equity derivatives	-	6,480	-	-	-	-	-	**6,480**

In thousands of euros	UK and Channel Islands	France	Rest of Europe	Switzerland	Americas	Australia and Asia	Other	31/03/2011
Equity investments	12,886	310,999	43,318	165,459	34,351	35,882	21,277	**624,172**
Warrants and other equity derivatives	-	6,480	-	-	-	-	-	**6,480**

3. 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	30/09/2011		31/03/2011	
	+100 bps	-100 bps	+100 bps	-100 bps
USD	752	(758)	286	(290)
EUR	(685)	701	1,500	(1,498)
GBP	(280)	232	(3,635)	3,683
CHF	(864)	892	(1,848)	1,902
Other	30	(30)	(5)	6
TOTAL	**(1,047)**	**1,037**	**(3,702)**	**3,803**

On 30th September 2011, within Private equity activities framework in France, Paris Orléans and its subsidiaries:

- contracted loans on demand and at term , among which €128,4 million at variable rate and €22,8 million at fixed rate;

- detain securities with fixed incomes of which €115,6 million at variable rate and €33,8 million are for fixed rate.

D. Liquidity risk

Management of liquidity risk is of fundamental importance to the operating entities of the Group, to ensure that they can meet their liabilities as they fall due.

The Group’s four main banking groups each has to maintain their liquidity on a standalone basis subject to their own internal liquidity policy and the external regulatory liquidity regime of its domestic supervisor. Their liquidity policies have also been reviewed and approved by the RCH Group Assets and Liabilities Committee, which receives and reviews their liquidity information on a regular basis.

Liquidity is monitored daily independently of the front office Treasury staff responsible for day-to-day liquidity management. The banking groups are also subject to liquidity guidelines set by their regulator.

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. At 30th September 2011, the ratio measured was 185% (March 2011: 374%).

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).

At 30th September 2011, the RBI regulatory liquidity ratio for the 8 day to 1 month period as a percentage of total deposits was 15% (31st March 2011: 18.3%); well in excess of the limit set by the GFSC of -5.0%.

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 30th September 2011, liquid assets were 469% of liquid liabilities, as measured for regulatory purposes (31st March 2011: 435%). The regulatory limit is 100%.

4. Rothschild & Cie Banque ("RCB")

RCB's liquidity assets composed of clients' accounts, UCITS and the outstanding income are daily invested on money market.The Treasury Committee and intermediaries, held monthly, authorise counterparts for these investments. The Treasury Committee, held monthly, authorises the counterparties 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	30/09/2011
Cash and balances at central banks	1,715,785	206,727	-	-	-	-	-	**1,922,512**
Financial assets at FVTPL	71,013	42,969	8,814	506	1,049	44,407	63,132	**231,890**
Hedging derivatives	21	-	1,863	6,638	8,244	-	-	**16,766**
AFS financial assets	77,489	12,492	289,717	25,273	110,164	236,969	436,754	**1,188,858**
Loans and advances to banks	2,039,359	172,908	35,269	7,151	4,352	-	-	**2,259,039**
Loans and advances to customers	326,255	222,406	375,183	260,371	389,109	63,147	-	**1,636,471**
Other financial assets	60,694	206,623	20,779	(93)	8,502	95	6,982	**303,582**
TOTAL ASSETS	**4,290,616**	**864,125**	**731,625**	**299,846**	**521,420**	**344,618**	**506,868**	**7,559,118**
Financial liabilities at FVTPL	19,176	34,069	10,794	8,011	8,200	1,261	27	**81,538**
Hedging derivatives	1,564	-	5,453	4,057	25,552	-	-	**36,626**
Deposits by banks and central bank	74,567	5,862	43,848	-	242,116	-	1	**366,394**
Due to customers	4,004,793	162,486	240,106	324,084	585,169	9,936	-	**5,326,574**
Debt securities in issue	78	337	173,168	-	-	-	-	**173,583**
Subordinated loan capital	-	-	-	-	29,053	-	-	**29,053**
Other financial liabilities	119,766	18,568	4,522	-	4,237	2,118	15,145	**164,356**
TOTAL LIABILITIES	**4,219,944**	**221,322**	**477,891**	**336,152**	**894,327**	**13,315**	**15,173**	**6,178,124**

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	30/09/2011		31/03/2011	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Loans and receivables to banks	2,259,039	2,459,039	2,696,000	2,696,000
Loans and receivables to customers	1,636,471	1,545,743	1,719,769	1,627,057
TOTAL	**3,895,510**	**4,004,782**	**4,415,769**	**4,323,057**
Financial liabilities				
Due to banks and central bank	366,186	367,501	500,407	500,407
Due to customers	5,326,574	5,331,161	4,769,187	4,775,437
Debt securities in issue	173,583	173,804	524,561	523,538
Subordinated debt	29,053	25,150	27,507	25,081
TOTAL	**5,895,396**	**5,897,616**	**5,821,662**	**5,824,463**

Carried at fair value:

In thousands of euros	30/09/2011				31/03/2011			
	TOTAL	Measured using			TOTAL	Measured using		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Financial assets - trading	150,511	44,517	105,994	-	207,455	139,122	68,333	-
Financial assets at fair value through profit or loss	81,379	4,817	76,562	-	60,127	5,625	54,502	-
Available-for-sale financial assets	1,188,858	614,081	547,044	27,733	1,675,939	1,027,471	617,549	30,919
TOTAL	**1,420,748**	**663,415**	**729,600**	**27,733**	**1,943,521**	**1,172,218**	**740,384**	**30,919**
Financial liabilities								
Financial liabilities at fair value through profit and loss	81,538	-	81,538	-	93,750	-	93,750	-
TOTAL	**81,538**	**-**	**81,538**	**-**	**93,750**	**-**	**93,750**	**-**

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from market data to a significant extent).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). An example would be a discounted cash flow on an instrument with uncertain cash flows.

Assets measured at fair value based on Level 3 as of 30th September 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	**30,919**
Total gains and (losses) through income statement	(3,392)
Total gains and (losses) through shareholders	(982)
Purchases	-
Settlements	(961)
Transfers into/ (out of) level 3	-
Exchange	382
Others	1,768
Closing balance	**27,733**

VI. Notes to the Balance Sheet

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

In thousands of euros	30/09/2011	31/03/2011
Trading instruments	44,462	139,756
Financial assets designated at fair value through profit or loss	81,379	60,127
Derivative financial instruments	106,049	67,699
AT THE END OF THE PERIOD	**231,890**	**267,582**
of which financial assets at fair value through profit or loss - listed	*49,334*	*144,747*
of which financial assets at fair value through profit or loss – unlisted	*182,556*	*122,835*

Trading portfolio

	30/09/2011	31/03/2011
Public bills and similar securities	999	29,151
Bonds	20,003	-
Equities	23,460	110,605
Other financial instruments	-	-
AT THE END OF THE PERIOD	**44,462**	**139,756**

Financial assets designated at fair value through profit and loss

	30/09/2011	31/03/2011
Public bills and similar securities	-	-
Bonds	-	22
Equities	44,051	30,960
Other financial instruments	37,328	29,145
AT THE END OF THE PERIOD	**81,379**	**60,127**

A derivative is a financial instrument, the value of which is derived from another financial instrument, an index or some other variable (the “underlying”). Typically the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivatives require little or no net investment or a lower investment than a non-derivative financial instrument to obtain the same sensitivity to changes in the underlying.

Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive replacement values (assets) and negative replacement values (liabilities). Positive replacement values represent the cost to the Group of replacing all transactions with a fair value in the Group’s favour if the counterparties default. Negative replacement values represent the cost to the Group’s counterparties of replacing all their transactions with the Group with a fair value in the counterparties’ favour if the Group were to default. Positive and negative replacement values on different transactions are only netted if there is legal right of set-off, the transactions are with the same counterparty and the cash flows will be settled on a net basis. Changes in replacement values of derivative instruments are recognised in trading income unless they qualify as hedges for accounting purposes.

Derivatives may be transacted for trading or hedging purposes. Trading involves taking positions with the intention of profiting from changes in market variables such as interest rates. The Group also enters into derivative transactions for the purpose of hedging exposures in the non-trading book. The accounting treatment of hedge transactions depends on the nature of the hedging relationship and whether the hedge qualifies as such for accounting purposes. Derivative transactions that qualify as hedges for accounting purposes are either fair value or cash flow hedges. Further information relating to hedging derivatives is provided in note 2.

Trading derivative financial instruments

In thousands of euros	30/09/2011			31/03/2011		
	Notional principal	Positive fair value	Negative fair value	Notional principal	Positive fair value	Negative fair value
Interest rate contracts						
- Firm	132,149	1,593	(13,095)	125,240	1,191	(12,887)
- Conditional	14,000	1	-	14,000	12	-
Foreign exchange contracts						
- Firm	3,355,855	93,412	(51,178)	2,811,054	60,159	(63,610)
- Conditional	453,197	8,342	(8,329)	426,926	3,188	(3,193)
Equity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	2,700	(35)	-	2,700	(35)
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Credit derivatives						
- Firm	30,622	-	(8,901)	40,564	449	(14,025)
- Conditional	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-
AT THE END OF THE PERIOD	**3,985,823**	**106,048**	**(81,538)**	**3,417,784**	**67,699**	**(93,750)**

Note 2 - Hedging derivatives

In thousands of euros	30/09/2011			31/03/2011		
	Notional principal	Positive fair value	Negative fair value	Notional principal	Positive fair value	Negative fair value
Interest rate contracts						
- Firm	1,358,105	16,766	(29,499)	1,715,030	12,209	(29,488)
- Conditional	-	-	-	-	-	-
Foreign exchange contracts						
- Firm	181,864	-	(7,127)	217,091	4,421	(5)
- Conditional	-	-	-	-	-	-
Equity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-
AT THE END OF THE PERIOD	**1,539,969**	**16,766**	**(36,626)**	**1,932,121**	**16,630**	**(29,493)**

Note 3 - Available-for-sale financial assets

In thousands of euros	30/09/2011	31/03/2011
AFS debt securities		
Public bills and similar securities	202,912	543,166
Bonds and similar securities	395,525	298,887
Notes and other securities	202,193	407,521
Sub total	**800,630**	**1,249,574**
of which listed securities	*618,747*	*1,003,482*
of which unlisted securities	*181,883*	*246,092*
Accrued interest	42,010	41,517
Sub total	**842,640**	**1,291,091**
Impairment	(97,204)	(104,236)
TOTAL OF AFS DEBT SECURITIES	**745,436**	**1,186,855**
AFS equity securities		
Affiliates and long term securities	264,059	266,449
Other equities	246,460	289,253
Equities and other variable income securities	**510,519**	**555,702**
of which listed securities	*151,094*	*147,684*
of which unlisted securities	*359,425*	*408,018*
Impairment	(67,097)	(66,618)
TOTAL OF AFS EQUITY SECURITIES	**443,422**	**489,084**
TOTAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1,188,858**	**1,675,939**

Movements in available-for-sale financial assets

In thousands of euros	30/09/2011	31/03/2011
AT THE BEGINNING OF THE PERIOD	**1,675,939**	**2,116,971**
Additions	1,464,606	4,175,653
Change of scope	-	8,590
Disposals (sale and redemption)	(1,976,173)	(4,738,989)
Reclassifications and changes in consolidation scope	(1,630)	(14,728)
Gains/(losses) from changes in fair value	(19,910)	76,646
Impairment	(5,524)	(14,394)
Exchange differences	51,550	66,190
AT THE END OF THE PERIOD	**1,188,858**	**1,675,939**

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.

On the reclassification date and on 30th September 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 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 at 1st July 2008 of reclassified loans and receivables	**437,576**
Impairment	(21,936)
Disposals (sale and redemption)	(275,184)
Translation differences and other movements	63,785
Amortised cost at 31st March 2011 of reclassified loans and receivables	**204,241**
Fair value at 1st April 2011 of financial assets reclassified as loans and receivables	**240,310**
Disposals (sale and redemption)	(44,191)
Changes in fair value of reclassified financial assets between 1st April 2009 and 31st March 2011	(12,712)
Other movements	1,801
Fair value at 31st March 2011 of financial assets reclassified as loans and receivables	**185,208**

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	30/09/2011	31/03/2011
Income interests	1,243	3,604
Impairment	(1,687)	(3,411)
Other gains and losses	24	(1,961)
TOTAL	**(420)**	**(1,768)**

Note 4 - Loans and advances to banks

In thousands of euros	30/09/2011	31/03/2011
Interbank demand deposits and overnight loans	636,789	765,447
Interbank term deposits and loans	464,784	1,299,591
Reverse repos and loans secured by bills	1,156,227	630,074
Subordinated loans - banks	-	-
Total	**2,257,800**	**2,695,112**
Accrued interest	1,239	888
Loans and advances to banks - Gross amount	**2,259,039**	**2,696,000**
Allowance for credit losses and receivables to bank	-	-
AT THE END OF THE PERIOD	**2,259,039**	**2,696,000**

Note 5 - Loans and advances to customers

In thousands of euros	30/09/2011	31/03/2011
Overdrafts on current accounts - customers	31,475	56,219
Loans to customers - retail	444,973	470,879
Loans to customers - corporate	1,243,178	1,295,935
Reverse repos and loans secured for bills	-	-
Subordinated loans - customers	-	-
Total	**1,719,626**	**1,823,033**
Accrued interest	12,427	11,445
Loans and advances to customers – Gross amount	**1,732,053**	**1,834,478**
Allowance for credit losses on loans and advances to customers	(95,582)	(114,709)
TOTAL	**1,636,471**	**1,719,769**

Allowance for credit losses on loans and receivables

In thousands of euros	30/09/2011			31/03/2011		
	Specific provision	Collective provision	TOTAL	Specific provision	Collective provision	TOTAL
Allowance for credit losses on loans and advances to customers	(50,456)	(45,126)	**(95,582)**	(71,087)	(43,622)	**(114,709)**

Note 6 - Other assets

In thousands of euros	30/09/2011	31/03/2011
Guarantee deposits paid	15,960	11,443
Settlement accounts on securities transactions	84,668	68,773
Other receivable	247,813	193,019
Other assets	**348,441**	**273,235**
Dividends to allocate	-	1,445
Prepaid expenses	15,241	13,525
Accrued income	203,431	227,101
Estimated accounts	**218,672**	**242,071**
AT THE END OF THE PERIOD	**567,113**	**515,306**

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	Fircosoft Group	Partnerships between RCH and Rothschild & Cie Banque	Rothschild & Cie Banque	Sélection 1818	Quintus fund	St Julian Property	Other	TOTAL
As at 31/03/2010	**13,014**	**2,596**	**-**	**-**	**15,412**	**-**	**7,603**	**71,983**	**-**	**11,410**	**6,035**	**715**	**128,768**
Of which goodwill	*1,267*	-	-	*915*	-	-	-	-	-	-	-	-	*2,182*
Of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	-	-	*(915)*
Profit for the period 2009 - 2010	1,779	2,174	386	-	280	-	-	9,981	-	632	-	(22)	15,210
Change in percentage ownership	(14,793)	-	-	-	-	-	(7,603)	(81,964)	17,850	1,759	-	(287)	(85,038)
Exchange differences on translation	-	(207)	-	-	(1,284)	-	-	-	-	464	39	119	(869)
Shareholders' dividends	-	(1,124)	-	-	(713)	-	-	-	-	-	(349)	-	(2,186)
Gains (losses) from changes in fair value	-	(95)	-	-	-	-	-	-	-	-	-	114	19
Increase in Shareholdings	-	-	-	-	9,323	-	-	-	-	-	-	-	9,323
Other	-	(12)	10	-	-	-	-	-	-	-	424	(1)	421
As at 31/03/2011	**-**	**3,332**	**396**	**-**	**23,018**	**-**	**-**	**-**	**17,850**	**14,265**	**6,149**	**638**	**65,648**
Of which goodwill	-	-	-	*915*	-	-	-	-	*9,355*	-	-	-	*10,270*
Of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	-	-	*(915)*
Profit for the period 2010 - 2011	-	(61)	203	-	(642)	237	-	-	342	989	1,020	-	2,088
Change in percentage ownership	-	-	-	-	-	1,897	-	-	-	-	-	136	2,033
Exchange differences on translation	-	130	-	-	1,304	-	-	-	-	(168)	200	40	1,506
Shareholders' dividends	-	(2,132)	-	-	-	-	-	-	-	-	-	(42)	(2,174)
Gains (losses) from changes in fair value	-	22	-	-	-	-	-	-	-	-	-	-	22
Increase in Shareholdings	-	-	-	-	1,243	-	-	-	-	(1,017)	-	-	226
Other	-	55	-	-	(211)	-	-	-	-	-	135	-	(21)
As at 30/09/2011	**-**	**1,346**	**599**	**-**	**24,712**	**2,134**	**-**	**-**	**18,192**	**14,069**	**7,504**	**772**	**69,328**
Of which goodwill	-	-	-	*915*	-	*1,897*	-	-	*9,355*	-	-	-	*12,167*
Of which allowance for impairment	-	-	-	*(915)*	-	-	-	-	-	-	-	-	*(915)*

Note 8 - Goodwill

In thousands of euros	*Rothschild & Cie Banque*	*Concordia Holding*	TOTAL
Gross amount as at 01/04/2011	**43,207**	**60,367**	**103,574**
Additions	-	-	-
Disposal and other decreasings	-	-	-
Translation difference and other movements	-	14	14
Gross amount as at 30/09/2011	**43,207**	**60,381**	**103,588**
Accumulated impairment	-	-	-
Net amount as at 30/09/2011	**43,207**	**60,381**	**103,588**

As at 30th September 2011, there were no significant signs of loss of value requiring goodwill to be tested for impairment.

Note 9 - Due to banks

In thousands of euros	30/09/2011	31/03/2011
Interbank demand deposits and overnight	80,820	259,979
Interbank term deposits and borrowings	280,432	183,696
Borrowings secured by repurchase agreement	-	47,174
Due to banks	**361,252**	**490,849**
Accrued interest	3,739	3,875
AT THE END OF THE PERIOD	**364,991**	**494,724**

Note 10 - Due to customers

In thousands of euros	30/09/2011	31/03/2011
Customer demand	2,977,326	2,312,389
Term deposits - customers	1,793,537	1,984,260
Borrowings secured by bills (customers)	536,789	442,158
Customer deposits	**5,307,652**	**4,738,807**
Accrued interest	18,922	30,380
AT THE END OF THE PERIOD	**5,326,574**	**4,769,187**

Note 11 - Debt securities in issue

In thousands of euros	30/09/2011	31/03/2011
Securities with a short term maturity	101,597	107,270
Securities with a medium term maturity	70,000	415,480
Securities with a long term maturity and bonds	-	-
Debt securities in issue	**171,597**	**522,750**
Accrued interest	1,986	1,811
AT THE END OF THE PERIOD	**173,583**	**524,561**

Note 12 - Other liabilities, accruals and deferred income

In thousands of euros	30/09/2011	31/03/2011
Settlement accounts on securities transactions	99,763	79,309
Accounts payable	66,988	115,592
Sundry creditors	91,430	173,177
Other liabilities	**258,181**	**368,078**
Due to employees	278,040	318,666
Other accrued expenses and deferred income	85,160	77,047
Estimated accounts	**363,200**	**395,713**
AT THE END OF THE PERIOD	**621,381**	**763,791**

Note 13 - Provisions

In thousands of euros	01/04/2011	Charge	Reversal	Change of consolidation method	Discounting	Exchange rate movement	Other movements	30/09/2011
Allowance for counterparty risk	1,477	784	(6)	-	-	6	1	2,262
Provision for claims or litigation	1,421	938	(804)	-	-	31	(71)	1,515
Reinstatement provisions	12,126	-	(262)	-	306	338	-	12,508
Vacant property provisions	19,125	(1)	(289)	-	-	526	-	19,361
Retirement benefit provisions	103,006	-	-	-	-	-	43,325	146,331
Other provision	1,599	40	(60)	-	-	10	39	1,628
TOTAL	**138,754**	**1,761**	**(1,421)**	**-**	**306**	**911**	**43,294**	**183,605**

The provision for retirement indemnities increased by €43.3 million, due mainly to the NMRP and NMROP schemes. With regard to pension obligations, a fall in both the discount rate (from 5.5% to 5.3%) and in the retail price index (3.5% to 3.3%) in the United Kingdom contributed to an actuarial loss of around €10 million. The return on pension plan assets fell €34 million short of expected returns.

Note 14 - Subordinated debt

In thousands of euros	30/09/2011	31/03/2011
Perpetual Floating Rate Subordinated Notes - 2015 (US$40 million)	29,019	27,466
Subordinated debt	**29,019**	**27,466**
Accrued interest	34	41
AT THE END OF THE PERIOD	**29,053**	**27,507**

Note 15 - Impairments

Changes in the impairment of assets can be analysed as follows:

In thousands of euros	01/04/2010	Charge	Reversal	Written off	Exchange rate movement and other movements	30/09/2011
Loans and advances to customers	(114,709)	(8,626)	2,319	29,551	(4,117)	(95,582)
Available-for-sale financial assets	(170,854)	(9,830)	2,003	15,451	(1,071)	(164,301)
Other assets	(14,184)	(2,591)	92	1,408	143	(15,132)
TOTAL	**(299,747)**	**(21,047)**	**4,414**	**46,410**	**(5,045)**	**(275,015)**

Note 16 - 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	30/09/2011	31/03/2011
Deferred tax assets at the beginning of the period	**102,880**	**127,622**
Deferred tax liabilities at the beginning of the period	**61,492**	**54,369**
NET AMOUNT (AT THE BEGINNING OF THE PERIOD)	**41,388**	**73,253**
Entrée de périmétre	-	-
Change of scope	-	(6,855)
Recognised in income statement		
Income statement credit	(5,802)	(7,136)
Recognised in equity		
Defined benefit pension arrangements	9,038	(11,528)
Available for sale financial assets	6,105	(5,952)
Cash flow hedges	1,205	(1,145)
Impact of scope changes	(35)	(166)
Derecognition of joint venture	1,853	(13)
Payments/(Refunds)	(143)	(174)
Exchange differences	1,347	281
Other	29	823
NET AMOUNT (AT THE END OF THE PERIOD)	**54,985**	**41,388**
Deferred tax assets at the end of the period	**111,947**	**102,880**
Deferred tax liabilities at the end of the period	**56,962**	**61,492**

Deferred tax net assets and liabilities are attributable to the following items:

In thousands of euros	30/09/2011	31/03/2011
Accelerated tax depreciation	11,777	12,041
Deferred profit share arrangements	32,693	38,519
Defined benefit pension liabilities	26,072	18,180
Available-for-sale financial assets	18,881	18,396
Cash flow hedges	838	(147)
Losses carried forward	15,328	9,466
Provisions	2,077	2,197
Other temporary differences	4,281	4,228
DEFERRED TAX NET ASSETS AT THE END OF THE PERIOD	**111,947**	**102,880**

As at 30th September 2011, the Group's main banking subsidiary NMR recognised deferred tax assets corresponding to 100% of 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 30th september 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 five or six years.

In the United States and Asia, reported losses have not yet given rise to the recognition of deferred tax assets.

In thousands of euros	30/09/2011	31/03/2011
Defined benefit pension liabilities	(23)	(23)
Available-for-sale financial assets	21,851	29,698
Other temporary differences	32,134	31,817
DEFERRED TAX NET LIABILITIES AT THE END OF THE PERIOD	**53,962**	**61,492**

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off and the balance relates to income tax levied by the same tax authority on the same taxable entity. There must also be the intention and the will to settle on a net basis or to realise the assets and liabilities simultaneously.

The deferred tax charge/(credit) in the income statement comprises the following temporary differences:

In thousands of euros	30/09/2011	31/03/2011
Accelerated tax depreciation	581	205
Defined benefit pension liabilities	1,800	2,504
Allowances for loan losses	147	317
Tax losses carried forward	(2,382)	(3,837)
Due to staff cost	6,696	14,873
Deferred profit share arrangements	-	-
Available-for-sale financial assets	500	(2,830)
Other temporary differences	(1,540)	(4,096)
INCOME TAX EXPENSES OF THE PERIOD	**5,802**	**7,136**

VII. Notes to the Income statement

Note 17 - Net interest income

Interest income

In thousands of euros	30/09/2011	30/09/2010 restated
Interest income - loans to banks	14,030	8,239
Interest income - loans to customers	38,091	40,114
Interest income - instruments available for sale	13,023	17,241
Interest income - derivatives	11,242	15,484
Interest income - other financials assets	691	701
TOTAL	**77,077**	**81,779**

Interest expense

In thousands of euros	30/09/2011	30/09/2010 restated
Interest expense - loans to banks	(3,951)	(6,682)
Interest expense - loans to customers	(28,682)	(23,068)
Interest expense - debt securities in issue	(4,894)	(5,710)
Interest expense - subordinated borrowings	(104)	(125)
Interest expense - derivatives	(10,011)	(14,439)
Interest expense - other financials assets	(2,307)	(1,141)
TOTAL	**(49,949)**	**(51,165)**

Note 18 - Net fee and commission income

Fee and commission income

In thousands of euros	30/09/2011	30/09/2010 restated
Fees for advisory work and other services	360,527	371,301
Portfolio and other management fees	133,105	153,047
Banking and credit-related fees and commissions	2,477	2,183
Other fees	17,042	20,369
TOTAL	**513,151**	**546,900**

Fee and commission expense

In thousands of euros	30/09/2011	30/09/2010 restated
Fees for advisory work and other services	(5,094)	(879)
Portfolio and other management fees	(15,815)	(32,858)
Banking and credit-related fees and commissions	(287)	(296)
Other fees	(4,712)	(2,074)
TOTAL	**(25,908)**	**(36,107)**

Note 19 - Net gains/(losses) on financial instruments at fair value through profit and loss

In thousands of euros	30/09/2011	30/09/2010 restated
Net income – debt securities and related derivatives – trading	242	228
Net income – equities securities and related derivatives – trading	(182)	(42)
Net income – forex operations	13,715	12,135
Net income – other trading operations	(1,466)	5,306
Net income – financial instruments designated at fair value through profit and loss	(925)	(802)
Net income – hedging derivatives	50	(22)
TOTAL	**11,434**	**16,803**

Note 20 - Net gains/(losses) on available-for-sale financial assets

In thousands of euros	30/09/2011	30/09/2010 restated
Gains or losses on sales of long term securities	32,915	3,027
Impairment losses on long term securities	(3,488)	-
Gains or losses on sales of other available-for-sale financial assets	19,362	4,044
Impairment losses on other available-for-sale financial assets	(142)	(4,028)
Available-for-sale dividend income	10,467	13,633
TOTAL	**59,114**	**16,676**

Note 21 - Net income from other activities

Income from other activities

In thousands of euros	30/09/2011	30/09/2010 restated
Gains on extinguishment of subordinated debt	-	191
Income from leasing	6,055	5,752
Other income	3,004	2,511
TOTAL	**9,059**	**8,454**

Expense on other activities

In thousands of euros	30/09/2011	30/09/2010 restated
Investment property	(1)	(2)
Expenses from assets used to generate lease income	(2,986)	(2,844)
Other expenses	(251)	(152)
TOTAL	**(3,238)**	**(2,998)**

Note 22 - Operating expenses

In thousands of euros	30/09/2011	30/09/2010 restated
Staff costs	(335,101)	(342,365)
Administrative expenses	(112,328)	(110,761)
TOTAL	**(447,429)**	**(453,126)**

Note 23 - Cost of risk

In thousands of euros	Impairment	Impairment written back	Irrecoverable loans	Recovered loans	30/09/2011	30/09/2010 restated
Loans and receivables	(8,626)	31,870	(31,668)	2,116	(6,308)	(1,019)
Debt securities	(6,200)	14,114	(12,016)	336	(3,766)	(5,934)
Other	(3,074)	1,476	(1,406)	-	(3,004)	(2,183)
TOTAL	**(17,900)**	**47,460**	**(45,090)**	**2,452**	**(13,078)**	**(9,136)**

Note 24 - Net income/expense from other assets

In thousands of euros	30/09/2011	30/09/2010 restated
Gains or losses on sales of tangible or intangible assets	47	43
Gain or loss on sale of associates	1,441	(26)
Remeasurement gains on interests in equity-accounted companies	-	32,177
TOTAL	**1,488**	**32,194**

Remeasurement gains on interests in equity-accounted companies for the half-year ended 30th September 2010 included €32.2 million of non-recurring income relating to the remeasurement of the Group's equity-accounted interest in RCB.

Note 25 - 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	30/09/2011	30/09/2010 restated
Tax charges for the current period	12,475	15,165
Prior year adjustments	(246)	484
Overseas tax	-	-
Relief for double taxation	-	-
Prior year losses utilised	22	-
Unrecoverable dividend withholding tax	447	188
Other	268	(201)
TOTAL	**12,966**	**15,636**

Deferred tax

In thousands of euros	30/09/2011	30/09/2010 restated
Temporary differences	3,984	2,715
Prior year losses utilised	-	-
Changes in tax rates	1,076	1,703
Prior year adjustment	137	(2,720)
Other	605	(523)
TOTAL	**5,802**	**1,175**

Reconciliation of the tax charge

In thousands of euros	Base	Tax at 33 1/3 %
Net income	**103,134**	
Reconciling items		
Income (loss) of companies accounted for by the equity method	(2,088)	
Corporate income tax	18,768	
Income of consolidated companies before tax	**119,814**	**39,934**
Consolidation adjustments (deferred tax, fair value adjustments, provisions and reversals of provisions for impairment, other)		508
Losses to be carried forward		2,137
Taxation differences (French social contribution, long-term capital gains tax, venture capital companies, US tax)		(25,119)
Disposal activity		-
Permanent differences		695
Temporary differences and other		613
Tax on consolidated companies		**18,768**
Effective tax rate		
Net income - Group share	42,356	
Non-controlling interests	60,778	
Corporate income tax	18,768	
GROSS INCOME	**121,902**	
EFFECTIVE TAX RATE	**15.40%**	

In 2010/2011, the Group effective tax rate was 14,69%

Note 26 - Commitments given and received

Commitments given

In thousands of euros	30/09/2011	31/03/2011
Loan commitments	**59,500**	**75,979**
Given to banks	-	-
Given to customers	59,500	75,979
Guarantee commitments	**90,984**	**101,237**
Given to banks	41,525	46,633
Given to customers	49,459	54,604
Other commitments	**356,506**	**393,520**
Underwriting commitments	84,062	82,849
Other commitments given	272,444	310,671

Commitments received

In thousands of euros	30/09/2011	31/03/2011
Loan commitments	**86,630**	**85,573**
Received from banks	86,630	85,573
Received from customers	-	-
Guarantee commitments	**99,696**	**115,291**
Received from banks	82	77
Received from customers	99,614	115,214
Other commitments	**27,349**	**28,449**
Other commitments received	27,349	28,449

A system of deferred remuneration has been set in place at several entities throughout the Group. As of 30th September 2011, other commitments given include €60.8 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 (€59.9 million as at 31st March 2011).

Note 27 - Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances.

In thousands of euros	30/09/2011	31/03/2011
Cash and balances with central banks	1,922,508	968,299
Interbank demand deposits & overnight	667,150	765,448
Cash mutual funds (UCITS)	20,000	-
less: overnight deposits due to banks and deposits from central banks	(221,100)	(193,065)
TOTAL	**2,388,558**	**1,540,682**

Note 28 - Related parties

In thousands of euros	30/09/2011		31/03/2011		
	Companies accounted for by the equity method	Other related parties	Companies accounted for by the equity method	Main Directors of the entity or of the parent company (*)	Other related parties
Assets					
Loans and advances to banks	-	-	-	-	-
Loans and advances to customers	-	-	-	18,158	-
Other assets	-	15,112	1,790	75	22,059
TOTAL	**-**	**15,112**	**1,790**	**18,233**	**22,059**
Liabilities					
Due to banks	-	-	-	-	-
Due to customers	3,478	45	101	24,084	4
Debt securities in issue	-	-	-	-	-
Other liabilities	566	130	1,335	-	-
TOTAL	**4,044**	**175**	**1,436**	**24,084**	**4**
Loan and guarantee commitments					
Loan commitments given	1,000	-	1,000	-	-
Guarantee commitments given	-	-	-	18,311	-
Loan commitments received	-	-	-	-	-
Guarantee commitments received	-	-	-	-	-
TOTAL	**1,000**	**-**	**1,000**	**18,311**	**-**
Realised operating income from transactions with related parties					
Interest received	-	-	-	-	-
Interest paid	-	-	-	-	-
Commissions received	-	-	-	-	-
Commissions paid	(6)	-	-	-	-
Other income	1,234	218	25	111	3
TOTAL	**1,228**	**218**	**25**	**111**	**3**
Other expenses	(215)	(16)	(418)		-
TOTAL	**(215)**	**(16)**	**(418)**	**-**	**-**

(*) The Group does not have knowledge of material movements relating to the transactions with the main Group's Directors since the 1st April 2011.

Note 29 - 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	30/09/2011
Income					
External sales	376,021	151,588	63,131	-	590,740
Intersegment revenues	5,740	790	-	(6,530)	-
Net banking income	**381,761**	**152,378**	**63,131**	**(6,530)**	**590,740**
Operating income by segment before non analysed expenses	161,420	57,304	46,770	(6,530)	258,964
Expenses not analysed					(140,638)
Operating income					**118,326**
Results of companies accounted for by the equity method	990	1,363	(265)	-	2,088
Net gains or losses on other assets	1,493	(5)	-	-	1,488
Taxes					(18,768)
Consolidated net income					**103,134**

Segmental split by geography

In thousands of euros	France	United Kingdom and Channel Islands	Switzerland	Americas	Asia and Australia	Other	Intersegment eliminations	30/09/2011
Net banking income	187,788	135,566	77,010	93,535	25,256	71,585	-	**590,740**

Segmental split by business

In thousands of euros	Global Financial Advisory and Corporate Banking	Wealth Management and Asset Management	Private Equity	Intersegment eliminations	30/09/2010 restated
Income					
External sales	404,002	151,290	25,050	-	580,342
Intersegment revenues	15,606	592	(2,647)	(13,551)	-
Net banking income	**419,608**	**151,882**	**22,403**	**(13,551)**	**580,342**
Operating income by segment before non analysed expenses	219,089	53,083	4,324	(12,243)	264,253
Expenses not analysed					(157,552)
Operating income					**106,701**
Results of companies accounted for by the equity method	579	9,965	2,758	-	13,302
Net gains or losses on other assets	24,114	8,065	15	-	32,194
Taxes					(16,811)
Consolidated net income					**135,386**

Segmental split by geography

In thousands of euros	France	United Kingdom and Channel Islands	Switzerland	Americas	Asia and Australia	Other	Intersegment eliminations	30/09/2010 restated
Net banking income	164,941	164,896	75,268	87,726	28,744	58,767	-	**580,342**

Note 30 - Consolidation scope

The maturing of a minority put option granted by Rothschild Concordia AG to Rabo Bank brought Rabo Bank's holding in RCH to 7.5% during the financial year. This brought the percentage of interest down from 57.95% to 50.26% for RCH and from 97.60% to 97.17% for Paris Orléans and its direct subsidiaries, due to NMR's 5.56% stake in the capital of PO.

At 30th September 2011, the Group's consolidation scope had undergone no significant change relative to 31st March 2011.

3. Statutory Auditors' review report on the condensed half-yearly consolidated financial statements

This is a free translation into English of the statutory auditors' review 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.

Following our appointment as statutory auditors by your General Meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Paris Orléans S.A. for the six-month period ended 30 September 2011,
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Executive Board. Our role is to express a conclusion on these financial statements based on our review.

I. – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

Without qualifying the conclusion expressed above, we draw attention to note IV which sets out the adjustment made to the comparative financial statements as at 30 September 2010 following the full consolidation of Rothschild & Cie Banque during the year ended 31 March 2011.

II. – Specific verification

We have also verified information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, 30th November 2011	Paris, 30th November 2011
KPMG Audit FS II	**Cailliau Dedouit et Associés**
Pascal Brouard	Stéphane Lipski
Partner	Partner

4. Persons responsible for the half-year financial report

4.1 Persons responsible for the half-year financial report

Monsieur Sylvain Héfès, Chairman of the Executive Board

Monsieur Michele Mezzarobba, Member of the Executive Board

4.2 Statement by the persons responsible for the half-year financial report

We hereby declare that, to the best of our knowledge, the summary interim consolidated financial statements for the past six-month period included in the interim financial report have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and the companies in the consolidated group, and that the interim management report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the main related-party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year.

Paris, 30th November 2011

Sylvain Héfès	**Michele Mezzarobba**
Chairman of the Executive Board	Member of the Executive Board

Paris Orléans is a French public limited company (*société anonyme*) with a Management Board and a Supervisory Board and a share capital of €65,031,174

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