

LAZARD ITALY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR TO 30 NOVEMBER 2012
REGISTERED NUMBER: 3536047

<u>CONTENTS</u>	<u>PAGE</u>
Report of the directors	1 - 2
Report of the independent auditor	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6 - 10

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LAZARD ITALY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 November 2012

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 415(A) (1) & (2) of the Companies Act 2006

PRINCIPAL ACTIVITY

The Company is an investment holding company. Its principal subsidiary is a holding company for a group of companies carrying on investment banking business in Italy.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Company intends to remain an investment holding company.

RESULTS

The profit on ordinary activities after tax was £1,416,094 (2011 £16,862 loss). A dividend of £1,559,890 (2011 £25,000) was paid during the year.

DIRECTORS DURING THE YEAR

The names of the directors who served during the year and to the date of this report, except as noted are as follows:

R J Farrer-Brown

R J Rountree

M J Siviter

COMPANY SECRETARY

R J Farrer-Brown

DIRECTORS' INDEMNITIES

In accordance with the Company's articles of association and subject to the provisions of and so far as may be permitted by law, directors are indemnified by the Company out of its own funds against all costs, charges, losses, expenses and liabilities incurred by them in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office.

AUDITOR

The Company has elected to dispense with the obligation to appoint an auditor annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as an auditor for a further term under the provisions of section 487 (2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of the report confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

LAZARD ITALY LIMITED

REPORT OF THE DIRECTORS (continued)

DIRECTORS' INTERESTS

All those who were directors at 30 November 2012 have been allocated Restricted Stock Units in Lazard Ltd

GOING CONCERN BASIS

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Approved by the Board of Directors and signed on behalf of the Board



Director ~~Secretary~~
50 Stratton Street
London
W1J 8LL

R J FARRER-BROWN

18 April 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAZARD ITALY LIMITED

We have audited the financial statements of Lazard Italy Limited for the year ended 30 November 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 November 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.


Calum Thomson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

17 April 2013

LAZARD ITALY LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30 NOVEMBER 2012

	Notes	2012 £	2011 £
Administrative expense		(60,147)	(3,039)
OPERATING LOSS		(60,147)	(3,039)
Interest receivable	1	11,527	640
Interest payable		(1,889)	(14,463)
Dividend from shares in group undertakings		1,566,875	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,516,366	(16,862)
Tax charge on profit on ordinary activities	3	(75,272)	-
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		1,441,094	(16,862)

The Company has no recognised gains or losses other than as shown above and therefore no statement of total recognised gains and losses has been presented. A reconciliation of the movement in shareholders' funds is shown in note 9.

All activities derive from continuing operations.

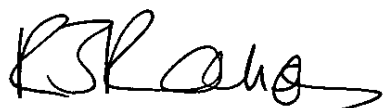
The notes on pages 6 to 10 form an integral part of these accounts.

LAZARD ITALY LIMITED**BALANCE SHEET AT 30 NOVEMBER 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Investments in subsidiaries	4	12,541,024	12,541,024
CURRENT ASSETS			
Cash at bank and in hand		590,212	547,492
Debtors	5	2,588,241	2,722,200
		3,178,453	3,269,692
CURRENT LIABILITIES			
Amounts falling due within one year	6	(77,729)	(25,172)
NET CURRENT ASSETS		3,100,724	3,244,520
TOTAL ASSETS LESS CURRENT LIABILITIES		15,641,748	15,785,544
CAPITAL AND RESERVES			
Called up share capital	7	4,499,717	4,499,717
Profit and loss account	8	11,142,031	11,285,827
SHAREHOLDERS' FUNDS	9	15,641,748	15,785,544

These financial statements were approved and authorised for issue the Board of Directors on 18 April 2013

Signed on behalf of the Board of Directors



Director

R S Rountree

Company registration number 3536047

LAZARD ITALY LIMITED

NOTES TO THE ACCOUNTS **FOR YEAR ENDED 30 NOVEMBER 2012**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 and applicable accounting standards in the United Kingdom. The particular accounting policies which have been applied are set out below.

a) Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting.

b) Group accounts

Group accounts of the Company and its subsidiaries have not been prepared because the Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company is a majority-owned subsidiary undertaking incorporated in Great Britain and registered in England and Wales.

c) Interest

Interest receivable and payable is accounted for on an accruals basis.

Fixed asset investments

Fixed asset investments are held at the lower of cost and net realisable value.

Foreign exchange

Transactions in foreign currencies are translated into sterling at current rates during the year and monetary assets and liabilities are retranslated at the rates ruling at the balance sheet date with exchange differences dealt with in the profit and loss account.

Dividends

Dividends are recognised in the period in which they are declared and become present obligations of the Company.

Current tax

Current tax, including UK corporation tax, is recorded at amounts expected to be recovered or paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Other income

Other income comprises foreign exchange differences and other sundry income and is accounted for on an accrual basis.

2. DIRECTORS' EMOLUMENTS AND AUDITORS' REMUNERATION

There were no directors' fees or other emoluments for their services to this Company during the current or previous years. The Company has no employees (2011: none). The auditors' remuneration in the current year for audit services was £2,007 (2011: £2,255).

LAZARD ITALY LIMITED

NOTES TO THE ACCOUNTS FOR YEAR ENDED 30 NOVEMBER 2012 (continued)

3. TAXATION

	2012	2011
	£	£
UK corporate tax at 24.67% (2011: 26.5%)	-	-
Increase in provision against tax reclaim	75,272	-
Tax charge on profit on ordinary activities	<u>75,272</u>	<u>-</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 24.67% (2011: 26.7%). The current period tax charge for 2012 is less than 24.67% (2011: less than 26.7%) for the reasons set out in the following reconciliation:

	2012	2011
	£	£
Profit / (loss) on ordinary activities before tax	<u>1,516,366</u>	<u>(16,862)</u>
Tax on (loss) / profit on ordinary activities at standard rate	<u>374,037</u>	<u>(4,502)</u>
Factors affecting charge		
Increase in provision against tax reclaim	75,272	-
Dividends not taxable	(386,496)	-
Losses brought forward for which credit not taken	4,134	282
Exchange gain	<u>8,325</u>	<u>4,220</u>
Current tax (credit) / charge for the year	<u>75,272</u>	<u>-</u>

As at 30 November 2012 the Company had losses with a tax value of £26,000 (2011: £25,000) for which credit was not taken.

4. INVESTMENTS

	2012	2011
	£	£
At 30 November	<u>12,541,024</u>	<u>12,541,024</u>

The Company owns 100% (2011: 100%) of the ordinary share capital of Lazard Investments s r l. Lazard Investment s r l is principally engaged in the business of investment banking, and is registered in Italy.

On 31 December 2012 Lazard Investment s r l merged with its 99% owned subsidiary Lazard & Co, s r l. As a result the Company now owns 99% of the merged company, 1% is owned directly by Lazard Group LLC.

LAZARD ITALY LIMITED**NOTES TO THE ACCOUNTS
FOR YEAR ENDED 30 NOVEMBER 2012 (continued)****5. DEBTORS**

	2012	2011
	£	£
Foreign tax debtor	5,153,122	5,220,625
Provision for foreign tax debtor	(2,576,562)	(2,505,900)
Intercompany FX forward	<u>11,681</u>	<u>7,475</u>
	<u>2,588,241</u>	<u>2,722,200</u>

The company has set up a provision of a reclaim of a tax credit from Italy

6. CURRENT LIABILITIES

	2012	2011
	£	£
Amounts due to related parties	<u>77,729</u>	<u>17,697</u>
	<u>77,729</u>	<u>17,697</u>

7. SHARE CAPITAL

	2012	2011
	£	£
Allotted, called and fully paid		
3,999,716 (2011 3,999,716) Ordinary shares of £1 each	<u>3,999,716</u>	<u>3,999,716</u>
Allotted, called and unpaid		
1 (2011 1) Ordinary share of £1	<u>1</u>	<u>1</u>
Allotted, called and fully paid		
500,000 (2011 500,000) Preference shares of £1 each	<u>500,000</u>	<u>500,000</u>

The £1 preference shares are non-cumulative, non-redeemable and bear an interest rate of 5%

8. RESERVES

	2012	2011
	£	£
At 1 December	11,285,827	11,327,689
Retained profit / (loss) for the year	1,441,094	(16,862)
Dividends paid	<u>(1,584,890)</u>	<u>(25,000)</u>
At 30 November	<u>11,142,031</u>	<u>11,285,827</u>

LAZARD ITALY LIMITED

NOTES TO THE ACCOUNTS **FOR YEAR ENDED 30 NOVEMBER 2012 (continued)**

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Retained (loss) / profit	1,441,094	(16,862)
Dividends paid	(1,584,890)	(25,000)
Net (reduction) / addition shareholder's funds	(143,796)	(41,862)
Opening shareholders' funds	15,785,544	15,827,406
Closing shareholders' funds	15,641,748	15,785,544

10. CASH FLOW STATEMENT

The Company is exempt from preparing a cash flow statement under paragraph 5 of Financial Reporting Standard No 1 (revised 1996) "Cash Flow Statements"

11. RELATED PARTY DISCLOSURES

During the year the Company transacted with companies within the same group The transactions in the year were

- (1) Audit remuneration of £2,007 (2011 £2,255) was paid by Lazard & Co , Limited and recharged to the Company
- (2) Preference dividends of £25,000 (2011 £25,000) were paid to Casinvest SA
- (3) To provide foreign exchange cover to the tax reclaim an FX contract, with a maturity date 28th June 2013, has been created with Lazard Freres Banque SA
- (4) Dividend paid during 2011 to Lazard & Co , Limited £910,924 (2011 £nil) and to Maison Lazard (SAS) £648,965 (2011 £nil)

The balances due to and from related parties at the year end were as follows

	2012	2011
	£	£
Amounts due from related parties		
Lazard Freres Banque SA	590,195	554,967
Amounts due from related parties	590,195	554,967
Amounts due to related parties		
Casinvest SA	22,917	22,917
Lazard Freres Banque SA	68	-
Lazard & Co , Limited	54,746	2,255
Amounts due to related parties	77,731	25,172

LAZARD ITALY LIMITED

NOTES TO THE ACCOUNTS
FOR YEAR ENDED 30 NOVEMBER 2012 (continued)

12. ULTIMATE PARENT COMPANY

Lazard Ltd, a Bermudian company, is the parent company of the largest group which includes the Company and for which group accounts are prepared. The Company's ultimate parent company and ultimate controlling party is Lazard Ltd.

The parent company of the smallest group which includes the Company, and for which group accounts are prepared, is Lazard & Co, Holdings Limited, a company incorporated and registered in England and Wales.

Copies of the parent company's financial statements may be obtained from The Company Secretary, Lazard & Co, Holdings Limited, 50 Stratton Street, London W1J 8LL.

The Company's immediate controlling party is Lazard & Co, Limited, a company incorporated and registered in England and Wales.