

Rothschilds Continuation Finance B.V.
Zaandam, the Netherlands

Semi-annual financial statements period ended 30 September, 2015

Rothschilds Continuation Finance B.V.

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Rothschilds Continuation Finance B.V.

Director's report

The director takes pleasure in submitting herewith the report and unaudited financial statements of Rothschilds Continuation Finance B.V. ("the Company") for the period ended 30 September 2015. These semi-annual financial statements have been prepared in accordance with generally accepted accounting standards in the Netherlands and applicable Dutch Law.

Overview of activities

The Company's purpose is to act as finance company for the Rothschild Group. It has issued a number of years ago two tranches of Floating Rate Notes of which one tranche in the amount of USD 45,000,000 has been repaid in January 2015. The outstanding amount of Floating rate notes amounts currently to USD 200,000,000. The proceeds of these notes issue have been lent to companies in the Rothschild Group. The Company has not developed any additional finance activities during this financial period.

Result for the period

The result of the Company during the period under review developed in accordance with expectations.

Financial instruments

The Company's loan assets and loan liabilities are denominated in the same currency. The interest rates are related meaning that a fixed positive margin applies. Interest payment dates are the same for both asset and liability loans. Therefore the need for financial instruments to cover currency or interest rate exposures does not exist. Hence the Company is not engaged in any financial instruments covering such risks.

Risk management

All funds raised have been onlent to group companies in the same currency and on the basis of a fixed interest margin. The Company's obligations under the Floating Rate Note programme are guaranteed on a subordinated basis by Rothschilds Continuation Limited.

Audit committee

The audit committee function for the Company has been assumed by the audit committee of Rothschild & Co previously known as Paris Orleans S.C.A., a French company listed on the Paris stock exchange. The Company is an entity controlled by Rothschild & Co. The Rothschild & Co audit committee meets four times a year. It considers the Company's accounts on one of those four occasions. Member of the Rothschild & Co audit committee are:

- Mr Peter Smith, Chairman
- Mr Andre Levy-Lang
- Mr Sylvain Hefes
- Mrs Carole Piwnica

Audit policy

Unless required semi-annual financial statements are not subject to an (interim) audit.

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Director's report - continued

Audit policy

Unless required semi-annual financial statements are not subject to an (interim) audit.

Future outlook

A significant change of activities during the second half of the current financial year is not expected. The result will be comparable to the first half year.

Statement as required under Article 5:25d paragraph 2-c of the Financial Markets Supervision Act

The semi annual financial statements provide to the best of our knowledge a true and fair view of the the Company's assets and liabilities, financial position, result for the period and give a fair view of the activities and developments of the business during the period ended 30 September 2015. Material risks if any are properly disclosed.

Amsterdam, 16 November 2015

M. de Boer

Rothschilds Continuation Finance B.V.

Balance sheet as at 30 September 2015 (unaudited)

Comparative figures as at 31 March 2015

(Before appropriation of results and expressed in Euros)

		30 September 2015	31 March 2015
Financial Fixed Assets			
Loans to group companies	3	<u>178,523,600</u>	<u>185,890,800</u>
Current Assets			
Interest receivable		4,649	8,391
Prepayments and accrued income	4	42,704	79,332
Corporate income tax	5	37,103	(1,875)
Cash at bank	6	<u>772,731</u>	<u>678,510</u>
		<u>857,187</u>	<u>766,233</u>
Current Liabilities			
Interest payable		4,029	7,100
Accrued expenses and deferred income		<u>22,694</u>	<u>17,902</u>
		26,723	26,877
Current Assets less Current Liabilities		<u>830,464</u>	<u>739,356</u>
Total Assets less Current Liabilities		<u>179,354,064</u>	<u>186,630,156</u>
Long Term Liabilities - due after one year			
Floating Rate Notes	7	<u>178,523,600</u>	<u>185,890,800</u>
Total Assets less Total Liabilities		<u><u>830,464</u></u>	<u><u>739,356</u></u>
Shareholders' Equity			
Share capital		18,172	18,172
Other reserves		721,184	488,246
Unappropriated results		<u>91,108</u>	<u>232,938</u>
		<u><u>830,464</u></u>	<u><u>739,356</u></u>

The accompanying notes on page 7 - 10 form an integral part of these financial statements

Rothschilds Continuation Finance B.V.

Profit and loss account for the 6 months to 30 September 2015 (unaudited)

Comparative figures for the financial year ended 31 March 2015

(Before appropriation of results and expressed in Euros)

	30 September 2015	31 March 2015
Financial Income and Expenses		
Interest Income	742,602	1,525,003
Interest Expense	<u>(628,470)</u>	<u>(1,246,096)</u>
Net Interest Income	<u>114,131</u>	<u>278,907</u>
Other net interest income	529	2,964
Currency Exchange Results	<u>(776)</u>	<u>15,354</u>
Total Financial Income and Expenses	<u>113,884</u>	<u>297,225</u>
Profit before Taxation	113,884	297,225
Corporate Income tax	5 (22,776)	(64,287)
Profit after Taxation	<u><u>91,108</u></u>	<u><u>232,938</u></u>

The accompanying notes on page 7 - 10 form an integral part of these financial statements

Rothschilds Continuation Finance B.V.

Notes to the semi-annual accounts for the financial period ended 30 September 2015 (unaudited)

1. General

Rothschilds Continuation Finance B.V. ("the Company") was incorporated as private company with limited liability on 15 March 1983. The Company has its statutory seat in Amsterdam. The shareholders of the Company are Rothschilds Continuation Finance Holdings Limited, United Kingdom, K Développement S.A., France, Edmond de Rothschild (Suisse) S.A., Switzerland, (formerly known as Banque Privée Edmond de Rothschild S.A.) and Integritas B.V., The Netherlands. The principal activity of the Company is to act as finance company.

2. Basis of presentation and principal accounting principles

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and in accordance with the provisions contained in Title 9, Book 2 of the Dutch Civil Code, the most significant of which are

- (a) **Foreign currencies**
Assets and liabilities denominated in foreign currencies are translated into Euro's at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Euro's at exchange rate in effect on the date of the transactions. The resulting currency exchange differences are recognised in the profit and loss account.
- (b) **Assets and liabilities**
Assets and liabilities are shown at face value unless otherwise stated.
- (c) **Recognition of income**
Income and expenses including taxation are recognised and reported on an accruals basis.
- (d) **Corporate income tax**
Corporate income tax is provided for in accordance with the tax ruling conditions previously published by the Dutch Tax Authorities. To comply with these conditions the Company is required to report a minimum amount of taxable income based on the amounts of the outstanding loans. The Company recharges all general and administrative expenses to one of its shareholders to meet this requirement.

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Notes to the semi-annual accounts for the financial period ended 30 September 2015 (unaudited)

3. Loans to group companies

The Company has provided loans denominated in USD to two entities of the Rothschild Group. The loans are unsecured. They carry interest at 1/8% above the interest rate applying to the corresponding Floating Rate Notes (see note 7). The interest rates are reset biannually. The loans are repayable on dates corresponding to the repayment dates of the Floating Rate Notes.

Details are as follows:

<u>Group Company</u>	<u>Maturity</u>		<u>Principal</u>
NMR International N.V.	undated	USD	100,000,000
NM Rothschild & Sons Ltd.	undated	USD	100,000,000

Movements during the period/year comprise of:

	30 September 2015 EUR	31 March 2015 EUR
Balance long term receivables at beginning of period/year	185,890,800	145,153,600
Exchange differences during period/year	(7,367,200)	40,737,200
Balance long term receivables at end of period/year	178,523,600	185,890,800
Short term receivables at beginning of period/year	-	32,659,560
Received during period/year	-	(32,659,560)
Balance short term receivables at end of period/year	-	-
Grand total loans to group companies	178,523,600	185,890,800

4. Prepayments and accrued income

The Company recharges all general and administrative expenses to a group company. The amount recharged includes audit fees in the amount of EUR 6,000 (31 March 2015: EUR 12,000).

At the date of the balance sheet prepayments and accrued income comprise of:

	30 September 2015 EUR	31 March 2015 EUR
Recharged expenses to Group company	40,418	71,508
Receivable VAT	2,286	7,824
Balance at end of year	42,704	79,332

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Notes to the semi-annual accounts for the financial period ended 30 September 2015 (unaudited)

5. Corporate income tax

The Company reports taxable income in accordance with previous ruling policy involving a minimum amount of taxable interest income. To comply with this policy the Company recharges all its general and administrative expenses to a Group company. During the year the Company received a provisional tax assessment in relation to the current financial year. The assessment has been paid in full. Corporate income tax is due at the statutory rate of 20%, any taxable income in excess of EUR 200,000 is subject to corporate income tax at the rate of 25%.

6. Cash at bank

An amount of EUR 114,299 of cash at bank is denominated in US dollars (year ended 31 March 2015: EUR 173). All other balances are denominated in Euro's. Cash at bank includes EUR 657,299 placed in an interest bearing account (year ended 31 March 2015: EUR 562,770) generating interest at approximately 0.25% per annum. All balances are available on demand.

7. Floating rate notes

The Company has issued two tranches of USD denominated Floating Rate Notes. The Floating Rate Notes carry interest at six month Libor for USD deposits plus 1/4%. The notes are unconditionally guaranteed by Rothschilds Continuation Limited on a subordinated basis. One tranche of the Floating Rate Notes amounting to USD 45,000,000 has been repaid in January 2015. The remaining tranche amounting to USD 200,000,000 does not have a fixed repayment date. The Company may on any interest payment date redeem some or all of the USD 200,000,000 Floating Rate Notes provided it has given not more than 45 days' nor less than 30 days' notice to the Noteholders.

Details are as follows:

	<u>Maturity</u>	<u>Principal</u>	
	Undated	USD	200,000,000
Movements during the period/year comprise of:		30 September 2015	31 March 2015
		EUR	EUR
Balance of long term Notes at beginning of period/year		185,890,800	145,153,600
Exchange differences during period/year		(7,367,200)	40,737,200
Balance of long term Notes at end of period/year		178,523,600	185,890,800
Balance of short term Notes at beginning of period/year		-	32,659,560
Paid during period/year		-	(32,659,560)
Balance of short term Notes at end of period/year		-	-
Grand total Floating Rate Notes		178,523,600	185,890,800

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Notes to the semi-annual accounts for the financial period ended 30 September 2015 (unaudited)

8. Shareholders' equity

The Company's authorised share capital amounts to EUR 90,852.28 consisting of 10,878 Class A ordinary shares of EUR 8.26 each and 1,000 Class B ordinary shares of EUR 1 each of which 2,200 Class A ordinary shares have been issued and paid up at 30 September 2015 and at 31 March 2015.

Details of shareholders' equity are as follows:

	30 September 2015 EUR	31 March 2015 EUR
Share capital at beginning and end of period/year	<u>18,172</u>	<u>18,172</u>
Other reserves earnings at beginning of period/year	488,247	276,419
Transfer from unappropriated results	232,938	211,828
Other reserves earnings at end of period/year	<u>721,184</u>	<u>488,247</u>
Unappropriate results at beginning of period/year	232,938	211,828
Profit for the period/year	91,108	232,938
Transfer to other reserves	(232,938)	(211,828)
Unappropriate results at end of period/year	<u>91,108</u>	<u>232,938</u>
Total shareholders' equity	<u><u>830,464</u></u>	<u><u>739,356</u></u>

9. Directors

The Company has one director (year ended 31 March 2014: one) who did not receive any remuneration during the year under review (remuneration year ended 31 March 2014: nil). The Company does not have any supervisory directors (year ended 31 March 2014: nil).

10. Staff numbers and employment costs

The Company has no other employees than its director (year ended 31 March 2015: nil). Hence it has not incurred any salary or related social security and pension costs during the period under review (year ended 31 March 2015: nil).

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Other information

Statutory arrangements in respect of profit distribution

Under Dutch Civil Law, no dividends can be declared until all losses have been recovered. Subject to this the profits are at the disposal of the shareholders.