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Rothschilds Continuation Finance B.V.

Semi annual unaudited financial statements period ended 30 September 2013

2013-09-30

Rothschilds Continuation Finance B.V.

<u>Table of contents</u>	<u>page</u>
Director's report	3-4
Balance sheet as per 30 September 2013	5
Profit and loss account for the period ended 30 September 2013	6
Notes to the semi annual financial statements	7-10
Other information	11

21-11-2013

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 2013. The 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. The outstanding amounts currently are USD 45,000,000 and 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 the first half of the current financial year.

Result for the period

The result of the Company during the first 6 months of the current financial year 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 Paris Orleans S.C.A., a French company listed on the Paris stock exchange. The Company is an entity controlled by Paris Orleans S.C.A. The Paris Orleans S.C.A. audit committee meets four times a year. It considers the Company's accounts on one of those four occasions. Members of the Paris Orleans S.C.A. audit committee are:

- Mr Peter Smith, Chairman
- Mr Andre Levy-Lang
- Mr Sylvain Hefes

Audit policy

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

Rothschilds Continuation Finance B.V.

Director's report - continued

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 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 2013. Material risks if any are properly disclosed.

Amsterdam, 12 November 2013

M. de Boer

Rothschilds Continuation Finance B.V.

Balance sheet as per 30 September 2013 (not audited)

Comparative figures as per 31 March 2013

(Before appropriation of results and expressed in Euros)

		not audited 30 September 2013	31 March 2013
Financial Fixed Assets			
Loans to group companies	3	<u>181,038,830</u>	<u>191,018,244</u>
Current Assets			
Interest receivable		54,804	77,533
Prepayments and accrued income	4	33,735	96,878
Corporate income tax		30,146	-
Cash at bank	6	<u>336,969</u>	<u>202,221</u>
		<u>455,655</u>	<u>376,632</u>
Current Liabilities			
Interest payable		39,512	59,774
Corporate income tax	5	-	4,473
Accrued expenses and deferred income		<u>12,502</u>	<u>17,795</u>
		<u>52,014</u>	<u>82,042</u>
Current Assets less Current Liabilities		<u>403,640</u>	<u>294,590</u>
Total Assets less Current Liabilities		<u>181,442,470</u>	<u>191,312,834</u>
Long Term Liabilities - due after one year			
Floating Rate Notes	7	<u>181,038,830</u>	<u>191,018,244</u>
Total Assets less Total Liabilities		<u>403,640</u>	<u>294,590</u>
Shareholders' Equity			
Share capital	8	18,172	18,172
Other reserves		276,419	46,253
Unappropriated results		<u>109,050</u>	<u>230,165</u>
		<u>403,640</u>	<u>294,590</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 period ended 30 September 2013 (not audited)

Comparative figures for the financial year ended 31 March 2013

(Before appropriation of results and expressed in Euros)

	not audited 30 September 2013	31 March 2013
Financial Income and Expenses		
Interest Income	839,278	2,162,508
Interest Expense	<u>(700,420)</u>	<u>(1,878,889)</u>
Net Interest Income	<u>138,858</u>	<u>283,619</u>
Other net interest income	1,259	5,334
Currency Exchange Results	<u>(4,000)</u>	<u>3,754</u>
Total Financial Income and Expenses	<u>136,117</u>	<u>292,707</u>
Profit before Taxation	136,117	292,707
Corporate Income tax	5 (27,067)	(62,542)
Profit after Taxation	<u>109,050</u>	<u>230,165</u>

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

Rothschilds Continuation Finance B.V.

Notes to the unaudited semi annual accounts for the financial period ended 30 September 2013

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, Banque Privée Edmond de Rothschild S.A., Switzerland, and Integritas B.V., The Netherlands. The principal activity of the Company is to act as a 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.

Rothschilds Continuation Finance B.V.

Notes to the unaudited semi annual accounts for the financial period ended 30 September 2013

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% or 1/4% 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.	2015	USD	45,000,000
NMR International N.V.	undated	USD	100,000,000
NM Rothschild & Sons Ltd.	undated	USD	100,000,000

Movements during the year comprise of:

	not audited 30 September 2013 EUR	31 March 2013 EUR
Balance at beginning of period/year	191,018,244	183,823,529
Exchange differences during year	(9,979,414)	7,194,715
Balance at end of period/year	<u>181,038,830</u>	<u>191,018,244</u>

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 4,461 (31 March 2013: EUR 13,750).

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

	not audited 30 September 2013 EUR	31 March 2013 EUR
Recharged expenses to Group company	28,607	85,302
Receivable VAT	4,650	11,065
Other	478	512
Balance at end of period/year	<u>33,735</u>	<u>96,878</u>

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Rothschilds Continuation Finance B.V.

Notes to the unaudited semi annual accounts for the financial period ended 30 September 2013

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 95,651 of cash at bank in denominated in US dollars (year ended 31 March 2013: EUR 100,013). All other balances are denominated in Euro's. Cash at bank includes EUR 240,903 placed on an interest bearing account (year ended 31 March 2013: EUR 100,013) an interest bearing account generating interest at approximately 1.4% 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 is repayable in 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 nor less than 30 days' notice to the Noteholders.

Details are as follows:

	<u>Maturity</u>	<u>Principal</u>
	2015	USD 45,000,000
	undated	USD 200,000,000

Movements during period/year comprise of:	<u>not audited</u> 30 September 2013 EUR	31 March 2013 EUR
Balance at beginning of period/year	191,018,244	183,823,529
Exchange differences during period/year	(9,979,414)	7,194,715
Balance at end of period/year	<u>181,038,830</u>	<u>191,018,244</u>

Rothschilds Continuation Finance B.V.

Notes to the unaudited semi annual accounts for the financial period ended 30 September 2013

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 2013 and at 31 March 2013.

Details of shareholders equity are as follows:

	not audited 30 September 2013 EUR	31 March 2013 EUR
Share capital at beginning and end of period/year	18,172	18,172
Other reserves at beginning of period/year	46,253	640,749
Transfer from unappropriated results	230,165	230,504
Dividends paid during period/year	-	(825,000)
Other reserves at end of period/year	276,418	46,253
Unappropriate results at beginning of period/year	230,165	230,504
Profit for the period/year	109,050	230,165
Transfer to other reserves	(230,165)	(230,504)
Unappropriate results at end of period/year	109,050	230,165
Total shareholders' equity	403,640	294,590

9. Directors

The Company has one director (year ended 31 March 2013: one) who did not receive any remuneration during the period under review (remuneration year ended 31 March, 2013: nil).
The Company does not have any supervisory directors (year ended 31 March 2013: nil).

10. Staff numbers and employment costs

The Company has no other employees than its director (year ended 31 March 2013: nil). Hence it has not incurred any salary or related social security and pension costs during the year (year ended 31 March 2013: nil).

Rothschilds Continuation Finance B.V.

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.