

**Rothschild & Co Continuation Finance B.V. (previously Rothschilds Continuation Finance B.V.)**  
**Zaandam, the Netherlands**

**Financial statements period ended 30 June 2019 - unaudited**

## **Rothschild & Co Continuation Finance B.V. (previously Rothschilds Continuation Finance B.V.)**

### **Director's report**

The director takes pleasure in submitting herewith the report and unaudited financial statements of Rothschild & Co Continuation Finance B.V. ("the Company") for the six months ended 30 June 2019. 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 & Co 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 was repaid in January 2015. The outstanding amount of Floating Rate Notes amounts to USD 200,000,000. The proceeds of the notes issue have been lent to companies in the Rothschild & Co Group. The Company has not developed any additional finance activities during this financial year.

The Company's Articles of Association have been amended during the year to reflect the change the change of the Company's name.

### **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 Rothschild & Co Continuation Limited.

### **Audit committee**

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

- Mr Peter Smith, Chairman
- Mr Sylvain Hefes
- Mrs Fern Lee

**Director's report - continued**

Future outlook

A significant change in activities during the financial year 2019 is not expected. The result for the year is not expected to differ materially on a proportional basis from the result for the six months under review..

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

The financial statements provide to the best of my knowledge a true and fair view of the Company's assets and liabilities, financial position, result for the six months and give a fair view of the activities and developments of the business during the six months ended 30 June 2019. Material risks, if any, are properly disclosed.

Zaandam, 27 Seoptember 2019

M. de Boer

**Rothschild & Co Continuation Finance B.V.** (previously Rothschilds Continuation Finance B.V.)

**Balance sheet as at 30 June 2019 - unaudited**

Comparative figures as at 31 December 2018

(Before appropriation of results and expressed in Euros)

		Unaudited 30 June 2019	31 December 2018
<b>Financial Fixed Assets</b>			
Loans to group companies	3	<u>175,720,000</u>	<u>174,848,000</u>
<b>Current Assets</b>			
Interest receivable		1,405,150	1,384,213
Prepayments and accrued income	4	44,024	107,616
Corporate income tax	5	23,268	2,846
Cash at bank	6	<u>1,391,465</u>	<u>1,264,787</u>
		<u>2,863,907</u>	<u>2,759,462</u>
<b>Current Liabilities</b>			
Interest payable		1,347,453	1,326,538
Accrued expenses and deferred income		<u>20,191</u>	<u>27,022</u>
		<u>1,367,644</u>	<u>1,353,560</u>
<b>Current Assets less Current Liabilities</b>		<u>1,496,264</u>	<u>1,405,903</u>
<b>Total Assets less Current Liabilities</b>		<u>177,216,264</u>	<u>176,253,903</u>
<b>Long Term Liabilities - due after one year</b>			
Floating Rate Notes	7	<u>175,720,000</u>	<u>174,848,000</u>
<b>Total Assets less Total Liabilities</b>		<u>1,496,264</u>	<u>1,405,903</u>
<b>Shareholders' Equity</b>			
	8		
Share capital		18,172	18,172
Other reserves		1,387,730	1,216,175
Unappropriated results		<u>90,361</u>	<u>171,556</u>
		<u>1,496,264</u>	<u>1,405,903</u>

The accompanying notes on page 8 - 11 form an integral part of these financial statements

**Rothschild & Co Continuation Finance B.V. (previously Rothschilds Continuation Finance B.V.)**

**Profit and loss account for the six months ended 30 June 2019 - unaudited**

Comparative figures for the year 2018

(Before appropriation of results and expressed in Euros)

	Unaudited 30 June 2019	31 December 2018
<b>Financial Income and Expenses</b>		
Interest Income	2,699,222	4,644,619
Interest Expense	<u>(2,587,665)</u>	<u>(4,429,212)</u>
Net Interest Income	<u>111,557</u>	<u>215,407</u>
Other net interest income	-	-
Currency Exchange Results	<u>-</u>	<u>-</u>
Total Financial Income and Expenses	<u>111,557</u>	<u>215,407</u>
 <b>Profit before Taxation</b>	 111,557	 215,407
Corporate Income tax	5 (21,196)	(43,851)
<b>Profit after Taxation</b>	<u>90,361</u>	<u>171,556</u>

The accompanying notes on page 8 - 11 form an integral part of these financial statements

**Rothschild & Co Continuation Finance B.V. (previously Rothschilds Continuation Finance B.V.)**

**Cash flow statement for the six months ended 30 June 2019 - unaudited**

Comparative figures for the year 31 December 2018

The cash flow statement has been prepared in accordance with the indirect method.

	Unaudited 30 June 2019	31 December 2018
<b>Net result</b>	<b>90,361</b>	<b>171,556</b>
<u>Adjusted for changes in:</u>		
- Prepayments and accrued income	63,592	(21,852)
- Accrued expenses and deferred income	(6,831)	(1,032)
	<b>56,761</b>	<b>(22,884)</b>
<b>Cash flow from business operations</b>		
- Interest received	2,678,285	4,103,015
- Interest paid	(2,566,750)	(3,890,922)
- Corporate income tax paid	(41,618)	(30,666)
	<b>69,917</b>	<b>181,427</b>
<b>Cash flow from operating activities</b>	<b>126,678</b>	<b>158,543</b>
<u>Movement cash balances during period/year:</u>		
Cash balances at beginning of period/year	1,264,787	1,106,244
Total cash flow for the period/year	126,678	158,543
Cash balances at end of period/year	<b>1,391,465</b>	<b>1,264,787</b>

## **Rothschild & Co Continuation Finance B.V. (previously Rothschilds Continuation Finance B.V.)**

### **Notes to the unaudited financial statements for the six months ended 30 June 2019**

#### **1. General**

Rothschild & Co 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 Rothschild & Co Continuation Finance Holdings Limited, United Kingdom, K Développement S.A., France and Integritas B.V., The Netherlands. During the year Edmond de Rothschild (Suisse) S.A., Switzerland, disposed of its shares in the Company. This sale involved a condition to change the name of the Company from Rothschilds Continuation Finance B.V. to Rothschild & Co Continuation Finance B.V. The Company's articles of association were for this purpose amended during the year. 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.
- (e) **Impairment of financial fixed assets**  
The financial fixed assets are assessed at each reporting date as to whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the relevant asset is estimated. The recoverable amount is the higher of value in use and net realisable value. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. Subsequently, at each reporting date, the Company assesses whether there is any indication that an impairment loss that was recorded previously has decreased. If any such indication exists, then the recoverable amount of the relevant asset is estimated. Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised previously for the relevant asset.

Notes to the unaudited financial statements for the six months ended 30 June 2019

2. Basis of presentation and principal accounting principles - continued

- (f) **Going Concern**  
The financial statements of the Company have been prepared on the basis of the going concern assumption.
- (g) **Cash Flow Statement**  
The cash flow statement has been prepared in accordance with the indirect method.

3. Loans to group companies

The Company has provided loans denominated in USD to two entities of the Rothschild & Co 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. Credit risk arising from the exposure to the group companies has been considered by the Company in accordance with Dutch GAAP RJ 290. There are no indications of impairment.

Details are as follows:

<u>Group Company</u>	<u>Maturity</u>		<u>Principal</u>
Rothschild & Co Continuation Holdings AG	undated	USD	100,000,000
NM Rothschild & Sons Ltd.	undated	USD	100,000,000
Movements during the period/year comprise of:			
	30 June 2019	31 December 2018	
	EUR	EUR	
Balance long term receivables at beginning of the period/year	174,848,000	166,555,600	
Exchange differences during the period/year	872,000	8,292,400	
Balance long term receivables at end of the period/year	175,720,000	174,848,000	

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 9,355 (31 December 2018: EUR 17,098).

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

	30 June 2019	31 December 2018
	EUR	EUR
Recharged expenses to Group company	39,938	100,193
Receivable VAT	3,953	7,290
Other	133	133
Balance at end of period/year	44,024	107,616



**Notes to the unaudited financial statements for the six months ended 30 June 2019**

**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 19%, 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 292 of cash at bank is denominated in US dollars (year ended 31 December 2019: EUR 301). All other balances are denominated in Euro's. At period end the Company had not invested an amount in an interest bearing account (year ended 31 December 2019: nil). All balances are available on demand.

**7. Floating rate notes**

The Company has in issue 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 Rothschild & Co Continuation Limited on a subordinated basis. The notes amount to USD 200,000,000 and do 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 June 2019 EUR	31 December 2018 EUR
Balance of long term Notes at beginning of the period/year		174,848,000	166,555,600
Exchange differences during the period/year		872,000	8,292,400
Balance of long term Notes at end of the period/year		175,720,000	174,848,000

**8. Shareholders' equity**

The issued share capital amounts to Euro 18,172 consisting of 2,200 shares of Euro 8.26 each at 30 June 2019 and 31 December 2018.

**Notes to the unaudited financial statements for the six months ended 30 June 2019**

**8. Shareholders' equity - continued**

Details of shareholders' equity are as follows:

	30 June 2019 EUR	31 December 2018 EUR
Share capital at beginning and end of the period/year	<u>18,172</u>	<u>18,172</u>
Other reserves earnings at beginning of the period/year	1,216,176	1,084,646
Transfer from unappropriated results	171,556	131,529
Other reserves earnings at end of the period/year	<u>1,387,732</u>	<u>1,216,175</u>
Unappropriated results at beginning of the period/year	171,556	131,529
Profit for the period/year	90,361	171,556
Transfer to other reserves	(171,556)	(131,529)
Unappropriated results at end of the period/year	<u>90,361</u>	<u>171,555.75</u>
<b>Total shareholders' equity</b>	<u><u>1,496,264</u></u>	<u><u>1,405,903</u></u>

**9. Directors**

The Company has one director (year ended 31 December 2019: one) who did not receive any remuneration during the year under review (remuneration year ended 31 December 2019: nil).  
The Company does not have any supervisory directors (year ended 31 December 2019: nil).

**10. Staff numbers and employment costs**

The Company has no other employees than its director (year ended 31 December 2019: nil). Hence it has not incurred any salary or related social security and pension costs during the period (year ended 31 December 2019: nil).

**11. Subsequent events**

There are no subsequent events.

**Rothschild & Co Continuation Finance B.V. (previously 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.