

Rothschilds Continuation Finance B.V.

Semi annual unaudited financial statements period ended 30 September, 2012

Rothschilds Continuation Finance B.V.

Director's report

The director takes pleasure in submitting herewith its report and semi annual unaudited financial statements of Rothschilds Continuation Finance B.V. ("the Company") for the period ended 30 september, 2012. The financial statements have been prepared in accordance with generally accepted accounting standards in the Netherlands.

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. A 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 lent 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 by Rothschilds Continuation Holdings Ltd.

Audit committee

The audit committee function for the Company has been assumed by the audit committee of Paris Orleans S.A., a French company listed on the Paris stock exchange. The Company is an entity controlled by Paris Orleans S.A. The Paris Orleans S.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.A. audit committee are:

- Mr Andre Levy-Lang, President
- Mr Sylvain Hefes
- Mr Christian de Labriffe
- Mr Peter Smith

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 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 2012. Material risks if any are properly disclosed.

Amsterdam, 30 September 2012

M. de Boer

Rothschilds Continuation Finance B.V.**Balance sheet as per 30 September 2012 (not audited)**

Comparative figures as per 31 March 2012

(Before appropriation of results and expressed in Euros)

		not audited 30 September 2012	31 March 2012
Financial Fixed Assets			
Loans to group companies	3	<u>190,750,630</u>	<u>183,823,529</u>
Current Assets			
Receivable interest		94,078	83,470
Prepayments and accrued income	4	65,391	135,155
Corporate income tax	5	26,878	-
Cash at bank	6	<u>907,466</u>	<u>763,607</u>
		<u>1,093,812</u>	<u>982,232</u>
Current Liabilities			
Payable interest		77,209	67,945
Corporate income tax		-	2,485
Accrued expenses and deferred income		<u>10,000</u>	<u>22,377</u>
		<u>87,209</u>	<u>92,807</u>
Current Assets less Current Liabilities		<u>1,006,603</u>	<u>889,425</u>
Total Assets less Current Liabilities		<u>191,757,233</u>	<u>184,712,954</u>
Long Term Liabilities - due after one year			
Floating Rate Notes	7	<u>190,750,630</u>	<u>183,823,529</u>
Total Assets less Total Liabilities		<u><u>1,006,603</u></u>	<u><u>889,425</u></u>
Shareholders' Equity			
Share Capital	8	18,172	18,172
Retained earnings		871,253	640,749
Unappropriated results		<u>117,178</u>	<u>230,504</u>
		<u><u>1,006,603</u></u>	<u><u>889,425</u></u>

Rothschilds Continuation Finance B.V.

Profit and loss account for the period ended 30 September 2012 (not audited)

Comparative figures for the financial year ended 31 March 2012

(Before appropriation of results and expressed in Euros)

	not audited 30 September 2012	31 March 2012
Financial Income and Expenses		
Interest Income	1,142,575	1,666,466
Interest Expense	<u>(997,033)</u>	<u>(1,398,645)</u>
Net Interest Income	<u>145,542</u>	<u>267,821</u>
Other net interest income	103	373
Currency Exchange Results	<u>167</u>	<u>30,379</u>
Total Financial Income and Expenses	<u>145,812</u>	<u>298,573</u>
Profit before Taxation	145,812	298,573
Corporate Income tax	5 (28,635)	(68,069)
Profit after Taxation	<u><u>117,178</u></u>	<u><u>230,504</u></u>

Rothschilds Continuation Finance B.V.

Notes to the unaudited semi annual accounts for the financial period ended 30 September 2012

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, 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 accrual 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 2012

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 period/year comprise of:

	not audited 30 September 2012 EUR	31 March 2012 EUR
Balance at beginning of period/year	183,823,529	172,541,287
Exchange differences during period/year	6,927,101	11,282,242
Balance at end of period/year	<u>190,750,630</u>	<u>183,823,529</u>

4. Prepayments and accrued income

The Company recharges all general and administrative expenses to a group company. At the date of the balance sheet prepayments and accrued income comprise of:

	not audited 30 September 2012 EUR	31 March 2012 EUR
Receivable from Group company	55,958	124,392
Receivable VAT	8,921	3,285
Other	512	7,478
Balance at end of period/year	<u>65,391</u>	<u>135,155</u>

Rothschilds Continuation Finance B.V.

Notes to the unaudited semi annual accounts for the financial period ended 30 September 2012

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 period the Company received a provisional tax assessment in relation to the current financial year. The assessment has been paid in full. The prepaid element of the assessment is shown as current asset. 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

Cash at bank is denominated in Euro. An amount of EUR 801,204 of cash at bank is placed on 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:

	not audited 30 September 2012 EUR	31 March 2012 EUR
Balance at beginning of period/year	183,823,529	172,541,287
Exchange differences during period/year	6,927,101	11,282,242
Balance at end of period/year	<u>190,750,630</u>	<u>183,823,529</u>

Notes to the unaudited semi annual accounts for the financial period ended 30 September 2012

8. Shareholders' equity

The Company's authorised share capital amounts to Euro 90,852.28 consisting of 10,878 Class A ordinary shares of Euro 8.26 each and 1,000 Class B ordinary shares of Euro 1 each of which 2,200 Class A ordinary shares have been issued and paid up at 30 September 2012 and at 31 March 2012.

Details of shareholders equity are as follows:

	not audited 30 September 2012 EUR	31 March 2012 EUR
Share capital at beginning and end of period/year	18,172	18,172
Retained earnings at beginning of period/year	640,749	437,059
Transfer from inappropriate results	230,504	203,690
Retained earnings at end of period/year	871,253	640,749
Unappropriate results at beginning of period/year	230,504	203,690
Transfer to retained earnings	(230,504)	(203,690)
Profit for the period/year	117,178	230,504
Unappropriate results at end of period/year	117,178	230,504
Total shareholders' equity	1,006,603	889,425

9. Directors

The Company has one director (year ended 31 March 2012: two) who did not receive any remuneration during the period under review (remuneration year ended 31 March, 2012: nil). The Company did not have any supervisory directors during the period ended 30 September, 2012 or the year ended 31 March 2012.

10. Staff numbers and employment costs

The Company has no other employees than its Director (year ended 31 March 2012: nil) and hence has not incurred any salary or related social security and pension costs during the period under review or the year ended 31 March, 2012.

Rothschilds Continuation Finance B.V.

Supplementary 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 in accordance with clause 22 of the Company's articles of association.

Subsequent event

A dividend amounting to Euro 825,000 was declared and paid in November 2012.