

Rothschilds Continuation Finance B.V.
Amsterdam, the Netherlands

Financial statements six months ended 30 September, 2017

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 six months ended 30 September 2017. 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 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 the notes issue have been lent to companies in the Rothschild Group. The Company has not developed any additional finance activities during this financial year.

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.

Financial year, share capital

The Company's articles of association have been amended in early July 2017. The purpose of this amendment was to change the Company's financial year to a calendar year, to reconstitute the Company's share capital by converting the Class A and Class B shares into one class of ordinary shares and to bring the articles of association in line with Dutch Law.

Future outlook

A significant change in activities during the nine month financial period ending 31 December 2017 is not expected. The result is not expected to differ materially from the result for the six months under review.

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Director's report - continued

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 September 2017. Material risks if any are properly disclosed.

Zaandam, 14 November 2017

M. de Boer

Rothschilds Continuation Finance B.V.

Balance sheet as at 30 September 2017

Comparative figures as at 31 March 2017

(Before appropriation of results and expressed in Euros)

		30 September 2017	31 March 2017
Financial Fixed Assets			
Loans to group companies	3	<u>169,176,800</u>	<u>186,995,000</u>
Current Assets			
Interest receivable		18,210	18,829
Prepayments and accrued income	4	58,606	88,008
Corporate income tax	5	-	14,145
Cash at bank	6	<u>1,221,844</u>	<u>1,031,162</u>
		<u>1,298,660</u>	<u>1,152,145</u>
Current Liabilities			
Interest payable		17,035	17,531
Corporate income tax	5	69,559	-
Accrued expenses and deferred income		<u>20,824</u>	<u>31,797</u>
		<u>107,417</u>	<u>49,327</u>
Current Assets less Current Liabilities		<u>1,191,243</u>	<u>1,102,818</u>
Total Assets less Current Liabilities		<u>170,368,043</u>	<u>188,097,818</u>
Long Term Liabilities - due after one year			
Floating Rate Notes	7	<u>169,176,800</u>	<u>186,995,000</u>
Total Assets less Total Liabilities		<u><u>1,191,243</u></u>	<u><u>1,102,818</u></u>
Shareholders' Equity			
Share capital	8	18,172	18,172
Other reserves		1,084,646	900,806
Unappropriated results		<u>88,425</u>	<u>183,840</u>
		<u><u>1,191,243</u></u>	<u><u>1,102,818</u></u>

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

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Profit and loss account for the six months ended 30 September 2017

Comparative figures for the financial year ended 31 March 2017

(Before appropriation of results and expressed in Euros)

	30 September 2017	31 March 2017
Financial Income and Expenses		
Interest Income	1,603,876	2,732,220
Interest Expense	<u>(1,493,345)</u>	<u>(2,500,434)</u>
Net Interest Income	<u>110,531</u>	<u>231,787</u>
Currency Exchange Results	<u>-</u>	<u>-</u>
Total Financial Income and Expenses	<u>110,531</u>	<u>231,787</u>
Profit before Taxation	110,531	231,787
Corporate Income tax	5 (22,106)	(47,947)
Profit after Taxation	<u><u>88,425</u></u>	<u><u>183,840</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 accounts for the six months ended 30 September 2017

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, 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.
- (e) **Impairment of financial fixed assets**
The financial fixed assets are assessed at each reporting date 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 in previous periods 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 in previous periods for the relevant asset.

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Notes to the accounts for the six months ended 30 September 2017

3. Loans to group companies - continued

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. 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 for impairment.

Details are as follows:

<u>Group Company</u>	<u>Maturity</u>		<u>Principal</u>
Rothschilds Continuation Holdings AG	undated	USD	100,000,000
NM Rothschild & Sons Ltd.	undated	USD	100,000,000

Movements during the six months/year comprise of:

	<u>30 September 2017</u> EUR	<u>31 March 2017</u> EUR
Balance long term receivables at beginning of period/year	186,995,000	175,668,200
Exchange differences during period/year	(17,818,200)	11,326,800
Balance long term receivables at end of period/year	<u>169,176,800</u>	<u>186,995,000</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 15,342 (31 March 2017: EUR 13,718).

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

	<u>30 September 2017</u> EUR	<u>31 March 2017</u> EUR
Recharged expenses to Group company	53,788	86,608
Receivable VAT	4,818	951
Other	-	450
Balance at end of period/year	<u>58,606</u>	<u>88,008</u>

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Notes to the accounts for the six months ended 30 September 2017

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.

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 1,031 of cash at bank is denominated in US dollars (year ended 31 March 2017: EUR 103). All other balances are denominated in Euro's.

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 Rothschilds 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 period/year comprise of:			30 September 2017	31 March 2017
			EUR	EUR
Balance of long term Notes at beginning of period/year			186,995,000	175,668,200
Exchange differences during period/year			(17,818,200)	11,326,800
Balance of long term Notes at end of period/year			169,176,800	186,995,000

8. Shareholders' equity

The Company's share capital consists of ordinary shares (year ended 31 March 2017 Class A and Class B shares) with a nominal value of Euro 8.26 per share. The issued and paid up share capital at 30 September 2017 amounts to Euro 18,172 consisting of 2,200 ordinary shares of Euro 8.26 each (year ended 31 March 2017: Euro 18,172 consisting of 2,200 Class A shares of Euro 8.26 each).

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Notes to the accounts for the six months ended 30 September 2017

8. Shareholders' equity - continued

Details of shareholders' equity are as follows:

	30 September 2017 EUR	31 March 2017 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	900,806	721,184
Transfer from unappropriated results	183,840	179,622
Other reserves earnings at end of period/year	<u>1,084,646</u>	<u>900,806</u>
Unappropriate results at beginning of period/year	183,840	179,622
Profit for the six months/year	88,425	183,840
Transfer to other reserves	(183,840)	(179,622)
Unappropriate results at end of period/year	<u>88,425</u>	<u>183,840</u>
Total shareholders' equity	<u><u>1,191,243</u></u>	<u><u>1,102,818</u></u>

9. Directors

The Company has one director (year ended 31 March 2017: one) who did not receive any remuneration during the six months under review (remuneration year ended 31 March 2017: nil). The Company does not have any supervisory directors (year ended 31 March 2017: nil).

10. Staff numbers and employment costs

The Company has no other employees than its director (year ended 31 March 2017: nil). Hence it has not incurred any salary or related social security and pension costs during the six months (year ended 31 March 2017: 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.