

**Rothschilds Continuation Finance B.V.**  
Amsterdam, the Netherlands

**Financial statements period ended 30 June 2018**

## 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 June 2018. 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 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 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.

### **Future outlook**

A significant change in activities during the financial year 2018 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 nine months and give a fair view of the activities and developments of the business during the six months ended 30 June 2018. Material risks if any are properly disclosed.

Zaandam, 21 September 2018

M. de Boer

## Rothschilds Continuation Finance B.V.

### Balance sheet as at 30 June 2018

Comparative figures as at 31 December 2017  
(Before appropriation of results and expressed in Euros)

		30 June 2018	31 December 2017
<b>Financial Fixed Assets</b>			
Loans to group companies	3	<u>171,388,000</u>	<u>166,555,600</u>
<b>Current Assets</b>			
Interest receivable		1,286,600	842,609
Prepayments and accrued income	4	44,878	85,765
Corporate income tax	5	25,844	16,031
Cash at bank	6	1,209,151	1,106,244
		<u>2,566,473</u>	<u>2,050,649</u>
<b>Current Liabilities</b>			
Interest payable		1,230,661	788,248
Accrued expenses and deferred income		18,054	28,054
		<u>1,248,715</u>	<u>816,301</u>
<b>Current Assets less Current Liabilities</b>		<u>1,317,758</u>	<u>1,234,347</u>
<b>Total Assets less Current Liabilities</b>		<u>172,705,758</u>	<u>167,789,947</u>
<b>Long Term Liabilities - due after one year</b>			
Floating Rate Notes	7	<u>171,388,000</u>	<u>166,555,600</u>
<b>Total Assets less Total Liabilities</b>		<u>1,317,758</u>	<u>1,234,347</u>
<b>Shareholders' Equity</b>			
Share capital	8	18,172	18,172
Other reserves		1,216,175	1,084,646
Unappropriated results		83,411	131,529
		<u>1,317,758</u>	<u>1,234,347</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 six months ended 30 June 2018

Comparative figures for the nine months ended 31 December 2017  
(Before appropriation of results and expressed in Euros)

	30 June 2018	31 December 2017
<b>Financial Income and Expenses</b>		
Interest Income	2,030,970	2,439,016
Interest Expense	<u>(1,926,706)</u>	<u>(2,274,604)</u>
Net Interest Income	<u>104,264</u>	<u>164,411</u>
Other net interest income	-	-
Currency Exchange Results	<u>-</u>	<u>-</u>
Total Financial Income and Expenses	<u>104,264</u>	<u>164,411</u>
<b>Profit before Taxation</b>	104,264	164,411
Corporate Income tax	5 (20,853)	(32,882)
<b>Profit after Taxation</b>	<u><u>83,411</u></u>	<u><u>131,529</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 financial statements for the six months ended 30 June 2018

#### 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 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 years 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 years for the relevant asset.

## Rothschilds Continuation Finance B.V.

### Notes to the financial statements for the six months ended 30 June 2018

#### 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.

#### 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. Credit risk arising from the exposure to the group companies has been considered by the Company in accordance with Dutch GAAP R.J 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 comprise of:

	<u>30 June 2018</u> EUR	<u>31 December 2017</u> EUR
<b>Balance long term receivables at beginning of the period</b>	<b>166,555,600</b>	<b>186,995,000</b>
Exchange differences during the period	4,832,400	(20,439,400)
<b>Balance long term receivables at end of the period</b>	<b>171,388,000</b>	<b>166,555,600</b>

#### 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 8,788 (31 December 2017: EUR 20,892).

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

	<u>30 June 2018</u> EUR	<u>31 December 2017</u> EUR
Recharged expenses to Group company	40,526	79,770
Receivable VAT	4,219	5,862
Other	133	133
<b>Balance at end of period</b>	<b>44,878</b>	<b>85,765</b>

## Rothschilds Continuation Finance B.V.

### Notes to the financial statements for the six months ended 30 June 2018

#### 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. 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 328 of cash at bank is denominated in US dollars (year ended 31 December 2017: EUR 1,015). All other balances are denominated in Euro's. At the period end the Company had not invested an amount in an interest bearing account (year ended 31 December 2017: 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 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 the period comprise of:		30 June 2018	31 December 2017
		EUR	EUR
<b>Balance of long term Notes at beginning of the period</b>		<b>166,555,600</b>	<b>186,995,000</b>
Exchange differences during the period		4,832,400	(20,439,400)
<b>Balance of long term Notes at end of the period</b>		<b>171,388,000</b>	<b>166,555,600</b>

#### 8. Shareholders' equity

The issued share capital amounts to Euro 18,172 consisting of 2,200 shares at 30 June 2018 and at 31 December 2017.

## Rothschilds Continuation Finance B.V.

### Notes to the financial statements for the six months ended 30 June 2018

#### 8. Shareholders' equity - continued

Details of shareholders' equity are as follows:

	30 June 2018 EUR	31 December 2017 EUR
Share capital at beginning and end of the period	<u>18,172</u>	<u>18,172</u>
Other reserves earnings at beginning of the period	1,084,646	900,806
Transfer from unappropriated results	131,529	183,840
Other reserves earnings at end of the period	<u>1,216,175</u>	<u>1,084,646</u>
Unappropriate results at beginning of the period	131,529	183,840
Profit for the period	83,411	131,529
Transfer to other reserves	(131,529)	(183,840)
Unappropriate results at end of the period	<u>83,411</u>	<u>131,528.90</u>
<b>Total shareholders' equity</b>	<u><u>1,317,758</u></u>	<u><u>1,234,347</u></u>

#### 9. Directors

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

#### 10. Staff numbers and employment costs

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

#### 11. Subsequent events

There are no subsequent events.

## **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.