

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

**Financial statements year ended 31 March, 2015**

## Rothschilds Continuation Finance B.V.

<u>Table of contents</u>	<u>page</u>
Director's report	3-4
Balance sheet as per 31 March 2015	5
Profit and loss account for the year ended 31 March 2015	6
Notes to the financial statements	7-10
Other information	11

## **Rothschilds Continuation Finance B.V.**

### **Director's report**

The director takes pleasure in submitting herewith the report and audited financial statements of Rothschilds Continuation Finance B.V. ("the Company") for the year ended 31 March 2015. 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 these 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 year**

The result of the Company during the year 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.

### **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
- Mrs Carole Piwnica

### **Future outlook**

A significant change of activities during the financial year 2015-2016 is not expected. The result is expected to be somewhat lower than during the year under review due to the repayment of the USD 45,000,000 Floating Rate Notes and the corresponding loan to a Group Company.

## Rothschilds Continuation Finance B.V.

### 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 our knowledge a true and fair view of the Company's assets and liabilities, financial position, result for the year and give a fair view of the activities and developments of the business during the year ended 31 March 2015. Material risks if any are properly disclosed.

Amsterdam, 23 June 2015

M. de Boer

## Rothschilds Continuation Finance B.V.

### Balance sheet as at 31 March 2015

Comparative figures as at 31 March 2014

(Before appropriation of results and expressed in Euros)

		31 March 2015	31 March 2014
<b>Financial Fixed Assets</b>			
Loans to group companies	3	<u>185,890,800</u>	<u>145,153,600</u>
<b>Current Assets</b>			
Loans to group companies - current portion	3	-	32,659,560
Interest receivable		8,391	52,240
Prepayments and accrued income	4	79,332	69,567
Cash at bank	6	<u>678,510</u>	<u>438,541</u>
		<u>766,233</u>	<u>33,219,909</u>
<b>Current Liabilities</b>			
Floating Rate Notes - current portion	7	-	32,659,560
Interest payable		7,100	37,674
Corporate income tax	5	1,875	(4,340)
Accrued expenses and deferred income		<u>17,902</u>	<u>20,595</u>
		<u>26,877</u>	<u>32,713,490</u>
<b>Current Assets less Current Liabilities</b>		<u>739,356</u>	<u>506,418</u>
<b>Total Assets less Current Liabilities</b>		<u>186,630,156</u>	<u>145,660,018</u>
<b>Long Term Liabilities - due after one year</b>			
Floating Rate Notes	7	<u>185,890,800</u>	<u>145,153,600</u>
<b>Total Assets less Total Liabilities</b>		<u>739,356</u>	<u>506,418</u>
<b>Shareholders' Equity</b>			
Share capital		18,172	18,172
Other reserves		488,246	276,419
Unappropriated results		<u>232,938</u>	<u>211,828</u>
		<u>739,356</u>	<u>506,418</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 year ended 31 March 2015

Comparative figures for the financial year ended 31 March 2014  
(Before appropriation of results and expressed in Euros)

	31 March 2015	31 March 2014
<b>Financial Income and Expenses</b>		
Interest Income	1,525,003	1,550,346
Interest Expense	<u>(1,246,096)</u>	<u>(1,277,194)</u>
Net Interest Income	<u>278,907</u>	<u>273,152</u>
Other net interest income	2,964	1,684
Currency Exchange Results	<u>15,354</u>	<u>(5,521)</u>
Total Financial Income and Expenses	<u>297,225</u>	<u>269,315</u>
<b>Profit before Taxation</b>	297,225	269,315
Corporate Income tax	5 (64,287)	(57,487)
<b>Profit after Taxation</b>	<u><u>232,938</u></u>	<u><u>211,828</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 annual accounts for the financial year ended 31 March 2015

#### 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, (formerly known as Banque Privée Edmond de Rothschild S.A.) and Integritas B.V., The Netherlands. The principal activity of the Company is to act as 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 financial statements for the financial year ended 31 March 2015

#### 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. In January 2015 NMR International N.V. has repaid a loan amounting to USD 45,000,000.

Details are as follows:

<u>Group Company</u>	<u>Maturity</u>		<u>Principal</u>
NMR International N.V.	undated	USD	100,000,000
NM Rothschild & Sons Ltd.	undated	USD	100,000,000

Movements during the year comprise of:

	31 March 2015 EUR	31 March 2014 EUR
<b>Balance long term receivables at beginning of year</b>	<b>145,153,600</b>	<b>191,018,244</b>
Transfer to short term receivables	-	(32,659,560)
Exchange differences during year	40,737,200	(13,205,084)
<b>Balance long term receivables at end of year</b>	<b>185,890,800</b>	<b>145,153,600</b>
<b>Short term receivables at beginning of year</b>	32,659,560	-
Transfer from long term receivables	-	32,659,560
Received during year	(32,659,560)	-
<b>Balance short term receivables at end of year</b>	<b>-</b>	<b>32,659,560</b>
<b>Grand total loans to group companies</b>	<b>185,890,800</b>	<b>177,813,160</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 12,000 (31 March 2014: EUR 12,000).

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

	31 March 2015 EUR	31 March 2014 EUR
Recharged expenses to Group company	71,508	66,372
Receivable VAT	7,824	2,199
Other	-	996
Balance at end of year	<u>79,332</u>	<u>69,567</u>



## Rothschilds Continuation Finance B.V.

### Notes to the annual accounts for the financial year ended 31 March 2015

#### 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 173 of cash at bank is denominated in US dollars (year ended 31 March 2014: EUR 91,867). All other balances are denominated in Euro's. Cash at bank includes EUR 562,770 placed in an interest bearing account (year ended 31 March 2014: EUR 346,181) generating interest at approximately 0.35% 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 has been repaid in January 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 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 year comprise of:				
			31 March 2015 EUR	
			31 March 2014 EUR	
<b>Balance of long term Notes at beginning of year</b>			<b>145,153,600</b>	<b>191,018,244</b>
Exchange differences during year			40,737,200	(13,205,084)
Transfer to short term Notes at end of year			-	(32,659,560)
<b>Balance of long term Notes at end of year</b>			<b>185,890,800</b>	<b>145,153,600</b>
<b>Balance of short term Notes at beginning of year</b>			<b>32,659,560</b>	-
Transfer from long term Notes			-	32,659,560
Paid during year			(32,659,560)	-
<b>Balance of short term Notes at end of year</b>			<b>-</b>	<b>32,659,560</b>
<b>Grand total Floating Rate Notes</b>			<b>185,890,800</b>	<b>177,813,160</b>

## Rothschilds Continuation Finance B.V.

### Notes to the annual accounts for the financial year ended 31 March 2015

#### 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 31 March 2015 and at 31 March 2014.

Details of shareholders' equity are as follows:

	31 March 2015 EUR	31 March 2014 EUR
Share capital at beginning and end of year	<u>18,172</u>	<u>18,172</u>
Other reserves earnings at beginning of year	276,419	46,253
Transfer from unappropriated results	211,828	230,165
Other reserves earnings at end of year	<u>488,247</u>	<u>276,419</u>
Unappropriate results at beginning of year	211,828	230,165
Profit for the year	232,938	211,828
Transfer to other reserves	(211,828)	(230,165)
Unappropriate results at end of year	<u>232,938</u>	<u>211,828</u>
<b>Total shareholders' equity</b>	<u><u>739,356</u></u>	<u><u>506,418</u></u>

#### 9. Directors

The Company has one director (year ended 31 March 2014: one) who did not receive any remuneration during the year under review (remuneration year ended 31 March 2014: nil). The Company does not have any supervisory directors (year ended 31 March 2014: nil).

#### 10. Staff numbers and employment costs

The Company has no other employees than its director (year ended 31 March 2014: nil). Hence it has not incurred any salary or related social security and pension costs during the year (year ended 31 March 2014: 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.

#### **Audit opinion**

The opinion of the Company's auditors is attached.



## **Independent auditor's report**

To: the General Meeting of Rothschilds Continuation Finance B.V.

### **Report on the audit of the financial statements for the year ended 31 March 2015**

#### ***Our opinion***

We have audited the financial statements for the year ended 31 March 2015 of Rothschilds Continuation Finance B.V., based in Amsterdam.

In our opinion the financial statements give a true and fair view of the financial position of Rothschilds Continuation Finance B.V. as at 31 March 2015, and of its result for the year ended 31 March 2015 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements comprise:

- 1 the balance sheet as at 31 March 2015;
- 2 the profit and loss account for the year ended 31 March 2015; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

#### ***Basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Rothschilds Continuation Finance B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Materiality***

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 1 million. The materiality is determined with reference to total assets (0.5%), which we considered the most appropriate benchmark for the Company's financial performance as this reflects the entities main objective being the issuance of debt and the financing of other companies within the Rothschild Group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Uncorrected misstatements in excess of EUR 50 thousand, which are identified during the audit, would be reported to the Audit Committee of Paris Orleans S.C.A., as well as smaller misstatements that in our view must be reported on qualitative grounds.

#### ***Our key audit matter***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Audit Committee of Paris Orleans S.C.A., in their role as the responsible body overseeing the Company's financial reporting process. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter is addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### ***Valuation of the loans to group companies***

The risk – Rothschilds Continuation Finance B.V.'s has issued floating rate perpetual notes and loans to fund other Rothschild Group companies. The Company's own liquidity and capital position and the ability to meet the company's obligations to its note holders is dependent on the creditworthiness of the Rothschild Group companies it has lent to. Loans are accounted for at (amortised) cost less any impairments. The valuation of a loan is depending on the credit risk related to that loan. When there is objective evidence that a loan will not be recovered in full in accordance with the contractual terms the bank performs an impairment calculation. This assessment of objective evidence for impairment and the calculation of impairments requires management judgement and is subject to estimation uncertainty.

Our response – We performed specific audit procedures on the valuation of the Company's loans to group companies. These audit procedures consisted of inspecting the individual terms and conditions of the loan agreements and performing substantive procedures on interest payments received. Moreover, we have assessed the respective group companies' credit risk and liquidity position by inspecting their financial position and performance through interaction with the group auditor and discussing our observations with Rothschild Group's senior finance management.

Our observations – We concur with management that there is no impairment required nor an indication of impairment existing at balance sheet date.

### ***Responsibilities of the director and Audit Committee for the financial statements***

The director is responsible for the preparation and fair presentation of the financial statements and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the director is responsible for such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the director is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the director should prepare the financial statements using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. the director should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee of Paris Orleans S.C.A. is responsible for overseeing the company's financial reporting process.

### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

For a further description of our responsibilities in respect of an audit of financial statements, we refer to the website of the professional body for accountants in the Netherlands (NBA).

[www.nba.nl/standardtexts-auditorsreport](http://www.nba.nl/standardtexts-auditorsreport).

### ***Report on the director's report and the other information***

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the director's report and other information),:

- We have no deficiencies to report as a result of our examination whether the director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the director's report, to the extent we can assess, is consistent with the financial statements.



### *Engagement*

We were appointed prior to 2008 for the first time as auditor of Rothschilds Continuation Finance B.V. and operated as auditor since then. the General Meeting re-appointed us annually. As required by law we will no longer act as audit firm of Rothschilds Continuations Finance B.V. as of financial year 2014/2015.

Amstelveen, 23 June 2015

KPMG Accountants N.V.

C.C.J. Segers RA