

Rothschilds Continuation Finance B.V.
Amsterdam, the Netherlands

Financial statements year ended 31 March, 2016

Disclaimer:

In the event of any differences or inconsistencies between the text and quantitative information on this internet site and that in the original financial statements as filed at the trade register of the Chamber of Commerce, the latter shall prevail.

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 audited financial statements of Rothschilds Continuation Finance B.V. ("the Company") for the year ended 31 March 2016. 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 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 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 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 Rothschild & Co S.C.A. (formerly known as Paris Orleans 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 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 Andre Levy-Lang
- Mr Sylvain Hefes
- Mrs Carole Piwnica

Future outlook

A significant change of activities during the financial year 2016-2017 is not expected. The result is not expected to differ materially from the result for the year 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 year and give a fair view of the activities and developments of the business during the year ended 31 March 2016. Material risks if any are properly disclosed.

Amsterdam, 29 June 2016

M. de Boer

Rothschilds Continuation Finance B.V.

Balance sheet as at 31 March 2016

Comparative figures as at 31 March 2015

(Before appropriation of results and expressed in Euros)

		31 March 2016	31 March 2015
Financial Fixed Assets			
Loans to group companies	3	<u>175,668,200</u>	<u>185,890,800</u>
Current Assets			
Interest receivable		12,809	8,391
Prepayments and accrued income	4	87,383	79,332
Cash at bank	6	<u>835,655</u>	<u>678,510</u>
		<u>935,847</u>	<u>766,233</u>
Current Liabilities			
Interest payable		11,589	7,100
Corporate income tax	5	(13,340)	1,875
Accrued expenses and deferred income		<u>18,620</u>	<u>17,902</u>
		<u>16,869</u>	<u>26,877</u>
Current Assets less Current Liabilities		<u>918,978</u>	<u>739,356</u>
Total Assets less Current Liabilities		<u>176,587,178</u>	<u>186,630,156</u>
Long Term Liabilities - due after one year			
Floating Rate Notes	7	<u>175,668,200</u>	<u>185,890,800</u>
Total Assets less Total Liabilities		<u><u>918,978</u></u>	<u><u>739,356</u></u>
Shareholders' Equity			
Share capital		18,172	18,172
Other reserves		721,184	488,246
Unappropriated results		<u>179,622</u>	<u>232,938</u>
		<u>918,978</u>	<u>739,356</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 year ended 31 March 2016
Comparative figures for the financial year ended 31 March 2015
(Before appropriation of results and expressed in Euros)

	31 March 2016	31 March 2015
Financial Income and Expenses		
Interest Income	1,618,034	1,525,003
Interest Expense	<u>(1,387,730)</u>	<u>(1,246,096)</u>
Net Interest Income	<u>230,304</u>	<u>278,907</u>
Other net interest income	1,228	2,964
Currency Exchange Results	<u>(5,370)</u>	<u>15,354</u>
Total Financial Income and Expenses	<u>226,162</u>	<u>297,225</u>
Profit before Taxation	226,162	297,225
Corporate Income tax	5 (46,540)	(64,287)
Profit after Taxation	<u><u>179,622</u></u>	<u><u>232,938</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 2016

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 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 2016

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.

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 2016 EUR	31 March 2015 EUR
Balance long term receivables at beginning of year	185,890,800	145,153,600
Exchange differences during year	(10,222,600)	40,737,200
Balance long term receivables at end of year	175,668,200	185,890,800
Short term receivables at beginning of year	-	32,659,560
Transfer from long term receivables	-	-
Received during year	-	(32,659,560)
Balance short term receivables at end of year	-	-
Grand total loans to group companies	175,668,200	185,890,800

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 15,716 (31 March 2015: EUR 12,000).

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

	31 March 2016 EUR	31 March 2015 EUR
Recharged expenses to Group company	80,487	71,508
Receivable VAT	6,525	7,824
Other	371	-
Balance at end of year	87,383	79,332

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Notes to the annual accounts for the financial year ended 31 March 2016

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 110,992 of cash at bank is denominated in US dollars (year ended 31 March 2015: EUR 273). All other balances are denominated in Euro's. Cash at bank includes EUR 723,498 placed in an interest bearing account (year ended 31 March 2015: EUR 562,770). This account generated interest from 0.35% at the beginning of the year to 0% from 1 January 2016 onwards. 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 1/8%. 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 2016	31 March 2015
		<u>EUR</u>	<u>EUR</u>
Balance of long term Notes at beginning of year		185,890,800	145,153,600
Exchange differences during year		(10,222,600)	40,737,200
Balance of long term Notes at end of year		175,668,200	185,890,800
Balance of short term Notes at beginning of year		-	32,659,560
Paid during year		-	(32,659,560)
Balance of short term Notes at end of year		-	-
Grand total Floating Rate Notes		175,668,200	185,890,800

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Notes to the annual accounts for the financial year ended 31 March 2016

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 2016 and at 31 March 2015.

Details of shareholders' equity are as follows:

	31 March 2016 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	488,247	276,419
Transfer from unappropriated results	232,938	211,828
Other reserves earnings at end of year	<u>721,185</u>	<u>488,247</u>
Unappropriate results at beginning of year	232,938	211,828
Profit for the year	179,622	232,938
Transfer to other reserves	(232,938)	(211,828)
Unappropriate results at end of year	<u>179,622</u>	<u>232,938</u>
Total shareholders' equity	<u><u>918,978</u></u>	<u><u>739,356</u></u>

9. Directors

The Company has one director (year ended 31 March 2015: one) who did not receive any remuneration during the year under review (remuneration year ended 31 March 2015: nil).
The Company does not have any supervisory directors (year ended 31 March 2015: nil).

10. Staff numbers and employment costs

The Company has no other employees than its director (year ended 31 March 2015: nil). Hence it has not incurred any salary or related social security and pension costs during the year (year ended 31 March 2015: 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.

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 annual financial statements as at 31 March 2016

Opinion

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 2016, and of its result for the year ended 31 March 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements as at 31 March 2016 of Rothschilds Continuation Finance B.V., based in Amsterdam.

The financial statements comprise:

- 1 the balance sheet as at 31 March 2016;
- 2 the profit and loss account for the year ended 31 March 2016; and
- 3 the notes comprising a summary of the significant 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.

Audit approach

Summary



Unqualified audit opinion



Materiality

Overall materiality of EUR 1 million, 0.6 % of total assets.



Key audit matter

- Valuation of the loans to group companies

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgment we determined the materiality for the financial statements as a whole at EUR 1 million (2014: EUR 1 million). The materiality is determined with reference to total assets (0.6%). We consider total assets as 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 judgment, 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. This identified key audit matter is not a comprehensive reflection of all matters discussed.

The below key audit matter was 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

Description

Rothschilds Continuation Finance B.V.'s (the company) has issued floating rate perpetual notes and loans to fund NM Rothschild & Sons Ltd. and NMR International N.V, which are part of the Rothschild Group. The company's liquidity and capital position and the ability of the company to meet the obligations to its noteholders and other creditors is dependent on the creditworthiness of the Rothschild Group companies and the performance on the loans granted to these group companies. As disclosed in note 3 of the financial statements loans are accounted for at (amortised) cost less 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 company needs to perform an impairment calculation in accordance with RJ121. This assessment of objective evidence for impairment and the calculation of impairments requires management judgement and is subject to estimation uncertainty.



Our response

We have performed specific audit procedures to test the accuracy of 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 audit 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 observation

We concur with management that there is no indication of an impairment trigger of the loans at the balance sheet date, which could lead to the necessity to recognise an impairment as at 31 March 2016.



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 in accordance with Part 9 of Book 2 of the Dutch 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 financial statements

Our objective is to plan and perform the audit 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.

Report on other legal and regulatory requirements

Report on the director's report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch 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 Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch 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 2003 for the first time as auditor of Rothschilds Continuation Finance B.V. and operated as auditor since then. As from 16 June 2016 the audit firm rotation for PIE's come into effect due to the implementation of EU Regulations. Based on these regulations we need to rotate off as auditor from the audit year 2020. We were re-engaged by the General Meeting as auditor of Rothschilds Continuation Finance B.V. for the year 2015/2016.

Amstelveen, 29 June 2016

KPMG Accountants N.V.

E.D.H. Vinke-Smits RA