TMF GROUP

Global reach
Local knowledge

TMF Group Holding B.V.
Consolidated Annual Report

2015

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Directors' review

TMF Group is a leading global provider of specialised and business critical financial, legal and HR administrative services that enables clients to operate their corporate structures, finance vehicles and investment funds compliantly across different geographical locations.

TMF Group has two business segments:

- Global Business Services ("GBS") – Comprehensive range of financial, legal and human resource outsourcing services supporting corporate operational, holding and finance entities of clients anywhere in the world. The GBS segment is further split into Accounting & Tax Services, HR & Payroll Services and Corporate Secretarial Services.

- Trust & Corporate Services ("TCS") – Integrated legal, administrative and accounting services for special purpose structures from inception through day-to-day management to liquidation. The TCS segment is further split into:

    - International Structuring Services – Domiciliation, administration, management and compliance services related to maintaining corporate structures;
    - Structured Finance Services – Administration and accounting services for financial institutions and funds such as creating and running SPVs, SIVs, CDOs & CLOs used in securitisation, structured asset leasing and project finance transactions; and
    - Private Clients & Others - Structures for high net worth individuals and family offices to plan their wealth. Focuses on business assets (e.g. non-financial, real estate).

TMF Group offers a core set of competencies that form the heart of its offering to both GBS and TCS clients:

- Financial Administrative Services – TMF Group provides a range of financial, accounting and reporting services to assist its clients with their financial reporting in a transparent, up-to-date and accurate manner. Among these financial administrative services, TMF Group provides international management and consolidated reporting in any major standard (IFRS, US, UK or other major GAAP) and prepares statutory accounts to comply with local law requirements. TMF Group also provides assistance with the registration, recovery and compliance with value-added taxes ("VAT"), goods and services taxes ("GST"), insurance premium tax ("IPT") and other indirect taxes, including the payment and collection of refunds.

- Legal Administrative Services – TMF Group provides a variety of legal services to its clients in connection with establishing and maintaining financing and holding companies and other structures in compliance with applicable local laws. These services include establishing corporate entities to serve as finance companies or as operating companies, as well as managing corporate compliance procedures, such as organizing and recording board and shareholders' meetings. TMF Group also provides domiciliary and management services, as well as local representatives and directors with the necessary expertise required for clients to conduct business in a particular jurisdiction.

- Human Resource Administrative Services – TMF Group provides a wide range of human resource and payroll services, including payroll processing, management reporting and costs analysis and outsourced human resource services. TMF Group's specialists can act as a client's local human resources function, preparing employment contracts and guidelines, providing employee training assistance and securely maintaining personal confidential information.

TMF Group's service offering enables its clients to focus on their core competencies while TMF Group ensures that critical local administrative functions, that clients may have less experience in providing, are performed to a high standard. In doing so, TMF Group helps its clients to (i) gain access to specialist local knowledge, including regulatory, tax and financial reporting expertise that would be challenging or inefficient to develop internally, (ii) reduce the risks and distractions of managing complex accounting, legal and human resource regulations in multiple countries, (iii) control costs by taking over the back office administration and reporting functions of their international offices that are not large enough to justify the administrative overhead, (iv) simplify operations by providing a single point-of-contact from anywhere in the world, often resulting in increased transparency for clients, and (v) execute globalization plans swiftly and flexibly by using its worldwide network of local offices and experts to assist on administrative matters.

TMF Group's success to date and potential for future growth are primarily attributable to the following strengths:

(i) A Leading Provider of High Value Business Services with a Broad Geographic Footprint and Service Offering

TMF Group is a leading global provider of high value business-critical financial, legal and human resource administrative services with an established track record and strong reputation for delivering high quality service to clients. In addition, TMF Group benefits from being a neutral, execution-only provider as it is not affiliated with any audit, tax, financial or law firm. Because TMF Group does not have such affiliations, it can provide clients with a broad range of services which many international audit and legal firms cannot or do not offer due to conflicts issues.

TMF Group is able to offer multiple competencies across several areas in end-markets around the globe, with in-country experts who understand each market and all its specific legal, financial and regulatory compliance requirements. By comparison, many of the competitors do not offer all of the services or do not offer services in all of the jurisdictions where TMF Group has a presence, either due to lack of local expertise or conflict of interest. TMF Group currently has 122 offices located in 80 countries or 84 jurisdictions, including major developing markets such as Brazil, China, India, Indonesia and Mexico, which enables clients to conduct business globally using a single provider. This provides TMF Group with the opportunity to service clients as they expand geographically.

(ii) Local Expertise and Provision of Value added Services

TMF Group offers a range of customized service offerings to help clients manage various administrative, corporate compliance and reporting requirements. Through TMF Group's experienced global workforce, TMF Group provides clients with access to local expertise across its offices, enabling them to operate their business in many jurisdictions with confidence and at lower costs than if such businesses performed those services for themselves.

TMF Group provides a range of financial, accounting and reporting services to assist clients with their financial reporting in a transparent, up-to-date and accurate manner. TMF Group also provides non-advisory services to clients to establish and maintain financing, holding and other structures in compliance with applicable local laws. TMF Group provides a range of flexible and scalable human resource and payroll services at the local level in the jurisdictions in which TMF Group operates. These services cover numerous aspects of employee-related administrative affairs, including payroll processing, management reporting and costs analysis and outsourced human resource services.

The majority of the services that TMF Group provides ensures that clients' administrative and financial processes are compliant with relevant regulations. The effectiveness of the services depends on a combination of local knowledge of relevant regulatory frameworks and expertise. Such a combination can be costly for clients to develop internally in each of their locations and, frequently, clients do not have the local scale or desire to perform these functions themselves. TMF Group's services not only generally reduce operating costs for clients, but also typically reduce initial start-up costs associated with entering a new jurisdiction, increase the speed at which clients can set up new subsidiaries and preserve operational flexibility by allowing clients to scale their operations up or down with greater ease. As a result, TMF Group's services allow clients to focus their resources on revenue generating operations and reduce associated administrative, compliance and reporting expenses, without sacrificing the integrity of such functions.

(iii) Resilient Business Model Based on Stable Revenue Generation and Strong Cash Conversion

Once established, the services that TMF Group provides to clients have historically had a high degree of predictability. This since macro-economic fluctuations in any particular country or globally generally have limited impact on clients' requirements for financial, legal and human resource administrative services or on the number of existing structures that TMF Group services. For instance, many of the services, such as statutory accounting and corporate filings by clients, are legally required on an annual basis regardless of a client's overall financial or operational performance.

Generally, TMF Group's service contracts generate revenue based on either a fixed fee, an hourly rate, or both. TMF Group has a relatively stable client base with client entity retention rates of approximately 90%, which reflects the largely recurring nature of the business. This has historically resulted in generally predictable revenue generation that provides visibility over a significant portion of the expected annual revenue at the commencement of each financial year.

TMF Group also benefits from strong cash conversion. TMF Group is a service-focused business with relatively limited need for property, plant or equipment or, compared to more generic business process outsourcing providers, complex IT infrastructure and therefore has limited requirements for capital expenditure. TMF Group also has limited working capital needs because client receivables are partially offset by advanced payments from clients.

(iv) Favourable Global Economic and Regulatory Trends

TMF Group expects that growth in the business will continue to be driven by the trend towards globalization, with multi-national corporations expanding outside of their home jurisdiction. In expanding operations globally, TMF Group believes that clients and potential clients will likely increasingly rely on outside service providers to deal with the global trend of increasing regulation and an emphasis on transparency of corporate and financial activities. TMF Group expects each of these trends to continue to support the expansion of the business in the near- to medium-term. In particular, TMF Group expects to benefit from the following trends:

- Continued international expansion by businesses. The international expansion of current and potential clients drives business. As companies expand into new geographies, it is often easier to engage TMF Group to provide administrative support so that clients do not need to invest in local infrastructure (particularly where they are establishing only a small presence) and can instead focus on their core business. Rising levels of foreign direct investment across international borders from advanced economies to developing economies and between advanced and developing economies in recent years has helped TMF Group expand its business, and TMF Group expects that this increasing globalization will help it to continue to grow.

- Increasingly stringent regulatory regimes. The global trend of increased regulation and enforcement has emphasized the importance of local regulatory and compliance expertise. The wide variety of local legal and regulatory requirements highlights the need for specific local expertise, especially for businesses that lack the critical mass to invest and maintain such expertise in-house. Increasingly complex regulatory and tax environments and differing accounting standards in individual geographies drive demand for book-keeping and reporting services. Examples are the Action Plan on Base Erosion and Profit Shifting ("BEPS") of the Organisation for Economic Co-operation and Development ("OECD"), which aims, among other things, to address tax avoidance by multinationals,and the amended EU Parent Subsidiary Directive, which requires the Member States of the European Union to include in their domestic legislation provisions against hybrid financing arrangements and to implement a general anti-abuse rule. This could impact the way in which TMF Group's clients conduct their operations and setup and organise their corporate structures. As the discussions regarding these are still ongoing and the interpretation and implementation of such reforms by local governments and local tax authorities is uncertain, the full impact thereof is still unclear. Considering the increased compliance and substance required for clients' structures, TMF Group expects that such regulation will have a neutral to positive impact.

- Increased transparency and independence. The recent economic crisis has led to increased demand for transparency in accounting and reporting. For example, in TMF Group's Structured Financial Services business, the demand for more current and accurate reporting as to the performance of a structure and demand for independence in administration of such structures, has created increased demand for services from structured finance clients.

- Evolving client needs. Clients increasingly outsource non-core functions and demand global solutions for their outsourced administrative services needs. For example, it is easier, and TMF Group believes often cheaper, for a client to engage a single reliable firm to perform their bookkeeping, local reporting and human resources administration services across a number of countries than to engage different providers in each country.

TMF Group's global network of offices provides an effective platform for capitalising on these trends and has the scalability and resources to take advantage of growth in any particular market. These trends will also attract new clients and provide TMF Group with opportunities to cross-sell to existing clients.

(v) Diverse Client Base

Across the range of services, TMF Group has a diverse client base which includes multinational companies of varying sizes, insurance and real estate companies, financial institutions, listed and private companies as well as high net-worth individuals. At the end of 2015, TMF Group provides services to more than 52,100 client entities for 41,800 clients. TMF Group has worked with organizations located in a broad range of geographies across a spectrum of industries, and TMF Group has formed specialized teams with the necessary sector experience to ensure the continued quality of the service offerings.

Strategy and Future developments

The key elements of TMF's strategy are as follows:

(i) Drive above market growth

TMF Group has a broad and diverse client base that includes many leading global corporations. There are significant opportunities to provide additional services to the existing clients and the group intends to leverage its extensive service range and expertise to cross-sell and up-sell other services, partly due to increased multi-jurisdictionals contracts. To that end, TMF Group operates and further invest in a superior in-country global sales force that proactively manages client accounts and seeks to broaden the array of services TMF Group provides to clients. TMF Group also leverages its international network to offer its services to clients in any jurisdiction where they do business. For example, for some clients, TMF Group provides administrative services in some countries where they operate but not others. TMF Group intends to use its broad geographic footprint to provide clients with a seamless service and single point of contact wherever in the world they look to do business.

(ii) Optimise operations, improve margins and cash flows

TMF Group continuously optimises its operations to enhance organic growth. Deliver efficiencies through process standardisation results in improvement of margins and increased operating cash flows. In 2015, a turnaround plan is started in the Netherlands. This turnaround plan will continue in 2016 and will accelerate the organic growth rate and improve adjusted adjusted EBITDA margin in the Netherlands.

(iii) Further Growth of the Network

TMF Group's growth strategy is based primarily on balanced organic growth. TMF Group expects to continue to expand its operations in particular countries such as Argentina, Brazil, China, Hong Kong, Jersey and the Netherlands. TMF Group pursues organic growth by expanding the size of the existing offices to service new clients, providing additional types of services, and opening offices in new countries or expanding the number of offices in a country. TMF Group typically opens new offices when it has requests from existing clients to provide services in new locations. These are often in locations where TMF Group has previously referred client work to a third-party provider and has determined that future business prospects will be sufficient to cover the costs associated with opening a new office. During 2015 TMF Group focussed on the integration of Apriori in Brazil and further expansion of the existing offices. As such, no new offices were opened in 2015. In the first quarter of 2016, a new office was opened in Abu Dhabi. TMF Group intends to continue to increase the scale of its global network through organic growth in regions where existing clients are present and where TMF Group sees attractive opportunities to win new clients. Faster growth is expected in especially the APAC and Latin America regions and from growth in clients from the private equity and real estate industries.

(iv) Lead in service and product innovation

TMF Group continually assesses the range of services it offers to meet the diverse needs of the clients. TMF Group continually evaluates the market demand for its services to determine whether there are additional opportunities to expand the range of services. It also includes to manage client experience to improve retention rates. TMF Group will continue to build and leverage its global platform and scale by roll-out existing service capabilities and new services across the client base. TMF Group will differentiate through web platforms and tech enablement with a human touch.

(v) Continue to expand through accretive and synergistic merger and acquisitions

Alongside TMF Group's strategies for organic growth, it is TMF Group's intention, where appropriate, to continue to invest in acquisitions that provide additional scale to the business, a specific service offering, assist in consolidating fragmented markets or address relevant geographical gaps. TMF Group uses a disciplined approach for all acquisition evaluations. The following acquisitions took place in 2015:

- In January 2015, a sale and purchase agreement was signed for the acquisition of the shares of Axiss International Management Ltd, a fiduciary service provider on the Cayman Islands. The acquisition is subject to approval of the Cayman regulator. The initial consideration amounts to €1.7 million with a contingent consideration in the range of nil and €0.4 million based on future revenue.

- In March 2015, TMF Group acquired the shares of PwC Apriori Serviços Contábeis Ltda ('Apriori SC') and PwC Apriori Tecnologia da Informação Ltda ('Apriori TI'). The consideration amounts to €15.3 million and €5.8 million respectively, of which €1.7 million and €0.7 million respectively is contingent and based on estimated revenue for the 12 months after closing date. The acquisition significantly enhances the presence of TMF Group in Brazil. The shares of Apriori SC are held by TMF Assessoria Contabil e Empresarial Ltda ('TMF Assessoria'). In compliance with local requirements, 51% of the shares of TMF Assessoria remain held by the Local Partners. In anticipation on the planned merger of Apriori SC and TMF Assessoria, new shareholders´ agreements were executed with the Local Partners in May 2015 and consequently TMF Group no longer has control over TMF Assessoria, resulting in the derecognition of the assets and liabilities of TMF Assessoria and recognition of the retained investment in TMF Assessoria for statutory accounting purposes. Apriori SC is reported as an investment in associate for statutory accounting purposes from the acquisition date. The figures presented on a management basis include the results of TMF Assessoria and Apriori SC on a consolidated basis, consistent with how the business is managed, operated and reviewed by management.

- In May 2015, TMF Group acquired the shares of Law Debenture Agency Solutions Limited, a small TCS provider in UK. The consideration amounts to GB Pound 1.

- In August 2015, TMF Group acquired the non-controlling interests in TMF International Pensions Limited and TMF Trustees Malaysia Bhd for an amount of €0.1 million and €0.2 million respectively.

It is TMF Group's intention to continue to expand through merger and acquisitions in 2016 and beyond. For this a pipeline of potential acquisition targets is maintained.

Disposals

In December 2014 TMF came to an agreement with the management of the Fund Services activities to sell that business to the management. The legal transfer took place on 4 December 2015. TMF Group retains a 10% share in the Fund Services business. Until 4 December 2015, the results for Fund Services are presented as 'discontinued operations'.

2015 performance

In 2015 TMF Group continued to pursue its strategy of investing to drive organic growth. In addition to organic growth, TMF Group grew as a result of the acquisitions in Brazil and UK.

On a management basis, TMF Group's revenue increased 18.8% from €414.3 million to €492.0 million driven mainly by EMEA, APAC and Americas, partly offset by a decrease in revenue in Benelux. At constant currency and normalised for the acquisitions made in APAC (July 2014), South Africa (November 2014), Brazil (March 2015) and UK (June 2015) and for the disposal of the paralegal business in Brazil (May 2014), revenue growth was 6.8%.

On a management basis, results from operating activities before depreciation, amortisation, impairment charges and exceptional items ("adjusted EBITDA") increased by 12.9% from €115.5 million to €130.4 million driven by APAC, EMEA and Americas, partly offset by Benelux and higher corporate expenses. At constant currency and normalised for the acquisitions and the disposal, adjusted EBITDA increased by 1.6%. Adjusted EBITDA margin decreased from 27.9% in 2014 to 26.5% in 2015. The slower growth in margin is primarily attributable to the reduction in margin of the Benelux.

On a management basis, the net loss of the year decreased by €13.5 million from €51,2 million to €37.7 million.

On a statutory basis, cash generated from operations excluding cash flow from exceptional items ("adjusted cash generated from operations") increased by €21.7 million from €111.1 million to €136.8 million or from 96% of adjusted EBITDA to 106% of adjusted EBITDA.

On a statutory basis, net third party debt to adjusted EBITDA was 4.7 in 2015 compared to 5.1 in 2014.

Regulatory and acceptance

The services rendered by TMF Group in various jurisdictions are regulated and subject to supervision (or self-regulation). This is the case in the following 18 jurisdictions:

Jurisdiction	Supervisory authority
Argentina	Comisión Nacional de Valores
British Virgin Islands	British Virgin Islands Financial Services Commission.
Cayman Islands	Cayman Islands Monetary Authority
Costa Rica	Superintendencia General de Entidades Financieras
Curacao	Central Bank of Curacao and Sint Maarten
Cyprus	Cyprus Securities and Exchange Commission
Ireland	Department of Justice and Equality
Jersey	Jersey Financial Services Commission
Labuan	Labuan International Financial Exchange and Labuan Financial Services Authority
Luxembourg	Commission de Surveillance du Secteur Financier
Malaysia	Companies Commission of Malaysia and Securities Commission
Malta	Maltese Financial Services Authority
Mauritius	Mauritius Financial Services Commission
Samoa	Samoa International Finance Authority
Singapore	Monetary Authority of Singapore
Switzerland	Self-regulatory body ARIF
The Netherlands	Dutch National Bank and Authority for the Financial Markets
Uruguay	Central Bank of Uruguay

The regulated entities within TMF Group are subject to regulatory provisions controlling their activities in the relevant jurisdictions and are subject to relevant regulations in those jurisdictions. Regulations in various jurisdictions include periodic review, client compliance procedures and other regulatory matters.

In the jurisdictions with regulated entities, the subsidiaries are supervised and hold an authorisation of the relevant governmental agency to conduct business on the basis of these subsidiaries demonstrating permanent compliance with anti-money laundering, counter terrorism and sanctions laws, the integrity of the business conduct and the permanent assessment of management of these subsidiaries on their fitness and properness to assume the managerial roles with the subsidiaries. In 5 jurisdictions (Argentina, the British Virgin Islands, Luxembourg, Malta and Singapore) TMF Group is furthermore subject to external governmental supervision on the financial soundness of the domestic businesses ensuring the continuity of the service offerings to clients.

TMF Group has a dedicated Group Compliance Office which emphasises the high importance that TMF Group places on the need to achieve the highest standards of regulatory compliance. TMF Group has put in place a range of procedures regarding client acceptance and transaction monitoring.

All new offices are introduced to TMF Group's Client Acceptance Policy by visits and presentations to staff by the Group Compliance Officer ('GCO') and are integrated into TMF Group's centralised database within a timeframe set by the GCO. In addition to visits and presentations to the newly acquired businesses, the GCO and his staff regularly organise on-site and on-line training sessions to keep staff on top of the latest anti-money laundering trends.

Transaction monitoring is entrenched in the day-to-day operations of the organization through workflow procedures, which ensures a clear segregation of duties and a minimum of independent second review where needed.

The Board of Directors recognize that the relevant policies require regular review and are confident that the GCO, Group Legal Counsel and operational management are experienced and well equipped to ensure "best practice" standards are maintained.

Corporate responsibility

Our corporate responsibility agenda, embedded within our corporate strategy, has led us to look closely at our performance and processes within all areas of operation. This extends beyond our environmental impact to maintaining good workforce relations, providing fair employment and pay, and working against corruption in all its forms.

It has also led us to scrutinise our co-operation and interaction with our customers, suppliers and the communities in which we operate to ensure that we live up to the principles in our Code of Conduct.

We act with integrity and respect

TMF Group must ensure that all its staff, entities, and client entities, operate to the highest ethical and professional standards.

All staff are bound by our Code of Conduct which includes details of our Anti-Corruption and Anti-Bribery Policy. This is included in all inductions and staff also complete annual compliance training. In addition, our business units are audited for corruption risks as part of our standard internal audit checklist, as well as statutory external audits.

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We embrace opportunity

As a forward-looking business we need to innovate and embrace new ways of working both for us and our clients.

Through our Target Operating Model (TOM), we committed to become an open, transparent organisation with common business processes, governance and a consistent approach to the quality of client service. As part of this process we have introduced improved business performance management, workforce planning and business continuity. Our 'Lead to Revenue' project has enhanced sales performance and provided vital information to the business, while in 2015 we achieved ISO 27001 and certain ISAE 3402 accreditations across the business – optimising productivity and quality to deliver one seamless, integrated global organisation.

In order to consolidate our position in the market, we have made a key acquisition in Brazil in 2015.

We love excellence

Meeting and exceeding our clients' expectations remains at the core of our business. We must constantly strive to develop and deliver services that the market needs and wants.

The Global Customer Satisfaction Survey continues to grow, in 2015 clients in over 65 countries received an annual survey. This feedback has enabled us to implement a series of improvement initiatives ensuring we continuously evolve to meet our client's needs. The programme will be extended with a survey of intermediaries in 2016.

TMF Group's internal customer service programme was also launched. Based on client feedback collated as part of the Global Customer Satisfaction Survey, the progamme focusses on three key customer service pillars - 'communication', 'proactivity' and 'high quality' – and outlines recommended standards of response and behaviour.

We are passionate

We are committed to developing and supporting our people across the organisation, and recognising and rewarding them appropriately for the work that they do.

On a management basis, we employed on average 5,917 FTE in 84 jurisdictions in 2015, with the majority of this increase (approximately 380 FTE) due to our acquisition of Apriori in Brazil. In 2014, on average 4,763 FTE were employed.

Our global staff turnover increased from 21% in 2014 to 23% in 2015. Where specific offices have been identified as having challenges, local retention plans have been put in place.

The results of the 2015 staff survey showed improvement in the overall staff engagement, giving confirmation that the initiatives launched in previous periods to address the concerns of staff have impact.

We build for a sustainable future

Sustainability is a core part of our corporate strategy and foundation for business growth.TMF Group actively promotes greater social and environmental responsibility within our offices and encourages the adoption of environmentally friendly technologies.

Measuring our environmental impact through direct and indirect carbon emissions is something that we remain committed to monitoring. At present we are only able to generate CO2 numbers for our IT activity, which we saw increase by approximately 5% in 2015. This was due to an uplift of 20% in people, and associated equipment, offset by the increased efficiency of new PC hardware and servers. This is supported by our sustainable procurement policy which is included in all RFPs that are issued.

In 2015, TMF Group did not have a global CSR programme in place but many of its offices continued to establish links with recognised charities and community projects, as well as assisting local environmental and educational causes. Among the activities that took place locally, cancer prevention and supporting educational initiatives were seen to be particularly close to employees' hearts. As a result, a global CSR theme will be implemented in 2016 to support local hospices and their care for the terminally ill.

Diversity

TMF Group has long recognized the importance of diversity within our global workforce. This goes right through our organisation, starting with the Board of Directors. Gender is only one part of diversity, and TMF Directors will continue to be selected on the basis of their wide-ranging experience, backgrounds, skills, knowledge and insight.

Women comprise 75% of the Board of Directors and currently 20% of the executive committee members of TMF Group are women.

Ultimate holding company

TMF Group Holding B.V. (the 'Company') is the parent company of the operational entities within TMF Group (together the 'TMF Group'). TMF Group together with its two holding companies TMF Group HoldCo B.V. and TMF Orange Holding B.V., which are not included in these financial statements, are referred to as 'TMF'.

The shares in the Company are 100% held by TMF Group HoldCo B.V., which is 100% owned by TMF Orange Holding B.V. 63.24% of the ordinary shares and all preference shares in TMF Orange Holding B.V. are indirectly held by Doughty Hanson & Co V (which comprises a series of English limited partnerships with each limited partnership having a common general partner in Doughty Hanson & Co V Limited) and indirectly by the employees of affiliates of Doughty Hanson & Co V Limited. The remaining 36.76% of the ordinary shares in TMF Orange Holding B.V. are indirectly held by the current and previous management and employees of TMF Group.

Governance structure

TMF Group Holding B.V. has a Board of Directors of four people. Day-to-day management is performed by the executive committee which includes the Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, the head of the business segment GBS and the head of the business segment TCS.

At the shareholder level of TMF Group Holding B.V. (namely TMF Orange Holding B.V.) there is a Board of Directors of 9 people, an audit committee and a remuneration committee. The Board of Directors of TMF Orange Holding B.V. consists of the Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer and representatives of the shareholders of TMF Orange Holding B.V.

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Summary

In 2015, TMF Group delivered organic revenue and adjusted EBITDA growth and was able to enhance the business further through acquisitions. With this TMF Group has taken a number of steps to better position the group to capture the opportunities it believes exist for its services.

All of the above would not have been possible without the commitment and the dedication of TMF staff throughout the organisation for which we express our recognition and thanks.

Frederik van Tuyll van Serooskerken	**Gordon Stuart**
Chief Executive Officer	**Chief Financial Officer**

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Financial review

Basis of accounting

The financial statements are presented in accordance with applicable law and International Financial Reporting Standards, as adopted by the European Union ('IFRS'). TMF Group's significant accounting policies are detailed in note 2 on pages 52 to 70 and those that are most critical and / or require the greatest level of judgement are discussed in note 3 on page 71.

Additionally, TMF Group also presents certain financial measures that may be considered non-GAAP financial measures. While TMF Group believes these financial measures are appropriate and useful for investors, they are not presented in accordance with IFRS. TMF Group does not intend for these measures, or any piece of these measures, to represent any financial measure as defined by IFRS. Furthermore, TMF Group's calculations of these measures as presented may or may not be comparable to similarly titled measures used by other companies.

The following terms are used throughout the Financial Review:

- Management basis: with associates on a pro-forma fully consolidated basis;
- Statutory basis: as reported in the financial statements;
- Adjusted: this includes the financial measure excluding the impact of exceptional items;
- Like-for-like in constant currency: prior year figures are re-calculated against current year's foreign currency exchange rates; and
- Like-for-like adjusted for acquisitions and disposals: the contribution of acquisitions and disposals is excluded in the comparison between current year and previous year.

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KPIs

In millions of Euro	2015*	2014*	2013*	Growth 15-14	Growth 14-13	% Growth 15-14	% Growth 14-13
Total revenue	492.0	414.3	372.6	77.7	41.7	18.8%	11.2%
Gross profit **	315.7	270.4	245.2	45.3	25.2	16.8%	10.3%
Gross margin	64.2%	65.3%	65.8%				
Direct profit **	311.3	265.0	243.4	46.3	21.6	17.5%	8.9%
Direct margin	63.3%	64.0%	65.3%				
Adjusted EBITDA	130.4	115.5	105.3	14.9	10.2	12.9%	9.7%
Adjusted EBITDA margin	26.5%	27.9%	28.3%				
Average FTE for the period	5,917	4,763	4,220	1,154	543	24.2%	12.9%
Annualised revenue per FTE ('000 euro)	83.2	87.0	88.3	(3.8)	(1.3)	(4.4%)	(1.5%)
Annualised adjusted employee benefit expense per FTE ('000 euro)	45.5	46.0	46.0	(0.5)	-	(1.1%)	-
Adjusted cash generated from operating activities	136.8	111.1	96.3	25.7	14.8	23.1%	15.4%
Adjusted cash conversion	106.0%	96.2%	91.5%				

* Revenue, Gross profit, Direct profit, adjusted EBITDA and FTE are presented on a management basis, which include all associates on a pro forma fully consolidated basis. For reconciliation to the income statement reference is made to note 5 on page 78 to 85. Adjusted cash generated from operating activities and adjusted cash conversion are presented on a statutory basis.

** Gross profit is defined as revenue less employee benefit expenses of client servicing staff. Direct profit is defined as gross profit less other direct expenses such as sub-contractor costs.

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Income statement (on a management basis)

In million of Euro	2015	2014	2013
Total revenue	**492.0**	**414.3**	**372.6**
Employee benefit expense	(269.0)	(219.1)	(194.1)
Rental and office expenses	(56.8)	(47.4)	(44.2)
Professional fees	(13.6)	(10.9)	(9.7)
Other expenses	(22.2)	(21.4)	(19.3)
Adjusted EBITDA	**130.4**	**115.5**	**105.3**
Exceptional items (incl. Result on other financial investments)	(19.5)	(28.2)	(10.2)
Depreciation, amortisation and impairment charges	(27.9)	(22.0)	(29.6)
Operating profit	**83.0**	**65.3**	**65.5**
Net finance costs	(110.2)	(102.5)	(91.3)
Income tax expense	(6.6)	(9.4)	(5.6)
Result for the year from discontinued operations	(3.9)	(4.6)	(0.3)
Result for the year	**(37.7)**	**(51.2)**	**(31.7)**
Attributable to:			
Owners of the parent	(38.9)	(52.1)	(30.5)
Non-controlling interests	1.2	0.9	(1.2)
Result for the year	**(37.7)**	**(51.2)**	**(31.7)**

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Operating results

Revenue

TMF Group's sole source of revenue is from the rendering of services. TMF Group provides services to clients on a time and cost basis or based on a fixed price contract or a combination of both. The exception to this are services where TMF Group receives fees per transaction, such as fees for incorporating special purpose vehicles. TMF Group fixes the rates for its services locally based on local market conditions and local management determinations of acceptable rates.

The majority of clients (i) do not have long-term contracts with TMF Group, or (ii) have contracts that may be terminated on short notice at the client's convenience. However, TMF Group's view is that there is an element of client loyalty based on TMF Group's depth of knowledge about each client and the potentially high costs and execution risk of moving providers, resulting in generally high retention rates and behaviourally recurring revenue. Historically, the main reasons for client churn are liquidations, in-sourcing, clients exiting a market or moving to alternative providers. In 2015, the client retention rate was approximately 90%.

Revenue from time and cost contracts is recognized at the contractual rates as time has been spent and direct expenses are incurred. Revenue from fixed price contracts is based on the services provided to the end of the reporting period as a proportion of the total services to be provided. This proportion is determined as a proportion of actual hours to the end of the reporting period to the total expected hours on the contract.

On a management basis, revenue amounted to €492.0 million in 2015, an increase of 18.8% compared to €414.3 million in 2014. The following table sets out TMF Group's revenue for the years 2015, 2014 and 2013:

In millions of Euro	2015	% cons. Rev.	2014	% cons. Rev.	2013	% cons. Rev.	Growth 15-14	Growth 14-13	% Growth 15-14	% Growth 14-13
Total revenue (management basis)	**492.0**		**414.3**		**372.6**		**77.7**	**41.7**	**18.8%**	**11.2%**
Geographical segments										
Benelux	121.2	25%	126.9	31%	126.1	34%	(5.7)	0.8	(4.5%)	0.6%
EMEA (excl. Benelux) **	166.3	34%	148.2	36%	127.7	34%	18.1	20.5	12.2%	16.1%
Americas	101.9	21%	71.8	17%	70.3	19%	30.1	1.5	41.9%	2.1%
APAC **	99.2	20%	65.4	16%	47.1	13%	33.8	18.3	51.7%	38.9%
Corporate * / **	3.4	1%	2.0	0%	1.4	0%	1.4	0.6	70.0%	42.9%
Business segments										
Accounting & Tax	146.9	30%	111.1	27%	91.4	24%	35.8	19.7	32.2%	21.6%
HR & Payroll	70.4	14%	50.5	12%	39.7	11%	19.9	10.8	39.4%	27.2%
Corporate Secretarial	60.7	12%	48.2	12%	41.6	11%	12.5	6.6	25.9%	15.9%
Global Business Services	*278.0*	56%	*209.8*	51%	*172.7*	46%	*68.2*	*37.1*	32.5%	21.5%
International Structuring	115.7	24%	121.4	29%	118.6	32%	(5.7)	2.8	(4.7%)	2.4%
Structured Finance Services	46.7	9%	40.1	10%	37.7	10%	6.6	2.4	16.5%	6.4%
Private Clients & Others	51.6	11%	43.0	10%	43.6	12%	8.6	(0.6)	20.0%	(1.4%)
Trust & Corporate Services	*214.0*	44%	*204.5*	49%	*199.9*	54%	*9.5*	*4.6*	4.6%	2.3%

*) Corporate includes the revenue of TMF Group clients that is not distributed to the regions.
**) In 2015, Mauritius moved from the APAC to the EMEA region and International Licensing and Collection (Freeway) and International Pensions moved from Corporate to EMEA region in 2015. The 2014 and 2013 comparable figures have been adjusted to reflect these changes.

All regions grew revenue in the year 2015, except for Benelux. The decrease in revenue in Benelux mainly stems from a decrease in International Structuring Services.

As a result of TMF Group's global operations, a number of countries operate in currencies other than Euro. As a consequence, TMF Group is exposed to translation impacts as local currencies are translated into Euro. In 2015 this had a positive impact of €16.5 million, compared to the December 2014 revenue restated using 2015 rates. The constant currency growth in the year 2015 is €61.2 million or 14.2%.

The growth is impacted by four acquisitions (KCS in APAC and GMG Trust in South Africa in 2014 and Apriori in Brazil and Law Debenture Agency Solutions Limited in UK in 2015; total effect of €32.6 million), and impacted by one disposal (SERPAC, the paralegal business in Brazil in 2014; total effect of €(0.4) million). Adjusted for the acquisitions and the disposal and currency effect, the revenue growth in the year 2015 is 6.8%.

Geographical segments

Benelux:

The revenue in Benelux decreased by €5.7 million, or 4.5%, to €121.2 million in 2015, from €126.9 million in 2014, primarily as a result of a decrease in Trust & Corporate Services in the Netherlands, due to less revenue from existing International Structuring clients.

The revenue per average FTE in the Benelux region decreased by €11.5 thousand, or 4.6%, to €239.1 thousand in 2015 from €250.6 thousand in 2014.

EMEA:

The revenue in the EMEA region increased by €18.1 million, or 12.2%, to €166.3 million in 2015, from €148.2 million in 2014. The revenue is €1.7 million positively impacted by the acquisition of GMG Trust in South Africa and the acquisition of Law Debenture Agency Solutions in UK. On a like for like basis in constant currency and adjusting for the acquisitions, year on year growth was €13.8 million or 9.1%. This growth is mainly driven by an increase in Global Business Services in Germany, Russia and Spain and an increase in Trust & Corporate Services in Ireland and Russia.

The revenue per average FTE in the EMEA region decreased by €2.3 thousand, or 2.2%, to €102.8 thousand in 2015 from €105.1 thousand in 2014.

Americas:

The revenue in the Americas region increased by €30.1 million, or 41.9%, to €101.9 million in 2015, from €71.8 million in 2014. The revenue is €15.4 million positively impacted by the acquisition of Apriori in Brazil and €0.5m negatively impacted by the disposal of SERPAC in Brazil. On a like for like basis in constant currency and adjusting for the acquisition and disposal, year on year growth was €15.2 million or 21.3%. This growth is mainly driven by an increase in Global Business Services in Argentina, Brazil and Mexico and an increase in Trust & Corporate Services in Argentina.

The revenue per average FTE in the Americas region increased by €0.8 thousand, or 1.3%, to €61.3 thousand in 2015 from €60.5 thousand in 2014.

APAC:

Compared to the prior period, the revenue in the APAC region increased by €33.8 million, or 51.7%, to €99.2 million in 2015, from €65.4 million in 2014. The revenue is €15.5 million positively impacted by the acquisition of KCS Limited. On a like for like basis in constant currency and adjusting for the acquisition, year on year growth was €9.6 million or 13.0%. This growth is mainly driven by an increase in Global Business Services in China, Indonesia and Japan and an increase in Trust & Corporate Services in Hong Kong.

The revenue per average FTE in the APAC region increased by €6.9 thousand, or 10.1%, to €75.0 thousand in 2015 from €68.1 thousand in 2014.

Corporate:

The corporate revenue increased by €1.4 million, or 70.0%, to €3.4 million in 2015, from €2.0 million in 2014. The corporate revenue increased as a result of increased revenue on certain global clients that is not distributed to the regions.

Business segments

TMF Group operates in two business segments:

- Global Business Services, further split into Accounting & Tax, HR & Payroll and Corporate Secretarial; and
- Trust & Corporate Services, further split into International Structuring, Structured Finance Services and Private Clients & Others.

Global Business Services

Compared to the prior year, the revenue from Global Business Services increased by €68.2 million, or 32.5 %, to €278.0 million in 2015, from €209.8 million in 2014. The growth at constant currency and normalised for acquisitions and disposal was €26.1 million, or 11.8%. The revenue growth stems mainly from growth in Accounting & Tax Services in Argentina, Chile, Mexico and Spain, HR & Payroll Services in Argentina, Japan and Poland and Corporate Secretarial Services in Spain.

Trust & Corporate Services

Compared to the prior year, the revenue from Trust & Corporate Services increased by €9.5 million, or 4.6 %, to €214.0 million in 2015, from €204.5 million in 2014. The growth at constant currency and normalised for acquisitions and disposal was €3.0 million, or 1.4%. The revenue growth stems mainly from growth in Structured Finance Services in Argentina, Ireland and Russia, growth in Private Clients Services in Hong Kong and growth in International Licensing and Collection (Freeway), partly offset by a decrease in revenue from International Structuring Services in Luxembourg and the Netherlands.

Adjusted employee benefit expense

TMF Group's largest expense is its employee benefit expense, the majority of which relates to wages and salaries. On a management basis, the adjusted employee benefit expense increased in 2015 by €49.9 million, or 22.8%, to €269.0 million (2014: €219.1 million). Normalised for currency and acquisitions, the growth is €24.6 million or 10.9%. This growth is mainly due to the organic growth in staff.

On a management basis, the average number of FTEs for 2015 increased by 24.2% from 4,763 in 2014 to 5,917. The acquisitions resulted in an increase in the average number of FTEs of 612. The average annualised adjusted employee benefit expense per FTE in the period decreased to €45,513 (2014: €46,000).

Employee benefit expense consists of wages and salaries paid to employees, social security costs, pension costs related to defined contribution plans and defined benefit plans and various other employee benefit expenses. The following table shows a breakdown of the employee benefit expense for 2015, 2014 and 2013 on a management basis:

In millions of Euro	2015	2014	2013	Growth 15-14	Growth 14-13	% Growth 15-14	% Growth 14-13
Wages and salaries	204.5	172.4	152.0	32.1	20.4	18.6%	13.4%
Social security costs	25.9	21.1	18.4	4.8	2.7	22.7%	14.7%
Other employee benefit expense	39.9	27.7	25.2	12.2	2.5	44.0%	9.9%
Employee benefit expense recharged to disposal group classified as held for sale	(1.3)	(2.1)	(1.5)	0.8	(0.6)	(38.1%)	40.0%
Total adjusted employee benefit expense (management basis)	**269.0**	**219.1**	**194.1**	**49.9**	**25.0**	**22.8%**	**12.9%**

Adjusted rental and office expenses

Rental and office expenses comprise the cost of operating our offices and include mainly rental, telecom, utilities and IT expenses. On a management basis, adjusted rental and office expenses increased by €9.5 million or 20.0% to €56.8 million in 2015 from €47.4 million in 2014. On a like for like basis in constant currency and adjusted for acquisitions the costs increased by €2.0 million or 4.2%. The increase in rental and office expenses on a like for like basis is mainly the result of higher office rent and IT expenses partly associated with increased headcount in various countries in EMEA, Americas and APAC.

Adjusted professional fees

Professional fees represent the cost of sub-contractors, which are hired to provide services to TMF Group's clients, and costs of advisory companies in respect of audit, tax, legal and other consultancy services. On a management basis, adjusted professional fees increased by €2.7 million, or 24.8%, to €13.6 million from €10.9 million in 2014. On a like for like basis in constant currency and adjusted for acquisitions the costs increased by €1.3 million or 11.7%. The increase in professional fees on a like for like basis is mainly the result of sub-contractor fees in China and the Netherlands.

Adjusted other expenses

Other expenses comprise mainly of external sales and marketing expenses, travel, insurance, bad debt expense, banking fees and membership fees. On a management basis, adjusted other expenses increased by €0.8 million, or 3.7%, to €22.2 million from €21.4 million in 2014. On a like for like basis in constant currency and adjusted for acquisitions the costs decreased by €0.8 million or 3.5%, due to lower travel and bad debt expenses partly offset by increased sales and marketing costs.

Adjusted EBITDA

On a management basis, adjusted EBITDA for 2015 amounted to €130.4 million, €14.9 million or 12.9% higher than 2014 (€115.5 million). On a like for like basis at constant currency and normalised for the acquisitions the adjusted EBITDA increased by €1.9 million or 1.6% as organic growth in EMEA, Americas and APAC was partly offset by a decrease in adjusted EBITDA in Benelux.

Adjusted EBITDA margin for TMF Group decreased by 1.4% to 26.5% (2014: 27.9%, 2013: 28.3%)

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The following tables set out TMF Group's adjusted EBITDA per geographical segment and the direct profit per business segment for the years 2015, 2014 and 2013 on a management basis:

In millions of Euro	2015	Adjusted EBITDA margin	2014 *	Adjusted EBITDA margin	2013 *	Adjusted EBITDA margin	Growth 15-14	Growth 14-13	% Growth 15-14	% Growth 14-13
Geographical segments										
Benelux *	66.4	54.8%	73.8	58.2%	71.3	56.5%	(7.4)	2.5	(10.0%)	3.5%
EMEA (excl. Benelux) *	62.6	37.6%	55.3	37.3%	45.6	35.7%	7.3	9.7	13.2%	21.3%
Americas *	32.6	32.0%	23.4	32.6%	22.9	32.6%	9.2	0.5	39.3%	2.2%
APAC *	30.8	31.0%	17.1	26.1%	11.3	24.0%	13.7	5.8	80.1%	51.3%
Corporate expenses *	(62.0)	-	(54.1)	-	(45.8)	-	(7.9)	(8.3)	14.6%	18.1%
Total adjusted EBITDA (management basis)	**130.4**	**26.5%**	**115.5**	**27.9%**	**105.3**	**28.3%**	**14.9**	**10.2**	**12.9%**	**9.7%**

* In 2015, the following re-allocations took place, for which the 2014 and 2013 comparable figures have been adjusted:

- All Human Resource support staff and TCS support staff moved, including all related expenses, from the regions to the corporate headquarter;
- Mauritius moved from the APAC to the EMEA region; and
- International Licensing and Collection (Freeway) and International Pensions moved to EMEA region (previously reported as part of 'All other')

In millions of Euro	2015	Direct margin	2014	Direct margin	2013	Direct margin	Growth 15-14	Growth 14-13	% Growth 15-14	% Growth 14-13
Business segments										
Accounting & Tax	79.0	53.8%	61.5	55.4%	49.6	54.3%	17.5	11.9	28.5%	24.0%
HR & Payroll	40.0	56.8%	27.8	55.0%	22.7	57.2%	12.2	5.1	43.9%	22.5%
Corporate Secretarial	40.8	67.2%	32.1	66.6%	26.0	62.5%	8.7	6.1	27.1%	23.5%
Global Business Services	*159.8*	57.5%	*121.4*	*57.9%*	*98.3*	*56.9%*	*38.4*	*23.1*	*31.6%*	*23.5%*
International Structuring	81.4	70.4%	88.2	72.7%	83.3	70.2%	(6.8)	5.9	(7.7%)	7.1%
Structured Finance Services	33.6	71.9%	28.6	71.3%	27.7	73.5%	5.0	0.9	17.5%	3.2%
Private Clients & Others	36.5	70.7%	28.0	65.1%	31.3	71.8%	8.5	(3.3)	30.4%	(10.5%)
Trust & Corporate Services	*151.5*	*70.8%*	*144.8*	*70.8%*	*142.3*	*71.2%*	*6.7*	*2.5*	*4.6%*	*1.8%*
Direct profit Business segments *	311.3	63.3%	266.2	64.2%	240.6	64.6%	45.1	25.6	16.9%	10.6%
Support staff and unallocated expenses *	(180.9)	-	(150.7)	-	(135.3)	-	(30.2)	(15.4)	20.0%	11.4%
Total adjusted EBITDA (management basis)	**130.4**	-	**115.5**	-	**105.3**	-	**14.9**	**10.2**	**12.9%**	**9.7%**

*) The direct profit of the Business segments consists of revenue and direct expenses. Direct expenses include personnel expenses and travel expenses of business segment staff and sub-contractors costs. Indirect expenses include the expenses of all support departments and expenses that are not allocated to business segments or support departments (rental & office expenses, professional fees except sub-contractor costs and other expenses except travel expenses of business segment staff).

Benelux:

Adjusted EBITDA decreased by €7.4 million, or 10.0%, to €66.4 million in 2015 from €73.8 million in 2014. This decrease is primarily a result of lower revenue and higher bad debt expenses in the Netherlands and Luxembourg. The Adjusted EBITDA margin in the region decreased to 54.8% in 2015 from 58.2% in 2014.

EMEA:

Adjusted EBITDA increased by €7.3 million, or 13.2%, to €62.6 million in 2015 from €55.3 million in 2014. The acquisitions in South Africa and UK had a positive impact of €0.5 million. On a like for like basis at constant currency and normalised for the acquisitions, adjusted EBITDA increased by €5.4 million, or 9.6%. The growth in adjusted EBITDA on a like for like basis stems mainly from Russia, Spain and International Licensing and Collection (Freeway). The growth is explained by higher revenue, partly offset by higher employee benefit expense and higher rental and office costs. The adjusted EBITDA margin in the region increased to 37.6% in 2015 from 37.3% in 2014.

Americas:

Adjusted EBITDA increased by €9.2 million, or 39.3%, to €32.6 million in 2015 from €23.4 million in 2014. The acquisition and disposal in Brazil had a net positive impact of €2.9 million. On a like for like basis at constant currency and normalised for the acquisitions, adjusted EBITDA increased by €3.9 million, or 15.0%. The growth in adjusted EBITDA on a like for like basis stems mainly from Argentina and Mexico. The growth is explained by higher revenue, partly offset by higher employee benefit expense and higher rental and office costs. The adjusted EBITDA margin in the region decreased to 32.0% in 2015 from 32.6% in 2014.

APAC:

Adjusted EBITDA increased by €13.7 million, or 80.1 %, to €30.8 million in 2015 from €17.1 million in 2014. The acquisition of KCS Limited had a positive impact of €3.9 million. On a like for like basis at constant currency and normalised for the acquisitions, adjusted EBITDA increased by €7.4 million, or 38.1%. The growth in adjusted EBITDA on a like for like basis stems mainly from China, Hong Kong and Japan. The growth is explained by higher revenue, partly offset by higher employee benefit expense and higher rental and office costs. The adjusted EBITDA margin in the region increased to 31.0% in 2015 from 26.1% in 2014.

Corporate expenses:

The majority of corporate expenses relate to Group operating costs that are managed centrally for consistency and effectiveness reasons. The adjusted corporate expenses increased by €7.9 million, or 14.6%, to €62.0 million in 2015 from €54.1 million in 2014, as a result of investment in business segment staff and an increase in staff costs for the Global Transition Team and for Marketing, partly compensated by a decrease in IT costs.

Outlook 2016

TMF Group expects to continue to grow organically in revenue and adjusted EBITDA in 2016. To drive this organic growth, the average number of FTE is expected to grow as well.

It is TMF Group's intention to continue to expand also through merger and acquisitions in 2016.

TMF Group will continue to invest in internally generated software and property, plant and equipment in 2016. These investments can take place within the current loan facilities. In case of larger-scaled acquisitions TMF Group will assess if additional loan facilities are required.

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Exceptional items

On a management basis, exceptional items include acquisition, litigation, redundancy and restructuring costs and the result on other financial investments. Exceptional items amounted to €19.5 million in 2015, compared to €28.2 million in 2014.

The 2015 costs relate primarily to costs in respect of the acquisition and integration activities in Brazil, integration costs of the KCS business in APAC, restructuring costs in Benelux and Cayman, termination fees related to senior staff due to restructuring, costs with respect to shareholder matters and costs with respect to legal matters. The 2014 costs relate primarily to litigation costs as a result of the settlement of a legal case, redundancy and restructuring costs and costs with respect to the intended disposal of the Fund Services activities and costs with respect to the acquisition of Apriori and the acquisitions of KCS Limited, Tass Axia and GMG Trust.

Depreciation, amortisation and impairment charges

On a management basis, depreciation amounted to €8.8 million in 2015 (2014: €6.8 million). The increase is due to an increase of property, plant and equipment from €21.6 million at 31 December 2014 to €27.9 million at 31 December 2015 on a management basis. The increase in property, plant and equipment is due to the acquisition in Brazil and office moves in Hong Kong and Singapore.

On a management basis, amortisation amounted to €19.1 million (2014: €15.3 million). The amortisation of 2015 consists of €7.2 million (2014: €3.8 million) amortisation of software and €12.0 million (2014: €11.5 million) due to acquisition related intangible assets other than goodwill. Acquisition related intangible assets included in the balance sheet at 31 December 2015 on a management basis amount to €537.9 million (2014: €514.8 million) for goodwill and €129.4 million (2014: €131.5 million) for other acquired intangibles. The balance sheet increase compared to last year relates mainly to the acquisition of Apriori in Brazil in March 2015.

Goodwill is not amortised. In 2015, 2014 and 2013 there has been no impairment charge on the goodwill included in the accounts. Also refer to note 16 on page 107 to 110.

Net Finance costs

On a management basis, financing income for 2015 was €8.9 million (2014: €18.8 million), finance costs were €112.2 million (2014: €118.0 million) and net foreign exchange movements led to a loss of €6.9 million (2014: loss of €3.4 million) resulting in net finance costs of €110.2 million in 2015 (2014: €102.5 million). The increase in net finance costs is mainly an increase in interest on the unsecured related party loans. The net foreign exchange movements originate from TMF Group's cash balances and borrowings denominated in foreign currencies.

On a management basis, TMF Group's average cost of gross borrowings in 2015 decreased by 1.5% to 9.9% (2014: 11.4%). This is mainly due to a positive result from the interest rate swaps (in 2014 a negative result was reported) and the impact of a new cash pool agreement. This new cash pool agreement became effective in December 2014 and resulted in a decrease in both financing costs and financing income.

Result from discontinued operations

The result from discontinued operations amounted to a loss of €3.9 million (2014: loss of €4.6 million). This is further discussed in note 24 on page 124 to 126.

Taxation

On a management basis, income tax expense decreased from €9.4 million in 2014 to €6.6 million in 2015. The decrease is primarily a consequence of an adjustment on prior years' income tax in Luxembourg and USA, partly offset by an increase in taxable profits in tax paying countries.

Potential tax assets in respect of tax losses carried forward of €77.0 million (2014: €65.1 million) have not been recognized, as their utilization is not considered probable at this time given TMF Group's capital structure. This is further discussed in note 19 on page 118 to 120.

Non-controlling interests

On a management basis, the profit attributable to non-controlling interests increased from €0.9 million to €1.2 million, which includes the non-controlling interest in the Brazilian regulated business.

Net result for the year

As a result of the foregoing factors, the loss for the year decreased by €13.5 million or 26.4% to €37.7 million from €51.2 million loss in 2014 due to an increase in adjusted EBITDA, a benefit on the revaluation of the investment and deferred consideration with respect to Fund Services business and a less negative result from discontinued operations. In 2015 the loss was impacted by redundancy and restructuring costs of €11.8 million. In 2014, the loss was impacted by €11.0 million of litigation costs, which includes the settlement of a legal case, and €10.2 million of redundancy and restructuring costs.

Fair value

The fair value of intangible assets acquired as part of a business combination, financial instruments that are not traded in an active market and the investment in the Custom House Group are determined using valuation techniques, such as estimated discounted cash flows. The fair value attributable to client lists or relationships at the date of acquisition is determined by discounting the expected future cash flows to be generated from that asset using the risk adjusted weighted average cost of capital for TMF Group. This amount is included in intangible assets as "client lists" and these are amortised over the estimated useful life on a straight-line basis. Amortisation periods are business stream dependent and vary from five to fifteen years. No values are attributed to internally generated client lists or relationships.

Cash flow

The primary KPI of management for cash generation is the percentage of adjusted EBITDA converted into cash. Adjusted cash conversion is calculated as adjusted cash generated from operations divided by adjusted EBITDA. In 2015 an adjusted cash conversion rate of 106% was achieved, compared to 96% in 2014 as a result of a higher decrease in working capital and positive impact from changes in foreign currency.

The following table sets out a breakdown of the cash flow for the years 2015, 2014 and 2013 on a statutory basis:

in millions of Euro	2015	2014	2013	Growth 15-14	Growth 14-13	% Growth 15-14	% Growth 14-13
Results from operating activities before depreciation, amortisation, impairment charges, acquisition and exceptional items	129.0	115.5	105.3	13.5	10.2	11.7%	9.7%
Retirement benefit obligations	(0.4)	(3.8)	(2.1)	3.4	(1.7)	(89.5%)	81.0%
Changes in working capital	4.6	1.2	(6.2)	3.4	7.4	283.3%	N/A
Changes in foreign currency	3.6	(1.8)	(0.7)	5.4	(1.1)	N/A	157.1%
Adjusted cash generated from operations	**136.8**	**111.1**	**96.3**	**25.7**	**14.8**	23.1%	15.4%
Adjusted cash conversion	106%	96%	*91%*				
Income tax paid	(14.6)	(14.6)	(8.8)	-	(5.8)	-	65.9%
Net cash generated from operating activities (excluding cash flow from exceptional items)	**122.2**	**96.5**	**87.5**	**25.7**	**9.0**	**26.6%**	**10.3%**
Net cash from exceptional items	(33.8)	(18.5)	(14.7)	(15.3)	(3.8)	82.7%	25.9%
Net cash generated from operating activities	**88.4**	**78.0**	**72.8**	**10.4**	**5.2**	**13.3%**	**7.1%**
Net cash (used in) / generated from investing activities	(51.1)	(74.1)	(16.1)	23.0	(69.1)	(31.0%)	429.2%
Net cash (used in) / generated from financing activities	(45.4)	(4.8)	(44.6)	(40.6)	50.9	(845.8%)	N/A
Net increase / (decrease) in cash flow from continuing operations	**(8.1)**	**(0.9)**	**12.1**	**(7.2)**	**(13.0)**	**(800.0%)**	**N/A**

Adjusted cash generated from operations

The adjusted cash generated from operations increased by €25.7 million to €136.8 million in 2015 from €111.1 million in 2014, mainly as a result of an increase in the result from operations before depreciation, amortisation, impairment charges and exceptional items combined with a decrease in working capital and positive impact from changes in foreign currency. The decrease in working capital is explained by more positive cash inflow on trade receivables in Luxembourg and Italy, an increase in accrued expenses in APAC and an increase in trade payables in Corporate, partly offset by less positive cash inflow on trade receivables in the Netherlands.

Net cash from exceptional items

The net cash outflow regarding exceptional items increased by €15.3 million to €33.8 million in 2015 from €18.5 million in 2014, mainly as a result of payment on a historical legal case and higher payment of redundancy and restructuring costs.

Net cash (used in) / generated from investing activities

The net cash from investing activities decreased by €23.0 million to €51.1 million in 2015 from €74.1 million in 2014. This is due to the acquisition for KCS in 2014, partly offset by the acquisition in Brazil in 2015 and increased investment in property, plant and equipment and intangible assets.

Net cash (used in) / generated from financing activities

The net cash from financing activities increased by €40.6 million to an outflow of €45.4 million in 2015 from an outflow of €4.8 million in 2014. The net cash outflow in 2015 is mainly due to interest paid on the senior loan notes and a repayment on cash collateralized loans in Luxembourg, partly compensated by drawing under the revolving credit facility for the acquisition in Brazil and for payments related to an historical legal case. The net cash outflow in 2014 mainly related to interest paid on the senior loan notes, partly compensated by the issuance of senior loan notes.

Financing and treasury activities

TMF Group's treasury function is responsible for ensuring the availability of cost effective financing, managing TMF Group's financial risk arising from currency, interest rate volatility and counterparty credit. Treasury is not a profit centre and is not permitted to speculate in derivative financial instruments. The treasury policies are set by senior management. Treasury is subject to controls appropriate to the risks it manages.

TMF Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. TMF Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is carried out by the central treasury function under instruction and with approval of senior management. TMF Group's treasury function identifies, evaluates and hedges (where considered necessary) financial risks in close cooperation with TMF Group's operating units. Management provides guidelines for overall financial risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Refer to the risk paragraph starting on page 28 and to note 4 for further details on financial risk management.

TMF GROUP

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Financing

TMF Group's primary sources of finance are intercompany lending from TMF Group HoldCo B.V. and senior loan notes. The senior loan notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market. In addition to the senior loan notes, TMF Group has a revolving credit facility. Of this €70.0 million revolving credit facility, at 31 December 2015, €29.3 million is drawn and €14.2 million is allocated for guarantees and ancillary facilities.

The following tables sets out TMF Group's loan facilities:

In thousands of Euro	Original available amount	Drawn at 31.12.15	Guarantees issued at 31.12.15	Expiry date	Tenure in years	Repayment	Margin	Margin ratchet
Fixed rate Senior loan notes (EUR)	195,000	195,000	-	01.12.2019	7 years	Bullet	9.875%	No
Floating rate Senior secured loan notes (EUR)	450,000	450,000	-	01.12.2018	6 years	Bullet	Euribor +5.375%	No
Revolving credit facility	70,000	29,300	14,211	01.06.2018	6 years	Bullet	Euribor +4.00%	Yes *
Unsecured related party loans	484,344	484,344	-	2018 – 2022	6 – 14 years	Bullet	6.26% - 16%	No

*) Margin on the Revolving credit facility will decrease if net third party debt to adjusted EBITDA ratio would decrease to 4.0 or below. The minimal margin is Euribor + 3.00% at a net third party debt to adjusted EBITDA ratio of 2.5.

Capitalization

On a statutory basis, the following table sets out TMF Group's consolidated cash, total indebtedness, shareholders' funds, total capitalization and net debt as of December 2015, 2014 and 2013:

In millions of Euro	2015	2014	2013	Growth 15-14	Growth 14-13	% Growth 15-14	% Growth 14-13
Cash and Cash equivalents	**75.4**	**82.4**	**90.4**	**(7.0)**	**(8.0)**	**(8.5%)**	**(8.8%)**
Senior secured loan notes	450.0	450.0	405.0	-	45.0	-	11.1%
Senior notes	195.0	195.0	175.0	-	20.0	-	11.4%
Revolving credit facility	29.3	-	-	29.3	-	-	-
Other loans	7.8	26.4	49.3	(18.6)	(22.9)	(70.5%)	(46.5%)
Total third party debt	**682.1**	**671.4**	**629.3**	**10.7**	**42.1**	**1.6%**	**6.7%**
Subordinated Shareholder Funding	484.3	425.7	374.2	58.6	51.5	13.8%	13.8%
Total equity	(251.6)	(229.9)	(203.0)	(21.7)	(26.9)	9.4%	13.3%
Total capitalization	**914.8**	**867.2**	**800.5**	**47.6**	**66.7**	**5.5%**	**8.3%**
Net third party debt	**606.7**	**589.0**	**538.9**	**17.7**	**50.1**	**3.0%**	**9.3%**
Total third party debt / adjusted EBITDA	5.29	5.81	5.98	(0.52)	(0.17)	(9.0%)	(2.8%)
Net third party debt / adjusted EBITDA	4.70	5.10	5.12	(0.40)	(0.02)	(7.8%)	(0.4%)

The Net third party debt excludes capitalized finance costs, long-term supply arrangements, advance client payments, deferred consideration and subordinated shareholder funding.

During 2015, 2014 and 2013, TMF Group complied with its banking covenants. Financial covenants are only applicable for the revolving credit facility. The only financial covenant under the revolving credit facility relates to the ratio of Net Debt to adjusted EBITDA. The ratio in the covenant is 8.55, as such there is sufficient headroom in place.

Foreign currency

TMF Group has many foreign subsidiaries that are exposed to various currencies. Treasury policy is to manage significant balance sheet translation risks in respect of net operating assets and profit denominated in foreign currencies. The methods adopted are the use of borrowings denominated in foreign currencies to the extent that cash and debt requirements allow.

On a statutory basis, exchange rate differences on the translation of foreign operations amounted to a profit of €17.7 million (2014: €27.1 million profit) as shown in the consolidated statement of comprehensive income. In the consolidated income statement a net loss of €5.0 million (2014: 3.4 million profit) was recorded on the retranslation of net debt.

Cash management

TMF Group's treasury function monitors cash balances on a daily basis. Appropriate action is taken to optimize interest costs while at the same time safeguarding sufficient liquidity. TMF Group continues to review opportunities to improve the efficiency of its cash management.

Pensions

TMF Group mainly operates defined contribution pension schemes. The Netherlands was the only territory where the group operated defined benefit pension schemes with potential significant impact on TMF Group's figures. This defined benefit pension scheme ended at 31 December 2014 and was replaced by a defined contribution pension scheme. As part of the new pension scheme in the Netherlands it was agreed that TMF Group will contribute a fixed percentage of salary for all staff employed at 31 December 2014 to be used for indexation of pension benefits up to 2014. This scheme qualifies as a defined benefit scheme but has limited impact on TMF Group's figures. Refer also to note 31 on page 135 to 140.

Provisions

TMF Group mainly has provisions in respect of legal cases and restructuring costs. The expected legal costs in respect of legal cases are provided for insofar that they are not covered by insurance. A description of contingent liabities with respect to legal cases is given in note 36 on page 143 to 144. The restructuring provision mainly arose from the merger with Equity Trust in 2011 and the disposal of the Fund Services business.

Risks

TMF Group's business is subject to risks and uncertainties. Risk management ensures that TMF Group maintains a considered risk / reward balance in its operations, with consistent and controlled measures in place. TMF Group accepts a calculated amount of risk if there is a high probability that any new plan or action will contribute to the achievement of TMF Group's goals.

The risks that TMF Group regards as the most relevant for the business are identified below, including certain actions to mitigate these risks. TMF Group is deploying these mitigation actions but these might not be successful. If these risks materialize or are not successfully mitigated, TMF Group's cash flow, operating results, financial position, business and reputation could be materially adversely affected. In addition, risks and uncertainties could impact TMF Group's ability to meet its targets or be detrimental to its profitability or reputation. On a continuous basis TMF Group evaluates to which extent risk management procedures need to be adjusted to appropriately mitigate the risks. In 2015, no major changes in risk management procedures were made. In the first quarter of 2016 a Group Risk Officer has been recruited with responsibility for TMF Group-wide risk management policies.

Description of risk	Impact on 2015 and mitigating actions
Strategic risks	
Market and economic conditions	
Overall deterioration in global economic conditions and GDP in the countries in which TMF Group operates may adversely affect TMF Group's industry, particularly its clients' interests in global expansion and may adversely affect TMF Group's business, growth, results of operations and ability to access capital. A global, domestic or significant regional economic slowdown or recession could harm TMF Group by adversely affecting its clients' and its prospective clients' access to capital to fund their businesses and their ability to sustain and grow their businesses, particularly, their ability to expand internationally.	TMF Group has a resilient business model, due to the wide geographical spread combined with high client retention. Once established, the services TMF Group provides to clients have historically had a high degree of predictability, with macro-economic fluctuations in any particular country or globally generally having limited impact on clients. For instance, for services such as statutory accounting and corporate filings, clients are legally required on an annual basis regardless of a client's overall financial or operational performance. TMF Group is able to adapt the service offerings to the issues clients are facing and demonstrate the value added it can offer. Market and economic conditions had no significant adverse effect on TMF Group in 2015.
Significant changes in the competitive business environment	
Any significant changes in TMF Group's competitive business environment may affect TMF Group's ability to compete effectively for current and potential clients, and consequently its results of operations and financial condition may be adversely affected. TMF Group currently faces very few competitors that can provide a comparable suit of service across a large number of jurisdictions in the same way as TMF Group. If this were to change in the future as a result of increased competition generally or as a result of consolidation in the market by medium size competitors and / or regional competitors, this may be a significant adverse effect on the business and future prospects of TMF Group.	The strong relationship with clients and the focus on providing value added services creates a competitive advantage compared to new parties entering the market. TMF Group keeps investing in quality of service and clients satisfaction to maintain this competitive advantage. The Client Continuous Improvement Programme continues to grow; in 2015 clients in over 65 countries received an annual survey. This feedback has enabled us to implement a series of improvement initiatives ensuring we continuously evolve to meet our client's needs. The programme will be extended with a survey of intermediaries in 2016.

Not able to expand in a particular jurisdiction

TMF Group may not be able to expand into a particular jurisdiction in response to client needs. Given the nature of TMF Group's business, regulatory and / or tax changes can lead to demand for client services in jurisdictions where TMF Group has not historically operated – for example, TMF Group currently has limited presence in Africa. If this were the case, there may be regulatory, competition and practical constraints in establishing an office in such a jurisdiction to meet client demand (or, at the very least, as quickly as TMF Group would like).

TMF Group has partners in jurisdictions where it is currently not active to ensure TMF Group is able to serve its clients on the highest standard. In 2014 and 2015 TMF Group started activities in more African countries to mitigate this risk.

Unable to acquire or integrate new businesses

Since TMF Group's formation in 1988, it has grown significantly through acquisitions and organic growth. Going forward, acquisitions will continue to be an important driver of growth. There is no certainty that TMF Group will be able to find good acquisition targets and to successfully integrate these targets into the current organisation.

TMF Group has a merger and acquisition team in place to scan the market for potential acquisition candidates and review these candidates and an integration team as well as procedures in place to integrate new acquisitions in the business.

In 2015, TMF Group acquired businesses in Brazil and UK.

Dependence on Benelux

TMF Group generates a relatively large share of its revenue in the Benelux region and any significant change in client demand for TMF Group's services in Benelux could have a significant adverse effect on TMF Group's business and financial condition.

Although a significant portion of the revenue is produced by the operations in Benelux, this revenue is generated by clients from all over the world seeking to use TMF Group's services in the Benelux to operate their international corporate structures.

Due to growth of other regions and decrease in revenue in the Netherlands, the relative dependence of Benelux decreased from 31% of TMF Group's revenue in 2014 to 25% in 2015. It is expected that the dependence of Benelux will further decrease in 2016 due to higher growth in the other regions.

Changes in regulation

A significant change in the regulation (particularly any change in regulation that adversely affects offshore funds) may have a material adverse effect on TMF Group's business. A large number of TMF Group's clients look to invest through tax efficient holding structures in jurisdictions that have extensive double tax treaty networks and relatively stable corporate law frameworks. If actions were taken by regulators that made any of these jurisdictions less attractive (particularly if such actions affected the tax laws relating to the treatment of offshore funds), TMF Group's business may be adversely affected.

TMF Group monitors the developments of regulations closely and is actively represented in local professional bodies. The impact of new regulation originating from BEPS regulation is monitored closely by the BEPS Knowledge team that is set-up in 2015. Considering the increased compliance and substance required for clients' structures following from BEPS, TMF Group expects that such regulation will have a neutral to positive impact.

Financial risks

Exchange control restrictions

Exchange control restrictions or other restrictions regarding the repatriation of funds from certain countries in which TMF Group operates (including regulatory capital restrictions) could hinder its ability to make foreign investments and procure foreign denominated financings.

TMF Group regularly repatriates cash to avoid high cash balances accumulating in local offices. In countries with exchange control restrictions TMF Group finances as much as possible with local loans. This limits the impact of potential changes in exchange control restrictions. At 31 December 2015, cash and cash equivalents of €9.9 million, especially held in Argentina, China, India, Russia and South Africa, are subject to local exchange control regulations.

Foreign currency exchange risk

TMF Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and related currencies. In several markets client contracts are denominated in Euro or US Dollars although this is not the functional currency in these markets. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and investments in foreign operations.

Currency exposure arising from the net assets of TMF Group's foreign operations is managed primarily through limiting the net assets in foreign operations to the extent possible. Furthermore, TMF Group aims as much as possible to invoice revenue in local currency to align with the cost base. No further hedging of foreign exchange risk takes places.

As at 31 December 2015, if Euro had strengthened / weakened by 5% against the US Dollar with all variables held constant, the result for the year would have been €2.2 million lower / higher, mainly due to operating results in USD.

Interest rate risk

Interest rate risk is the risk that unexpected interest rate changes negatively affect TMF Group's results, cash flows and equity. TMF Group's interest rate risk mainly arises from long-term borrowings. A part of the interest rate risk relates to the floating rate senior secured loan notes. The Group's intercompany lending from TMF Group HoldCo B.V. is partly at fixed interest rates and partly at variable interest rates for the greater part linked to Euribor.

It is TMF Group's policy to mitigate the effects of interest rate volatility on its results, cash flows and balance sheet within certain boundaries.

TMF Group had swapped a part of the variable Euribor used in calculating the interest payable on the floating rate senior secured loan notes to a fixed interest rate of 1.27% until 1 December 2015. The swap is not extended after this date considering the current and expected Euribor rates.

At 31 December 2015, if market interest rates had been 100 basis points higher / lower with all other variables held constant, then the result for the year would have been €1.1 million lower / higher.

Accounting estimate risk

TMF Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Goodwill impairment analysis;
- Impairment of trade receivables;
- Provisions; and
- Valuation of investments and deferred consideration.

TMF Group has a highly educated and experienced group finance team, reporting directly to the Chief Financial Officer. This group finance team is primarily responsible for making significant accounting estimates. Input from other departments within TMF is used to the extent relevant. For the valuation of investments and deferred consideration advice of external experts is asked.

Re-evaluation of the accounting estimates regarding goodwill impairment, impairment of trade receivables and provisions had no significant impact on TMF Group's result for 2015. The valuation of investments and deferred consideration let to a loss on other financial investments of €0.9 million in 2015.

Refer also to note 3 on page 71.

Operational risks

Retention of senior management

TMF Group's future growth and success depends, in part, upon the leadership and performance of its highly skilled management team, many of whom have significant experience in our industry and would be difficult to replace. The loss of key employees or the inability to attract and retain highly skilled and qualified personnel could materially and adversely affect TMF Group's business, financial condition and results of operations.

TMF Group provides management at local level with incentives to continue to grow the business. TMF Group has encouraged an entrepreneurial approach within management, operating a relatively flat management structure. In addition the management has a significant equity stake in the business, from executive board to local management teams.

No board or executive committee member left TMF Group during 2015.

TMF GROUP

Global reach
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Dependence on employees, joint venture partners and sub-contractors

TMF Group operates with more than six thousand employees in 80 different countries, each with different laws, practices, standards and regulations; TMF Group cannot fully exclude the potential that its employees may behave in such a way, accidentally or maliciously, that TMF Group is exposed to risk. In addition, TMF Group works with and relies on third party sub-contractors in some instances (typically, where TMF Group enters into master service agreements to provide client service in jurisdictions where TMF Group does not have an office) who could also harm TMF Group's reputation or expose TMF Group to liability should they fail to fulfil their obligations or act inappropriately.

TMF Group has training, work guidelines as well as employee screening programmes in place to mitigate these risks. In addition TMF Group reviews the credentials and capabilities of all sub-contractors before TMF Group enters into a relationship with them. TMF Group has a Code of Conduct in place that all employees and subcontractors are required to adhere to.

Unable to attract hire and retain qualified employees

TMF Group is dependent on its ability to attract, hire and retain qualified employees. The corporate services industry by nature is labour intensive and experiences a high employee turnover rate. A higher turnover rate among employees would increase the recruiting and training costs and could materially adversely impact the quality of services TMF Group provides to clients.

TMF Group continues to recruit talent and invest in personal development of people. TMF Group offers training and competitive conditions of employment.

The results of the 2015 staff survey showed improvement in the overall staff engagement, giving confirmation that the initiatives launched in previous periods to address the concerns of staff are having beneficial impact.

In 2015, the staff turnover was 23%.

Loss of clients

TMF Group's revenue and revenue growth are dependent on its ability to retain clients, sell them additional services, introduce new services and attract new clients in each of its businesses.

TMF Group has a diversified client base, with a limited impact of concentration of clients. TMF Group has implemented a system for continuously monitoring client satisfaction and service quality.

In 2015, the retention rate of clients was approximately 90%.

Legal / Compliance risks

Legal claims

TMF Group may be adversely affected by current, potential and pending legal or administrative proceedings initiated, or to be initiated, against it and any resulting judgments, settlements and orders rendered by competent authorities; such proceedings may increase during periods of economic downturn.

TMF Group has compliance and operating policies and client acceptance procedures in place to limit future legal claims. TMF Group maintains appropriate insurance to provide cover against such claims. TMF Group also has a highly educated and experienced group legal team.

Legal claims did not have a significant impact on TMF Group's results in 2015.

Risk relating to the regulatory and legislative framework in which the Group operates

TMF Group is subject to significant government regulation and supervision, which may increase the costs and otherwise adversely affect the business. Such governmental regulation and supervision, as well as future changes in laws, regulations or government policy (or in the interpretation of existing laws or regulations) that affect TMF Group, its competitors or its industry, have a strong influence on how the Group operates its business. Adverse regulatory developments could expose the business to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and capital expenditure.

The Group monitors the regulation closely and is represented in local professional bodies.

In 2015, remediation programmes were conducted in Jersey, BVI and Cayman. It is expected that these remediation programmes will be finalized in 2016. The remediation programmes had limited adverse effect on the 2015 adjusted EBITDA in these three countries.

Geopolitical factors

TMF Group is subject to political and legal dynamics in the countries in which it operates. Some of the countries in which TMF Group operates may lack reliable legal and regulatory systems.

TMF Group has a robust regulatory compliance framework, including a Code of Conduct, that gives guidelines, instructions and restrictions in how TMF Group staff members and its subcontractors should operate.

The impact of geopolitical factors on TMF Group's operations in 2015 was limited.

IT / Systems risks

Technology innovation risk

The technological environment changes fast. TMF Group needs to continue to make investments in advancements in technology to achieve and sustain a competitive advance in services and processes.

In the last years TMF Group has focussed on the investment in IT, which will continue in the next years. In 2015, TMF Group invested €9.2 million in internally generated software.

Data protection risk

There is a risk that TMF Group is the target of attempts to gain unauthorized access to its IT systems.

TMF Group has a robust IT security and data protection framework in place.

In 2015, TMF Group achieved ISO / IEC 27001:2013 accreditation across 54 offices and 30 countries, demonstrating its adherence to the highest international standards of data security and information management. These 30 countries have all received at least two cyber-risk assessments as well as awareness training by local security officers.

Going concern

These consolidated financial statements have been prepared under the going concern convention. As at 31 December 2015, TMF Group has a negative equity. The results for the years ended on 31 December 2013, 2014 and 2015 were also negative. However, the cash generated from operations was positive in these three years. In addition, a major part of the financing is of a long-term nature and TMF Group expects to be able to refinance these loans after maturity. Therefore and on the basis of current cash flow projections and available facilities, the Board of Directors is confident that it has a reasonable expectation that TMF Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Gordon Stuart

Chief Financial Officer

TMF GROUP

Global reach
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Signatures to TMF Group's consolidated financial statements

The Board of Directors have today discussed and approved these Consolidated Financial Statements for 2015 of TMF Group Holding B.V. ('TMF Group'). These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

In our opinion, the Consolidated Financial Statements give a true and fair view of TMF Group's financial position at 31 December 2015 and of the results of the group's operations and its cash flows for the years ended 31 December 2015.

The Consolidated Financial Statements are presented for approval at the Annual General Meeting on 31 March 2016

G.M. Stuart

M.C. van der Sluijs – Plantz

J.L.H. Winnubst

C. Fransen

Amsterdam, 30 March 2016

Independent auditor’s report

To: the general meeting of TMF Group Holding B.V.

Report on the financial statements 2015

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of TMF Group Holding B.V. as at 31 December 2015, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of TMF Group Holding B.V., Amsterdam (‘the company’). The financial statements include the consolidated financial statements of TMF Group Holding B.V. and its subsidiaries (together: ‘the Group’) and the company financial statements.

The financial statements comprise:

- the consolidated and company statement of financial position as at 31 December 2015;
- the following statements for 2015: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows;
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The 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 section ‘Our responsibilities for the audit of the financial statements’ of our report.

We are independent of TMF Group Holding B.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO) and other relevant independence requirements 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.

Responsibilities of the directors

The directors are responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Directors' review and Financial review in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the directors are responsible for assessing the company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the directors should prepare the financial statements using the going-concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The directors 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.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the Directors' review and Financial review and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Directors' review and Financial review and the other information):

- We have no deficiencies to report as a result of our examination whether the Directors' review and Financial review, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this 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 Directors' review and Financial review, to the extent we can assess, are consistent with the financial statements.

Rotterdam, 30 March 2016

PricewaterhouseCoopers Accountants N.V.

P.J.R.M. Wijffels RA

Appendix to the auditor’s report on the financial statements 2015 of TMF Group Holding B.V.

In addition to what is included in our auditor’s report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concluding on the appropriateness of the directors’ use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and / or conditions that may cast significant doubt on the company’s ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going-concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company’s consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and / or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Global reach
Local knowledge

Consolidated income statement

In thousands of Euro	Note	For the year ended 31 December * 2015 Excluding exceptional items	2015 Exceptional items (note 12)	2015 Total
Continuing operations				
Total revenue	5	**480,327**	-	**480,327**
Employee benefit expense	10	(261,276)	(8,265)	(269,541)
Rental and office expenses		(54,656)	(1,649)	(56,305)
Professional fees		(13,402)	(9,258)	(22,660)
Other expenses	11	(22,006)	(339)	(22,345)
Results from operating activities before depreciation, amortisation and impairment charges	5	128,987	(19,511)	109,476
Depreciation, amortisation and impairment charges	16 / 17	(27,324)	-	(27,324)
Operating profit		**101,663**	**(19,511)**	**82,152**
Finance income	13			9,068
Finance expenses	13			(111,995)
Net foreign exchange result	13			(4,998)
Net finance costs	13			**(107,925)**
Share in result of associates	7			(2,882)
Result on other financial investments	8			1,093
Result before income tax				**(27,562)**
Income tax expense	14			(6,283)
Result for the period from continuing operations				**(33,845)**
Discontinued operations				
Result for the period from discontinued operations (attributable to equity holders of the company)	24			(3,903)
Result for the period				**(37,748)**
Attributable to:				
Owners of the parent				(38,954)
Non-controlling interests	9			1,206
Result for the period				**(37,748)**
Earnings per share from continuing operations and discontinued operations attributable to the owners of the parent during the period (in €1,000 per share):	15			
Basic and Diluted earnings per share from continuing operations				(2.0)
Basic and Diluted earnings per share from discontinued operations				(0.2)
Basic and Diluted earnings per share for the year				**(2.2)**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements.

* In the consolidated income statement the associates are not consolidated. Reference is made to note 5 on page 78 to 85.

TMF GROUP Global reach Local knowledge

Consolidated income statement (continued)

In thousands of Euro	Note	For the year ended 31 December 2014	2014	2014
		Excluding exceptional items	Exceptional items (note 12)	Total
Continuing operations				
Total revenue	5	**414,305**	**-**	**414,305**
Employee benefit expense	10	(219,124)	(11,393)	(230,517)
Rental and office expenses		(47,339)	(951)	(48,290)
Professional fees		(10,931)	(17,042)	(27,973)
Other expenses	11	(21,435)	(1,160)	(22,595)
Results from operating activities before depreciation, amortisation and impairment charges	5	115,476	(30,546)	84,930
Depreciation, amortisation and impairment charges	16 / 17	(22,034)	-	(22,034)
Operating profit		**93,442**	**(30,546)**	**62,896**
Finance income	13			18,781
Finance expenses	13			(117,957)
Net foreign exchange result	13			(3,356)
Net finance costs	13			**(102,532)**
Result on other financial investments	8			2,341
Result before income tax				**(37,295)**
Income tax expense	14			(9,356)
Result for the period from continuing operations				**(46,651)**
Discontinued operations				
Result for the period from discontinued operations (attributable to equity holders of the company)	24			(4,575)
Result for the period				**(51,226)**
Attributable to:				
Owners of the parent				(52,106)
Non-controlling interests	9			880
Result for the period				**(51,226)**
Earnings per share from continuing operations and discontinued operations attributable to the owners of the parent during the period (in €1,000 per share):	15			
Basic and Diluted earnings per share from continuing operations				(2.5)
Basic and Diluted earnings per share from discontinued operations				(0.3)
Basic and Diluted earnings per share for the year				**(2.8)**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements.

Consolidated income statement (continued)

In thousands of Euro	Note	For the year ended 31 December 2013	2013	2013
		Excluding exceptional items	Exceptional items (note 12)	Total
Continuing operations				
Total revenue	5	**372,618**	**-**	**372,618**
Employee benefit expense	10	(194,100)	(4,360)	(198,460)
Rental and office expenses		(44,235)	(678)	(44,913)
Professional fees		(9,706)	(2,393)	(12,099)
Other expenses	11	(19,265)	(1,890)	(21,155)
Results from operating activities before depreciation, amortisation and impairment charges	5	105,312	(9,321)	95,991
Depreciation, amortisation and impairment charges	16 / 17	(29,579)	-	(29,579)
Operating profit		**75,733**	**(9,321)**	**66,412**
Finance income	13			16,910
Finance expenses	13			(108,985)
Net foreign exchange result	13			668
Net finance costs	13			**(91,407)**
Result on other financial investments	8			(907)
Result before income tax				**(25,902)**
Income tax expense	14			(5,573)
Result for the period from continuing operations				**(31,475)**
Discontinued operations				
Result for the period from discontinued operations (attributable to equity holders of the company)	24			(269)
Result for the period				**(31,744)**
Attributable to:				
Owners of the parent				(30,525)
Non-controlling interests	9			(1,219)
Result for the period				**(31,744)**
Earnings per share from continuing operations and discontinued operations attributable to the owners of the parent during the period (in €1,000 per share):	15			
Basic and Diluted earnings per share from continuing operations				(1,7)
Basic and Diluted earnings per share from discontinued operations				(0.0)
Basic and Diluted earnings per share for the year				**(1.7)**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements.

TMF GROUP

Global reach
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Consolidated statement of comprehensive income

In thousands of Euro	Note	2015	2014	2013
		For the year ended 31 December		
Result for the year		(38,954)	**(51,226)**	**(31,744)**
Remeasurements of post-employment benefit obligations	31	(914)	(5,975)	(1,334)
Total items that will not be reclassified to income statement		**(914)**	**(5,975)**	**(1,334)**
Foreign currency translation differences for foreign operations		17,673	27,119	(13,633)
Movements in cash flow hedges	27	(403)	3,278	7,779
Total items that may be reclassified subsequently to income statement		**17,270**	**30,397**	**(5,854)**
Other comprehensive result for the year, net of tax*		**16,356**	**24,422**	**(7,188)**
Total comprehensive result for the year		**(21,392)**	**(26,804)**	**(38,932)**
Attributable to:				
Owners of the parent		(22,990)	(28,090)	(37,264)
Non-controlling interests	9	1,598	1,286	(1,668)
Total comprehensive result for the year		**(21,392)**	**(26,804)**	**(38,932)**
Total comprehensive result attributable to owners of the parent arises from:				
Continuing operations		(18,282)	(23,045)	(38,384)
Discontinued operations		(4,708)	(5,045)	1,120
		(22,990)	**(28,090)**	**(37,264)**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements.

* For all years the tax effect on Other comprehensive income amounts to nil because the majority of these transactions are included in the Dutch fiscal unity which has a negative result before tax and no deferred income tax asset was recognized.

Consolidated balance sheet

In thousands of Euro	Note	2015	2014	2013
		As at 31 December		
Assets				
Intangible assets	16	688,361	658,764	597,253
Property, plant and equipment	17	25,813	21,559	18,177
Financial assets	18	74,299	108,044	100,031
Deferred tax assets	19	9,476	5,386	3,290
Total non-current assets		**797,949**	**793,753**	**718,751**
Trade receivables	18 / 20	115,099	106,884	102,203
Other receivables	18 / 21	27,298	32,152	30,285
Financial assets	18	64,951	889	462
Current tax receivables	19	3,519	4,723	5,992
Clients' funds held under Trust	18 / 22	81,432	70,840	52,512
Cash and cash equivalents	18 / 23	208,842	325,864	90,422
Assets of disposal group classified as held for sale	24	-	37,753	-
Total current assets		**501,141**	**579,105**	**281,876**
TOTAL ASSETS		**1,299,090**	**1,372,858**	**1,000,627**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements.

Consolidated balance sheet (continued)

In thousands of Euro	Note	As at 31 December 2015	2014	2013
Equity				
Share capital	25	18	18	18
Share premium	25	180,126	180,126	180,126
Other reserves	27	44,250	26,715	(3,426)
Retained earnings	25	(479,044)	(440,485)	(377,559)
Total equity attributable to owners of the parent		**(254,650)**	**(233,626)**	**(200,841)**
Non-controlling interests		3,077	3,722	(2,125)
Total equity		**(251,573)**	**(229,904)**	**(202,966)**
Liabilities				
Loans and borrowings	28	1,123,477	1,077,615	968,282
Derivative financial instruments	29	-	-	7,156
Provisions	30	5,652	8,909	10,302
Retirement benefit obligations	31	7,063	6,501	4,280
Other payables	32	6,825	8,334	7,357
Deferred tax liabilities	19	30,717	32,279	27,823
Total non-current liabilities		**1,173,734**	**1,133,638**	**1,025,200**
Loans and borrowings	28	174,546	264,861	22,089
Derivative financial instruments	29	-	4,796	-
Provisions	30	8,762	19,525	4,841
Trade and other payables	32	103,011	93,467	85,218
Current tax liabilities	19	9,178	11,574	13,733
Clients' funds ledger balances	22	81,432	70,840	52,512
Liabilities of disposal group classified as held for sale	24	-	4,061	-
Total current liabilities		**376,929**	**469,124**	**178,393**
Total liabilities		**1,550,663**	**1,602,762**	**1,203,593**
TOTAL EQUITY AND LIABILITIES		**1,299,090**	**1,372,858**	**1,000,627**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements.

TMF GROUP

Global reach
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Consolidated statement of changes in equity

In thousands of Euro	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent						
Balance at 1 January 2015	**18**	**180,126**	**26,715**	**(440,485)**	**(233,626)**	**3,722**	**(229,904)**
Result for the year	-	-	-	(38,954)	(38,954)	1,206	(37,748)
Other comprehensive income							
Cash flow hedges (note 29)	-	-	(403)	-	(403)	-	(403)
Remeasurement IAS 19 (note 31)	-	-	-	(914)	(914)	-	(914)
Translation movements (note 27)	-	-	17,281	-	17,281	392	17,673
Total other comprehensive income	**-**	**-**	**16,878**	**(914)**	**15,964**	**392**	**16,356**
Total comprehensive income	**-**	**-**	**16,878**	**(39,868)**	**(22,990)**	**1,598**	**(21,392)**
Transactions with owners							
Share-based payment (note 26)	-	-	657	-	657	-	657
Non-controlling interests arising from business combinations (note 6)	-	-	-	1,309	1,309	(1,626)	(317)
Dividend non-controlling interest	-	-	-	-	-	(617)	(617)
Total transactions with owners, recognised directly in equity	**-**	**-**	**657**	**1,309**	**1,966**	**(2,243)**	**(277)**
Balance at 31 December 2015	**18**	**180,126**	**44,250**	**(479,044)**	**(254,650)**	**3,077**	**(251,573)**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

In thousands of Euro	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent						
Balance at 1 January 2014	**18**	**180,126**	**(3,426)**	**(377,559)**	**(200,841)**	**(2,125)**	**(202,966)**
Result for the year	-	-	-	(52,106)	(52,106)	880	(51,226)
Other comprehensive income							
Cash flow hedges (note 29)	-	-	3,278	-	3,278	-	3,278
Remeasurement IAS 19 (note 31)	-	-	-	(5,975)	(5,975)	-	(5,975)
Translation movements (note 27)	-	-	26,713	-	26,713	406	27,119
Total other comprehensive income	**-**	**-**	**29,991**	**(5,975)**	**24,016**	**406**	**24,422**
Total comprehensive income	**-**	**-**	**29,991**	**(58,081)**	**(28,090)**	**1,286**	**(26,804)**
Share-based payment (note 26)	-	-	150	-	150	-	150
Non-controlling interests arising from business combinations (note 6)	-	-	-	(4,845)	(4,845)	4,561	(284)
Total transactions with owners, recognised directly in equity	**-**	**-**	**150**	**(4,845)**	**(4,695)**	**4,561**	**(134)**
Balance at 31 December 2014	**18**	**180,126**	**26,715**	**(440,485)**	**(233,626)**	**3,722**	**(229,904)**

In thousands of Euro	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent						
Balance at 1 January 2013	**18**	**180,126**	**1,979**	**(345,700)**	**(163,577)**	**(457)**	**(164,034)**
Result for the year	-	-	-	(30,525)	(30,525)	(1,219)	(31,744)
Other comprehensive income							
Cash flow hedges (note 29)	-	-	7,779	-	7,779	-	7,779
Remeasurement IAS 19 (note 31)	-	-	-	(1,334)	(1,334)	-	(1,334)
Translation movements (note 27)	-	-	(13,184)	-	(13,184)	(449)	(13,633)
Total other comprehensive income	**-**	**-**	**(5,405)**	**(1,334)**	**(6,739)**	**(449)**	**(7,188)**
Total comprehensive income	**-**	**-**	**(5,405)**	**(31,859)**	**(37,264)**	**(1,668)**	**(38,932)**
Balance at 31 December 2013	**18**	**180,126**	**(3,426)**	**(377,559)**	**(200,841)**	**(2,125)**	**(202,966)**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements.

Global reach
Local knowledge

Consolidated cash flow statement

In thousands of Euro	Note	2015	2014	2013
		For the year ended 31 December		
Cash flows from operating activities				
Cash generated from operations, before exceptional items and income tax paid	33	136,781	111,066	96,278
Income tax paid		(14,608)	(14,577)	(8,768)
Net cash generated from operating activities, before exceptional items		122,173	96,489	87,510
Cash outflow related to exceptional items	34	(33,816)	(18,531)	(14,676)
Net cash generated from operating activities		**88,357**	**77,958**	**72,834**
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	6	(17,123)	(67,849)	(5,187)
Acquisition of investments in associates	7	(5,729)	-	-
De-consolidation / disposal of subsidiaries, net of cash	7 / 9	(72)	(66)	(418)
Investment in intangible assets	16	(12,122)	(7,818)	(6,223)
Investment in property, plant and equipment	17	(12,536)	(9,452)	(4,286)
Disposal of intangible assets and property, plant and equipment	16 / 17	436	(24)	14
Investment in financial assets at fair value through income statement	18	(4,028)	-	-
Borrowings received		206	-	-
Borrowings issued		(5,155)	-	-
Interest received		3,500	11,160	11,465
Dividend received from disposal group classified as held for sale	24	1,534	-	-
Net cash used in investing activities		**(51,089)**	**(74,049)**	**(4,635)**
Cash flows from financing activities				
Proceeds from borrowings		35,017	67,372	663
Repayments of borrowings		(23,140)	(12,023)	(1,051)
Interest paid		(56,374)	(60,149)	(55,649)
Acquisition of non-controlling interest, net of cash acquired	6	(269)	-	-
Dividend paid to non-controlling interest		(617)	-	-
Net cash generated from / (used in) financing activities		**(45,383)**	**(4,800)**	**(56,037)**
Net movement in cash and cash equivalents continuing operations		**(8,115)**	**(891)**	**12,152**

Consolidated cash flow statement (continued)

In thousands of Euro	Note	For the year ended 31 December 2015	2014	2013
Net movement in cash and cash equivalents continuing operations		**(8,115)**	**(891)**	**12,152**
Entities transferred from discontinued operations	24	1,533	-	-
Net cash flow from discontinued operations	24	-	(909)	(921)
Net movement in cash and cash equivalents		**(6,582)**	**(1,800)**	**11,231**
Cash and cash equivalents at beginning of the year	**23**	**82,373**	**90,422**	**83,380**
Transferred to disposal group classified as held for sale	24	-	(9,857)	-
Exchange gains / (losses) on cash and cash equivalents from continuing operations		(351)	3,307	(3,929)
Exchange gains / (losses) on cash and cash equivalents from discontinued operations	24	-	301	(260)
Cash and cash equivalents at end of the year	**23**	**75,440**	**82,373**	**90,422**

The notes on pages 50 to 147 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1. General information

TMF Group is a leading global provider of specialised and business critical financial, legal and HR administrative services that enables clients to operate their corporate structures, finance vehicles and investment funds compliantly across different geographical locations. TMF Group has 122 offices located in 80 countries or 84 jurisdictions across the Americas, Asia Pacific, Europe, Middle East and Africa

TMF Group has two business segments:

- Global Business Services (“GBS”) – Comprehensive range of financial, legal and human resource outsourcing services supporting corporate operational, holding and finance entities of clients anywhere in the world. The GBS segment is further split into Accounting & Tax Services, HR & Payroll Services and Corporate Secretarial Services.

- Trust & Corporate Services (“TCS”) – Integrated legal, administrative and accounting services for special purpose structures from inception through day-to-day management to liquidation. The TCS segment is further split into:

    - International Structuring Services – Domiciliation, administration, management and compliance services related to maintaining corporate structures;
    - Structured Finance Services – Administration and accounting services for financial institutions and funds such as creating and running SPVs, SIVs, CDOs & CLOs used in securitisation, structured asset leasing and project finance transactions; and
    - Private Clients & Others - Structures for high net worth individuals and family offices to plan their wealth. Focuses on business assets (e.g. non-financial, real estate).

TMF Group offers a core set of competencies that form the heart of its offering to both GBS and TCS clients:

- Financial Administrative Services – TMF Group provides a range of financial, accounting and reporting services to assist its clients with their financial reporting in a transparent, up-to-date and accurate manner. Among these financial administrative services, TMF Group provides international management and consolidated reporting in any major standard (IFRS, US, UK or other major GAAP) and prepares statutory accounts to comply with local law requirements. TMF Group also provides assistance with the registration, recovery and compliance with value-added taxes (“VAT”), goods and services taxes (“GST”), insurance premium tax (“IPT”) and other indirect taxes, including the payment and collection of refunds.

- Legal Administrative Services – TMF Group provides a variety of legal services to its clients in connection with establishing and maintaining financing and holding companies and other structures in compliance with applicable local laws. These services include establishing corporate entities to serve as finance companies or as operating companies, as well as managing corporate compliance procedures, such as organizing and recording board and shareholders' meetings. TMF Group also provides domiciliary and management services, as well as local representatives and directors with the necessary expertise required for clients to conduct business in a particular jurisdiction.

- Human Resource Administrative Services – TMF Group provides a wide range of human resource and payroll services, including payroll processing, management reporting and costs analysis and outsourced human resource services. TMF Group’s specialists can act as a client's local human resources function, preparing employment contracts and guidelines, providing employee training assistance and securely maintaining personal confidential information.

1. General information (continued)

TMF Group's service offering enables its clients to focus on their core competencies while TMF Group ensures that critical local administrative functions, that clients may have less experience in providing, are performed to a high standard. In doing so, TMF Group helps its clients to (i) gain access to specialist local knowledge, including regulatory, tax and financial reporting expertise that would be challenging or inefficient to develop internally, (ii) reduce the risks and distractions of managing complex accounting, legal and human resource regulations in multiple countries, (iii) control costs by taking over the back office administration and reporting functions of their international offices that are not large enough to justify the administrative overhead, (iv) simplify operations by providing a single point-of-contact from anywhere in the world, often resulting in increased transparency for clients, and (v) execute globalization plans swiftly and flexibly by using its worldwide network of local offices and experts to assist on administrative matters.

The Company was incorporated in the Netherlands on 3 August 2004. The address of the registered office is at Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands. The Company principally acts as a holding and finance company for TMF Group investments.

The shares in the Company are 100% held by TMF Group HoldCo B.V., which is 100% owned by TMF Orange Holding B.V. 63.24% of the ordinary shares and all preference shares in TMF Orange Holding B.V. are indirectly held by Doughty Hanson & Co V (which comprises a series of English limited partnerships with each limited partnership having a common general partner in Doughty Hanson & Co V Limited) and indirectly by the employees of affiliates of Doughty Hanson & Co V Limited. The remaining 36.76% of the ordinary shares in TMF Orange Holding B.V. are indirectly held by the current and previous management and employees of TMF Group.

TMF Orange Holding B.V. also prepares consolidated financial statements that are available to the public. The address of TMF Orange Holding B.V. is Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands.

These consolidated financial statements 2015 of TMF Group Holding B.V. were authorised for issue by the Board of Directors on 30 March 2016.

These consolidated financial statements voluntarily present three periods instead of two to comply with the agreements made in this respect with the holders of the senior (secured) loan notes.

2. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

2.1 Basis of preparation

These consolidated financial statements of TMF Group have been prepared in accordance with IFRS as adopted by the European Union.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through the income statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 (critical accounting estimates and judgements).

Going concern

These consolidated financial statements have been prepared under the going concern convention. As at 31 December 2015, TMF Group has a negative equity. The results for the years ended on 31 December 2013, 2014 and 2015 were also negative. However, the cash generated from operations was positive in these three years. In addition, a major part of the financing is of a long-term nature and TMF Group expects to be able to refinance these loans after maturity. Therefore and on the basis of current cash flow projections and available facilities, the Board of Directors is confident that it has a reasonable expectation that TMF Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Changes in accounting policies and disclosures

New standards, amendments and interpretations effective in 2015

TMF Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2015:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011-2013 Cycle;
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19; and
- IFRIC 21 'Levies' – Guidance on when to recognize a liability for a levy imposed by government.

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment reporting note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The new hedging rules align hedge accounting more closely with TMF Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. At 31 December 2015, TMF Group did not have any derivatives. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. TMF Group has not yet assessed how its own impairment provisions would be affected by the new rules. The standard is effective for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

IFRS 15, 'Revenue from contracts with customers' is a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. TMF Group is currently assessing the impact of the new rules, however has not yet identified the areas that are likely to be affected. The standard is effective for financial years commencing on or after 1 January 2018 and earlier application is permitted.

IFRS 16, 'Leases' replaces the existing guidance in IAS 17 'Leases'. IFRS 16 was issued in January 2016, and eliminates the dual accounting model for lessees, bringing most leases on-balance in the financial statements of the lessee. The standard is effective for accounting periods beginning on or after 1 January 2019, with early adoption permitted if IFRS 15 'Revenue from Contracts with Customers' is also adopted. TMF Group is yet to assess the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on TMF Group.

2. Summary of significant accounting policies (continued)

2.2 Consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date when control is transferred to TMF Group. They are de-consolidated from the date that control ceases.

TMF Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by TMF Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair value at the acquisition date. On an acquisition by acquisition basis, TMF Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by TMF Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in the income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances, income and expenses on transactions between TMF Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Amounts reported by subsidiaries are based on the policies adopted by TMF Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When TMF Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income ("OCI") in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to the income statement.

2. Summary of significant accounting policies (continued)

2.2 Consolidation and equity accounting (continued)

Associates

Associates are all entities over which TMF Group has significant influence but not control or joint control. This is generally the case where TMF Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise TMF Group's share of the post-acquisition profits or losses of the investee in the income statement, and TMF Group's share of movements of the investee in OCI. Dividends received or receivables from associates are recognised as a reduction in the carrying amount of the investment. When TMF Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, TMF Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between TMF Group and its associates are eliminated to the extent of TMF Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by TMF Group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.12.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of TMF Group.

2. Summary of significant accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of TMF Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Euros ('€'), which is the Company's functional and TMF Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses from transactions between TMF Group entities are recognized as OCI.

TMF Group companies

The results and financial position of all TMF Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Euro are translated into Euro as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as OCI.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and currency effects on loans receivable which are part of the net investment are taken to OCI. When a foreign operation is disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Foreign exchange results on goodwill are recognised in OCI.

2. Summary of significant accounting policies (continued)

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered. Revenue is stated net of discounts, returns, value added tax and after eliminating sales within TMF Group. TMF Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to TMF Group. TMF Group bases its estimates on historical results, taking into consideration the type of client, transaction and the specifics of each arrangement.

Service contracts

TMF Group's sole source of revenue is from the rendering of services. Revenue associated with transactions is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

TMF Group provides services to clients on a time and cost basis or based on a fixed price contract or a combination of both. TMF Group fixes the rates for its services locally based on local market conditions and local management determinations of acceptable rates.

Revenue from time and cost contracts is recognized at the contractual rates as time is spent and / or direct expenses are incurred.

Revenue from fixed price contracts is generally recognized in the period in which the services are provided. This revenue is based on the services provided to the end of the reporting period as a proportion of the total services to be provided. This proportion is determined as a proportion of actual hours to the end of the reporting period to the total expected hours on the contract.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known.

To the extent that any fees paid exceed the value of work performed, they are included in trade and other payables as deferred income.

2. Summary of significant accounting policies (continued)

2.6 Exceptional items

Exceptional items include those significant items which are separately reported by virtue of size or incidence to enable a full understanding of TMF Group's financial performance. Those items relate to items of income and expense arising from circumstances such as:

- Acquisition costs incurred with respect to (un)successful or pending acquisitions;
- Start-up costs in the first year of a start-up in a new country or start-up of a new office in an existing country;
- Costs that relate to segments that are reported as discontinued operations;
- Changes in the fair value of deferred consideration;
- Litigation costs relating to historical legal cases (not arising in the ordinary course of business);
- Penalties and fines that do not follow from the current year's activities;
- Redundancy costs if no replacement is hired;
- Redundancy costs with respect to replacement of local, regional or global senior staff;
- Recruitment costs with respect to replacement of Executive Committee members;
- Integration costs in the first year of a minor business combination and first two years of a major business combination;
- Restructuring of the activities of an entity including costs of improvement programs initiated prior to or as a result of the restructuring;
- Onerous contracts relating to previously unplanned termination of leasing of office buildings and termination costs of (groups of) clients;
- Costs with respect to shareholder matters.

To provide a better understanding of the underlying results of the period, items are reported separately if the aggregate amount of the event or project exceeds €1 million.

2. Summary of significant accounting policies (continued)

2.7 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

TMF Group leases certain equipment and software, where TMF Group has substantially all the risks and rewards of ownership. These leases are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in loans and borrowings. The interest element of the finance costs is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under the financial lease is depreciated / amortised over the shorter of the useful life of the asset and the lease term.

2.8 Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, TMF Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.9 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except if it relates to items recognized directly in equity, in which case it is recognized in equity, or if it relates to items recognized directly in OCI, in which case it is recognized in OCI.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Refer to note 2.23 on deferred income tax.

2. Summary of significant accounting policies (continued)

2.10 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested for impairment at the operating segment level, as monitored for internal management purposes, and does not take place at a lower level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains and losses on the disposal of an entity or business include the carrying amount of goodwill relating to the entity or business sold.

Client lists

Client lists, including client relationships, acquired by TMF Group have finite useful lives. Client lists were acquired as part of business combinations (refer to note 6), recognized at their fair value at the date of the acquisition and subsequently amortised on a straight-line basis on the timing of projected cash flows of the contracts over their estimated life time (5-15 years). The residual values, the useful lives and the amortisation methods are reviewed periodically and adjusted if appropriate.

Non-compete agreements

Non-compete agreements entered into by TMF Group have finite useful lives. Non-compete agreements were acquired as part of business combinations (refer to note 6), recognized at their fair value at the date of the acquisition and subsequently amortised on a straight-line basis on the timing of projected cash flows of the contracts over their estimated life time (1-5 years). The residual values, the useful lives and the amortisation methods are reviewed periodically and adjusted if appropriate.

Brands

Brands acquired by TMF Group have finite useful lives. Brands that were acquired as part of business combinations (refer to note 6) are recognized at their fair value at the date of the acquisition. Brands that are not acquired as part of a business combination are measured at cost less accumulated amortisation. Brands are subsequently amortised on a straight-line basis on the timing of projected cash flows of the contracts over their estimated life time (5 years). The residual values, the useful lives and the amortisation methods are reviewed periodically and adjusted if appropriate.

2. Summary of significant accounting policies (continued)

2.10 Intangible assets (continued)

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by TMF Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The costs are amortised over their estimated useful lives of 3 years on a straight-line basis. The residual values, the useful lives and the amortisation methods are reviewed periodically and adjusted if appropriate.

2.11 Property, plant and equipment

Recognition and measurement

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation

Depreciation of property, plant and equipment is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

• Buildings:	25-50 years
• Leasehold improvements:	term of the lease unless the useful life is shorter
• Furniture and fittings:	10 years
• Office and computer equipment:	3-5 years
• Motor vehicles:	3 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2. Summary of significant accounting policies (continued)

2.11 Property, plant and equipment (continued)

Depreciation (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (also refer to note 2.12).

Disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within Other expenses in the income statement.

2.12 Impairment of non-financial assets

Assets (e.g. goodwill) that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment or when there is an indication that the amount is not recoverable (e.g. goodwill). Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

For goodwill impairment testing, refer to note 2.10. Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Financial assets and financial liabilities

Classification of financial assets

TMF Group classifies its financial assets in the following categories: at fair value through income statement, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through income statement

Financial assets at fair value through income statement are financial assets held for trading or financial assets that are designated as at fair value through income statement. A financial asset held for trading is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Designated financial assets include any financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes through income statement. Assets are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. TMF Group's loans and receivables comprise 'loans receivable from related parties', 'other loans receivable', 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

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2. Summary of significant accounting policies (continued)

2.13 Financial assets and financial liabilities (continued)

Classification of financial assets (continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement of financial assets

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which TMF Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through income statement. Financial assets carried at fair value through income statement are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and TMF Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through income statement are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through income statement' category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through income statement is recognised in the income statement as part of 'Result on other financial investments' when TMF Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Result on other financial investments'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of 'Result on other financial investments'. Dividends on available-for-sale equity instruments are recognised in the income statement as part of 'Result on other financial investments' when TMF Group's right to receive payments is established.

Financial liabilities at amortized costs or at fair value through income statement

Reference is made to note 2.21 and 2.22.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. Summary of significant accounting policies (continued)

2.15 Impairment of financial assets

TMF Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised costs

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, TMF Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Assets classified as available-for-sale

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2. Summary of significant accounting policies (continued)

2.16 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. TMF Group designates certain derivates as cash flow hedges of particular risks associated with a recognized asset or liability or a highly probable forecast transaction.

TMF Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. TMF Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 29. Movements on the hedging reserve in other comprehensive income are shown in note 27.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months. TMF Group has no trading derivatives.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within 'net finance costs'.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects income statement (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within net finance costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'net finance costs'.

2.17 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that TMF Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within 'Other expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Other expenses' in the income statement. Trade receivables include unbilled services which relate to services performed but not yet billed.

2. Summary of significant accounting policies (continued)

2.18 Funds held under Trust

Client money is held in TMF Group bank accounts on behalf of clients and is recorded separately as an asset on the balance sheet of TMF Group. A corresponding liability is recognised within current liabilities to reflect the linked character for TMF Group.

2.19 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet and as from 2014, bank overdrafts are shown within borrowings in current liabilities. Until 2013, bank overdrafts were shown netted with cash and cash equivalents. This is due to a change in the cash pooling agreements.

2.20 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are classified as current liabilities unless TMF Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.22 Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of transaction costs incurred. Loan and borrowings are subsequently carried at either:

- Amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method; or

- Fair value through income statement; gains or losses arising from changes in the fair value are presented in the income statement in the period in which they arise.

Costs incurred during the (re)financing of loans and borrowings are capitalized and amortised over the estimated useful lives of the loans and borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee for the facility is capitalised and amortised over the period of the facility to which it relates. Loans and borrowings are presented net of capitalized costs.

Loans and borrowings are classified as current liabilities unless TMF Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. Summary of significant accounting policies (continued)

2.23 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where TMF Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by TMF Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax receivables against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Assets and liabilities of disposal group classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2. Summary of significant accounting policies (continued)

2.24 Assets and liabilities of disposal group classified as held for sale (continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Intercompany transactions between components that qualify as discontinued and components that qualify as continued are assessed based on the situation post-disposal. If the arrangement of a transaction is expected to continue post-disposal then the transaction will be eliminated against the discontinued operations. If the arrangement of a transaction is expected to end at the moment of disposal then the transaction will not be eliminated against the discontinued operations.

2.25 Employee benefits

Pension obligations

TMF Group operates a number of pension schemes around the world. The schemes are generally funded through payments to insurance companies. TMF Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which TMF Group pays fixed contributions into a separate entity. TMF Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in Euro and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains or losses arising from experience adjustments are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the income statement.

For defined contribution plans, TMF Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntarily basis. TMF Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they fall due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Summary of significant accounting policies (continued)

2.25 Employee benefits (continued)

Other long-term employee benefits

Some TMF Group companies provide jubilee or anniversary payments to their employees. The expected costs of these benefits are accrued over the period until the benefit is earned using the same accounting methodology as used for defined benefit pension plans, except that remeasurements are recorded in the income statement. These obligations are valued annually.

Paid holidays are regarded as an employee benefit and as such are charged to the income statement as the benefits are earned. An accrual is made at each balance sheet date to reflect the present value of expected future payments of holidays earned but not yet taken.

2.26 Share-based payments

TMF Group operates an equity-settled, share-based compensation plans under which it receives services from employees as consideration for equity instruments (options) of TMF Group. Total fair value of the options granted is recognised as an employee benefit expense with a corresponding increase in equity. The share options do not relate to shares in the Company but to options to buy ‘units’ in TMF JSOP Employee Benefit Trust, an indirect shareholder of TMF Group. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the date between service commencement period and grant date.

2.27 Provisions

Provisions are recognized when TMF Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

2. Summary of significant accounting policies (continued)

2.28 Fair value estimation with respect to financial instruments

There are three valuation methods to determine the fair value of financial instruments. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

As at 31 December 2015, TMF Group has financial assets and liabilities that are accounted for at fair value through income statement. The fair calculations take place on either Level 2 or Level 3 methods. Reference is made to note 18. As at 31 December 2014 and 2013, the only material financial instruments that are accounted for at fair value are derivative financial instruments. Reference is made to note 29.

For other financial instruments only fair value disclosures are presented. The fair value calculations take place on either Level 1 or Level 2 methods. Reference is made to note 18, 20, 21, 23, 28 and 32.

3. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

TMF Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

3.1 Goodwill impairment analysis

TMF Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.12. These calculations use post-tax cash flow projections based on financial budgets and five year forecasts approved by management. The annual 'Results from operating activities before depreciation, amortisation, impairment charges' growth for the first 5 years majorly impacts the cash flow projections and is based on past performance and management's expectations of market development. Cash flows beyond the five year period are extrapolated using an estimated perpetual growth rate. Refer to note 16 for all key assumptions used for the recoverable amount calculations.

Assets held for sale are also part of impairment review by management.

These cash flow projections also support the going concern assumption.

3.2 Impairment of trade receivables

TMF Group periodically tests whether trade receivables, including unbilled services, have suffered any impairment, in accordance with the accounting policy stated in note 2.17. The calculation of the allowance account for trade receivables requires the use of estimates and assumptions consistent with the latest available information regarding the clients.

3.3 Provisions

The provisions of TMF Group mainly relate to legal cases and restructuring costs. Refer to note 2.27 for the general accounting policies used and to note 30 and 36 for more details.

3.4 Valuation of investments and deferred consideration

On 4 December 2015, TMF Group legally transferred 90% of the shares in the Fund Services operating segment (hereafter: "Custom House Group") to its management. In the sale and purchase agreement an exit payment agreement is included which divides the exit price in a future resale over TMF Group and management. The pay-out is determined using tranches with relative increases in pay-out to management given higher proceeds.

In January 2014, TMF Group acquired the non-controlling interest in the Custom House Group. A deferred consideration is agreed based on an exit payment mechanism in case of a future exit of the Custom House Group.

The valuation of both the investment and the deferred consideration are depending on the future exit price of the Custom House Group. As this future exit price cannot be determined on observable market data, a Level 3 fair value method is used to determine this exit price.

For more details on this fair value calculation reference is made to note 18.

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4. Financial risk management

4.1 Financial risk factors

TMF Group's operating activities expose it to a variety of financial risks, such as market risks (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. TMF Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on TMF Group's financial performance.

Financial risk management is carried out by TMF Group's central treasury department ('TMF Group treasury') under policies approved by management. TMF Group treasury identifies, evaluates and hedges financial risks in close co-operation with TMF Group's operating units. Management provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments and investments of excess liquidity.

TMF Group's treasury risk management policy is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in interest rates, foreign currency rates and the currency exposure of certain investments in foreign subsidiaries.

4.2 Interest rate risk

Interest rate risk is the risk that unexpected interest rate changes negatively affect TMF Group's results, cash flows and equity.

It is TMF Group's policy to mitigate the effects of interest rate volatility on its results, cash flows and balance sheet within certain boundaries. TMF Group's interest rate risk mainly arises from long-term borrowings. Borrowings issued at variable rates expose TMF Group to cash flow interest rate risk.

TMF Group analyses its interest rate exposure on a periodic basis. Based on this analysis and in close cooperation with the banks, TMF Group determines whether derivative financial instruments should be in place to limit the interest rate risk in such a way that it has a minimum potential adverse effect on the financial performance of TMF Group. At 31 December 2015, no interest rate derivatives are in place. For the applicable interest rates on loans and borrowings reference is made to note 18 and 28.

At 31 December 2015, 2014 and 2013, if market interest rates had been 100 basis points higher / lower with all other variables held constant, then this would have the following impact:

In million of Euro	2015	2014	2013
Result for the year	(1.1) / 1.1	(1.2) / 1.2	6.5 / (5.6)
Other comprehensive income	-	2.1 / (2.1)	1.7 / (1.5)
Statement of changes in equity	(1.1) / 1.1	0.9 / (0.9)	8.2 / (7.1)
Fair value of derivative financial instruments	-	3.1 / (3.1)	7.8 / (6.7)

The sensitivity analysis is not relevant for risks TMF Group is exposed to throughout the year.

4. Financial risk management (continued)

4.3 Foreign currency exchange risk

TMF Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and related currencies. In several markets client contracts are denominated in Euro or US Dollars although this is not the functional currency in these markets.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and investments in foreign operations. Currently, no hedging of foreign exchange risk takes places.

TMF Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of TMF Group's foreign operations is managed primarily through limiting the net assets in foreign operations to the extent possible. As such, TMF Group does not apply for net investment hedge accounting in its financial statements.

TMF Group's exposure to foreign currency risk for balance sheet items held in US Dollar was as follows:

In thousands of Euro	2015	2014	2013
Trade receivables	11,156	11,550	20,744
Cash and cash equivalents	11,176	18,703	Not available
Loans and borrowings	28,297	23,504	26,048
Trade and other payables	1,431	1,983	Not available

As at 31 December 2015, if Euro had strengthened / weakened by 5% against the US Dollar with all variables held constant, the result for the year would have been €2.2 million lower / higher, mainly due to operating results in USD. As at 31 December 2014 and 2013, the result for the year would have been €0.8 million lower / higher and €2.1 million lower / higher respectively. The sensitivity analysis is not relevant for risks TMF Group is exposed to throughout the year.

4.4 Credit risk

Credit risk is the risk that counterparties fail to meet their contractual payment obligations through insolvency or default as well as credit exposure to clients.

Credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions is managed centrally. For banks and financial institutions, TMF Group's policy is that only independently rated parties with a minimum rating of 'BBB' are accepted. However, in certain circumstances (e.g. due to local regulation) banks and financial institutions are used that are not rated and / or that do not have a minimum 'BBB' rating. The use of these banks and financial institutions is kept to the minimum level possible, closely monitored by TMF Group Treasury department and periodically reported to the Board of Directors.

Credit exposures to clients, including outstanding receivables and committed transactions, are managed on a local basis. Each local entity is responsible for managing and analysing the credit risk for each of their clients. Approval from management is mandatory before standard payment terms and delivery terms and conditions are contractually agreed with new clients.

TMF Group has significant concentrations of credit risk, being the loans receivable from related parties. The maximum credit risk exposure of TMF Group's financial assets at the end of the period is represented by the amounts reported under the corresponding balance sheet headings.

For further details on credit risk on each class of financial assets, reference is made to note 18, 20, 21 and 22.

4. Financial risk management (continued)

4.5 Liquidity risk

Liquidity risk is the risk that TMF Group does not have sufficient headroom (cash and cash equivalents plus committed credit lines) available to meet both TMF Group's day-to-day operating requirements and debt servicing obligations (interest and debt repayment).

TMF Group treasury mitigates liquidity risk by ensuring TMF Group maintains sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Cash flow forecasting is performed by management of the operating entities of TMF Group. These rolling forecasts are monitored to ensure TMF Group's cash and liquidity requirements are sufficient to meet operational needs whilst maintaining sufficient headroom on its undrawn committed borrowing facilities (note 28). This enables management to monitor compliance with borrowing limits.

The table below analyses TMF Group's financial liabilities into relevant maturity groupings based on the period remaining to contractual maturity date. The cash flows with respect to operating lease commitments are shown in note 35. The amounts disclosed in the table are the contractual undiscounted cash flows and thus excluding capitalized finance costs. Balances due within 12 months are equal to their carrying balances.

In thousands of Euro	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2015				
Loans and borrowings (note 28)	174,546	3,500	649,039	484,344
Trade and other payables, excluding deferred income (note 32)	83,461	1,186	2,014	827
At 31 December 2014				
Loans and borrowings (note 28)	264,861	1,860	653,956	438,892
Derivative financial instruments (note 29)	4,796	-	-	-
Trade and other payables, excluding deferred income (note 32)	75,484	662	2,648	607
At 31 December 2013				
Loans and borrowings (note 28)	22,089	17,657	422,463	549,246
Derivative financial instruments (note 29)	-	7,156	-	-
Trade and other payables, excluding deferred income (note 32)	72,460	602	1,806	2,047

TMF Group has a revolving credit facility totalling €70.0 million as at 31 December 2015. This facility consists of a €51.0 million facility for cash needs (of which €21.7 million is undrawn) and a €19.0 million facility for bank guarantees (of which €4.8 million is not used). As at 31 December 2015, 2014 and 2013 the undrawn borrowing facilities amounted to €26.5 million, €54.4 million and €55.8 million.

4. Financial risk management (continued)

4.6 Capital risk management

TMF Group's objectives when managing capital is to safeguard TMF Group's ability to continue as a going concern in order to provide returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. TMF Group's loan and borrowings is considered as the most important item from capital management perspective.

TMF Group is highly leveraged and management focus is on cash generation and an important KPI used in this respect is the cash conversion ratio, which is the percentage of adjusted EBITDA converted into cash. Cash conversion is calculated as Cash generated from operations divided by adjusted EBITDA.

The following table sets out a breakdown of the cash flow for the years 2015, 2014 and 2013.

in thousands of Euro	2015	2014	2013
Result from operations before depreciation, amortisation, impairment charges and exceptional items	128,987	115,476	105,312
Retirement benefit obligations	(439)	(3,754)	(2,103)
Changes in working capital	4,626	1,179	(6,281)
Changes in foreign currency	3,607	(1,835)	(650)
Cash generated from operations excluding cash for income tax paid and exceptional items	**136,781**	**111,066**	**96,278**
Adjusted cash conversion	*106.0%*	*96.2%*	*91.4%*

TMF Group treasury monitors cash balances on a daily basis. Appropriate action is taken to optimize interest costs while at the same time safeguarding sufficient liquidity. In order to further increase the efficient management of TMF Group's interest costs and revolving credit facility drawings, TMF Group has implemented a global cash management system and will continue to enhance cash management operations during 2016. This focus should make it possible for TMF Group to pay the interest on loans and borrowings.

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4. Financial risk management (continued)

4.6 Capital risk management (continued)

The following table sets out TMF Group's consolidated cash, total indebtedness, shareholders' funds, total capitalization and net debt as of December 2015, 2014 and 2013:

In millions of Euro	2015	2014	2013
Cash and Cash equivalents	**75.4**	**82.4**	**90.4**
Senior secured loan notes	450.0	450.0	405.0
Senior notes	195.0	195.0	175.0
Revolving credit facility	29.3	-	-
Other loans	7.8	26.4	49.3
Total third party debt	**682.1**	**671.4**	**629.3**
Subordinated Shareholder Funding	484.3	425.7	374.2
Total equity	(251.6)	(229.9)	(203.0)
Total capitalization	**914.8**	**867.2**	**800.5**
Net third party debt	**606.7**	**589.0**	**538.9**
Total third party debt / adjusted EBITDA	5.29	5.81	5.98
Net third party debt / adjusted EBITDA	4.70	5.10	5.12

The Net third party debt excludes capitalized finance costs, long-term supply arrangements, advance client payments, deferred consideration and subordinated shareholder funding.

During 2015, 2014 and 2013 TMF Group complied with its banking covenants. Financial covenants are only applicable for the revolving credit facility. The only financial covenant under the revolving credit facility relates to the ratio of Net Debt to adjusted EBITDA. The ratio in the covenant is 8.55, as such there is sufficient headroom in place.

4.7 Offsetting financial assets and financial liabilities

Until 2013, the following financial assets and liabilities were subject to offsetting, enforceable master netting arrangements and similar agreements:

- Cash and cash equivalents and bank overdrafts following cash pool agreements. In December 2014, the cash pool balances were transferred to another bank. Under the new cash pool agreement, TMF Group is not able to offset the bank overdrafts against the cash at bank.

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4. Financial risk management (continued)

4.7 Offsetting financial assets and financial liabilities (continued)

Financial assets

As at 31 December 2013	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amounts
In thousands of Euro						
Cash and cash equivalents	323,916	(233,494)	90,422	-	-	90,422
Total	**323,916**	**(233,494)**	**90,422**	**-**	**-**	**90,422**

Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

As at 31 December 2013	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amounts
In thousands of Euro						
Loans and borrowings – current	255,583	(233,494)	22,089	-	-	22,089
Total	**255,583**	**(233,494)**	**22,089**	**-**	**-**	**22,089**

5. Segment information

The Executive Committee is TMF Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Executive Committee for the purpose of allocating resources and assessing performance. The Executive Committee considers the business from both a geographic perspective as a business segment perspective.

TMF Group has operations in the following geographical segments:

- Belgium, the Netherlands and Luxembourg ('Benelux');
- Europe, the Middle East and Africa, excluding Benelux ('EMEA');
- The countries of North and South America ('Americas'); and
- The countries of the Asia Pacific region ('APAC').

The revenue on certain TMF Group clients is not distributed to these regions and presented in the segment information from geographical perspective as 'All other'. The expenses of the corporate headquarter support functions are presented separately in the segment information from geographical perspective, however the corporate headquarter does not represent an operating segment.

Refer to note 1 for further details on the nature of the business segments of TMF Group.

In prior years, TMF Group had also continuing operations in a 'Fund Services' operating segment. As from December 2014, the Fund Services operating segment is reported as disposal group classified as held for sale. The Fund Services operating segment was disposed in December 2015. Refer to note 18 and 24 for further information.

The Executive Committee assesses the performance of the operating segments based on external revenue, result from operations excluding exceptional items and depreciation, amortisation and impairment ('DAI') and result from operations excluding DAI. The management basis include the results of TMF Group's associates on a pro forma consolidated basis, consistent with how the business is managed, operated and reviewed by management. The measurement basis also excludes the effects of finance income and expenses since this type of activity is mainly driven by the central treasury function, which manages the cash position of TMF Group. Inter-segment revenue comprises management fees and services provided to clients by other entities in TMF Group. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

The following tables present revenue and profit information regarding TMF Group's operating segments for the years ended 31 December 2015, 2014 and 2013:

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5. Segment information (continued)

Segments geographical – income statement

Year ended 31 December 2015

In thousands of Euro	Benelux	EMEA	Americas	APAC	All other	Corporate headquar-ter**	Elimi-nations	Total manage-ment basis	Presen-tation adjust-ments*	Income state-ment (page 40)
Total external revenue	121,160	166,352	101,853	99,176	3,437	-	-	491,978	(11,651)	480,327
Inter-segment revenue	70	60	267	615	-	-	(1,012)	-	-	-
Total segment revenue	**121,230**	**166,412**	**102,120**	**99,791**	**3,437**	**-**	**(1,012)**	**491,978**	**(11,651)**	**480,327**
Segment result										
Results from operations, excluding exceptional items and DAI	66,414	62,633	32,607	30,828	3,437	(65,493)	-	130,426	(1,439)	128,987
Exceptional items (within operating profit)	(3,132)	(1,411)	(5,724)	(2,298)	-	(8,062)	-	(20,627)	1,116	(19,511)
Results from operations, excluding DAI	**63,282**	**61,222**	**26,883**	**28,530**	**3,437**	**(73,555)**	**-**	**109,799**	**(323)**	**109,476**
Depreciation, amortisation and impairment charges								(27,904)	580	(27,324)
Net finance costs								(110,222)	2,297	(107,925)
Share in result of associates and other financial investments								1,093	(2,882)	(1,789)
Income tax expense								(6,611)	328	(6,283)
Result discontinued operations								(3,903)	-	(3,903)
Result for the period								**(37,748)**	**-**	**(37,748)**
Attributable to:										
Owners of the parent								(38,954)	-	(38,954)
Non-controlling interests								1,206	-	1,206
Result for the period								**(37,748)**	**-**	**(37,748)**

* Presentation adjustments relate to the restatement of the associates from a full consolidation basis to an equity accounted basis. TMF Group has only associates in the Americas segment.

** The corporate headquarter support functions do not represent an operating segment.

5. Segment information (continued)

Segments geographical – income statement (continued)

Year ended 31 December 2014

In thousands of Euro	Benelux ***	EMEA ***	Americas ***	APAC ***	All other	Corporate head-quarter ** / ***	Elimi-nations	Total manage-ment basis	Presen-tation adjust-ments*	Income statement (page 41)
Total external revenue	126,909	148,237	71,760	65,393	2,006	-	-	414,305	-	414,305
Inter-segment revenue	18	200	-	315	-	-	(533)	-	-	-
Total segment revenue	**126,927**	**148,437**	**71,760**	**65,708**	**2,006**	**-**	**(533)**	**414,305**	**-**	**414,305**
Segment result										
Results from operations, excluding exceptional items and DAI	73,826	55,225	23,358	17,085	2,006	(56,024)	-	115,476	-	115,476
Exceptional items (within operating profit)	(2,924)	(14,295)	(4,065)	(2,819)	-	(6,443)	-	(30,546)	-	(30,546)
Results from operations, excluding DAI	**70,902**	**40,930**	**19,293**	**14,266**	**2,006**	**(62,467)**	**-**	**84,930**	**-**	**84,930**
Depreciation, amortisation and impairment charges								(22,034)	-	(22,034)
Net finance costs								(102,532)	-	(102,532)
Share in result of associates and other financial investments								2,341	-	2,341
Income tax expense								(9,356)	-	(9,356)
Result discontinued operations								(4,575)	-	(4,575)
Result for the period								**(51,226)**	**-**	**(51,226)**
Attributable to:										
Owners of the parent								(52,106)	-	(52,106)
Non-controlling interests								880	-	880
Result for the period								**(51,226)**	**-**	**(51,226)**

* Presentation adjustments relate to the restatement of the associates from a full consolidation basis to an equity accounted basis. TMF Group did not have associates in 2014.

** The corporate headquarter support functions do not represent an operating segment.

*** In 2015, the following re-allocations took place, for which the 2014 comparable figures have been adjusted:

- All Human Resource support staff and TCS support staff moved, including all related expenses, from the regions to the corporate headquarter.
- International Licensing and Collection (Freeway) and International Pensions moved to EMEA region (previously reported as part of 'All other').
- Mauritius moved from the APAC to the EMEA region.

Compared to the 2014 figures as reported originally, these re-allocations led to an increase in the results from operations excluding exceptional items and DAI of Benelux (€1.9 million), EMEA (€4.5 million), Americas (€1.6 million) and APAC (€1.9 million) and a negative impact on All Other / Corporate headquarter (€9.9 million).

5. Segment information (continued)

Segments geographical – income statement (continued)

Year ended 31 December 2013

In thousands of Euro	Benelux ***	EMEA ***	Americas ***	APAC ***	All other	Corporate head-quarter ** / ***	Elimi-nations	Total manage-ment basis	Presen-tation adjust-ments*	Income state-ment (page 42)
Total external revenue	126,084	127,660	70,270	47,126	1,478	-	-	372,618	-	372,618
Inter-segment revenue	144	208	-	433	-	-	(785)	-	-	-
Total segment revenue	**126,228**	**127,868**	**70,270**	**47,559**	**1,478**	**-**	**(785)**	**372,618**	**-**	**372,618**
Segment result										
Results from operations, excluding exceptional items and DAI	71,322	45,633	22,946	11,318	1,478	(47,385)	-	105,312	-	105,312
Exceptional items (within operating profit)	(1,772)	(1,428)	(964)	(218)	-	(4,939)	-	(9,321)	-	(9,321)
Results from operations, excluding DAI	**69,550**	**44,205**	**21,982**	**11,100**	**1,478**	**(52,324)**	**-**	**95,991**	**-**	**95,991**
Depreciation, amortisation and impairment charges								(29,579)	-	(29,579)
Net finance costs								(91,407)	-	(91,407)
Share in result of associates and other financial investments								(907)	-	(907)
Income tax expense								(5,573)	-	(5,573)
Result discontinued operations								(269)	-	(269)
Result for the period								**(31,744)**	**-**	**(31,744)**
Attributable to:										
Owners of the parent								(30,525)	-	(30,525)
Non-controlling interests								(1,219)	-	(1,219)
Result for the period								**(31,744)**	**-**	**(31,744)**

* Presentation adjustments relate to the restatement of the associates from a full consolidation basis to an equity accounted basis. TMF Group did not have associates in 2013.

** The corporate headquarter support functions do not represent an operating segment.

*** In 2015, the following re-allocations took place, for which the 2013 comparable figures have been adjusted:

- All Human Resource support staff and TCS support staff moved, including all related expenses, from the regions to the corporate headquarter.
- International Licensing and Collection (Freeway) and International Pensions moved to EMEA region (previously reported as part of 'All other').
- Mauritius moved from the APAC to the EMEA region.

Compared to the 2013 figures as reported originally, these re-allocations led to an increase in the results from operations excluding exceptional items and DAI of Benelux (€1.9 million), EMEA (€3.3 million), Americas (€1.5 million) and APAC (€1.2 million) and a negative impact on All Other / Corporate headquarter (€7.9 million).

5. Segment information (continued)

Business Segments – income statement

Year ended 31 December 2015

In thousands of Euro	External revenue	Direct expenses*	**Direct profit**	Indirect expenses **	*Results from operations, excluding exceptional items and DAI*	Exceptional items (within operating profit)	**Results from operations, excluding DAI**
Accounting & Tax	146,836	(67,760)	**79,076**	-	-	-	-
HR & Payroll	70,412	(30,472)	**39,940**	-	-	-	-
Corporate Secretarial	60,718	(19,952)	**40,766**	-	-	-	-
Global Business Services	*277,966*	*(118,184)*	***159,782***	-	-	-	-
International Structuring	115,656	(34,276)	**81,380**	-	-	-	-
Structured Finance Services	46,667	(13,111)	**33,556**	-	-	-	-
Private Clients & Others	51,689	(15,150)	**36,539**	-	-	-	-
Trust & Corporate Services	*214,012*	*(62,537)*	***151,475***	-	-	-	-
Business segments	**491,978**	**(180,721)**	**311,257**	**-**	**311,257**	**-**	**311,257**
Support staff and unallocated expenses	-	-	**-**	(180,831)	*(180,831)*	(20,627)	**(201,458)**
Total management basis	**491,978**	**(180,721)**	**311,257**	**(180,831)**	***130,426***	**(20,627)**	**109,799**
Presentation adjustments ***	(11,651)	6,700	(4,951)	3,512	*(1,439)*	1,116	**(323)**
Income statement (page 40)	**480,327**	**(174,021)**	**306,306**	**(177,319)**	***128,987***	**(19,511)**	**109,476**

* Direct expenses include personnel expenses, travel expenses of business segment staff and sub-contractors costs.

** Indirect expenses include the expenses of all support departments and expenses that are not allocated to business segments or support departments (rental & office expenses, professional fees except sub-contractor costs and other expenses except travel expenses of business segment staff).

*** Presentation adjustments relate to the restatement of the associates from a full consolidation basis to an equity accounted basis. TMF Group has only associates in the Accounting & Tax and HR & Payroll segments.

5. Segment information (continued)

Business Segments – income statement (continued)

Year ended 31 December 2014

In thousands of Euro	External revenue	Direct expenses*	**Direct profit**	Indirect expenses **	*Results from operations, excluding exceptional items and DAI*	Exceptional items (within operating profit)	**Results from operations, excluding DAI**
Accounting & Tax	111,113	(49,482)	**61,631**	-	-	-	-
HR & Payroll	50,495	(22,749)	**27,746**	-	-	-	-
Corporate Secretarial	48,175	(16,117)	**32,058**	-	-	-	-
Global Business Services	*209,783*	*(88,348)*	***121,435***	-	-	-	-
International Structuring	121,466	(33,180)	**88,286**	-	-	-	-
Structured Finance Services	40,085	(11,501)	**28,584**	-	-	-	-
Private Clients & Others	42,971	(14,996)	**27,975**	-	-	-	-
Trust & Corporate Services	*204,522*	*(59,677)*	***144,845***	-	-	-	-
Business segments	**414,305**	**(148,025)**	**266,280**	**-**	***266,280***	**-**	**266,280**
Support staff and unallocated expenses	-	-	**-**	*(150,804)*	*(150,804)*	(30,546)	**(181,350)**
Total management basis	**414,305**	**(148,025)**	**266,280**	**(150,804)**	***115,476***	**(30,546)**	**84,930**
Presentation adjustments ***	-	-	**-**	-	-	-	**-**
Income statement (page 41)	**414,305**	**(148,025)**	**266,280**	**(150,804)**	***115,476***	**(30,546)**	**84,930**

* Direct expenses include personnel expenses, travel expenses of business segment staff and sub-contractors costs.

** Indirect expenses include the expenses of all support departments and expenses that are not allocated to business segments or support departments (rental & office expenses, professional fees except sub-contractor costs and other expenses except travel expenses of business segment staff).

*** Presentation adjustments relate to the restatement of the associates from a full consolidation basis to an equity accounted basis. TMF Group had no associates in 2014.

5. Segment information (continued)

Business Segments – income statement (continued)

Year ended 31 December 2013

In thousands of Euro	External revenue	Direct expenses*	**Direct profit**	Indirect expenses **	*Results from operations, excluding exceptional items and DAI*	Exceptional items (within operating profit)	**Results from operations, excluding DAI**
Accounting & Tax	91,361	(41,830)	**49,531**	-	-	-	-
HR & Payroll	39,721	(17,005)	**22,716**	-	-	-	-
Corporate Secretarial	41,572	(15,588)	**25,984**	-	-	-	-
Global Business Services	*172,654*	*(74,423)*	***98,231***	-	-	-	-
International Structuring	118,592	(35,266)	**83,326**	-	-	-	-
Structured Finance Services	37,749	(9,990)	**27,759**	-	-	-	-
Private Clients &Other	43,624	(12,359)	**31,265**	-	-	-	-
Trust & Corporate Services	*199,965*	*(57,615)*	***142,350***	-	-	-	-
Business segments	**372,619**	**(132,038)**	**240,581**	**-**	***240,581***	**-**	**240,581**
Support staff and unallocated expenses	-	-	**-**	(135,269)	*(135,269)*	(9,321)	**(144,590)**
Total management basis	**372,619**	**(132,038)**	**240,581**	**(*135,269*)**	***105,312***	**(9,321)**	**95,991**
Presentation adjustments ***	-	-	**-**	-	-	-	**-**
Income statement (page 42)	**372,619**	**(132,038)**	**240,581**	**(135,269)**	***105,312***	**(9,321)**	**95,991**

* Direct expenses include personnel expenses, travel expenses of business segment staff and sub-contractors costs.

** Indirect expenses include the expenses of all support departments and expenses that are not allocated to business segments or support departments (rental & office expenses, professional fees except sub-contractor costs and other expenses except travel expenses of business segment staff).

*** Presentation adjustments relate to the restatement of the associates from a full consolidation basis to an equity accounted basis. TMF Group had no associates in 2013.

5. Segment information (continued)

Entity wide disclosures

No individual external client represents more than 10 percent of TMF Group's external revenue.

The Company is domiciled in the Netherlands. As at 31 December 2015, 2014 and 2013, the total of non-current assets (other than financial instruments and deferred tax assets) located in the Netherlands amounts to respectively €410 million, €388 million and €387 million. The total of such non-current assets located in other countries amounts to respectively €304 million, €292 million and €228 million.

The revenue from external clients originates from the following countries. For completeness sake, it is mentioned that a minor part of the revenue originating from the Netherlands is not included in the Benelux operating segment.

In thousands of Euro	2015	2014	2013
The Netherlands	75,457	80,347	80,934
Luxembourg	43,883	43,510	42,541
Other countries	372,638	290,448	249,143
Total Management basis	**491,978**	**414,305**	**372,618**
Presentation adjustment with respect to revenue of associates	(11,651)	-	-
Total 'Income statement'	**480,327**	**414,305**	**372,618**

6. Business combinations

General

Alongside TMF Group's strategies for organic growth, it is TMF Group's intention, where appropriate, to continue to make acquisitions that provide additional scale to the business; or enhance a specific service offering; assist in consolidating fragmented markets or address relevant geographical gaps. TMF Group applies a disciplined and rigorous approach for all acquisition evaluations.

Acquisitions 2015

On 27 January 2015 a sale and purchase agreement was signed for the acquisition of the shares of Axiss International Management Ltd ('Axiss'). Axiss is a fiduciary service provider on the Cayman Islands. The acquisition is subject to approval of the Cayman regulator and not yet completed. The initial consideration amounts to €1.7 million and a contingent consideration is agreed which is dependent on future revenue of Axiss. The range of the contingent consideration is between nil and €0.4 million. Axiss is expected to contribute annualized revenue of €0.7 million, annualized result from operating activities before depreciation, amortisation, impairment charges and exceptional items of €0.2 million and annualized net result of €0.2 million.

With an effective date of 13 March 2015, TMF Group acquired the shares of PwC Apriori Tecnologia da Informação Ltda ('Apriori TI'). At this date all conditions that were included in the sale and purchase agreement, signed on 11 December 2014, were either fulfilled or waived. All voting equity interests in Apriori TI were acquired. Apriori TI is a corporate service provider in Brazil, whereby the acquisition enhances the presence of TMF Group in Brazil significantly. The consideration amounted to €14.9 million. The cash outflow from this acquisition, net of cash acquired, was €13.6 million. In addition, TMF Group acquired 49% of the shares of PwC Apriori Serviços Contábeis Ltda ('Apriori SC'). Reference is made to note 7.

With an effective date of 16 May 2015, TMF Group acquired the shares of Law Debenture Agency Solutions Limited for a consideration of GB Pound 1. This company provides Structured Finance Services in the UK. All voting equity interests in the company were acquired. The cash outflow from this acquisition, net of cash acquired, was GB Pound 1.

With an effective date of 14 August 2015, TMF Group acquired the non-controlling interest in TMF International Pensions Limited for an amount of €0.1 million. The cash outflow in 2015 for this acquisition was €0.1 million. No additional goodwill was created as a result of this acquisition. The acquisition of this non-controlling interest had a negative effect on equity of €0.1 million.

With an effective date of 25 August 2015, TMF Group acquired the non-controlling interest in TMF Trustees Malaysia Bhd for an amount of €0.2 million. The cash outflow in 2015 for this acquisition was €0.2 million. No additional goodwill was created as a result of this acquisition. The acquisition of this non-controlling interest had a negative effect on equity of €0.2 million.

The acquisition of both non-controlling interests resulted in an increase in retained earnings of €1.3 million.

6. Business combinations (continued)

Acquisitions 2014

With an effective date of 8 January 2014, TMF Group acquired the non-controlling interest in the Custom House Group for an amount of €1 for the shares and a deferred consideration of maximum €20.7 million (including interest) for which the amount depends on future performance of the Custom House Group. The cash outflow in 2014 for this acquisition was €72 thousand and the existing loan from the former non-controlling interest shareholders was replaced by a deferred consideration of €16.0 million. In December 2014, this deferred consideration was re-valued based on a new contract to €13.2 million. No additional goodwill was created as a result of this acquisition. The acquisition of this non-controlling interest had a negative effect on equity of €0.3 million. Reference is made to note 18 for further developments.

With an effective date of 9 January 2014, TMF Group acquired the assets and liabilities of PT Tass Axia Solusi ('Tass Axia'), Indonesia, for a total consideration of €1.9 million, and merged this business into TMF Group. The cash outflow 2014 from this acquisition, net of cash acquired, was €1.9 million. There is no deferred consideration and no contingent liabilities were acquired in this business combination.

With an effective date of 1 July 2014, TMF Group acquired the shares of KCS Limited, an independent pan-Asian Corporate services provider specialized in corporate accounting and payroll services, and merged this business into TMF Group. With this acquisition, TMF Group enhanced the presence in the APAC region significantly. The consideration amounted to €64.6 million. The shares were legally transferred on 25 August 2014 and all voting equity interest were acquired. The cash outflow in 2014 from this acquisition, net of cash acquired, was €63.3 million. There is no deferred consideration and no contingent liabilities were acquired in this business combination.

With an effective date of 13 November 2014, TMF Group acquired the shares of GMG Trust Company (SA) (Pty) Ltd ('GMG Trust'), South Africa, and merged this business into TMF Group. The shares were legally transferred on 19 November 2014 and all voting equity interest were acquired. The consideration amounted to €1.4 million. The cash outflow in 2014 from this acquisition, net of cash acquired, was €0.7 million. The deferred consideration for this business combination amounted to €0.5 million No contingent liabilities were acquired in this business combination.

Acquisitions 2013

With an effective date of 29 November 2013, TMF Group acquired 100% of the share capital of Accepta AS, Norway, for a total consideration of €9.7 million, and merged this business into TMF Group. All voting equity interests were acquired. The cash outflow in 2013 from this acquisition, net of cash acquired, was €4.2 million. The deferred consideration for this business combination amounted to €5.0 million of which € 1.1 million is a contingent consideration. At 31 December 2015, a part of the deferred consideration is paid. No contingent liabilities were acquired in this business combination.

6. Business combinations (continued)

Acquisition of Law Debenture Agency Solutions Limited - 2015

The assets and liabilities arising from the acquisition are as follows:

In thousands of Euro	Pre acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Intangible assets (note 16)	-	452	452
Deferred tax liabilities	-	(91)	(91)
Net identifiable assets and liabilities	**-**	**361**	**361**

Goodwill is calculated as follows:

In thousands of Euro	
Purchase consideration	
Cash paid	-
Total purchase consideration	**-**
Less: fair value of net assets acquired (excluding goodwill)	(361)
Goodwill	**(361)**

The acquisition of Law Debenture Agency Solutions Limited is a bargain purchase as the seller terminated the business activity acquired by TMF Group and TMF Group was the only candidate to acquire the business. The related gain is recognized in the income statement and included as an exceptional item within 'Result on other financial investments'. Refer to note 8.

The intangible fixed assets are not tax deductible.

There is no contingent consideration and no contingent liabilities were acquired.

The impact on cash flows as a result of the acquisition is as follows:

In thousands of Euro	
Cash paid	-
Net cash outflow on acquisitions	**-**

The acquisition of Law Debenture Agency Solutions Limited positively impacted the revenue, the result from operations before exceptional items, depreciation, amortisation and impairment charges and the result of the year of 2015 by €0.1 million, €0.1 million and €0.1 million respectively. Had the transaction taken place at the beginning of the reporting period, these numbers would be €0.2 million, €0.2 million and €0.2 million.

The acquisition costs in the year of 2015 amounted to €9,000, refer to note 12.

6. Business combinations (continued)

Acquisition Apriori TI – 2015

The assets and liabilities arising from the acquisition are as follows:

In thousands of Euro	Pre acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Intangible assets (note 16)	7,952	(2,807)	5,145
Property, Plant and Equipment (note 17)	1,443	-	1,443
Trade and other receivables	1,155	-	1,155
Cash and cash equivalents	24	-	24
Loans and borrowings	(805)	-	(805)
Trade and other payables	(245)	-	(245)
Net identifiable assets and liabilities	**9,524**	**(2,807)**	**6,717**

The gross contractual trade and other receivables were equal to the recognized values on acquisition.

Goodwill is calculated as follows:

In thousands of Euro	
Purchase consideration	
Cash paid	13,596
Consideration deferred to future periods	1,335
Total purchase consideration	**14,931**
Less: fair value of net assets acquired (excluding goodwill)	(6,717)
Goodwill (note 16)	**8,214**

The fair value adjustments on intangible assets are tax deductible. In addition, goodwill will be amortised in the fiscal results.

The consideration deferred to future periods is the estimated contingent consideration which is dependent on revenue recognised 12 months after the closing date. Based on the forecasted revenue for this period, the estimated range of the contingent consideration is between nil and €9.1 million.

The impact on cash flows as a result of the acquisition is as follows:

In thousands of Euro	
Cash paid	13,596
Cash and cash equivalents acquired	(24)
Net cash outflow on acquisitions	**13,572**

6. Business combinations (continued)

Acquisition Apriori TI - 2015 (continued)

The acquisition of Apriori TI positively impacted the revenue, result from operating activities before depreciation, amortisation, impairment charges and exceptional items and net result in 2015 by €6.0 million, €0.9 million and €(0.0) million respectively. Had the transaction taken place at the beginning of the reporting period, these numbers would be approximately €7.6 million, €1.1 million and €(0.0) million.

The acquisition costs in 2015 amounted to €2.1 million, refer to note 12. In addition, acquisition costs of €2.5 million were included in the result of the year 2014. These amounts include the costs related to to the acquisition of Apriori SC, refer to note 7.

Acquisition Tass Axia (2014)

The assets and liabilities arising from the acquisition are as follows:

In thousands of Euro	Pre-acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Intangible assets (note 16)	-	1,822	1,822
Property, plant and equipment (note 17)	30	-	30
Net identifiable assets and liabilities	**30**	**1,822**	**1,852**

Goodwill is calculated as follows:

In thousands of Euro	
Purchase consideration	
Cash paid	1,852
Total purchase consideration	**1,852**
Less: fair value of net assets acquired (excluding goodwill)	(1,852)
Goodwill (note 16)	**-**

The intangible fixed assets are tax deductible.

There is no contingent consideration

The impact on cash flows as a result of the acquisition is as follows:

In thousands of Euro	
Cash paid	1,852
Cash and cash equivalents acquired	-
Net cash outflow on acquisitions	**1,852**

The acquisition of Tass Axia positively impacted the revenue, the result from operating activities before depreciation, amortisation, impairment charges and exceptional items and result of the year of 2014 with an amount of respectively €0.6 million, €0.3 million and €0.2 million. Had the transaction taken place at the beginning of the reporting period, these numbers would be approximately the same.

The acquisition costs amounted to €75,000 (note 12).

Global reach
Local knowledge

6. Business combinations (continued)

Acquisition KCS Limited (2014)

The assets and liabilities arising from the acquisition are as follows:

In thousands of Euro	Pre-acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Cash and cash equivalents	4,581	-	4,581
Intangible assets (note 16)	2,470	26,590	29,060
Property, plant and equipment (note 17)	602	-	602
Deferred tax assets (note 19)	12	-	12
Trade and other receivables	6,371	(321)	6,050
Clients' funds held under trust	4,351	-	4,351
Retirement benefit obligations	(47)	-	(47)
Provisions (note 30)	-	(651)	(651)
Deferred tax liabilities (note 19)	(7)	(4,850)	(4,857)
Trade and other payables	(4,540)	-	(4,540)
Liability to previous shareholders KCS Limited	(4,706)	-	(4,706)
Current tax liabilities	(567)	-	(567)
Clients' funds ledger balances	(4,351)	-	(4,351)
Net identifiable assets and liabilities	**4,169**	**20,768**	**24,937**

The gross contractual trade and other receivables amounted to €6.4 million.

Goodwill is calculated as follows:

In thousands of Euro	
Purchase consideration	
Cash paid	63,176
Total purchase consideration	**63,176**
Less: fair value of net assets acquired (excluding goodwill)	(24,937)
Goodwill (note 16)	**38,239**

The intangible assets are not tax deductible.

There is no contingent consideration

The impact on cash flows as a result of the acquisition is as follows:

In thousands of Euro	
Cash paid	63,176
Cash and cash equivalents acquired	(4,581)
Dividend paid to previous shareholders KCS Limited	4,706
Net cash outflow on acquisitions	**63,301**

6. Business combinations (continued)

Acquisition KCS Limited (2014) (continued)

The acquisition of KCS Limited positively impacted the revenue, the result from operating activities before depreciation, amortisation, impairment charges and exceptional items and result of the year of 2014 with an amount of respectively €12.4 million, €2.2 million and €1.4 million. Had the transaction taken place at the beginning of the reporting period, these numbers would be approximately €26.1 million, €4.5 million and €3.0 million.

The acquisition costs amounted to €1,193,000 of which €222,000 is reported in 2015 and €971,000 is reported in 2014 (note 12).

At acquisition date, KCS Limited had non-capitalized tax losses for approximately €2.0 million. As it is not probable that sufficient future taxable profits are available in the countries with such non-capitalized tax losses, no deferred tax asset is recognized.

TMF GROUP

Global reach
Local knowledge

6. Business combinations (continued)

Acquisition GMG Trust (2014)

The assets and liabilities arising from the acquisition are as follows:

In thousands of Euro	Pre-acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Cash and cash equivalents	207	-	207
Intangible assets (note 16)	8	979	987
Property, plant and equipment (note 17)	33	-	33
Deferred tax assets (note 19)	25	-	25
Trade and other receivables	142	-	142
Current tax receivables	6	-	6
Trade and other payables	(124)	-	(124)
Deferred tax liabilities (note 19)	-	(274)	(274)
Net identifiable assets and liabilities	**297**	**705**	**1,002**

The gross contractual trade and other receivables were equal to the recognized values on acquisition.

Goodwill is calculated as follows:

In thousands of Euro	
Purchase consideration	
Cash paid	894
Consideration deferred to future periods	507
Total purchase consideration	**1,401**
Less: fair value of net assets acquired (excluding goodwill)	(1,002)
Goodwill (note 16)	**399**

The intangible assets are not tax deductible.

The impact on cash flows as a result of the acquisition is as follows:

In thousands of Euro	
Cash paid	894
Cash and cash equivalents acquired	(207)
Net cash outflow on acquisitions	**687**

A deferred consideration was agreed based result from operating activities before depreciation, amortisation, impairment charges and exceptional items in the statutory annual accounts of GMG Trust of its fiscal year 2015. As this result was higher than anticipated in 2014, the total purchase consideration increased with €0.4m to €1.8 million. This increase is considered an adjustment in the purchase price allocation as it took place within 12 months of acquisition date. As such it is recorded as additional goodwill.

6. Business combinations (continued)

Acquisition GMG Trust (2014) (continued)

The acquisition of GMG Trust positively impacted the revenue, the result from operating activities before depreciation, amortisation, impairment charges and exceptional items and result of the year of 2014 with an amount of respectively €0.3 million, €0.1 million and €0.1 million. Had the transaction taken place at the beginning of the reporting period, these numbers would be approximately €1.1 million, €0.3 million and €0.1 million. The acquisition costs amounted to €65,000 (note 12).

Acquisition Accepta AS (2013)

The assets and liabilities arising from the acquisition are as follows:

In thousands of Euro	Pre-acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Cash and cash equivalents	485	-	485
Intangible assets (note 16)	-	3,414	3,414
Deferred tax assets (note 19)	8	-	8
Trade and other receivables	987	-	987
Trade and other payables	(1,405)	-	(1,405)
Deferred tax liabilities (note 19)	-	(956)	(956)
Net identifiable assets and liabilities	**75**	**2,458**	**2,533**

The gross contractual trade and other receivables were equal to the recognized values on acquisition.

Goodwill is calculated as follows:

In thousands of Euro	
Purchase consideration	
Cash paid	4,683
Consideration deferred to future periods	4,970
Total purchase consideration	**9,653**
Less: fair value of net assets acquired (excluding goodwill)	2,533
Goodwill (note 16)	**7,120**

The intangible assets are not tax deductible.

The consideration deferred to future periods consists of:

- a part that will be paid once the final purchase price is agreed between parties (which was paid in 2014);
- a part that will be paid once the statutory annual accounts of Accepta AS of 2014, 2015 and 2016 are finalised; and
- a part that will be paid if certain growth targets are met in the period 2014 to 2016.

As at 31 December 2015, the estimated range of the remaining (undiscounted) deferred consideration is between €1.3 million and €1.7 million. In 2015, remeasurement of the contingent consideration resulted in a gain of €0.3 million. Refer to note 8.

6. Business combinations (continued)

Acquisition Accepta AS (2013) (continued)

The impact on cash flows as a result of the acquisition is as follows:

In thousands of Euro	
Cash paid	4,683
Cash and cash equivalents acquired	(485)
Net cash outflow on acquisitions	**4,198**

The acquisition of Accepta AS positively impacted the revenue, result from operating activities before depreciation, amortisation, impairment charges and exceptional items result of the year of 2013 with an amount of respectively €568,000, €22,000 and €26,000. Had the transaction taken place on 1 January 2013, these numbers would be approximately €6.4 million, €1.4 million and €1.6 million. The acquisition costs amounted to €0.1 million.

Summary goodwill calculation

Goodwill is calculated as follows:

In thousands of Euro	2015	2014	2013
Purchase consideration			
Cash paid	13,596	65,922	4,683
Consideration deferred to future periods	1,335	507	4,970
Total purchase consideration	**14,931**	**66,429**	**9,653**
Less: fair value of net assets acquired (excluding goodwill)	(7,078)	(27,791)	(2,533)
Adjustment in fair value of net assets acquired from prior period acquisitions	440	-	-
Result on bargain purchase	361	-	-
Goodwill (note 16)	**8,654**	**38,638**	**7,120**

The goodwill recognized on acquisitions is attributable to the skills and technical talent of the acquired business's workforce, and the synergies and other benefits expected to be achieved from integrating the respective businesses into TMF Group. Besides this, goodwill includes the tax effect of the non-deductible intangible assets arising from business combinations. Only the additional goodwill arising from the Apriori TI acquisition is tax deductible.

Global reach
Local knowledge

6. Business combinations (continued)

Summary impact of cash flow

The impact on cash flows as a result of the acquisition(s) is as follows:

In thousands of Euro	2015	2014	2013
Cash paid	13,596	65,922	4,683
Cash and cash equivalents acquired	(24)	(4,788)	(485)
Dividend paid to previous shareholders	-	4,706	-
Net cash outflow on current year acquisitions	**13,572**	**65,840**	**4,198**
Deferred consideration cash payments from prior period acquisitions	3,549	2,009	989
Net cash outflow on acquisitions	**17,123**	**67,849**	**5,187**

7. Share in result of associates and (provision on) investments in associates

With an effective date of 13 March 2015, TMF Group acquired the shares of PwC Apriori Serviços Contábeis Ltda ('Apriori SC'). At this date all conditions that were included in the sale and purchase agreement, signed on 11 December 2014, were either fulfilled or waived.

Apriori SC is a corporate service provider in Brazil, the activities of which are subject to the supervision of the Brazilian accounting board. The acquisition enhances the presence of TMF Group in Brazil significantly.

The consideration for Apriori SC can be split in:

- A consideration of €5.8 million; and
- An estimated contingent consideration of €0.6 million which is dependent on revenue recognised 12 months after the closing date. The range of the contingent consideration is between nil and €3.9 million.

In compliance with local requirements, 51% of the shares of TMF Brazil Assessoria Contabil e Empresarial Ltda ('TMF Assessoria') remain held by individual accountants, which are local partners of TMF Group in its accounting business in Brazil ("Local Partners"). In anticipation on the planned merger of Apriori SC and TMF Assessoria, new shareholders´ agreements were executed with the Local Partners on 29 May 2015. As the shareholders' agreements are in place TMF Group concluded based on judgement that it has no longer control over TMF Assessoria, resulting in the derecognition of the assets and liabilities of TMF Assessoria and the recognition of the retained investment in TMF Assessoria. Based on the agreement entered into with the Local Partners, TMF Group is entitled to 80% of the dividends of TMF Assessoria. TMF Group will in due course receive a consideration of €0.9 million for the transfer of the shares to the Local Partners. TMF Group has a call option to purchase the shares of the Local Partners in case of default for the initial purchase price (including interest) while the Local Partners have a put option to sell the shares back to TMF Group for the initial purchase price (including interest)

In anticipation of the merger and the execution of the shareholders' agreements, Apriori SC is accounted for as an investment in associates as from 13 March 2015. As from 29 May 2015, TMF Assessoria is also accounted for as an investment in associates.

7. Share in result of associates and (provision on) investments in associates (continued)

The movements in investments in associates are as follows:

In thousands of Euro	
Opening as at 1 January 2015	-
Acquisition Apriori SC	1,546
Deconsolidation TMF Assessoria	(7,948)
Share of result from associates	(2,882)
Translation movements	1,569
Balance at 31 December 2015	**(7,715)**

TMF Group's shares of the results in TMF Assessoria and its aggregated assets and liabilities are shown below:

In thousands of Euro	**31 December 2015**
Assets	13,736
Liabilities	21,451
Equity	**(7,715)**
	Year ended 31 December 2015
External revenue	**11,651**
Operating expenses	(10,212)
Result from operations before exceptional items, depreciation, amortisation and impairment charges	**1,439**
Exceptional items	(1,116)
Depreciation, amortisation and impairment charges	(580)
Net finance costs	(2,297)
Income tax expense	(328)
Share of result	**(2,882)**
Other comprehensive income	-
Share in total comprehensive income	**(2,882)**

TMF GROUP

Global reach
Local knowledge

7. Share in result of associates and (provision on) investments in associates (continued)

The deconsolidation of TMF Assessoria had the following impact on the balance sheet of TMF Group:

In thousands of Euro	2015
Assets (excluding cash and cash equivalents)	8,811
Cash and cash equivalents of entity	72
Liabilities	(16,831)
Total	**(7,948)**

The result on the transfer of the shares of TMF Assessoria to the Local Partners amounts to nil.

8. Result on other financial investments

In thousands of Euro	2015	2014	2013
Result on bargain purchase (note 6)	361	-	-
Result on disposal / deconsolidation of subsidiaries	397	(380)	-
Result on deferred consideration	335	2,721	-
Impairment loss on financial assets available-for-sale	-	-	(907)
Total	**1,093**	**2,341**	**(907)**

Disposal on disposal / deconsolidation of subsidiaries

In 2015, the result on disposal / deconsolidation of subsidiaries mainly relate to client lists in the continued operations of Luxembourg and BVI that were transferred to the Fund Services operating segment prior to its disposal, with a corresponding expense in the result from discontinued operations (refer to note 24).

In 2014, the result related to a disposal in Brazil. At 1 May 2014, TMF Group has sold its interest in TMF Brazil Servicios Paralegalais e Contabeis Ltd for an amount of €195,000. As from that date TMF Group has no longer control of this entity. The impact on TMF Group's financial statements can be specified as follows:

In thousands of Euro	2014
Assets (excluding cash and cash equivalents)	(743)
Cash and cash equivalents of entity	(66)
Liabilities	234
Cash to be received from new owner	195
Result on disposal	**(380)**

In the first four months of 2014, Brazil Paralegal contributed €0.5 million to revenue and €0.1 million to the result from operating activities before depreciation, amortisation, impairment charges and exceptional items. In the full year 2013 this was respectively €1.7 million and nil.

8. Result on other financial investments (continued)

Result on deferred consideration

In 2015, the gain on deferred consideration relates to a revised estimate of the contingent consideration on the acquisition of Accepta AS. he gain related to the deferred consideration on the acquisition of the non-controlling interest in Custom House following from amendments in the contract with the former shareholders.

Impairment loss on financial assets available-for-sale

At 1 January 2013, TMF Group is no longer in control of Parnassus Accounting France S.àr.l. after re-assessment of the facts and circumstances by management, performed after a change in the legal form of the company. The impact on TMF Group's financial statements can be specified as follows:

In thousands of Euro	2013
Assets (excluding cash and cash equivalents)	(1,188)
Cash and cash equivalents of entity	(418)
Liabilities	699
Impairment loss on financial assets available-for-sale	**(907)**

9. Principal subsidiaries

Subsidiaries

For the list of the subsidiaries of TMF Group at 31 December 2015, reference is made to the section 'TMF Group entities' which is included as an appendix to the financial statements. All subsidiary undertakings are included in the consolidation. Only the shares in TMF Group B.V. are directly held by the parent company.

All of the subsidiaries have either operating activities in line with TMF Group's core business or are intermediate holding and / or finance structures.

Non-controlling interest

The total non-controlling interest for the period is €1.2 million, to a great extent related to the Freeway Entertainment Group. Since the non-controlling interest in Freeway is considered immaterial for TMF Group no further summarised financial information is disclosed.

In 2014, the non-controlling interest also related mainly to the Freeway Entertainment Group. In 2013, the non-controlling interest related mainly to the Custom House Group. Since the non-controlling interest in Custom House was considered immaterial for TMF Group no further summarised financial information is disclosed.

In 2015, the non-controlling interests in TMF International Pensions Limited and TMF Trustees Malaysia Bhd are acquired. In 2014, the non-controlling interest in Custom House was acquired, refer to note 6.

Significant restrictions

Cash and cash equivalents of €9.9 million (31 December 2014 and 2013: respectively €4.3 million and €8.2 million), especially held in Argentina, China, India, Russia and South Africa, are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting cash and / or capital from the country.

Cash and cash equivalents of €2.3 million (31 December 2014 and 2013: respectively €17.3 million and €27.6 million) especially held in BVI, Jersey, Luxembourg, and Norway are restricted due to local agreements such as financing, rent agreements or agreements with local regulators.

Refer to note 28 for cash and cash equivalents that are secured.

10. Employee benefit expense

Personnel expenses are summarised as follows:

In thousands of Euro	2015	2014	2013
Wages and salaries	207,722	183,755	156,324
Social security costs	24,298	21,118	18,386
Pension costs – defined contribution plans	10,643	5,765	4,854
Pension costs – defined benefit plans (note 31)	377	612	2,673
Other post-employment and long-term employee benefits	151	211	536
Share-based payments (note 26)	657	150	-
Other personnel costs	27,021	21,047	17,163
Personnel costs recharged to disposal group classified as held for sale	(1,328)	(2,142)	(1,476)
Total employee benefit expense	**269,541**	**230,517**	**198,460**

Other personnel costs relate to education expenses, lease car expenses, commuter allowances, recruitment costs, placement agencies, temporary employees and management fees.

The average number of full time equivalent employees (in continued operations) in 2015, 2014 and 2013 can be specified as follows:

	2015	2014	2013
Client servicing staff (average number of FTE)	4,216	3,626	3,137
Support staff (average number of FTE)	1,353	1,137	1,083
Average number of FTE (in continued operations)	**5,569**	**4,763**	**4,220**
Of which working in the Netherlands	366	419	450
Of which working abroad	5,203	4,344	3,770

A management equity participation plan was introduced in 2004. Under this plan certain key and senior managers are invited to indirectly invest in TMF Group. The investment is entered into at fair value, is equity settled and at the risk of the manager. In 2011 the former Equity Trust management equity participation plan was technically combined with the existing TMF management equity participation plan. In 2014 a new share-based payment scheme was introduced, refer to note 26.

11. Other expenses

In thousands of Euro	2015	2014	2013
Travel expenses	6,324	6,664	5,714
Marketing and sales expenses	4,146	3,356	3,360
Bad debt expenses (note 20)	3,745	4,051	3,747
Insurance	2,023	1,741	1,291
Bank charges	1,328	1,201	1,379
Other	4,779	5,582	5,664
Total other expenses	**22,345**	**22,595**	**21,155**

12. Exceptional items

In thousands of Euro	2015	2014	2013
Acquisition, due diligence and start-up costs	(3,574)	(4,450)	(1,984)
Litigation costs	(3,642)	(10,969)	(1,359)
Redundancy and restructuring costs	(12,295)	(10,439)	(5,978)
Costs relating to segments reported as discontinued operations	-	(4,688)	-
Total exceptional items	**(19,511)**	**(30,546)**	**(9,321)**

12. Exceptional items (continued)

Acquisition, due diligence and start-up costs

The acquisition, due diligence and start-up costs in 2015 include costs for €1.8 million with respect to the acquisition of Apriori (refer to note 6 and 7). Furthermore, costs are recognized with respect to the acquisition of KCS Limited (which took place in 2014), the disposal of the Fund Services segment, due diligence costs on non-acquired targets and the start-up of new offices in Canada and various countries in Africa, partly compensated by the bargain purchase in UK (refer to note 6).

In 2014, these costs included costs for €2.1 million with respect to the acquisition of Apriori (refer to note 6 and 7). Furthermore, costs are recognized with respect to the acquisitions of KCS Limited, Tass Axia and GMG Trust (refer to note 6) and the start-up of new offices in Zurich (Switzerland), Canada and various countries in Africa.

In 2013, these costs mainly related to additional acquisition costs with respect to the merger with Equity Trust (accrual for possible non-deductible VAT on acquisition costs for €1.6 million) and to the acquisition of Accepta AS (refer to note 6).

Litigation costs

The 2015 litigation costs relate for €1.2 million to a litigation initiated by TMF Group against former management in USA. The remainder relates to legal costs relating to other historical legal claims.

In 2014, these costs related to a great extent to one-off regulatory costs together with an increased provision for then current litigation in Jersey. The remainder related to legal costs relating to other historical legal claims.

In 2013, these costs related to a claim and legal costs on another legal case in Jersey (€1.9 million) and legal costs and settlements on various other historical legal claims. This was partly compensated by the release of a provision for another case (€3.1 million).

Legal claims are further disclosed in note 36.

Redundancy and restructuring costs

Redundancy and restructuring costs in 2015 mainly concern the costs with respect to shareholder matters (€2.9 million), the continuing restructuring of the Dutch business including termination costs with respect to management (€2.6 million), integration costs following the acquisition of Apriori (€1.5 million) and KCS Limited (€1.9 million) and various redundancies and restructuring projects in other countries.

In 2014, the costs included expected remediation costs following a litigation in Jersey (€2.6 million), the restructuring of the Dutch business including termination costs with respect to management (€2.2 million), integration costs following the acquisition of KCS Limited (€1.2 million) and various redundancies and restructuring projects in other countries.

In 2013, the costs included termination fees for senior management (€ 2.1 million) and various redundancies and restructuring projects in other countries.

Costs relating to segments reported as discontinued operations

In 2014 the costs relating to segments reported as discontinued operations mainly included provisions recognized following the intended disposal of the Fund Services business.

13. Finance income and expenses

In thousands of Euro	2015	2014	2013
Interest income on short-term bank deposits	1,154	11,006	9,603
Interest income on related party loan	7,914	7,775	7,307
Finance income	**9,068**	**18,781**	**16,910**
Secured senior bank loan	(52,405)	(50,504)	(48,533)
Interest rate swaps, transfer from equity and provision	5,199	(918)	(3,280)
Unsecured related party loan and subordinated loan	(58,746)	(51,415)	(44,799)
Secured bank overdrafts	(5,521)	(14,761)	(11,415)
Other	(522)	(359)	(958)
Finance expenses	**(111,995)**	**(117,957)**	**(108,985)**
Net foreign exchange result	(4,998)	(3,356)	668
Net finance costs	**(107,925)**	**(102,532)**	**(91,407)**

In all years the net foreign exchange result mainly arose on US Dollar bank overdrafts.

14. Income tax expense

In thousands of Euro	2015	2014	2013
Current tax expense	13,324	14,972	12,299
Deferred income tax (note 19)	(7,041)	(5,616)	(6,726)
Total income tax expense	**6,283**	**9,356**	**5,573**

14. Income tax expense (continued)

The tax on TMF Group's result before tax differs from the theoretical amount that would arise using the tax rates applicable in the Netherlands (25% for all years) on the results of the consolidated entities as shown below:

In thousands of Euro	2015	2014	2013
Result for the year excluding discontinued operations	(33,845)	(46,651)	(31,474)
Total income tax expense	6,283	9,356	5,572
Result before income tax	**(27,562)**	**(37,295)**	**(25,902)**
Tax calculated at the Company's domestic applicable tax rate (25%)	(6,891)	(9,324)	(6,152)
Effect of tax rates in foreign jurisdictions	(2,029)	(104)	(2,152)
Income not subject to tax	(1,337)	(1,900)	-
Non-deductible expenses	1,801	3,699	-
Income not subject to tax / non-deductible expenses	-	-	279
Utilisation of previously unrecognized tax losses (refer to note 19)	(1,197)	(923)	(1,514)
Re-assessment of corporate income tax previous years	(7,165)	163	384
Other non-profit related income tax expense	2,463	2,052	2,726
Tax losses where no deferred income tax asset was recognized (refer to note 19)	20,638	15,693	12,001
Tax charge	**6,283**	**9,356**	**5,572**
Weighted average effective tax rate	**(22.8)%**	**(25.1)%**	**(21.5)%**

In 2015, the re-assessment of corporate income tax previous years mainly related to a re-assessment of the corporate income tax for the years 2008 to 2013 in Luxembourg and the recognition of a deferred tax asset for tax losses in USA as the fiscal unity became profitable.

15. Earnings per share

Basic earnings per share is calculated by dividing the result attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company.

Basic earnings per share is calculated as follows:

	2015	2014	2013
Result for the year attributable to owners of the parent (in thousand of Euro)	(38,954)	(52,106)	(30,525)
Weighted average number of ordinary shares in issue (in thousands)	18	18	18
Basic earnings per share (in Euro)	**(2,164)**	**(2,895)**	**(1,696)**
Basic earnings per share from continuing operations	(1,947)	(2,641)	(1,688)
Basic earnings per share from discontinued operations	(217)	(254)	(8)

Since the Company has no convertible debt or share options, the diluted earnings per share equals the basic earnings per share.

16. Intangible assets

In thousands of Euro	Goodwill	Client lists	Non-compete agreements	Brands	Software	Total
Cost						
Balance at 1 January 2013	**489,306**	**166,825**	**10,842**	**12,605**	**21,421**	**700,999**
Acquisitions through business combinations (note 6)	7,120	3,414	-	-	-	10,534
Additions	-	-	-	-	6,224	6,224
Disposals	-	(51)	-	-	(36)	(87)
Exchange differences	(6,361)	(3,056)	(1,369)	(197)	(12)	(10,995)
Balance at 31 December 2013	**490,065**	**167,132**	**9,473**	**12,408**	**27,597**	**706,675**
Balance at 1 January 2014	**490,065**	**167,132**	**9,473**	**12,408**	**27,597**	**706,675**
Acquired through business combinations (note 6)	38,638	31,407	394	-	68	70,507
Transferred to disposal group classified as held for sale (note 24)	(22,754)	(4,063)	-	(637)	(181)	(27,635)
Additions	-	-	-	210	7,608	7,818
Disposals	(500)	(503)	-	-	(280)	(1,283)
Exchange differences	15,769	9,058	152	198	444	25,621
Balance at 31 December 2014	**521,218**	**203,031**	**10,019**	**12,179**	**35,256**	**781,703**
Balance at 1 January 2015	**521,218**	**203,031**	**10,019**	**12,179**	**35,256**	**781,703**
Acquired through business combinations (note 6)	8,654	4,319	-	-	831	13,804
Additions	-	-	-	237	18,599	18,836
Disposals	(381)	-	(1,350)	-	(278)	(2,009)
Exchange differences	12,368	7,598	(194)	188	(270)	19,690
Balance at 31 December 2015	**541,859**	**214,948**	**8,475**	**12,604**	**54,138**	**832,024**
Amortisation and impairment						
Balance at 1 January 2013	**6,833**	**53,496**	**10,595**	**3,480**	**15,769**	**90,173**
Amortisation for the year	-	12,237	213	7,992	3,373	23,815
Disposals	-	(51)	-	-	(25)	(76)
Exchange differences	(263)	(2,770)	(1,342)	(150)	35	(4,490)
Balance at 31 December 2013	**6,570**	**62,912**	**9,466**	**11,322**	**19,152**	**109,422**
Balance at 1 January 2014	**6,570**	**62,912**	**9,466**	**11,322**	**19,152**	**109,422**
Transferred to disposal group classified as held for sale (note 24)	-	(3,522)	-	(637)	(82)	(4,241)
Amortisation for the year	-	10,220	86	1,124	3,847	15,277
Disposals	-	(503)	-	-	(292)	(795)
Exchange differences	(144)	2,753	137	160	370	3,276
Balance at 31 December 2014	**6,426**	**71,860**	**9,689**	**11,969**	**22,995**	**122,939**

16. Intangible assets (continued)

	Goodwill	Client lists	Non-compete agreements	Brands	Software	Total
Amortisation and impairment (continued)						
Balance at 1 January 2015	**6,426**	**71,860**	**9,689**	**11,969**	**22,995**	**122,939**
Amortisation for the year	-	11,664	83	78	6,861	18,686
Disposals	-	-	(1,350)	-	(49)	(1,399)
Exchange differences	809	2,903	(194)	188	(269)	3,437
Balance at 31 December 2015	**7,235**	**86,427**	**8,228**	**12,235**	**29,538**	**143,663**

In thousands of Euro

	Goodwill	Client lists	Non-compete agreements	Brands	Software	Total
Carrying amounts						
At 1 January 2013	**482,473**	**113,329**	**247**	**9,125**	**5,652**	**610,826**
At 31 December 2013	**483,495**	**104,220**	**7**	**1,086**	**8,445**	**597,253**
At 1 January 2014	**483,495**	**104,220**	**7**	**1,086**	**8,445**	**597,253**
At 31 December 2014	**514,792**	**131,171**	**330**	**210**	**12,261**	**658,764**
At 1 January 2015	**514,792**	**131,171**	**330**	**210**	**12,261**	**658,764**
At 31 December 2015	**534,624**	**128,521**	**247**	**369**	**24,600**	**688,361**

As at 31 December 2015, the carrying value of client lists primarily relates to the acquisition of Equity Trust, KCS Limited and Apriori TI. On this date, the non-compete agreement relates to the acquisition of Tass Axia and the brand concerns investments in the TMF Group brand name.

In 2015, the disposal of goodwill relate to the disposal of TMF Assessoria. This had a positive impact on the income statement of €1.6 million. The other disposals in 2015 and the disposals of 2014 and 2013 had limited impact on the income statement. Refer to note 6, 8 and 12.

At 31 December 2015, software includes internally generated assets for €15.2 million (31 December 2014 and 31 December 2013: €10.5 million and € 6.7 million respectively).

	Goodwill	Client lists	Non-compete agreements	Brand	Software
Longest estimated useful life remaining					
At 31 December 2015	**n/a**	**14 years**	**3 years**	**5 years**	**3 years**

Software includes the following amounts where TMF Group is a lessee under a finance lease:

In thousands of Euro	2015	2014	2013
Cost-capitalized finance lease	8,814	4,011	4,011
Accumulated amortisation	(800)	(3,343)	(2,005)
Carrying amount	**8,014**	**668**	**2,006**

Global reach
Local knowledge

16. Intangible assets (continued)

A segment level summary of the goodwill allocation is presented below.

In thousands of Euro	2015	2014	2013
Benelux	235,081	234,986	234,974
EMEA	145,262	140,387	136,147
Americas	61,601	53,711	50,671
APAC	93,060	85,708	38,949
Fund Services (note 24)	-	-	22,754
Total goodwill	**534,624**	**514,792**	**483,495**

Impairment tests for goodwill

The operating segments of TMF Group are determined to be the level at which goodwill is allocated and tested for impairment, as monitoring for internal management purposes does not take place on a lower level. The allocation of goodwill is made to those Cash Generating Units ('CGU') or groups of CGU's that are expected to benefit from the business combination in which the goodwill arose.

The recoverable amount of a CGU is determined based on the fair value less costs of disposal. This fair value qualifies as a level 3 fair value. For further details on the impairment test reference is made to note 3.1.

2015	**Benelux**	**EMEA**	**Americas**	**APAC**
Discount rate (a)	6.9%	8.7%	14.1%	9.1%
EBITDA growth (b)	6%	12%	15%	25%
Perpetual growth (c)	0.5%	1.0%	3.2%	1.9%

2014	**Benelux**	**EMEA**	**Americas**	**APAC**
Discount rate (a)	6.9%	8.9%	13.3%	9.8%
EBITDA growth (b)	4%	11%	16%	24%
Perpetual growth (c)	0.5%	0.5%	0.5%	0.5%

2013	**Benelux**	**EMEA**	**Americas**	**APAC**	**Fund Services**
Discount rate (a)	8.3%	9.6%	10.3%	9.1%	8.9%
EBITDA growth (b)	4%	12%	13%	16%	23%
Perpetual growth (c)	1.5%	1.5%	1.5%	1.5%	1.5%

a) Post-tax discount rate applied to the cash flow projection.
b) Year-on-year budgeted annual EBITDA growth for the first 5 years.
c) Year-on-year budgeted EBITDA growth after 5 years.

These assumptions have been used for the analysis of each region.

16. Intangible assets (continued)

Sensitivity analysis

In the following table is disclosed how much the discount rate could increase or the 'EBITDA growth percentage' could decrease, compared to the percentages disclosed above, before impairment would occur:

2015	Benelux	EMEA	Americas	APAC
Headroom on carrying amount (in millions of euro)	257.2	387.0	142.7	246.9
Higher discount rate	4.5%	11.4%	10.5%	10.0%
Lower EBITDA growth percentage	11%	18%	16%	19%

2014	Benelux	EMEA	Americas	APAC
Headroom on carrying amount (in millions of euro)	340.3	317.7	147.7	127.5
Higher discount rate	6.0%	11.6%	17.0%	7.5%
Lower EBITDA growth percentage	13%	18%	19%	15%

2013	Benelux	EMEA	Americas	APAC	Fund Services
Headroom on carrying amount (in millions of euro)	261.1	224.9	111.2	54.5	38.8
Higher discount rate	9%	8%	12%	7%	9%
Lower EBITDA growth percentage	10%	14%	15%	11%	15%

TMF GROUP Global reach Local knowledge

17. Property, plant and equipment

In thousands of Euro	Buildings	Leasehold improve-ments	Furniture and fittings	Office & computer equipment	Motor vehicles	Total
Cost						
Balance at 1 January 2013	**1,882**	**19,631**	**7,982**	**23,620**	**399**	**53,514**
Additions	-	536	703	3,102	72	4,413
Disposals	-	(2,204)	(1,886)	(1,306)	(37)	(5,433)
Exchange differences	(136)	(1,261)	(188)	(1,954)	(68)	(3,607)
Balance at 31 December 2013	**1,746**	**16,702**	**6,611**	**23,462**	**366**	**48,887**
Balance at 1 January 2014	**1,746**	**16,702**	**6,611**	**23,462**	**366**	**48,887**
Acquired through business combinations (note 6)	-	46	202	417	-	665
Transferred to disposal group classified as held for sale (note 24)	-	(926)	(1,175)	(2,881)	(16)	(4,998)
Additions	218	2,213	1,912	5,085	24	9,452
Disposals	-	(1,551)	(1,537)	(3,428)	(171)	(6,687)
Exchange differences	461	502	348	1,370	36	2,717
Balance at 31 December 2014	**2,425**	**16,986**	**6,361**	**24,025**	**239**	**50,036**
Balance at 1 January 2015	**2,425**	**16,986**	**6,361**	**24,025**	**239**	**50,036**
Acquired through business combinations (note 6)	-	1,190	81	45	-	1,316
Additions	125	5,990	1,370	4,807	244	12,536
Disposals	-	(1,321)	(731)	(2,733)	(57)	(4,842)
Exchange differences	448	(454)	93	433	(37)	483
Balance at 31 December 2015	**2,998**	**22,391**	**7,174**	**26,577**	**389**	**59,529**
Depreciation						
Balance at 1 January 2013	**106**	**9,199**	**4,641**	**17,492**	**178**	**31,616**
Depreciation for the year	77	2,744	1,282	2,906	92	7,101
Disposals	-	(2,170)	(1,861)	(1,319)	(27)	(5,377)
Exchange differences	(67)	(790)	(273)	(1,455)	(45)	(2,630)
Balance at 31 December 2013	**116**	**8,983**	**3,789**	**17,624**	**198**	**30,710**
Balance at 1 January 2014	**116**	**8,983**	**3,789**	**17,624**	**198**	**30,710**
Transferred to disposal group classified as held for sale (note 24)	-	(694)	(1,097)	(2,711)	(16)	(4,518)
Depreciation for the year	78	2,233	1,016	3,371	59	6,757
Disposals	-	(1,504)	(1,357)	(3,601)	(165)	(6,627)
Exchange differences	226	424	294	1,172	39	2,155
Balance at 31 December 2014	**420**	**9,442**	**2,645**	**15,855**	**115**	**28,477**
Balance at 1 January 2015	**420**	**9,442**	**2,645**	**15,855**	**115**	**28,477**
Depreciation for the year	118	3,166	1,199	4,019	136	8,638
Disposals	-	(904)	(702)	(2,537)	(53)	(4,196)
Exchange differences	220	(307)	198	721	(35)	797
Balance at 31 December 2015	**758**	**11,397**	**3,340**	**18,058**	**163**	**33,716**

17. Property, plant and equipment (continued)

Carrying amounts

In thousands of Euro	Buildings	Leasehold improve-ments	Furniture and fittings	Office & computer equipment	Motor vehicles	Total
At 1 January 2013	1,776	10,432	3,341	6,128	221	21,898
At 31 December 2013	1,630	7,719	2,822	5,838	168	18,177
At 1 January 2014	1,630	7,719	2,822	5,838	168	18,177
At 31 December 2014	2,005	7,544	3,716	8,170	124	21,559
At 1 January 2015	2,005	7,544	3,716	8,170	124	21,559
At 31 December 2015	2,240	10,994	3,834	8,519	226	25,813

For all years the impact of the disposals on the income statement was limited.

Office & computer equipment includes the following amounts where TMF Group is a lessee under a finance lease:

In thousands of Euro	2015	2014	2013
Cost-capitalized finance lease	1,091	1,000	-
Accumulated amortisation	(454)	(200)	-
Carrying amount	**637**	**800**	**-**

For operating lease costs regarding property, plant and equipment, refer to note 35.

18. Financial assets

In thousands of Euro	2015	2014	2013
Non-current financial assets			
Loans receivable from related parties	51,661	106,401	98,559
Loans receivable from non-consolidated associates	2,486	-	-
Other loans and receivables	4,902	1,643	1,472
Financial assets at fair value through income statement	15,250	-	-
Total non-current financial assets	**74,299**	**108,044**	**100,031**
Current financial assets			
Loans receivable from related parties	63,349	326	-
Loans receivable from non-consolidated associates	905	-	-
Other loans and receivables	696	563	462
Total current financial assets	**64,951**	**889**	**462**

Loans and receivables

The loans receivable from related parties are mainly loans provided to TMF Group HoldCo B.V. The loans provided to TMF Group HoldCo B.V. have interest percentages of 13.25%, Euribor + 5.60% and Wibor + 5.68% per annum. The year of maturity of these loans is respectively 2022, 2064 and 2016.

The loans receivable from non-consolidated associates are loans provided to TMF Assessoria. The loans have interest percentages of Euribor + 3.50% and 11.74% per annum. The year of maturity of these loans is 2018. The loans receivable are netted with the provision on investments in associates:

In thousands of Euro	2015	2014	2013
Non-current loans receivable from non-consolidated associates	10,201	-	-
Provision on investments in associates (note 7)	(7,715)	-	-
Total	**2,486**	**-**	**-**

The non-current loans receivable include long-term deposits and a loan facility provided to Custom House Group.

At 31 December 2015, the fair value of the non-current loans receivable from related parties amounts to €165.5 million (31 December 2014 and 2013: carrying value approximated the fair value). The carrying value of the non-current loans receivable from non-consolidated associates approximates the fair value (before netting with the provision on investments in associates). The carrying value of other non-current loans and receivables and current financial assets approximate the fair value in all years. In none of the years, transfers took place between fair value levels.

The fair value of the loans receivable from related parties and non-consolidated associates is based on Level 2 fair value calculations. These calculations concern discounted cash flow models using a rate base on market interest rate and risk premium specific to the loans receivable of partly Euribor + 11.37% and partly + 3.98% (2014 and 2013: + 4.59%).

18. Financial assets (continued)

Loans and receivables (continued)

The maximum exposure to credit risk at the reporting date is the carrying amount of the loans and receivables. None of the loans and receivables are either past due or impaired, except for the trade receivables as disclosed in note 20. The credit risk on the loans receivable from related parties is considered to be very limited based on the credit ratings of the related parties, which form the majority of the receivables.

The credit risk on the loans receivable from Custom House Group is considered to be limited as a working capital facility is agreed for a period of 3 years and based on cash flow projections TMF Group expects that Custom House Group will repay the loans and receivables before maturity date. At 31 December 2015, Custom House Group used €3.0 million of a facility totalling to €4.0 million.

Financial assets at fair value through income statement

The financial assets at fair value through income statement can be specified as follows:

In thousands of Euro	2015	2014	2013
Investment in Custom House Group	12,300	-	-
Investment fund in Argentina	2,950	-	-
Total	**15,250**	**-**	**-**

Investment in Custom House Group - Background

The investment relates to a 10% share in the former Fund Services operating segment ("Custom House Group"). On 4 December 2015 the legal transfer of 90% of the shares to management of this segment took place. The following is agreed in the sale and purchase agreement:

- The consideration payable at transaction date amounted to €1;
- TMF Group will receive a contingent consideration based on the exit price in a future resale by management of Custom House Group. The distribution of the proceeds from this exit is independent of the current shareholdings and is solely based on an exit payment mechanism. The pay-out is determined using tranches with relative increases in pay-out to management given higher proceeds;
- TMF Group has tag along rights to sell its 10% minority share in case of an exit;
- TMF Group provides a working capital facility up to €4.0 million, certain IT services and subleases office space to Custom House Group;
- TMF Group has protective rights to prevent leakages, but has no other involvement with the Fund Services operations.

In January 2014, TMF Group acquired the remaining non-controlling interest of 49.8% in Custom House Group. In this agreement, a deferred consideration was agreed which is based of a future exit price of the Custom House Group.

At 31 December 2015, a fair value calculation took place of both the investment in Custom House Group and the deferred consideration payable. The deferred consideration payable is accounted for as a financial liability at fair value through income statement within non-current loans and borrowings. Refer to note 28.

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18. Financial assets (continued)

Financial assets at fair value through income statement (continued)

Investment in Custom House Group - Valuation techniques and pocesses

The fair value calculation classifies as a Level 3 calculation since no observable market data is available. The following valuation techniques are used:

- Discounted Cash Flow method – The exit price is calculated using a capitalisation of free cash flow in the exit year including present cash and cash equivalents and minus current debt. The exit price is discounted to reflect the present value;
- Market Multiple method – The market multiple is used for benchmarking and is calculated using company specific parameters (i.e. EBITDA and EBITDA margin). Both multiples resulting from listed peers and from comparable transactions are used to derive an enterprise value range;
- Binomial Tree Option Pricing Model – This model is used to assess the value of management's share in Custom House Group. The outcomes rely on the volatility of the share price development of listed peers and are adjusted to reflect the exit proceeds given the distribution schedule;
- Black & Scholes Option Pricing Model – This model is used to confirm the value of management's share in Custom House Group. The method is adjusted to reflect the exit proceeds given the distribution schedule.

The valuation took place by an external independent valuator. The valuation report is reviewed by the finance department of TMF Group, who directly reports to the chief financial officer.

Investment in Custom House Group - Fair value measurements

Investment Custom House Group

In thousands of Euro	2015
Beginning of the year	**-**
Carrying value after legal transfer of shares	22,826
Gains / (losses) recognized within Result from discontinued operations (note 24)	(10,526)
End of the year	**12,300**

Deferred consideration payable

In thousands of Euro	2015	2014
Beginning of the year	**13,230**	**-**
Acquisition non-controlling interest in Custom House Group	-	15,951
(Gains) / losses recognized as Result on other financial investments (note 8)	-	(2,721)
(Gains) / losses recognized within Result from discontinued operations (note 24)	(9,630)	-
End of the year	**3,600**	**13,230**

18. Financial assets (continued)

Financial assets at fair value through income statement (continued)

Investment in Custom House Group - Valuation inputs and sensitivity analysis

The following inputs are used in the discounted cash flow method:

	2015
Discount rate (a)	10.5%
Additional discount rate 2016-2018 (b)	7% to 1%
Average adjusted EBITDA 2016-2020 in millions of Euro (c)	1.1
Perpetual growth (d)	1.5%

a) Post-tax discount rate applied to the cash flow projection.
b) Additional discount rate applied in the first three years of the cash flow projection.
c) Average estimated growth in adjusted EBITDA based on the forecast 2016-2020.
d) Estimated growth in adjusted EBITDA and cash flows as from 2020.

In the following table the impact on the valuation of the investment is disclosed:

In millions of Euro	2015
1% lower / higher discount rate	1.5 / (1.2)
10% higher / lower adjusted EBITDA 2016-2020	1.5 / (1.3)
1% higher / lower terminal growth	0.9 / (0.7)

Investment fund in Argentina

The investment fund in Argentina does not have a fixed maturity date and TMF Group intends to hold the investment for more than one year. As such, the investment fund is classified as a non-current financial asset. The investment fund is accounted for at fair value through income statement. The fair value is based on a Level 2 fair value calculation. Changes in fair value are reported as finance income or finance expense.

Current available-for-sale financial assets

Current available-for-sale for financial assets can be specified as follows:

In thousands of Euro	2015	2014	2013
Carrying value available-for-sale financial assets	907	907	907
Impairment loss (refer to note 8)	(907)	(907)	(907)
Total current available-for-sale financial assets	**-**	**-**	**-**

Current available-for-sale financial assets only includes investments in entities that are available-for-sale.

18. Financial assets (continued)

Classification financial assets

The classification of financial assets is as follows:

In thousands of Euro	Loans and receivables	Financial assets at fair value through income statement
31 December 2015		
Non-current financial assets	59,049	15,250
Trade and other receivables	142,397	-
Current financial assets	64,951	-
Clients' funds held under Trust	81,432	-
Cash and cash equivalents	208,842	-
Total	**556,671**	**15,250**
31 December 2014		
Non-current financial assets	108,044	-
Trade and other receivables	139,036	-
Current financial assets	889	-
Clients' funds held under Trust	70,840	-
Cash and cash equivalents	325,864	-
Total	**644,673**	**-**
31 December 2013		
Non-current financial assets	100,031	-
Trade receivables	132,488	-
Current financial assets	462	-
Clients' funds held under Trust	52,512	-
Cash and cash equivalents	90,422	-
Total	**375,915**	**-**

19. Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax receivables against deferred tax liabilities and when the deferred income taxes relate to the same fiscal unity.

In thousands of Euro	2015	2014	2013
Deferred tax assets			
To be recovered after more than 12 months	7,171	4,174	2,525
To be recovered within 12 months	2,305	1,212	765
Total deferred tax assets	**19,476**	**5,386**	**3,290**
Deferred tax liabilities			
To be recovered after more than 12 months	(27,414)	(28,883)	(24,705)
To be recovered within 12 months	(3,303)	(3,396)	(3,118)
Total deferred tax liabilities	**(30,717)**	**(32,279)**	**(27,823)**
Deferred tax liability (net)	**(21,241)**	**(26,893)**	**(24,533)**

The gross movement in the deferred tax account is as follows:

In thousands of Euro	2015	2014	2013
Beginning of the year	**(26,893)**	**(24,533)**	**(30,678)**
Acquired through business combinations (note 6)	(91)	(5,094)	(948)
Transferred to disposal group classified as held for sale (note 24)	-	(1,275)	-
Exchange differences	(1,298)	(1,607)	-
Income statement credit (note 14)	7,041	5,616	7,093
End of the year	**(21,241)**	**(26,893)**	**(24,533)**

19. Deferred tax assets and liabilities (continued)

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets

In thousands of Euro	Provisions	Tax losses	Property, plant and equipment	Other	Total
At 1 January 2013	**908**	**443**	**292**	**45**	**1,688**
Acquired through business combinations (note 6)	-	-	-	8	8
(Charge) / credited to the income statement	(690)	876	351	1,057	1,594
At 31 December 2013	**218**	**1,319**	**643**	**1,110**	**3,290**
At 1 January 2014	**218**	**1,319**	**643**	**1,110**	**3,290**
Acquired through business combinations (note 6)	-	-	37	-	37
Transferred to disposal group classified as held for sale (note 24)	-	(1,193)	(88)	-	(1,281)
(Charge) / credited to the income statement	215	2,911	48	166	3,340
At 31 December 2014	**433**	**3,037**	**640**	**1,276**	**5,386**
At 1 January 2015	**433**	**3,037**	**640**	**1,276**	**5,386**
(Charge) / credited to the income statement	96	4,093	32	191	4,412
Exchange difference	(12)	(299)	4	(15)	(322)
At 31 December 2015	**517**	**6,831**	**676**	**1,452**	**9,476**

The deferred tax asset for tax losses is to a great extent dependent on future taxable profits. The balance at 31 December 2015 mainly includes tax losses in USA and Jersey. In 2014, USA has a taxable profit and Jersey has a taxable loss. In 2015, both countries have taxable profits.

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19. Deferred tax assets and liabilities (continued)

Deferred tax liabilities

In thousands of Euro	Fair value gains	Other	Total
At 1 January 2013	**31,540**	**826**	**32,366**
Acquired through business combinations (note 6)	956	-	956
Charge / (credited) to the income statement	(6,094)	595	(5,499)
At 31 December 2013	**26,402**	**1,421**	**27,823**
At 1 January 2014	**26,402**	**1,421**	**27,823**
Acquired through business combinations (note 6)	5,124	7	5,131
Transferred to disposal group classified as held for sale (note 24)	-	(6)	(6)
Exchange differences	1,607	-	1,607
Charge / (credited) to the income statement	(2,658)	382	(2,276)
At 31 December 2014	**30,475**	**1,804**	**32,279**
At 1 January 2015	**30,475**	**1,804**	**32,279**
Acquired through business combinations (note 6)	91	-	91
Exchange differences	1,132	(156)	976
Charge / (credited) to the income statement	(2,670)	41	(2,629)
At 31 December 2015	**29,028**	**1,689**	**30,717**

Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable. As at 31 December 2015, 2014 and 2013, TMF Group did not recognize deferred tax assets of respectively €77.0 million, €68.8 million and €65.1 million in respect of estimated taxable losses of respectively €291.2 million, €263.7 million and €251.6 million. The main part of the non-capitalised losses relates to the Netherlands and Luxembourg. In February 2016, the Dutch tax authorities finalized their audit on the taxable losses until 2014. The impact of the audit is included in the 2015 reported figures.

The taxable losses in the Netherlands will expire between 2016 and 2025, the majority of which will expire relatively evenly between 2018 and 2025. The taxable losses of Luxembourg will not expire.

For further information on the fiscal unity in the Netherlands, refer to note 36.

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20. Trade receivables

In thousands of Euro	2015	2014	2013
Trade receivables	93,254	87,082	77,838
Less: Allowance for impairment of trade receivables	(10,839)	(11,254)	(10,619)
Trade receivables – net	82,415	75,828	67,219
Unbilled services	32,684	31,056	34,984
Total trade receivables (current)	**115,099**	**106,884**	**102,203**

Trade receivables are recognised at amortised costs, which approximate the fair value of the trade receivables.

The ageing of trade receivables is as follows:

In thousands of Euro	2015	2014	2013
Less than one month	43,998	38,437	31,896
2 - 3 months	18,081	19,197	15,542
4 - 6 months	11,492	10,029	10,591
7 - 12 months	9,549	9,779	10,057
1 - 2 years	4,560	5,030	4,881
More than 2 years	5,574	4,610	4,871
Trade receivables	**93,254**	**87,082**	**77,838**

The fair values of total trade receivables are as follows:

In thousands of Euro	2015	2014	2013
Trade receivables - net	82,415	75,828	67,219
Unbilled services	32,684	31,056	34,984
Fair value of total trade receivables	**115,099**	**106,884**	**102,203**

Movements in the provision for impairment of trade receivables are as follows:

In thousands of Euro	2015	2014	2013
At 1 January	**11,254**	**10,619**	**11,162**
Acquired through business combinations (note 6)	-	273	885
Transferred to disposal group classified as held for sale (note 24)	-	(406)	-
Increase in the allowance for receivables impairment	4,544	4,342	4,784
Reversed allowance for trade receivables	(799)	(291)	(876)
Receivables written off during the year as uncollectible	(4,160)	(3,283)	(5,336)
At 31 December	**10,839**	**11,254**	**10,619**

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20. Trade receivables (continued)

It was assessed that a portion of the impaired trade receivables are expected to be recovered. The impairment profile of trade receivables is as follows:

In thousands of Euro	2015	2014	2013
Trade receivables not yet due and not yet impaired	53,186	46,168	37,533
Trade receivables due but not yet impaired	24,812	26,851	27,368
Trade receivables impaired	15,256	14,063	12,937
At 31 December	**93,254**	**87,082**	**77,838**

Trade receivables which are neither past due nor impaired are expected to be received in full. The ageing of trade receivables due but not yet impaired is mainly between 2 and 12 months. The ageing of trade receivables impaired are mainly > 7 months.

The carrying amounts of TMF Group's total trade receivables and unbilled services are denominated in the following currencies:

In thousands of Euro	2015	2014	2013
Euro	61,181	58,952	61,823
US Dollar	27,023	22,756	20,744
Other	37,734	36,430	30,255
Total trade receivables and unbilled services	**125,938**	**118,138**	**112,822**

The maximum exposure of credit risk at the reporting date is the carrying value of the receivables. TMF Group does not hold any collateral as security. TMF Group has no significant concentrations of credit risk.

21. Other receivables

In thousands of Euro	2015	2014	2013
Prepayments	10,132	11,454	7,946
Rental and other deposits	4,968	7,347	8,122
Interest receivable	2	2,286	2,441
Unbilled disbursements	1,670	2,010	1,933
Other tax and social security receivables	1,836	2,510	3,015
Other receivables	8,690	6,545	6,828
Total other receivables	**27,298**	**32,152**	**30,285**

Other receivables are not overdue or impaired. Other receivables are recognised at amortised costs, which approximate the fair value.

22. Clients’ funds held under Trust

Clients’ funds held under Trust consists of client money that is held in TMF Group bank accounts on behalf of clients. Clients’ funds held under Trust is recorded separately as an asset on the balance sheet of TMF Group. A corresponding liability is recognised within current liabilities to reflect the linked character for TMF Group.

The credit risk on the clients’ funds held under Trust is considered to be very limited. The fair value of clients’ funds held under Trust and clients’ funds ledger balances approximate the carrying value.

In thousands of Euro	2015	2014	2013
Clients’ funds held under Trust	81,432	70,840	52,512
Clients’ funds ledger balances	(81,432)	(70,840)	(52,512)
Net held under Trust	**-**	**-**	**-**

23. Cash and cash equivalents

In thousands of Euro	2015	2014	2013
Cash at bank and on hand	206,362	303,784	293,115
Short-term bank deposits	2,480	22,080	30,801
Bank overdrafts used for cash management purposes - offset with cash at bank	-	-	(233,494)
Total cash and cash equivalents	**208,842**	**325,864**	**90,422**
Bank overdrafts used for cash management purposes - not offset with cash at bank (note 28)	(133,402)	(243,491)	-
Total cash and cash equivalents and bank overdrafts	**75,440**	**82,373**	**90,422**

The carrying value of the cash and cash equivalents approximate the fair value.

TMF Group manages cash pools mainly denominated in Euro, US Dollar, GP Pound and Swiss Franc. In these cash pools, the account balances are notionally offset for interest purposes without the central movement of funds. Interest is earned on the net balance of the pool. The total net balances in the cash pool as at 31 December 2013, 31 December 2014 and 31 December 2015 was respectively €12.9 million, €5.0 million and €5.7 million.

In December 2014 the cash pool balances were transferred to another bank. Under the new cash pool agreement, TMF Group is not able to offset the bank overdrafts against the cash at bank.

For restrictions on cash and cash equivalents refer to note 9.

24. Non-current assets held for sale and discontinued operations

General

The assets and liabilities related to the Fund Services operating segment have been classified as held for sale following a legally binding term sheet to sell 90% of the shares in all Fund Services entities to its current segment management. The legally binding term sheet was signed on 22 December 2014. A sale and purchase agreement was signed on 16 March 2015. The legal transfer of the shares took place in December 2015.

For further information, refer to note 18.

Assets of disposal group classified as held for sale

In thousands of Euro	2015	2014	2013
Intangible assets	-	19,511	-
Property, plant and equipment	-	875	-
Deferred tax assets	-	1,281	-
Trade receivables	-	4,589	-
Other receivables	-	1,138	-
Current tax receivables	-	452	-
Clients’ funds held under trust	-	50	-
Cash and cash equivalents	-	9,857	-
Total	-	**37,753**	-

Liabilities of disposal group classified as held for sale

In thousands of Euro	2015	2014	2013
Provisions (non-current)	-	196	-
Deferred tax liabilities	-	6	-
Provisions (current)	-	246	-
Trade and other payables	-	2,922	-
Current tax liabilities	-	641	-
Clients’ funds ledger balances	-	50	-
Total	-	**4,061**	-

24. Non-current assets held for sale and discontinued operations (continued)

Result on disposal group

In accordance with IFRS 5, it is assessed whether the fair value less costs of disposal of the assets and liabilities held for sale is lower than the carrying value. The fair value less costs of disposal is based on the expected consideration minus the net debt related to this business. In 2014, a net impairment charge of €4.0 million is recognised on the intangible assets held for sale. The fair value calculation qualified as a Level 3 calculation. The discount rate, adjusted EBITDA 2020 and adjusted EBITDA multiple, as used in the calculation amounted to 10%, €6.7 million and 6.4 respectively. For further developments, refer to note 18.

Analysis of the result of discontinued operations, and the result recognized on the re-measurement of assets and liabilities of the disposal group is as follows:

In thousands of Euro	2015 (until 4 December)	2014	2013
Revenue	14,989	18,337	24,215
Operating expenses	(16,379)	(18,522)	(20,625)
Exceptional items	(860)	(1,007)	(1,416)
Depreciation, amortisation and impairment charges	-	(855)	(1,337)
Operating result	**(2,250)**	**(2,047)**	**837**
Net finance costs	(590)	399	(1,983)
Income tax expense	(167)	1,073	877
Result after tax of discontinued operations	**(3,007)**	**(575)**	**(269)**
Pre-tax gain / (loss) recognized on the re-measurement of assets of disposal group (for 2015: refer to note 18)	(10,526)	(5,483)	-
Pre-tax gain / (loss) recognized on the re-measurement of liabilities with respect to the disposal group (for 2015 and 2014: refer to note 18 and 8 respectively)	9,630	1,483	-
Income tax expense	-	-	-
Result for the year from discontinued operations	**(3,903)**	**(4,575)**	**(269)**

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24. Non-current assets held for sale and discontinued operations (continued)

Cash flows

In thousands of Euro	2015 (until 4 December)	2014	2013
Result before income tax	(2,840)	(1,648)	(1,146)
Depreciation, amortisation, impairment	-	855	1,337
Exceptional items	860	1,007	1,416
Net finance costs	590	(398)	1,983
Trade and other receivables	(859)	1,012	1,558
Trade and other payables	(1,351)	(957)	(720)
Changes in foreign currency (excluding movement in currency translation reserve)	(21)	1,408	(495)
Cash generated from operations	*(3,621)*	*1,279*	*3,933*
Income tax paid	(366)	(536)	766
Redundancy and restructuring costs paid	(374)	(1,461)	(1,407)
Provisions	(328)	322	(609)
Net cash (used in) / generated from operating activities and cash flow regarding exceptional items and related provisions	**(4,689)**	**(396)**	**2,683**
Investment in intangible assets	(109)	(246)	(1)
Investment in property, plant and equipment	(574)	(700)	(127)
Disposal of intangible assets and property, plant and equipment	69	502	10
Dividend received	-	165	-
Borrowings issued	-	-	(75)
Borrowings received	-	-	-
Net cash (used in) / generated from investing activities	**(614)**	**(279)**	**(193)**
Proceeds from borrowings	4,235	98	70
Repayment of borrowings	(912)	(133)	(427)
Interest received	16	38	14
Interest paid	(441)	(237)	(3,068)
Dividend paid	(1,534)	-	-
Net cash (used in) / generated from financing activities	**1,364**	**(234)**	**(3,411)**
Entities transferred to continued operations on 1 January 2015	(1,533)	-	-
Exchange gains / (losses) on cash and cash equivalents	165	301	(260)
Total cash flows	**(5,307)**	**(608)**	**(1,181)**

25. Equity

Share capital and share premium

At 31 December 2013, 31 December 2014 and 31 December 2015, the authorized share capital comprised 90,000 ordinary shares. The issued share capital amounts to €18,000 and consists of 18,000 ordinary shares with a nominal value of €1. All shares are fully paid and have similar rights in meetings of the shareholders.

Retained earnings

At 31 December 2013, 2014 and 2015 legal reserves of respectively €14.6 million, €19.8 million and €23.8 million are included in retained earnings. Legal reserves are mandatory statutory reserves held by TMF Group subsidiaries. These reserves and the reserves that are reported as part of Other reserves (note 27) are not available for distribution to shareholders.

26. Share-based payment

In 2014 a plan was initiated to provide a selected and eligible group of senior management of TMF with shares (units) as an employee benefit. In order to execute the plan a new trust fund was established named “TMF JSOP 2014 Employee Benefit Trust” (JSOP). Indirectly the JSOP owns 3.0426% of the shares of TMF Orange Holding B.V. The JSOP created 141,600 ordinary units which are partially distributed to senior management of TMF Group. Senior management received options that give them the right to acquire these units in relation with an exit event. An exit event is defined as a sale or an IPO of TMF Orange Holding B.V. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The exercise price of the granted options is based on the fair value of the underlying shares on the date of the grant.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	(Weighted) average exercise price in € per share option	Options (in 1,000)	(Weighted) average exercise price in € per share option	Options (in 1,000)	(Weighted) average exercise price in € per share option	Options (in 1,000)
	2015		2014		2013	
At 1 January	16.1	34	-	-	-	-
Granted	24.5	114	16.1	34	-	-
Forfeited	16.1	(7)	-	-	-	-
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Total 31 December	**22.9**	**141**	**16.1**	**34**	**-**	**-**

Out of the 141,500 outstanding options, no options were exercisable. One option relates to 0.00388 shares in TMF Group Holding B.V.

26. Share-based payment (continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant-vest	Expiry date	Exercise price in € per share option	Share options (thousands) 2015	2014	2013
2014-07	undefined	16.1	27	34	-
2015-07	undefined	24.4	114	-	-
			141	34	-

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was 16.97 per option (2014: 5.88 per option). The significant inputs into the model were weighted average share price of 31.26 (2014: 21.11) at the grant date, exercise price shown above, volatility of 91.00% (2014: 22.57%), dividend yield of 0% (2014: 0%), an expected option life of 2 years (2014: 2.25) and an annual risk-free interest rate of (0.26)% (2014: 0.54%). The risk free rate is based on a continuous yield on triple A rated Government bonds in the Eurozone with a term to maturity comparable to the expected life of the options, as published by the European Central Bank.

The weighted average share price is based on expected adjusted EBITDA's and cash flows for the coming three years. Expected volatility is estimated by considering historical average share price volatility of comparable companies over a period equal to the expected option term. The total expense recognised in the income statement for share options granted to eligible directors and employees amount to €657 thousand (2014: €150 thousand).

27. Other reserves

Reconciliation of the movement in other reserves

In thousands of Euro	Currency translation reserve	Hedging reserve	Share-based payment reserve	Total other reserves
Balance at 1 January 2013	**12,633**	**(10,654)**	**-**	**1,979**
Translation movements	(13,184)	-	-	(13,184)
Cash flow hedges	-	7,779	-	7,779
Balance at 31 December 2013	**(551)**	**(2,875)**	**-**	**(3,426)**
Balance at 1 January 2014	**(551)**	**(2,875)**	**-**	**(3,426)**
Translation movements	26,713	-	-	26,713
Share-based payments	-	-	150	150
Cash flow hedges	-	3,278	-	3,278
Balance at 31 December 2014	**26,162**	**403**	**150**	**26,715**
Balance at 1 January 2015	**26,162**	**403**	**150**	**26,715**
Translation movements	17,281	-	-	17,281
Share-based payments	-	-	657	657
Cash flow hedges	-	(403)	-	(403)
Balance at 31 December 2015	**43,443**	**-**	**807**	**44,250**

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27. Other reserves (continued)

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve included the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. Amounts accumulated in equity are reclassified to income statement in the periods when the hedged item affects the income statement. Refer also to note 13.

28. Loans and borrowings

In thousands of Euro	2015	2014	2013
Non-current			
Senior secured loan notes *	440,647	438,075	390,277
Senior loan notes *	190,947	189,832	168,638
Secured bank borrowings *	-	7,992	16,090
Related party loan (note 37) *	484,344	425,662	374,246
Unsecured, subordinated loans *	-	-	15,589
Deferred consideration payable **	4,289	15,158	2,811
Other non-current loans and borrowings *	3,250	896	631
Total non-current loans and borrowings	**1,123,477**	**1,077,615**	**968,282**
Current			
Secured bank overdrafts (note 23) *	133,402	243,491	-
Current portion of secured bank borrowings *	36,907	17,687	17,300
Due to related parties (note 37) *	46	235	-
Due from non-consolidated associates *	102	-	-
Deferred consideration payable **	1,828	2,566	3,284
Other current loans and borrowings *	2,261	882	1,505
Total current loans and borrowings	**174,546**	**264,861**	**22,089**
Total borrowings	**1,298,023**	**1,342,476**	**990,371**

* Interest bearing liabilities
** Deferred consideration payables are discounted amounts

TMF Group's primary source of finance is intercompany lending from TMF Group HoldCo B.V. and senior (secured) loan notes. These senior loan notes were issued on 7 December 2012, after which on the same date the senior loan facilities provided by a syndicate of banks were fully repaid. On 22 July 2014, additional senior loan notes were issued.

The deferred consideration payable relates to deferred payments and earn-out agreements with the former shareholders of acquired companies and sellers of client portfolios. Reference is made to note 18 with respect to the valuation of the deferred consideration regarding the Custom House Group.

28. Loans and borrowings (continued)

Terms and repayment schedules

The terms and conditions of outstanding loans, excluding deferred consideration payables and capitalized costs on loan notes, are as follows:

In thousands of Euro	Currency	Nominal interest rate	Year of maturity	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
				2015		2014		2013	
Senior secured Loan notes	Euro	Euribor + 5.375%	2018	454,199	450,000	455,233	450,000	414,457	405,000
Senior loan notes	Euro	9.875%	2019	209,260	195,000	199,900	195,000	190,195	175,000
Unsecured related party loan	Euro	6.26% - 16%	2018 - 2022	523,182	484,344	478,871	425,662	408,771	374,246
Unsecured bank overdraft	Euro / USD	Ibor + 4.0%	Facility expires in 2018	133,402	133,402	243,491	243,491	-	-
Unsecured, subordinated loan	-	-	-	-	-	-	-	15,573	15,589
Financial lease	-	-	-	5,357	5,357	1,502	1,502	1,910	1,910
Other loans and borrowings	-	-	-	37,209	37,209	26,190	26,190	33,616	33,616
Total				**1,362,609**	**1,305,312**	**1,405,187**	**1,341,845**	**1,064,522**	**1,005,361**

The carrying value of the non-current deferred consideration approximate the fair value. The capitalized finance costs amounted to €13.4 million at 31 December 2015 (31 December 2014 and 2013: €17.1 million and €21.1 million respectively).

The fair values disclosed for the senior (secured) loan notes are based on Level 1 fair value calculations. The fair value of the senior secured and senior loan notes is based on the average of the trading price stated by Bloomberg contributors. The average trading price per 31 December 2015 was at 100.933% of the book value for the senior secured loan notes and 107.313% for the senior loan notes.

The fair values disclosed for the unsecured related party loans are based on Level 2 fair value calculations. These calculations concern discounted cash flow models using a rate based on market interest rate and risk premium specific to the loans payable of Euribor + 11.37% (2014 and 2013: + 11.29%). In none of the years, transfers took place between fair value levels. It is contractually agreed that the interest on the unsecured related party loans is rolled-up. Refer to note 37 for further information on related party loans.

The senior loan notes and revolving credit facility, including unpaid interest, are secured over certain shares, bank accounts and intercompany receivables of several entities within TMF Group. At 31 December 2015, the senior loan notes and revolving credit facility, including unpaid interest, amount to €678.0 million. The intercompany receivables are secured up to this amount. The shares are secured up to €144.6 million which comprises the shareholder's equity of TMF Group B.V., the only direct subsidiary of TMF Group Holding B.V. Bank accounts are secured up to €26.7 million.

For the calculation of the amortised cost price of the senior secured loan notes, it is assumed in the prediction of future cash flows that future interest rates on these loan notes are comparable with the variable interest rate in 2012. The effective interest rate of the senior loan notes and bank loans is 0.90% for 2015, 0.90% for 2014 and 0.98% for 2013 higher than the nominal interest rate due to capitalised finance costs.

28. Loans and borrowings (continued)

The exposure of TMF Group's borrowings to interest rate changes are as follows:

In thousands of Euro	2015	2014	2013
12 months or less	615,193	710,927	38,179
1-5 years	198,486	205,887	409,308
Over 5 years	484,344	425,662	542,884
Total	**1,298,023**	**1,342,476**	**990,371**

For the maturity of TMF Group's borrowings refer to note 4.5. For further details on the revolving credit facility refer to note 4.5 and note 4.6.

Finance lease liabilities

The present value of the finance lease liabilities is as follows:

In thousands of Euro	2015	2014	2013
Gross finance lease liabilities – minimum lease payments:			
Less than one year	2,497	1,057	1,499
1-5 years	3,643	1,200	599
Over 5 years	-	-	-
Future finance charges on finance lease liabilities	(783)	(755)	(188)
Present value of finance lease liabilities	**5,357**	**1,502**	**1,910**
Less than one year	2,231	727	1,393
1-5 years	3,126	775	517
Over 5 years	-	-	-
Present value of finance lease liabilities	**5,357**	**1,502**	**1,910**

TMF Group cannot break up any of the finance lease contracts before maturity date. In some of the contracts TMF Group has the right to extent the contract. In the remainder of the contracts such option is not agreed.

29. Derivative financial instruments

In thousands of Euro	2015		2014		2013	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedge	-	-	-	4,796	-	7,156
Balance at 31 December	**-**	**-**	**-**	**4,796**	**-**	**7,156**
Non-current	-	-	-	-	-	7,156
Current	-	-	-	4,796	-	-
Total	**-**	**-**	**-**	**4,796**	**-**	**7,156**

The full fair value of a hedging derivative is classified as non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months. The fair value is based on a Level 2 fair value calculation.

The ineffective portion recognized in the income statement that arises from cash flow hedges amounts to a gain of €5.2 million in 2015, a loss of €0.9 million in 2014 and a loss of €3.3 million in 2013.

TMF Group had no trading derivatives during 2013, 2014 and 2015.

Interest rate swaps

The interest rate swaps ended on 1 December 2015. Until this date, the notional principal amounts of the outstanding interest rate swap contracts were €405 million (31 December 2014 and 2013: €405 million) at an average fixed interest rate of 1.27% (2014 and 2013: 1.27%).

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts were released to the income statement within finance costs until the contractual end date.

30. Provisions

In thousands of Euro	Legal	Restructuring	Onerous contracts	Employee benefits	Other	Total
Balance at 1 January 2013	**7,731**	**10,886**	**2,065**	**-**	**188**	**20,870**
Charged to the income statement:						
- Additions	1,204	573	-	809	939	3,525
- Unwind of discount	232	567	-	153	-	952
- Exchange differences	(390)	(62)	-	(7)	(57)	(516)
Used during the year	(2,524)	(5,085)	(2,065)	(6)	(8)	(9,688)
Balance at 31 December 2013	**6,253**	**6,879**	**-**	**949**	**1,062**	**15,143**
Balance at 1 January 2014	**6,253**	**6,879**	**-**	**949**	**1,062**	**15,143**
Charged to the income statement:						
- Acquired through business combinations (note 6)	-	651	-	-	-	651
- Additions	10,799	6,742	68	809	502	18,920
- Unwind of discount	-	226	-	49	-	275
- Exchange differences	480	244	(2)	7	94	823
Used during the year	(4,175)	(1,843)	-	(216)	(914)	(7,148)
Transferred to disposal group classified as held for sale (note 24)	-	(34)	-	(196)	-	(230)
Balance at 31 December 2014	**13,357**	**12,865**	**66**	**1,402**	**744**	**28,434**
Balance at 1 January 2015	**13,357**	**12,865**	**66**	**1,402**	**744**	**28,434**
Charged to the income statement:						
- Additions	1,038	-	-	410	1,147	2,595
- Unwind of discount	-	172	-	6	-	178
- Exchange differences	708	347	(17)	(1)	(8)	1,029
Used during the year	(12,118)	(6,220)	(49)	(539)	1,104	(17,822)
Balance at 31 December 2015	**2,985**	**7,164**	**-**	**1,278**	**2,987**	**14,414**

	2015	2014	2013
Current	8,762	19,525	4,841
Non-current	5,652	8,909	10,302
Balance at 31 December	**14,414**	**28,434**	**15,143**

30. Provisions (continued)

Legal

The legal provisions relate to legal cases involving subsidiaries of the Company. The amount provided for relates to costs that will be incurred for these legal cases. It is unknown when the legal provisions will be used.

Restructuring

The restructuring provisions have to a great extent been created in 2011 to cover the Equity Trust integration costs, mainly in the Netherlands. At 31 December 2015, only certain onerous office lease agreements resulting from the Equity Trust integration are included. The additions in 2014 related mainly to the intended disposal of the Fund Services business and expected remediation costs following a litigation case in Jersey.

A substantial part of the restructuring provisions will be used in 2016. The remainder will be used in the period up to 2018.

Onerous contracts

The provision for onerous client contracts related to client contracts in Jersey and Hong Kong acquired in the Equity Trust acquisition in 2011. The provision had been fully utilised as at 31 December 2013.

Employee benefits

The provision for employee benefits mainly relates to jubilee and anniversary benefit schemes of which the initial recognition took place in 2013 in the applicable countries.

31. Retirement benefit obligations

Introduction

TMF Group only operates retirement benefit obligations of significant importance in the Netherlands. Minor retirement benefit obligations are present in Switzerland and in some other countries.

The Netherlands

Until 31 December 2014, TMF Group operated four average salary pension schemes in the Netherlands. One new pension scheme was introduced for all Dutch staff on the same date. This new pension scheme qualifies as a defined contribution scheme. The impact of the settlement is separately disclosed on the next pages. In 2015 an additional payment of €0.3 million took place with respect to this plan. This is recognized as a remeasurement loss in other comprehensive income in 2015.

In addition to the new pension scheme, TMF Group agreed to contribute a fixed percentage of yearly gross salary of all staff employed at 31 December 2014 until retirement to a separate fund. This fund will be used for indexation of past service benefits to active staff. TMF Group is not obliged to pay any further contribution. A retirement benefit obligation is recognized at 31 December 2014. This retirement benefit obligation is of a long-term nature.

Switzerland

A minor retirement benefit obligation is present in Switzerland. The benefits in the scheme results from the conversion of a savings account into a retirement pension. The conversion factor of the savings account into a retirement pension is further defined in the rules of the pension plan. The benefits are financed by both TMF Group and the employees. TMF Group contributes approximately two third of the total costs. Considering the net liability, the results on remeasurement and expenses recognized in income statement, this retirement benefit obligation is considered not significant to the Group. As such, only limited IAS 19 disclosures have been included in these financial statements.

Other countries

Some minor retirement benefit obligations are present in other countries. As the individual retirement benefit obligations have negligible impact on the Group financials, no further disclosures have been included in these financial statements.

Liability in the balance sheet

The amounts in the balance sheet were determined as follows and are based on external actuarial reports.

In thousands of Euro	2015	2014	2013
Present value of funded obligations	11,818	9,911	47,434
Fair value of plan assets	(4,755)	(3,410)	(43,154)
Liability in the balance sheet	**7,063**	**6,501**	**4,280**
The Netherlands (average pension schemes)	-	-	2,436
The Netherlands (obligation to indexation fund)	3,754	4,144	-
Switzerland	2,112	1,063	742
Other countries	1,197	1,294	1,102
Liability in the balance sheet	**7,063**	**6,501**	**4,280**

TMF GROUP

Global reach
Local knowledge

31. Retirement benefit obligations (continued)

Movement in the liability for defined benefit obligations

In thousands of Euro	2015	2014	2013
Beginning of year	**9,911**	**47,434**	**43,937**
Current service cost	360	7,202	2,973
Employee contribution	201	1,235	1,215
Interest cost	72	1,725	1,550
Remeasurement (gains) / losses	456	27,788	(655)
Net benefits paid	(1,009)	(1,092)	(281)
Pension transfers	1,328	290	129
Fx impact	499	-	-
Past service costs	-	-	(1,434)
Result on settlements	-	(74,671)	-
End of year	**11,818**	**9,911**	**47,434**
The Netherlands (average pension schemes)	-	-	42,016
The Netherlands (obligation to indexation fund)	3,754	4,144	-
Switzerland	6,728	4,334	4,177
Other countries	1,336	1,433	1,241
End of year	**11,818**	**9,911**	**47,434**

The remeasurement loss in 2015 can be split in a loss from a change in financial and demographic assumptions (€0.5 million) and a loss from experience (€0.2 million).

The expected contribution for 2016 for the Dutch indexation fund and for Swiss pension scheme are respectively €0.4 million and €0.4 million.

31. Retirement benefit obligations (continued)

Movement in plan assets

In thousands of Euro	2015	2014	2013
Beginning of year	**3,410**	**43,154**	**38,866**
Return on plan assets, excluding amounts included in 'interest cost'	55	1,587	1,384
Remeasurement gains / (losses)	(131)	21,813	(1,989)
Employer contributions	489	4,366	4,776
Employee contributions	201	1,235	1,215
Net benefits paid (and net of pension transfers)	(1,009)	(1,092)	(281)
Pension transfers	1,328	290	129
Fx impact	412	-	-
Other costs	-	(300)	(295)
Past service costs	-	-	(651)
Result on settlements	-	(67,643)	-
End of year	**4,755**	**3,410**	**43,154**
The Netherlands (average pension schemes)	-	-	39,580
Switzerland	4,616	3,271	3,435
Other countries	139	139	139
End of year	**4,755**	**3,410**	**43,154**

The remeasurement loss in 2015 is due to differences between the interest income and actual return on assets.

The actual return on plan assets for the years ended 31 December 2015, 2014 and 2013 is respectively €(0.1) million, €23.4 million and €(0.6) million.

The assets in the Dutch average salary plans comprised qualifying insurance policies with a profit sharing arrangement. The value of the profit sharing arrangement was based on the profit sharing provisions in the contracts with the insurance company. All assets were considered as 'not quoted in an active market'.

TMF GROUP

Global reach
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31. Retirement benefit obligations (continued)

Expense recognized in the income statement

In thousands of Euro	2015	2014	2013
Current service cost	360	7,202	2,973
Interest cost	72	1,725	1,550
Other costs	-	300	295
Return on plan assets, excluding amounts included in 'interest cost'	(55)	(1,587)	(1,384)
Past service costs	-	-	(761)
Result on settlements	-	(7,028)	-
Total included in personnel expenses (note 10)	**377**	**612**	**2,673**
The Netherlands (average pension schemes)	-	(4,186)	2,397
The Netherlands (obligation to indexation fund)	-	4,144	-
Switzerland	474	462	295
Other countries	(97)	192	(19)
Total included in personnel expenses (note 10)	**377**	**612**	**2,673**

Principal actuarial assumptions – Dutch average pension schemes

	2015	2014	2013
Discount rate	-	2.00%	3.60%
Future salary increases / inflation	-	2.00%	2.00%
Indexation	-	0.00%-2.00%	0.00%-2.00%
Turnover rate	-	1.30%-28.28%	10.00%-20.00%
Disability rate	-	0.14%-0.46%	0.14%-0.42%
Mortality	-	AG table 2014	AG table 2012-2062

For setting the discount rate the actuary used a basket of euro denominated bonds that are rated "AA" by Merrill Lynch. For durations up to approximately 12 years, this basket of bonds provides usable yield information. For durations over approximately 12 years the yield curve is extended, using ECB statistics on AAA-rated euro area central government bonds. Corporate bonds with a significant bid-ask spread are excluded. Based on this yield curve, and based on the estimated cash flows in the TMF plan, an effective discount rate for all liabilities in the plan is determined.

31. Retirement benefit obligations (continued)

Experience adjustments – Dutch average pension schemes

The experience adjustments on the plan liabilities and assets can be disclosed as follows:

In thousands of Euro	2015	2014	2013	2012	2011
Present value of funded obligations	-	-	42,016	38,394	34,250
Fair value of plan assets	-	-	(39,580)	(35,358)	(31,632)
Deficit in the plan	**-**	**-**	**2,436**	**3,036**	**2,618**
Experience adjustments on plan liabilities loss / (gain)	-	1,276	503	(88)	63
Experience adjustments on plan assets loss / (gain)	-	-	(930)	(114)	(35)

Sensitivity analysis – Dutch average pension schemes

The table below shows the approximate impact on the 2014 and 2013 pension costs and defined benefit obligation if the mentioned key assumptions would change:

Impact on pension costs 2014 In thousands of Euro	Increase assumption	Decrease assumption
Mortality rate (+ 1 year)	127	-
Discount rate (+0.5% resp -0.5%)	(748)	888
Inflation (+0.5% resp -0.5%)	62	(61)

Impact on defined benefit obligation 2014

The impact on defined benefit obligation is nil as the pension schemes are settled before year-end.

Impact on pension costs 2013 In thousands of Euro	Increase assumption	Decrease assumption
Mortality rate (+ 1 year)	71	-
Discount rate (+0.5% resp -0.5%)	(478)	572
Inflation (+0.5% resp -0.5%)	55	(53)

Impact on defined benefit obligation 2013 In thousands of Euro	Increase assumption	Decrease assumption
Mortality rate (+ 1 year)	915	-
Discount rate (+0.5% resp -0.5%)	(4,883)	5,737
Inflation (+0.5% resp -0.5%)	409	(393)

31. Retirement benefit obligations (continued)

Principal actuarial assumptions – Dutch obligation to indexation fund

	2015	2014
Discount rate	2.40%	2.00%
Future salary increases / inflation	2.00%	2.00%
Turnover rate	1.30%-28.28%	1.30%-28.28%
Mortality	AG table 2015	AG table 2014

Principal actuarial assumptions – Switzerland

	2015	2014	2013
Discount rate	0.70%	1.45%	2.15%
Future salary increases / inflation	2.00%	2.00%	2.00%
Indexation	0.00%	0.00%	0.00%
Turnover rate	11% on average	11% on average	11% on average
Mortality	BVG 2010	BVG 2010	BVG 2010

32. Trade and other payables

In thousands of Euro	2015	2014	2013
Non-current			
Deferred income	2,798	4,418	2,902
Cash advances on rent contracts and rent-free periods	4,027	3,916	4,455
Total other payables	**6,825**	**8,334**	**7,357**

In thousands of Euro	2015	2014	2013
Current			
Trade payables	12,642	10,101	12,167
Deferred income	19,550	17,983	12,758
Social security and other taxes	18,331	17,562	16,755
Personnel expenses payable	20,823	20,778	15,975
Accrued expenses	17,261	13,363	12,762
Interest payable	4,612	6,808	6,676
Other payables	9,792	6,872	8,125
Total trade and other payables	**103,011**	**93,467**	**85,218**

The fair value of trade and other payables is close to the carrying value.

33. Cash generated from operations

In thousands of Euro	Note	2015	2014	2013
Result before income tax		(27,562)	(37,295)	(25,903)
Adjustments for:				
Amortisation / impairment	16	18,686	15,277	22,884
Depreciation / impairment	17	8,638	6,757	6,695
Retirement benefit obligations		(439)	(3,754)	(2,103)
Exceptional items	12	19,511	28,205	10,228
Net finance costs	13	107,925	102,532	91,406
Share in result of associates and result in other financial investments	7 / 8	1,789	-	-
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):				
Financial assets		(789)	(596)	(198)
Trade receivables		(5,973)	(2,766)	(6,105)
Other receivables		2,951	(1,920)	3,955
Trade and other payables		8,437	6,461	(3,932)
Clients' funds held under Trust		(7,211)	(14,027)	(1,384)
Clients' funds ledger balances		7,211	14,027	1,384
Changes in foreign currency (excluding movement in currency translation reserve)		6,607	(1,835)	(649)
Cash generated from operations, before exceptional items and income tax paid		**136,781**	**111,066**	**96,278**

34. Cash outflow related to exceptional items

In 2015 the cash outflow related to exceptional items amount to €33.8 million. This cash outflow mainly relate to redundancy costs, acquisition costs and a historical legal case. In 2014 and 2013, the cash outflow related to exceptional items amounted to €18.5 million and €14.7 million respectively. In both years this mainly related to cash outflow on redundancy costs and acquisition costs.

For further details on the exceptional items reference is made to note 12.

35. Commitments

Capital commitments

As at 31 December 2015, 2014 and 2013, capital expenditure for the acquisition of property, plant and equipment contracted for at balance sheet date but not yet incurred amounted to respectively €0.5 million, €0.9 million and nil.

Operating lease commitments

TMF Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. In addition, TMF Group leases various motor vehicles, office and computer equipment under non-cancellable operating lease agreements. The lease expenditure charge to the income statement during 2015, 2014 and 2013 was respectively €29.3 million, €24.8 million and €22.0 million.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

In thousands of Euro	2015	2014	2013
Less than 1 year	26,683	25,606	18,248
1- 5 years	61,488	51,424	44,611
Over 5 years	12,895	14,971	19,779
Total operating lease commitments	**101,066**	**92,001**	**82,638**

Guarantees

As at 31 December 2015, 2014 and 2013, TMF Group has issued guarantees in connection with secured bank borrowings and office lease agreements amounting respectively to €14.2 million, €15.6 million and €14.7 million.

36. Contingencies

Legal claims

TMF Group has the following contingent liabilities in respect to legal claims:

Case 1

A TMF Group company acted as one of the directors of a Dutch holding company whose subsidiary owned a Mexican property. Additional shares were issued by the subsidiary that resulted in the dilution of the Dutch holding company's (and its shareholders') indirect interest in the Mexican property. Legal proceedings were initiated in the Dutch Enterprise Chamber by one of the shareholders in the Dutch holding company alleging mismanagement by all three of its directors (only one of whom, as noted above, was a subsidiary of TMF Group). The Dutch Enterprise Chamber found that there was mismanagement on the part of all the directors. However, the Dutch Enterprise Chamber is not a forum to claim damages, and the relevant shareholder started civil proceedings in the Netherlands against the TMF Group subsidiary and the other directors to claim damages (which damages still need to be substantiated). The plaintiff claimed funding for the civil claim by bringing a related preliminary proceeding in the Netherlands, but this claim was denied by the Dutch courts (in first instance and on appeal). TMF Group denies responsibility and is preparing its statement of defence.

Case 2

A TMF Group company provided certain services in connection with a structured finance transaction, whereby receivables from a bank were transferred to a special purpose vehicle ("SPV") managed and administered by a TMF Group company. The SPV issued notes to investors. The note Trustee on behalf of the note holders filed a claim in Luxembourg against a TMF Group company in November 2012 asserting that certain formalities were not complied with in relation to the transferring of underlying assets and claiming that the SPV is at risk of material loss to the extent that it may be unable to repay the note holders. The proceedings have moved to the London Court of International Arbitration. TMF denies responsibility and is defending the claim.

Case 3

A TMF Group company provided administrative services to a trust that is the issuer for a securitization program. The issuer issued notes to investors in order to acquire its receivables. Part of the administrative services undertaken by a TMF Group company is the calculation of interest to be paid to the note holders based on the transaction documentation. An incorrect rate had been used for a period of time, which resulted in an overpayment of interest to the note holders. A writ was filed against a TMF Group company claiming it is responsible for the overpayment. TMF Group denies responsibility and filed its defence.

Case 4

A TMF Group company acted as one of the directors (but not sole director) of an investment fund that invested in life settlement policies and which alleged has suffered certain losses. One of the investors of this investment fund commenced court proceedings claiming that (among other things) the TMF Group company, as director of the funds, should be held liable for these losses. It is unclear whether any other investors will join in these court proceedings. The court denied the claim in the first instance but the investor has appealed and the appeal decision is due shortly. TMF Group denies responsibility and filed its defence.

36. Contingencies (continued)

Legal claims (continued)

Case 5

During the period from 1994 to 2006, a current subsidiary of TMF Group, acquired in 2008, provided among others directorship services to certain now bankrupt entities of a former client. The Dutch tax authorities claim to have significant unpaid taxes owing from this client and his corporate entities. The grounds for this claim and the quantum of it is still unclear to TMF Group and has to date not been substantiated by the Dutch tax authorities. Nevertheless, the Dutch tax authorities have now commenced a claim that TMF Group and some of its entities be held liable for the unpaid taxes and further damages resulting from its conduct. TMF Group denies any responsibility and is preparing its defence.

While TMF Group cannot predict the outcome of any of the foregoing cases, based upon information currently available to TMF Group which indicate that the claims can be successfully resisted and in light of TMF Group's insurance coverage and other possible indemnification possibilities, management does not believe that the final outcome of these proceedings and any threatened proceedings will have a material adverse effect on TMF Group's business, results of operations or financial condition or will require an outflow of resources other than provided for. At 31 December 2015, €0.2 million is recorded as provision for case 4 to cover defence costs in as far as not covered by insurance

Additional information usually required by IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), is not disclosed on the ground that it can be expected to seriously prejudice the outcome of any of the pending proceedings.

TMF Group has other contingent liabilities in respect to other legal claims arising from the normal course of business however the likelihood of an outflow of resources in respect of these claims is remote and therefore such contingent liabilities are not disclosed or provided for.

Contingent assets

During 2008 TMF Group sold and assigned €9.3 million of certain financial assets and deferred tax assets to Middenberm Group Holding Luxembourg S.A. which is entitled to a return of 10% of the purchase price or the unrecovered portion thereof each year ('Yield'). This Yield will be calculated up to the date that Middenberm Group Holding Luxembourg S.A. has been able to unconditionally transfer all assets to a third party or otherwise realized in cash. If the aggregated proceeds received by Middenberm Group Holding Luxembourg S.A, for all assets are in excess of the purchase price, increased by the Yield, then the amount of excess shall be considered as an adjustment to the purchase price and repaid to TMF Group.

Fiscal unity

The majority of the Dutch entities within TMF Group are part of a fiscal unity with TMF Group HoldCo B.V. As a consequence, those entities and TMF Group HoldCo B.V. are jointly and severally liable for corporate income tax of such a fiscal unity. In some other countries, (some of the) entities form part of a fiscal unity and as a consequence those entities are jointly and severally liable for corporate income tax of such a fiscal unity.

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37. Related party transactions

Ultimate controlling party

The shares in the Company are 100% held by TMF Group HoldCo B.V., which is 100% owned by TMF Orange Holding B.V. 63.24% of the ordinary shares and all preference shares in TMF Orange Holding B.V. are indirectly held by Doughty Hanson & Co V (which comprises a series of English limited partnerships with each limited partnership having a common general partner in Doughty Hanson & Co V Limited) and indirectly by the employees of affiliates of Doughty Hanson & Co V Limited. The remaining 36.76% of the ordinary shares in TMF Orange Holding B.V. are indirectly held by the current and previous management and employees of TMF Group.

In 2015, TMF Group provided services to Doughty Hanson & Co and its associated companies for €993 thousand (2014: €298 thousand; 2013: €145 thousand). The trade receivables (including unbilled services) regarding these services amounted to €314 thousand at 31 December 2015 (31 December 2014 and 31 December 2013, €314 thousand and €30 thousand respectively). No allowance for impairment is recorded on these trade receivables.

The Group has given loans to and received loans from TMF Group HoldCo B.V. The terms agreed on these loans are at arm's length. Refer to note 13, 18 and 28.

Transactions with key management, personnel and advisors

Key management personnel include the Board of Directors and members of the Senior Leadership Team.

Key management personnel compensation comprised:

In thousands of Euro	2015	2014	2013
Wages, salaries and management fees	7,698	7,427	8,117
Share-based payment	657	150	-
Post-employment benefits	299	310	392
Total remuneration of key management	**8,654**	**7,887**	**8,509**

TMF Group provided services to some personal structures of some key management personnel. The related amounts charged to key management personnel are limited and are at arm's length. TMF Group has not had any other material transactions with key management and personnel.

TMF Group has a receivable of €0.4 million (2014 and 2013: nil) on some key management personnel with respect to wage tax and social security contributions on the shares that were awarded under the share-based payment scheme. This receivable is reported as 'Other receivables', refer to note 21.

38. Subsequent events

In February 2016, the Dutch tax authorities finalized their audit on the taxable losses until 2014. The figures disclosed in note 19 include the impact hereof.

39. Independent auditor's fee

The remuneration of PricewaterhouseCoopers Accountants N.V. ('PwC NL') can be specified as follows:

In thousands of Euro	**2015 PwC NL**	**2015 Other PwC network**	**2015 Total PwC network**
Audit of these financial statements	512	218	730
Other audit services	-	1,121	1,121
Total audit services	512	1,339	1,851
Other audit activities	60	312	372
Total PricewaterhouseCoopers Accountants N.V.	572	1,651	2,223
Fiscal advice	443	843	1,286
Other services	-	125	125
Total	**1,104**	**2,618**	**3,633**

In thousands of Euro	**2014 PwC NL**	**2014 Other PwC network**	**2014 Total PwC network**
Audit of the financial statements	333	211	544
Other audit services	-	925	925
Total audit services	333	1,136	1,469
Other audit activities	366	-	366
Total PricewaterhouseCoopers Accountants N.V.	699	1,136	1,835
Fiscal advice	546	164	710
Other services	-	134	134
Total	**1,245**	**1,434**	**2,679**

39. Independent auditor’s fee (continued)

In thousands of Euro	2013 PwC NL	2013 Other PwC network	2013 Total PwC network
Audit of the financial statements	336	220	556
Other audit services	-	769	769
Total audit services	336	989	1,325
Other audit activities	-	22	22
Total PricewaterhouseCoopers Accountants N.V.	336	1,011	1,347
Fiscal advice	460	146	606
Other services	-	-	-
Total	**796**	**1,157**	**1,953**

Signatures to the Company financial statements

The Board of Directors have today discussed and approved these Company Financial Statements for 2015 of TMF Group Holding B.V. (the 'Company'). These Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and the cash flows for the years ended 31 December 2015.

The Company's financial statements are presented for approval at the Annual General Meeting on 31 March 2016.

G.M. Stuart	**M.C. van der Sluijs – Plantz**
J.L.H. Winnubst	**C. Fransen**

Amsterdam, 30 March 2016

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Company income statement

In thousands of Euro	Note	2015	2014	2013
		For the year ended 31 December		
Personnel expenses		-	-	(64)
Professional fees		-	-	(12)
Other expenses		(12)	(7)	(3)
Operating result		**(12)**	**(7)**	**(79)**
Finance income	2	89,673	80,153	73,329
Finance expenses	2	(119,304)	(118,507)	(111,586)
Net foreign exchange result	2	8,081	7,269	(227)
Net finance costs	**2**	**(21,550)**	**(31,085)**	**(38,484)**
Result before income tax		**(21,562)**	**(31,092)**	**(38,563)**
Income tax expense	3	5,326	7,685	9,526
Result for the year		**(16,236)**	**(23,407)**	**(29,037)**

The notes on pages 154 to 163 are an integral part of these company financial statements.

Company statement of comprehensive income

In thousands of Euro	Note	2015	2014	2013
		For the year ended 31 December		
Result for the year		**(16,236)**	**(23,407)**	**(29,037)**
Revaluation of subsidiaries	4	160,053	182,707	(34,763)
Total items that will not be reclassified to income statement		**160,053**	**182,707**	**(34,763)**
Movements in cash flow hedge	8	(403)	3,278	7,779
Total items that may be reclassified subsequently to income statement		**(403)**	**3,278**	**7,779**
Other comprehensive result for the year, net of tax*		**159,650**	**185,985**	**(26,984)**
Total comprehensive result for the year		**143,414**	**162,578**	**(56,021)**

The notes on pages 154 to 163 are an integral part of these company financial statements.

* For all years the tax effect on Other comprehensive income amounts to nil because these transactions are included in the Dutch fiscal unity, which has a negative result before tax and no deferred income tax asset was recognized.

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Company balance sheet

In thousands of Euro	Note	2015	2014	2013
		As at 31 December		
Assets				
Investment in subsidiaries	4	1,181,033	1,020,980	838,273
Financial assets	5	1,168,879	1,059,886	949,469
Total non-current assets		**2,349,912**	**2,080,866**	**1,787,742**
Other receivables		30	29	48
Financial assets	5	1,391	1,008	1,518
Current tax receivables		22,948	17,555	9,641
Cash and cash equivalents	6	209	96	50
Total current assets		**24,578**	**18,688**	**11,257**
TOTAL ASSETS		**2,374,490**	**2,099,554**	**1,798,999**
Equity				
Share capital	7	18	18	18
Share premium	7	180,126	180,126	180,126
Legal reserves	8	780,225	620,575	434,590
Retained earnings	7	(174,548)	(158,312)	(134,905)
Total equity attributable to owners of the parent		**785,821**	**642,407**	**479,829**
Liabilities				
Loans and borrowings	9	1,410,121	1,334,437	1,201,439
Derivative financial instruments	10	-	-	7,156
Total non-current liabilities		**1,410,121**	**1,334,437**	**1,208,595**
Loans and borrowings	9	174,674	112,606	105,592
Derivative financial instruments	10	-	4,796	-
Trade and other payables	11	3,874	5,308	4,983
Total current liabilities		**178,548**	**122,710**	**110,575**
Total liabilities		**1,588,669**	**1,457,147**	**1,319,170**
TOTAL EQUITY AND LIABILITIES		**2,374,490**	**2,099,554**	**1,798,999**

The balance sheet is presented before appropriation of dividends.

The notes on pages 154 to 163 are an integral part of these company financial statements.

Company statement of changes in equity

In thousands of Euro	Share capital	Share premium	Legal reserves	Retained earnings	Total
Balance at 1 January 2015	**18**	**180,126**	**620,575**	**(158,312)**	**642,407**
Result for the year	-	-	-	(16,236)	(16,236)
Other comprehensive income					
Cash flow hedges	-	-	(403)	-	(403)
Revaluation	-	-	160,053	-	160,053
Total other comprehensive income	**-**	**-**	**159,650**	**-**	**159,650**
Total comprehensive income	**-**	**-**	**159,650**	**(16,236)**	**143,414**
Balance at 31 December 2015	**18**	**180,126**	**780,225**	**(174,548)**	**785,821**

In thousands of Euro	Share capital	Share premium	Legal reserves	Retained earnings	Total
Balance at 1 January 2014	**18**	**180,126**	**434,590**	**(134,905)**	**479,829**
Result for the year	-	-	-	(23,407)	(23,407)
Other comprehensive income					
Cash flow hedges	-	-	3,278	-	3,278
Revaluation	-	-	182,707	-	182,707
Total other comprehensive income	**-**	**-**	**185,985**	**-**	**185,985**
Total comprehensive income	**-**	**-**	**185,985**	**(23,407)**	**162,578**
Balance at 31 December 2014	**18**	**180,126**	**620,575**	**(158,312)**	**642,407**

In thousands of Euro	Share capital	Share premium	Legal reserves	Retained earnings	Total
Balance at 1 January 2013	**18**	**180,126**	**461,574**	**(105,868)**	**535,850**
Result for the year	-	-	-	(29,037)	(29,037)
Other comprehensive income					
Cash flow hedges	-	-	7,779	-	7,779
Revaluation	-	-	(34,763)	-	(34,763)
Total other comprehensive income	**-**	**-**	**(26,984)**	**-**	**(26,984)**
Total comprehensive income	**-**	**-**	**(26,984)**	**(29,037)**	**(56,021)**
Balance at 31 December 2013	**18**	**180,126**	**434,590**	**(134,905)**	**479,829**

The notes on pages 154 to 163 are an integral part of these company financial statements.

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Company cash flow statement

In thousands of Euro	2015	2014	2013
	For the year ended 31 December		
Cash flows from operating activities			
Result before income tax	(21,562)	(31,092)	(38,563)
Adjustments for:			
Net finance costs	21,550	31,085	38,484
Changes in working capital:			
Other receivables	27	(5)	(22)
Trade and other payables	(52)	(81)	(3,146)
Changes in foreign currency	116	(1)	(58)
Cash generated from / (used in) operations, before income tax paid	79	(94)	(3,305)
Income tax (paid) / received	(64)	(88)	10,433
Net cash generated from / (used in) operating activities	**15**	**(182)**	**7,128**
Cash flows from investing activities			
Borrowings received	9,162	6,329	6,779
Borrowings issued	(29,353)	(67,194)	-
Interest received	14,355	40,829	12,924
Net cash generated from / (used in) investing activities	**(5,836)**	**(20,036)**	**19,703**
Cash flows from financing activities			
Proceeds from borrowings	161,534	68,700	3,824
Interest paid	(51,924)	(51,618)	(48,696)
Net cash generated from / (used in) financing activities	**109,610**	**17,082**	**(44,872)**
Net movement in cash and cash equivalents and bank overdrafts	**103,787**	**(3,136)**	**(18,041)**
Cash and cash equivalents and bank overdrafts at beginning of the year	(111,328)	(105,542)	(88,509)
Exchange gains / (losses) on cash and cash equivalents and bank overdrafts	(2,854)	(2,650)	1,008
Cash and cash equivalents and bank overdrafts at end of the year	**(10,393)**	**(111,328)**	**(105,542)**

The notes on pages 154 to 163 are an integral part of these company financial statements.

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Notes to the company financial statements

1. General information

General

TMF Group Holding B.V. applies IFRS in the recognition and measurement of assets and liabilities and the determination of the result for its company financial statements. These financial statements are prepared in accordance with the standards laid down by the International Accounting Standards Board and endorsed by the European Union ('IFRS'). Refer to the notes of the consolidated financial statements on pages 52 to 70 for further information on accounting policies, critical estimates and judgements and financial risk management. The valuation principle with respect to the subsidiaries is disclosed in note 4.

These company financial statements voluntarily present three periods instead of two to comply with the agreements made in this respect with the holders of the senior (secured) loan notes.

The fair value calculation of the investment in subsidiaries is considered a critical accounting estimate and judgement. These calculations use post-tax cash flow projections based on financial budgets and five year forecasts approved by management. The annual 'Result from operating activities before exceptional items and depreciation, amortisation, impairment charges' ('adjusted EBITDA') growth for the first 5 years majorly impacts the cash flow projections and is based on past performance and management's expectations of market development. Cash flows beyond the five year period are extrapolated using an estimated perpetual growth rate. Refer to note 4 for all key assumptions used.

Financial risk management

The Company has bank overdrafts that are partly denominated in USD. As at 31 December 2015, if Euro had strengthened / weakened by 5% against the US Dollar with all variables held constant, the result for the year would have been €0.5 million higher / lower, mainly due to operating results in USD. As at 31 December 2014 and 2013, the result for the year would have been €1.1 million higher / lower and €1.1 million higher / lower respectively.

A part of the loans and borrowings of the Company have variable interest rates. Until December 2015, interest rate derivatives were in place to reduce the potential adverse effect of interest changes. If market interest rates had been 100 basis points higher / lower with all other variables held constant, then this would have the following impact:

In million of Euro	2015	2014	2013
Result for the year	1.9 / (1.9)	(0.4) / 0.4	6.5 / (5.6)
Other comprehensive income	-	2.1 / (2.1)	1.7 / (1.5)
Fair value of derivative financial instruments	-	3.1 / (3.1)	7.8 / (6.7)

For further information on financial risk management, refer to note 4 of the consolidated financial statements.

2. Finance income and expenses

In thousands of Euro	2015	2014	2013
Interest income related parties	1,016	896	655
Interest income subsidiaries	88,657	79,257	72,674
Finance income	**89,673**	**80,153**	**73,329**
Secured senior bank loan	(50,174)	(48,504)	(46,810)
Interest rate swaps, transfer from equity and provision	5,199	(918)	(3,280)
Unsecured related party loans	(58,683)	(51,415)	(45,059)
Unsecured loans from subsidiaries	(13,764)	(12,196)	(11,595)
Secured bank overdrafts	(1,702)	(5,236)	(4,788)
Other	(180)	(238)	(54)
Finance expenses	**(119,304)**	**(118,507)**	**(111,586)**
Net foreign exchange result	8,081	7,269	(227)
Net finance costs	**(21,550)**	**(31,085)**	**(38,484)**

In all years the net foreign exchange result mainly arose on US Dollar bank overdrafts and non-EUR loans to subsidiaries.

3. Income tax expense

In thousands of Euro	2015	2014	2013
Result for the year	(16,236)	(23,407)	(29,037)
Total income tax expense	5,326	7,685	9,526
Result before income tax	**(21,562)**	**(31,092)**	**(38,563)**
Tax calculated at the Company's domestic applicable tax rate (25%)	5,391	7,773	9,641
Other non-profit related income taxes	(65)	(88)	(115)
Tax charge	5,326	7,685	9,526
Weighted average effective tax rate	**24.7%**	**24.7%**	**24.7%**

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4. Investment in subsidiaries

In thousands of Euro	2015	2014	2013
1 January	1,020,980	838,273	809,370
Capital increases	-	-	-
Revaluation	160,053	182,707	(34,763)
Conversion shareholder loan	-	-	65,930
Reclassification	-	-	(2,264)
31 December	**1,181,033**	**1,020,980**	**838,273**

Refer to pages 165 to 171 for a list of subsidiaries. TMF Group B.V. is the only direct subsidiary of the Company.

Subsidiaries are initially recognized at available-for-sale instrument and subsequently measured at fair value less cost of disposal. Gains or losses arising from changes in the fair value are presented through equity with impairment losses recognized in the income statement.

The fair value of the subsidiaries is determined on a debt and cash free basis. These calculations used post-tax cash flows projections based on 2016 financial budget and the five year forecasts approved by management.

The fair value of the subsidiaries relating to the Fund Services operating segment are based on the expected consideration minus the net debt related to this business. For further information, refer to note 24 of the consolidated financial statements.

2015	**Benelux**	**EMEA**	**Americas**	**APAC**
Discount rate (a)	6.9%	8.7%	14.1%	9.1%
EBITDA growth (b)	6%	12%	15%	25%
Perpetual growth (c)	0.5%	1.0%	3.2%	1.9%

2014	**Benelux**	**EMEA**	**Americas**	**APAC**
Discount rate (a)	6.9%	8.9%	13.3%	9.8%
EBITDA growth (b)	4%	11%	16%	24%
Perpetual growth (c)	0.5%	0.5%	0.5%	0.5%

2013	**Benelux**	**EMEA**	**Americas**	**APAC**	**Fund Services**
Discount rate (a)	8.3%	9.6%	10.3%	9.1%	8.9%
EBITDA growth (b)	4%	12%	13%	16%	23%
Perpetual growth (c)	1.5%	1.5%	1.5%	1.5%	1.5%

a) Post-tax discount rate applied to the cash flow projection.
b) Year-on-year budgeted annual EBITDA growth for the first 5 years.
c) Year-on-year budgeted EBITDA growth after 5 years.

These assumptions have been used for the analysis of each region.

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4. Investment in subsidiaries (continued)

Sensitivity analysis

In the following table the impact in millions of Euro on the 2015 and 2014 investment in subsidiaries is disclosed if the discount rate or EBITDA growth percentage would be 1% higher:

2015	Benelux	EMEA	Americas	APAC
1% higher discount rate	(121)	(114)	(46)	(81)
1% higher EBITDA growth percentage	40	41	18	26

2014	Benelux	EMEA	Americas	APAC
1% higher discount rate	(95)	(60)	(21)	(28)
1% higher EBITDA growth percentage	44	33	12	15

5. Financial assets

In thousands of Euro	2015	2014	2013
Non-current loans receivable from subsidiaries	1,160,299	1,052,322	942,801
Non-current loans receivable from related parties	8,580	7,564	6,668
Current receivable from subsidiaries	1,391	1,008	1,518
Total financial assets	**1,170,270**	**1,060,894**	**950,987**

Non-current loans receivable from subsidiaries represents money lent to certain subsidiaries under similar terms and conditions as those received by the Company from the related party. A part of the loans has fixed interest rates between 6% and 15% per annum for the majority of the balance due from subsidiaries. The remainder of the loans has variable interest rates between Ibor + 1% and Ibor + 7%.

The fair value of the loans receivable from subsidiaries amount to €1,203.5 million (2014: €1,002.0 million). This fair value is based on Level 2 fair value calculations. These calculations concern discounted cash flow models using a rate base on market interest rate and risk premium specific to the loans receivable of Euribor between + 3.98% and + 11.37% (2014: Euribor between + 4.59% and + 11.29%). In none of the years, transfers took place between fair value levels. As there is no indication that the subsidiaries are not able to meet the repayment schedules, no impairment loss is recognized.

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5. Financial assets (continued)

The movements in the non-current loans receivable from subsidiaries can be specified as follows:

In thousands of Euro	2015	2014	2013
1 January	1,052,322	942,801	968,371
Additions (including accumulated interest)	112,075	103,646	49,976
Repayments	(17,106)	(6,329)	(6,779)
Conversion shareholder loan	-	-	(65,930)
Changes in foreign currency	13,008	12,204	(2,837)
31 December	**1,160,299**	**1,052,322**	**942,801**

The fair value of the non-current loans from related parties approximate the carrying value in all years. In all years, the non-current loans receivable from related parties concerns loans received from TMF Group HoldCo B.V. The loans have an interest rate of 13.25% per annum. This fair value is based on Level 2 fair value calculations. These calculations concern discounted cash flow models using a rate base on market interest rate and risk premium specific to the loans receivable of Euribor +11.37% (2014 and 2013: + 11.29%). In none of the years, transfers took place between fair value levels. As there is no indication that the related parties are not able to meet the repayment schedules, no impairment loss is recognized.

The fair value of the current receivable from subsidiaries approximate the carrying value.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of the financial assets are either past due or impaired. The credit risk is considered to be very limited based on the credit ratings of the related parties and subsidiaries.

6. Cash and cash equivalents

In thousands of Euro	2015	2014	2013
Cash at bank and on hand	209	96	50
Total cash and cash equivalents	**209**	**96**	**50**
Bank overdrafts	(10,602)	(111,424)	(105,592)
Total cash and cash equivalents and bank overdrafts	**(10,393)**	**(111,328)**	**(105,542)**

The carrying value of cash and cash equivalents approximates the fair value.

7. Equity

Share capital and share premium

At 31 December 2013, 31 December 2014 and 31 December 2015, the authorized share capital comprised 90,000 shares divided into 90,000 ordinary shares. The issued share capital amounts to €18,000 and consists of 18,000 ordinary shares with a nominal value of €1 each. All shares are fully paid. All shares have similar rights in meetings of the shareholders.

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8. Legal reserves

In thousands of Euro	Hedging reserve	Revaluation	Total legal reserves
Balance at 1 January 2013	**(10,654)**	**472,228**	**461,574**
Cash flow hedge	7,779	-	7,779
Revaluation	-	(34,763)	(34,763)
Balance at 31 December 2013	**(2,875)**	**437,465**	**434,590**
Balance at 1 January 2014	**(2,875)**	**437,465**	**434,590**
Cash flow hedge	3,278	-	3,278
Revaluation	-	182,707	182,707
Balance at 31 December 2014	**403**	**620,172**	**620,575**
Balance at 1 January 2015	**403**	**620,172**	**620,575**
Cash flow hedge	(403)	-	(403)
Revaluation	-	167,891	167,891
Balance at 31 December 2015	**-**	**788,063**	**788,063**

In accordance with Art. 2:390 Dutch Civil Code a revaluation reserve is maintained for the unrealized revaluation of subsidiaries valued at fair value less cost of disposal. For further details on the hedging reserve, refer to note 27 of the consolidated financial statements. Both the hedging reserve and the revaluation reserve are legal reserves and as such are not available for distribution to the shareholders.

The revaluation reserve contains mandatory statutory reserves held by subsidiaries. These legal reserves are not available for distribution to the Company. At 31 December 2015, 2014 and 2013, these mandatory statutory reserves amounted to respectively €23.8 million, €19.8 million and €14.6 million.

9. Loans and borrowings

In thousands of Euro	2015	2014	2013
Non-current			
Senior secured loan notes	445,157	443,747	397,292
Senior loan notes	192,901	192,290	171,669
Related party loan	484,344	425,661	374,246
Due to subsidiaries	287,719	272,739	258,232
Total non-current loans and borrowings	**1,410,121**	**1,334,437**	**1,201,439**
Current			
Secured bank overdrafts	10,602	111,424	105,592
Secured bank borrowings	29,300	-	-
Due to subsidiaries	134,772	1,182	-
Total current loans and borrowings	**174,674**	**112,606**	**105,592**
Total borrowings	**1,584,795**	**1,447,043**	**1,307,031**

Terms and repayment schedules

The terms and conditions of outstanding loans are as follows:

In thousands of Euro	Currency	Nominal interest rate	Year of maturity	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Senior secured loan notes	Euro	Euribor + 5.375%	2018	454,199	450,000	455,233	450,000	414,457	405,000
Senior loan notes	Euro	9.875%	2019	209,260	195,000	199,900	195,000	190,195	175,000
Related party loan	Euro	6.26%-15%	2018-2022	523,182	484,344	478,871	425,662	408,771	374,246
Due to subsidiaries	Euro / GBP / USD / CZK	6%-15% and Ibor + 1%-10%	2018-2022	435,088	422,491	244,651	273,919	243,417	258,232
Unsecured bank overdrafts	Euro	Ibor + 4.0%	Facility expires in 2018	10,602	10,602	111,424	111,424	105,592	105,592
Secured bank borrowings	Euro	Ibor + 4.0%	Facility expires in 2018	29,300	29,300	-	-	-	-
Total				**1,661,631**	**1,591,737**	**1,490,079**	**1,456,005**	**1,362,432**	**1,318,070**

The capitalized finance costs amounted to €6.9 million at 31 December 2015 (31 December 2014 and 2013: €9.0 million and €11.0 million respectively).

9. Loans and borrowings (continued)

Terms and repayment schedules (continued)

The fair values disclosed for the senior (secured) loan notes are based on Level 1 fair value calculations. The fair values disclosed for the related party loans and loans from subsidiaries are based on Level 2 fair value calculations. These calculations concern discounted cash flow models using a rate based on market interest rate and risk premium specific to the loans payable of partly Euribor + 3.98% and partly Euribor + 11.37% (2014 and 2013: partly Euribor + 4.59% and partly Euribor + 11.29%). In none of the years, transfers took place between fair value levels. Refer to note 37 of the consolidated financial statements for further information on loans from related parties.

The fair value of the senior secured and senior loan notes is based on the average of the trading price stated by Bloomberg contributors. The average trading price per 31 December 2015 was at 100.933% of the book value for the senior secured loan notes and 107.313% for the senior loan notes.

The exposure of TMF Group's borrowings to interest rate changes and the contractual re-pricing dates are as follows:

In thousands of Euro	2015	2014	2013
12 months or less	850,964	786,434	316,341
1-5 years	249,487	197,963	397,292
Over 5 years	484,344	462,646	593,398
Total	**1,584,795**	**1,447,043**	**1,307,031**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the period remaining to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (and thus excluding capitalized finance costs).

In thousands of Euro	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2015				
Loans and borrowings	174,674	-	924,811	492,253
Trade and other payables	3,874	-	-	-
At 31 December 2014				
Loans and borrowings	112,606	-	645,000	698,399
Derivative financial instruments	4,796	-	-	-
Trade and other payables	5,308	-	-	-
At 31 December 2013				
Loans and borrowings	105,592	-	-	1,201,439
Derivative financial instruments	-	7,156	-	-
Trade and other payables	4,983	-	-	-

10. Derivative financial instruments

Reference is made to note 29 of the consolidated financial statements.

11. Trade and other payables

The carrying value of trade and other payables approximates the fair value.

12. Commitments

Operating lease commitments

The Company has no operating lease commitments at balance sheet date.

13. Contingencies

With respect to contingencies reference is made to note 36 of the consolidated financial statements.

14. Related party transactions

Ultimate controlling party

The shares in the Company are 100% held by TMF Group HoldCo B.V., which is 100% owned by TMF Orange Holding B.V. 63.24% of the ordinary shares and all preference shares in TMF Orange Holding B.V. are indirectly held by Doughty Hanson & Co V (which comprises a series of English limited partnerships with each limited partnership having a common general partner in Doughty Hanson & Co V Limited) and indirectly by the employees of affiliates of Doughty Hanson & Co V Limited. The remaining 36.76% of the ordinary shares in TMF Orange Holding B.V. are indirectly held by the current and previous management and employees of TMF Group.

The Company has received loans from TMF Group HoldCo B.V. and has given and received loans to / from subsidiaries. Reference is made to note 5 and 9. The terms agreed on these loans are at arm's length.

Other transactions with key management and personnel

The Company has not had any other material transactions with key management and personnel.

15. Differences in equity and income statement between the company and consolidated financial statements

In thousands of Euro	2015	2014	2013
Equity according to consolidated financial statements	(254,650)	(233,626)	(200,841)
Add: Difference in valuation of subsidiaries in company financial statements (being 'fair value less costs of disposal')	1,040,471	876,033	680,670
Equity according to company financial statements	**785,821**	**642,407**	**479,829**
Result for the year according to consolidated financial statements	(38,954)	(52,106)	(30,525)
Add: Difference in valuation of subsidiaries in company financial statements (being 'fair value less costs of disposal')	22,718	28,699	1,488
Result for the year according to company financial statements	**(16,236)**	**(23,407)**	**(29,037)**

16. Directors emoluments

Reference is made to note 38 of the consolidated financial statements.

TMF GROUP Global reach Local knowledge

Other information

Appropriation of the result for the year

According to Article 23 of the Company's Articles of Association, the treatment of the net result for the year is at the discretion of the General Meeting of Shareholders. The Board of Directors propose to deduct the loss for the year of €16.2 million from the retained earnings.

Report of the independent auditor

For the report of the independent auditor, reference is made to page 37 to 39 of the consolidated financial statements.

Subsequent events

For the note on the subsequent events, reference is made to page 146 of the consolidated financial statements.

Global reach
Local knowledge

TMF Group entities

The entities of TMF Group by country of incorporation as at 31 December 2015 are included below. All entities have a balance sheet date of 31 December.

Argentina
Almagesto S.R.L.
FCM Services SA
TMF Argentina S.R.L.
TMF Outsourcing S.R.L.
TMF Trust Company (Argentina) S.A.

Aruba
TMF (Aruba) N.V.
Vokad Aruba N.V.

Australia
TMF Australia RET Services Pty Limited
TMF Corporate Services (AUST) PTY Limited
TMF Nominees (AUST) PTY Limited

Austria
APS Buchfuhrungs- & Steuerberatungs Gmbh
dr. mayer gmbh wirtschaftstreuhand- und steuerberatungsgesellschaft
S.A.L.E.M. Assets Holding GmbH
TMF Accounting & Payroll Steuerberatungsgesellschaft GmbH
TMF Austria GmbH

Barbados
TMF Barbados Inc

Belgium
Poku Holding B.V.B.A.
TMF Accounting Services B.V.B.A
TMF Belgium N.V.
Van Dungen Automaten Exploitatie en Beheer B.V.B.A.

Bermuda
TMF (Bermuda) Limited

Bolivia
TMF Bolivia S.R.L.

Brazil
TMF APRIORI Sericos Contabeis LTDA
TMF APRIORI Tecnologia da Informacao LTDA
TMF Brazil Assessoria Contabil e Empresarial Ltda.
TMF Brazil Servicos Administrativos e Processamento de Dados Ltda.
TMF Sao Paulo Administracao e Participacoes Ltda.

British Virgin Islands
Aguila Nominees Limited
Alstonia Investments Ltd.
Anglo Nominees Limited
Anshun Services Limited
Barretta Limited
Bicourt Ltd.
Birchtown Limited
Bishopsgate Nominees Limited
Bison Financial Services Limited
Bison Group Limited
Business Administration Services Limited
Candorland Limited
Carissa Limited
Carringbay Limited
Chapway Limited
CMS Limited
Commonwealth Fund Services Limited
Commonwealth Services Limited
Commonwealth Trust Limited
Derard Limited
Elara Group Limited
EQ Capital Plan Limited
EQ Executorship Services (BVI) Limited
EQ Fund Services (BVI) Limited
EQ Protectors Limited
Equity International Holdings Limited
F.M.C. Limited
Fanlau Limited
Fides Management Services Ltd.
Financial Trustees Limited
Fort Trust Company Limited
GCI Management Limited
Guarantee Management Ltd.
Guardian Trust and Securities Co. Ltd.
Havelet Trust Company (BVI) Limited
Homestead Management Limited
Imperial Trust Limited
Insinger Corporate Formations (BVI) Limited
Insinger Trust (BVI) Limited
Insinger Trustee Services (BVI) Limited
International Management Company (BVI) Limited
JAI Services Limited
Jasmine Nominees Limited
JH Ltd.
JN Ltd.
KCS China Limited
KCS Holdings (I) Limited
KCS Limited
KCS Services Limited
Kelday International Limited
LDC Financial Services Ltd
Leadenhall Services Limited
Lebaron Ltd
Leconte Ltd
Lucasjet Limited
Manacor (BVI) Limited
Manfell Limited
Marek Limited
Mediator Holdings Inc.
Melgusa Limited
MN Limited
Moonchamps Limited
Moultrie Investments Limited
OCM Management Limited
Oldwick Holdings Limited

Opti Resources Limited
Optimal Corporate Services (BVI) Limited
Panbridge Nominee (Asia) Limited
PAS Limited
Prestocorp Limited
Prosec Limited
Pyramide Holding Limited
Quorum Corporate Services Limited
Ribalta Holdings Inc.
Rossan Corporate Management Ltd.
S.B. Vanwell Ltd
S.C.S. Limited
Sage Trust Company Limited
Sealight Trust Limited
Securities Management Ltd.
Shellbourne Trust Company (BVI) Limited
Shellbourne Trust Corporation
Shellbourne Trustees (BVI) Limited
Southfield Management Limited
SPC Directors Limited
Taunton Trading Limited
Threadneedle Services Limited
Tiepin Services Limited
TMF (BVI) Ltd.
TMF Administration Services Limited (BVI)
TMF Authorised Representative (BVI) Ltd.
TMF Capital (BVI) Limited
TMF Company Limited
TMF Corporate Services (BVI) Limited
TMF Corporation (BVI) Limited
TMF Directors Limited
TMF Fundservices (BVI) Limited
TMF Group (BVI) Limited
TMF Group International Limited
TMF Incorp Directors (BVI) Limited
TMF Management (BVI) Limited
TMF Management Services Limited
TMF Transactions Limited
TMF Trust Company (Asia) Limited
Tower Secretaries Limited
Universal Corporate Services (BVI) Ltd.
Vencourt Limited
Vision Tower Limited
Vision Tower Purpose Trust
Wickhams Cay Trust Company Limited
Worldwide Financial Services Limited

Bulgaria
TMF Bulgaria E.o.o.d
TMF Services EOOD

Canada
TMF Canada Management Inc.

Cayman Islands
Fides Limited
TMF (Cayman) Ltd.
TMF Nominees Ltd.

Chile
TMF Administradora S.A.
TMF Chile Asesorias Empresariales Ltda.
TMF Empresa de Servicios Transitorios Ltda.
TMF Servicios Integrales Ltda.

China
Beijing KCS East Business Registration Agency Firm
TMF Services (China) Co., Ltd
TMF Services Limited

Colombia
Global Process Outsourcing S.A.S.
TMF Colombia Ltda.

Costa Rica
TMF Costa Rica (TMFCR) Ltda.

Croatia
TMF Croatia d.o.o.

Curacao
Bermaju N.V.
BFT (Curacao) N.V.
Cape Capital Foundation
Cape Capital Holding N.V.
Curab N.V.
EQ Trust Caribbean Holding N.V.
Etrusco N.V.
N.V. Fides
Pietermaai Building Association N.V.
Stichting Beheer TMF Curacao
Sweetlake Corporation N.V.
Tiana Services N.V.
TMF Curacao Holding B.V.
TMF Curacao N.V.

Cyprus
Equity Trust E.Q. (Cyprus) Ltd.
Stozelia Holdings Limited
TMF Administrative Services Cyprus Limited
TMF Company Secretary (CY) Limited
TMF Management Limited

Czech Republic
TMF Assets a.s.
TMF Czech a.s.
TMF Management Services s.r.o.

Denmark
TMF Denmark A-S

Dominican Republic
TMF Republica Dominicana C. por A.

Ecuador
TMF Ecuador S.A.

Egypt
TMF Egypt L.L.C.

El Salvador
TMF El Salvador Ltda de C.V.

Estonia
TMF Services Estonia OU

Ethiopia
TMF Group Ethiopia Plc

Finland
TMF Finland OY

France
Cinephil France S.A.S.
TMF Accounting France SAS
TMF France Management Sarl
TMF France S.A.S.
TMF VAT Services France S.A.S.

Germany
TMF Deutschland AG
TMF Management Holding Deutschland GmbH
Una Incorporation GmbH
Una Management GmbH

Ghana
TMF Ghana Ltd

Greece
TMF Group Administrative Services (Hellas) EPE - TMF Group (Hellas) EPE

Guatamala
TMF Guatamala Ltda.

Guernsey
Equity (Guernsey) Holdings Limited

Honduras
TMF Services Honduras S. de R.L.

Hong Kong
Abraxas International Limited
Abraxas Limited
Alhambra Limited
Bencory Limited
Berycon Limited
Byrneco Limited
Byrneco Management Services Limited
Capital Holdings Inc.
Cobyrne Limited
Commondale Limited
Dale Nominees Ltd.
EQ Corporate Management (China) Limited
EQ Enterprises Limited
EQ Group Services (HK) Limited
EQ Holdings (HK) Limited
EQ Sig Limited
Fanlaw Limited
FK Administration Limited
FK Shareholders No.1 Ltd
FK Shareholders No.2 Ltd
Folly Fort Limited
Glen Nominees Ltd.
Gold Bright International Limited
KCS Asia Holdings Limited
KCS China Holdings Limited
KCS Fiduciaries Limited
KCS Hong Kong Limited
KCS TW Limited
Kelday Enterprises Limited
Kelday International Limited
Keningnau Nominee Limited
King's Nominees Limited
Lebaron Ltd
Marvel Nominees Limited
Pacific Taxation Services Limited
Padnall Enterprises Limited
Panbridge Nominee Limited
Prince's Nominees Limited
Secnomcon Limited
Secreco Limited
Seraph Limited
Silk Nominees Limited
Swinside Investments Limited
TMF Fiduciaries Limited
TMF Hong Kong Limited
TMF Secretarial Services Limited
TMF Secretaries (HK) Limited
TMF Signatories Limited
TMF Trust (HK) Ltd.
Trendline Limited
Venezie Nominees Limited
Veritatem & Co.
Veritatem Hong Kong Limited
Vixen Limited

Hungary
Freeway Entertainment Kft
Independent CAM Kft
Synonance Patents and Trademarks Kft
TMF Hungary Accounting and Services Limited Liability Company

India
TMF Services India Private Ltd.

Indonesia
PT K C Services Indonesia
PT TMF Indonesia

Ireland
TMF Administration Services Limited
TMF Management (Ireland) Limited
TMF Management Holding (Ireland) Limited

Israel
TMF Management and Accounting Services (Israel) Ltd.

Italy
Gentili & Partners - Studio Professionale Associato
TMF & Partners S.p.A.
TMF Compliance (Italy) S.r.l.
TMF Ferri Minnetti Piredda S.r.l.
TMF Filing Services Italy SRL
TMF Invest Italy S.r.l.
TMF Management Italy Srl
TMF Payroll Services Italy S.r.l.

Jamaica
TMF Jamaica Limited

Japan
TMF Group Limited (Japan)

Jersey
Amarado Limited

CH Limited
CN Limited
EQ Council Member Ltd.
EQ Directors One Ltd.
EQ Directors Two Ltd.
EQ Executors and Trustees Limited
EQ Holdings (Jersey) Limited
EQ Life Limited
EQ Secretaries (Jersey) Limited
EQ Trust Holdings (Jersey) Limited
Equity Trust (Jersey) Limited
Equity Trust Guernsey Limited
Equity Trust Services Limited
Leadenhall Nominees Limited
Leadenhall Trust Company Limited
Manacor (Jersey) Limited
Manacor Nominees (Jersey) Ltd.
TMF Channel Islands Limited
TMF Charitable Trustee Limited
TMF Group Services (Jersey) Limited
TMF1 LIMITED
TMF2 Limited

Kazakhstan
TMF Kazakhstan LLP.

Kenya
TMF Kenya Ltd.

Korea
TMF Korea Co., Ltd.

Labuan
Britannia Limited
Equity Trust (Labuan) Sdn. Bhd.
Guarantee Management Purpose Trust
Marriott Investments Ltd.
Tiara Ltd.
TMF Fund Services Asia Limited
TMF Holdings Asia Limited
TMF International Pensions Limited
TMF Management Limited
TMF Secretaries Limited
TMF Treasury Limited
TMF Trust Labuan Limited

Latvia
TMF Latvia SIA

Liechtenstein
Byrne Trust Company Limited
TMF Management Services Anstalt

Lithuania
TMF Services UAB

Luxembourg
EQ Audit S.à r.l.
Equity Trust Holdings S.à.r.l.
Fides (Luxembourg) S.A.
Immobiliere Vauban S.A.
KloppenbergInternational Pyramide Holdings (Luxembourg) S.A.
Invex S.àr.l
Manacor (Luxembourg) S.A.
Mutua (Luxembourg) S.A.
Stichting Administrative Foundation Manacor Luxembourg
TMF Administrative Services S.A.
TMF Compliance (Luxembourg) S.A.
TMF Corporate Services S.A.
TMF Fund Services (Luxembourg) S.A.
TMF Luxembourg Holding S.A.
TMF Luxembourg S.A.
TMF Participations S.à r.l.
TMF Secretarial Services S.A.

Malaysia
EQ Secretaries Sdn. Bhd.
TMF Administrative Services Malaysia Sdn. Bhd.
TMF Global Services (Malaysia) Sdn. Bhd.
TMF Trustees Malaysia Bhd.

Malta
Equity Fund Services (Holdings) Limited
Equity Trust Malta Limited
TMF Management and Administrative Services (Malta) Limited

Mauritius
Chardon Limited
Palisade Limited
Sentry Limited
TMF Mauritius Limited

Mexico
Servicios De Personal Y Control Plus S. De R.L. De C.V.
TMF BPO Services S. de R.L. de C.V.
TMF Business Process Outsourcing S. de R.L. de C.V.

New Zealand
TMF Corporate Services New Zealand Limited
TMF Fiduciaries New Zealand Limited
TMF General Partner Limited
TMF Trustees New Zealand Ltd.

Nicaragua
TMF Nicaragua y Compania Ltda.

Nigeria
TMF Administrative Services Nigeria Limited

Norway
TMF Norway A.S.
TMF VAT Services AS

Panama
Equity Directors (Panama) Ltd.
Equity International Incorporation (Panama) S.A.
Equity Presidents (Panama) Ltd.
Equity Treasurers (Panama) Ltd.
TMF Administration Services Panama Ltd.
TMF Mid-America Corp.
TMF Panama S. de R.L.

Paraguay
TMF Paraguay Ltda.

Peru
TMF Peru S.R.L.

Philippines
TMF Asia B.V. Philippines Inc.
TMF Philippines Inc.

Poland
TMF Poland Sp. z.o.o.
TMF VAT Services Poland Sp. z.o.o.

Portugal
TMF PT Servicos de Gestao e Administracao de Sociedades, Lda.

Qatar
TMF Group Business Services LLC

Romania
TMF Accounting and Payroll S.R.L.
TMF Management S.R.L.
TMF Romania S.R.L.

Russia
Corporate Management Rus L.L.C. - CMR, LLC
RMA Services, Ltd. RMA Services o.o.o.
TMF RUS, Ltd.

Samoa
TMF (Samoa) Limited

Serbia
TMF Services d.o.o. Beograd

Seychelles
TMF Group Seychelles Limited

Singapore
Equity Trust Services (Singapore) Pte Limited
KCS Business Services Pte Ltd
KCS Corporate Services Pte Ltd
KCS Executive Recruiment Services Pte Ltd
KCS Outsourcing Solutions Pte Ltd
KCS Payroll Express Pte Ltd
TMF Singapore H Pte. Ltd.
TMF Trustees Singapore Limited

Slovakia
FMTA s.r.o.
TMF AUX, s.r.o.
TMF Services Slovakia s.r.o.

Slovenia
TMF Racunovodstvo in administrativne storitve D.O.O.

South Africa
GMG Hypoport (Pty) Ltd
Means West Road South No 11 GP011 (Pty) Ltd
Montserrat Pty Ltd
TMF Administrative and Management Services (Pty) Ltd.
TMF Corporate Services (South Africa) (Pty) Ltd

Spain
Freeway Spain S.L.
TMF Latin America Holding Spain One S.L.U.
TMF Latin America Holding Spain Two S.L.U.
TMF Management Holding Spain S.L.U.
TMF Management Spain, S.L.
TMF Participations Holdings (Spain) S.L.
TMF Sociedad de Dirección, S.L.
TMF Sociedad de Participación, S.L.
TMF Spain S.A.
TMF VAT & Fiscal Representation Services Spain, S.L.

Sweden
TMF Sweden AB

Switzerland
TMF Brunnen A.G.
TMF Investments S.A.
TMF Services S.A.

Taiwan
TMF Taiwan Ltd.

Tanzania
TMF Service Tanzania Limited

Thailand
TMF Group Holding (Thailand) Limited
TMF Thailand Ltd.

The Netherlands
BFT Nederland B.V.
Clear Management Company B.V.
Custom House Fund Services (Netherlands) B.V.
EQ Escrow Services B.V.
Freeway CAM B.V.
Freeway Entertainment Group B.V.
Freeway Patents and Trademarks B.V.
Jeewa B.V.
Kloppenberg Beheer B.V.
Manacor (Nederland) B.V.
Musibell B.V.
Nationale Trust Maatschappij N.V.
Nomet Management Services B.V.
Parnassus Trust Amsterdam B.V.
RevCheck B.V.
Stichting Administratiekantoor Dolfinco
Stichting Administratiekantoor TMF Depositary
Stichting Administrative Foundation Manacor Luxembourg
Stichting Cerulean
Stichting Derdengelden TMF
Stichting Ecotree
Stichting Eljan
Stichting Equity
Stichting Freeway Custody
Stichting Therog
Stichting TMF Participations
TMF Asia B.V.
TMF Bewaar B.V.
TMF Depositary N.V.
TMF Financial Services B.V.
TMF Group B.V.
TMF Group Holding B.V.
TMF Group Invest Two B.V.
TMF Group Services B.V.
TMF Group Services II B.V.
TMF Holding B.V.
TMF Holding Eastern Europe B.V.
TMF Holding International B.V.
TMF Latin America B.V.

TMF Leasing B.V.
TMF Management B.V.
TMF Middle East and Africa B.V.
TMF Netherlands B.V.
TMF North America B.V.
TMF Participations B.V.
TMF Poland B.V.
TMF Services B.V.
TMF SFS Management B.V.
TMF Slovakia B.V.
TMF Structured Finance Services B.V.
TMF Structured Products B.V.
TMF Trustee B.V.
Tradman FS Holding B.V.
Tradman IP Holding B.V.
Tradman Netherlands B.V.
Tudac B.V.
Venture Support B.V.

Turkey
CPA Serbest Muhasebeci Mali Musavirlik A.S.
TMF Yonetim Hizmetleri Limited Sirketi

Ukraine
TMF Ukraine L.L.C.

United Kingdom
470 Limited
Caravel Management Limited
Chigwell Investments Limited
EQ Trust UK Limited
Equity Trust (UK) Limited
Equity Trust Consultants (UK) Limited
Equity Trustees (UK) Limited
Freeway CAM (UK) Limited
Joint Corporate Services Limited
Joint Secretarial Services Limited
Krisolta Film & TV (UK) Limited
Praxis MGT Limited
Sonic Corporate Services Limited
TMF Agency Solutions Limited
TMF Corporate Administration Services Limited
TMF Corporate Secretarial Services Limited
TMF Corporate Services Limited
TMF Holding UK Limited
TMF Management (UK) Limited
TMF Management Holding UK Limited
TMF Nominees Limited
TMF Services (UK) Limited
TMF Trustee Limited
TMF VAT Services Limited
Warwick Investments Limited
WH Secretaries Limited

United States of America
Lord Securities (Delaware) L.L.C.
Lord Securities Corporation
TMF US Holding Inc.
TMF USA Inc.

Uruguay
Parnassus S.R.L.
TMF International Services Uruguay S.A.
TMF Trust Company (Uruguay) S.A.
TMF Uruguay Administradora de Fondos de Inversión y Fideicomisos S.A.
TMF Uruguay S.R.L.

Venezuela
TMF Services Venezuela C.A.
TMF Venezuela C.A.

Vietnam
KCS Vietnam Company Limited
TMF Vietnam Company Limited

The above subsidiaries are consolidated in the figures of TMF Group. On the following subsidiaries a non-controlling interest is reported:

Entity name	Country of incorporation	Non-controlling interest (%)
Cinephil France S.A.S.	France	40
Freeway Entertainment Kft	Hungary	40
Independent CAM Services Kft	Hungary	40
Freeway CAM B.V.	The Netherlands	40
Freeway Entertainment Group B.V.	The Netherlands	40
Freeway Patents and Trademarks B.V.	The Netherlands	40
Jeewa B.V.	The Netherlands	40
RevCheck B.V.	The Netherlands	40
Freeway Spain S.L.	Spain	40
Freeway CAM UK Limited	United Kingdom	40
Krisolta Film & TV UK Ltd.	United Kingdom	40