TMF GROUP

Global reach
Local knowledge

CONSOLIDATED ANNUAL REPORT

TMF Orange Holding B.V.

2017

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DIRECTORS' REVIEW

TMF Group is a leading global provider of compliance and administrative services to over 28,000 clients within a €10 billion market. With 127 offices in 83 jurisdictions, TMF Group believes it is uniquely positioned to support its clients both locally and globally. In an increasingly complex regulatory environment, TMF Group serves its multinational corporate, investment fund and sovereign wealth fund clients as they invest, operate and grow internationally.

TMF Group organises its operations through the following geographic regions:

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

TMF Group offers its clients the following core services:

- *Accounting & Tax* – assisting clients with their financial reporting and tax compliance obligations. These services include preparing statutory accounts and tax filings, and providing local and group management and consolidated reporting in accordance with relevant accounting standards.
- *Corporate secretarial and legal administration* – establishing and maintaining financing and holding companies and other legal entities in compliance with applicable laws. These services include managing corporate legal and compliance procedures, such as organising and recording board and shareholders' meetings. TMF Group also provides domiciliary and management services, as well as local representatives and directors with necessary expertise required for clients to conduct business in a particular jurisdiction.
- *Human resources ("HR") and payroll* – human resources services, payroll processing and management reporting. These services include local employer filings, preparing employment contracts and tailoring employee guidelines (and group-wide policies) to local requirements, providing training assistance and securely maintaining personal confidential information, each in compliance with relevant legislation and market practice.

TMF Group provides these services to two separate markets:

- *Global Business Services ("GBS")* market focusing on foreign operating entities of multinational corporations that are based outside of that multinational's home country, as well as local small-to-medium size entities; and
- *Trust & Corporate Services ("TCS")* market focusing on servicing holding and financing entities including funds, trusts and special purpose vehicles.

TMF Group has a diverse client base that includes corporates, financial institutions, private equity and real estate funds, family offices and a small number of private clients.

Of these, it focuses primarily on providing services to multinational corporations. TMF Group's clients are primarily companies using subsidiaries to conduct commercial operations outside of their home jurisdiction and to create more efficient overall corporate structures. Its client base is highly diversified, with no single client contributing more than 1 percent of revenue.

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 accounting & tax, corporate secretarial and legal administration and HR and Payroll 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 the jurisdictions where TMF Group has a presence, either due to lack of local expertise or conflict of interest. TMF Group currently has 127 offices located in 83 jurisdictions, including major developing markets such as Brazil, China, India, Indonesia, Mexico and the United Arab Emirates, 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, the 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 they performed those services for themselves.

The majority of the services that TMF Group provides are designed to keep clients' administrative and certain financial processes 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 flow Conversion

Once established, the services that TMF Group provides to clients have historically had a high degree of predictability. This arises as macro-economic fluctuations in any particular country or globally generally have limited impact on accounting & tax, corporate secretarial and legal administration and HR and Payroll services clients' requirements for 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 a combination of both. TMF Group has a relatively stable client base with client entity retention rates of approximately 85%, 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 flow conversion. TMF Group is a service-focused business with relatively modest need for investment in property, plant or equipment and IT software.

(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 in recent years has helped TMF Group expand its business, and TMF Group expects that this increasing globalization will support future growth.

- 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. An example is 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. A key output of BEPS is that in 2016 Country-by-Country reporting was introduced, involving each country's tax authorities storing information to a defined template which would then be shared across all of a multinationals locations to drive transparency. BEPS will thus impact the way in which TMF Group's clients conduct their operations and setup and organise their corporate structures. Another example is the Common Reporting Standard ("CRS") of the OECD which is a major movement towards a globally coordinated approach to disclosure of income earned by both individuals and organizations. TMF Group expects that such regulation will have a positive impact on its results.

- Increased transparency and independence. The latest economic crisis has led to increased demand for transparency in accounting and reporting. For example, in TMF Group's Structured Financial Services business, the need for more current and accurate reporting as to the performance of a structure and requirement 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 service needs. For example, it is more efficient, 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 2017, TMF Group provides services to more than 39,500 client entities for 28,600 clients. TMF Group has worked with organizations located in a broad range of geographies across a spectrum of industries by forming 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 TMF Group intends to leverage its extensive service range and expertise to cross-sell and up-sell other services, partly due to increased multi-jurisdictional contracts. To that end, TMF Group operates and continues to 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. 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) 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.

(iii) Increasing focus on segments with distinctive value add

In addition to winning in-country sales, TMF Group is increasingly focused on large multi-country (often involving 20 or more countries) multi-service deals awarded at regional or global levels.

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Multinationals are increasingly looking for long term partners to provide one-stop solutions across entire geographies, and TMF Group's global service proposition is increasingly well positioned to match this need. We are proud to have approximately 60% of FTSE 100 constituents as clients.

(iv) Continue to build the global and local sales engine

TMF Group is based on a twin pillar Sales approach, combining Local Sales led by the local MD with a Global Sales team focusing on large and multijurisdictional clients. While our Local Sales structure is relatively more mature, though we continue to invest in sales training and effectiveness, our Global Sales team is continuing to grow rapidly with now over 140 sales team members. We continue to invest in growth of the Global Sales team, alongside salesforce effectiveness, specialisation and tiering. The sales effort is supported by increasingly effective online lead generation and a network of strategic alliances.

(v) Scale and 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.

(vi) Invest in our people

Our staff are at the heart of our strategy with nearly 7,000 professionals across our 83 jurisdictions. We are refining our talent proposition to appeal to both long service staff with deep experience and client relationships as well as young professionals at the beginning of their careers with enhanced training investment, structured career paths, strengthened communication as well as market matching rewards and benefits.

(vii) Continue to expand through accretive and synergistic mergers 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 applies a disciplined approach to all acquisition evaluations. The following acquisitions took place in 2017:

- With an effective date of 31 May 2017, TMF Group acquired Virtual HR Pte Ltd ('Virtual HR'). Virtual HR provides payroll services to clients in Singapore.
- With an effective date of 4 July 2017, TMF Group acquired OnPayroll.ca Corp ('Onpayroll'). Onpayroll provides payroll services to clients in Canada.
- With an effective date of 4 July 2017, TMF Group acquired NYE UPAX As ('UPAX'). UPAX provides GBS services to clients in the Norwegian oil and gas industry.

- With an effective date of 25 July 2017, TMF Group acquired Payroll Services AG (‘Payroll Services’). Payroll Services provides payroll services to clients in Switzerland.
- With an effective date of 29 September 2017, TMF Group acquired Gentoo Holdings (‘Gentoo’). Gentoo provides administration services to funds for clients in Guernsey and Luxembourg.
- With an effective date of 29 September 2017, TMF Group acquired NYAASA Services Private Limited (‘NYAASA’). NYAASA provides corporate services to clients in India.
- With the effective date of 4 October 2017, TMF Group acquired a client portfolio of Pinto & Palma SROC in Portugal.

It is TMF Group’s intention to continue to expand through merger and acquisitions in 2018 and beyond. TMF Group continually reviews the market for opportunities and maintains a pipeline of potential acquisition targets.

Disposals

Dr. Mayer gmbh wirtschaftstreuhand- und steuerberatungsgesellschaft (“dr. Mayer”) in Austria was sold on 20 May 2017. Some clients of dr. Mayer did not transfer to the new owner but stayed with TMF Group.

TMF (Samoa) Limited was sold on 1 August 2017.

2017 performance

In 2017 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 several acquisitions.

Including associates on a pro-forma full consolidated basis ("Management basis"), TMF Group's revenue increased by 6.7% from €528.9 million to €564.4 million driven by growth in all geographic regions. At constant currency and normalised for the various acquisitions and the disposals in Austria and Samoa, revenue growth was 6.1%.

On a Management basis, results from operating activities before depreciation, amortisation, impairment charges and non-underlying and separately disclosed items ("Adjusted EBITDA") increased by 7.4% from €137.5 million to €147.7 million driven by growth in all geographic regions. At constant currency and normalised for the acquisitions and the disposal, Adjusted EBITDA increased by 7.2%. Adjusted EBITDA margin increased from 26.0% in 2016 to 26.2% in 2017. The increase in margin is primarily attributable to an increase in margin in the Americas and APAC and a slower growth of corporate costs compared to revenue growth.

On a Management basis, the net loss of the year increased by €2.5 million from €83.7 million to €86.0 million.

Including associates under equity accounting ("Statutory basis"), cash generated from operations excluding cash flow from non-underlying and separately disclosed items ("Adjusted cash generated from operations") increased by €19.5 million from €96.0 million to €115.5 million.

On a Statutory basis, the ratio of net third party debt to Adjusted EBITDA, including the full year impact of acquisitions and the disposal, was 4.7 in 2017 compared to 4.8 in 2016.

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	Centrale Bank van Curacao en Sint Maarten
Cyprus	Cyprus Securities and Exchange Commission
Guernsey	Guernsey Financial Services Commission
Ireland	Department of Justice and Equality
Jersey	Jersey Financial Services Commission
Labuan	Labuan International Financial Exchange and Labuan Financial Services Authority and Inland Revenue Board Malaysia
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
Singapore	Monetary Authority of Singapore
Switzerland	Self-regulatory body Association Romande de Intermédiaires Financiers
The Netherlands	Dutch Central 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 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 six jurisdictions (Argentina, British Virgin Islands, Jersey, Luxembourg, Malta and Singapore) TMF Group is furthermore subject to external governmental supervision on the financial robustness of the domestic regulated businesses.

TMF Group has a dedicated Group Compliance Centre which emphasises the high importance that TMF Group places on the need to achieve and maintain 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, both new opening and acquired businesses, are introduced to TMF Group's Code of Conduct, AML/CFT and Compliance Policy and other relevant group policies 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 these visits and presentations, the GCO and his staff regularly organise on-site and on-line training sessions to keep all 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 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.

Respect – we are accountable

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

Corporate governance

We are governed by a Board of Directors, comprising senior members of staff at TMF Group and representatives from Doughty Hanson alongside other shareholders.

Direct responsibility for the economic, social and environmental performance lies with the Chief Executive Officer (Frederik van Tuyll).

In addition, the Board of Directors also has an audit committee, a risk and compliance committee and a remuneration committee.

Professional standards

All staff are bound by our Code of Conduct (available in English, Spanish, Portuguese, Mandarin, German, French and Russian) which includes details of our Anti-Corruption and Anti-Bribery Policy. This is included in all inductions and all staff complete annual compliance training in this respect.

In addition, our business units are audited for corruption risks as part of our standard internal audit checklist, as well as statutory external audits in the majority of the jurisdictions.

Cyber risk management

TMF Group remains committed to managing its cyber risk through both its Information Security Management System and Information Risk Management Policy.

Following the IT issues TMF Group faced in June 2017 as a result of the NotPetya virus we conducted a digital forensics investigation and root cause analysis. We scoped solutions to build upon existing controls in place to help enhance TMF Group's cyber defences. Our recommendations, which were supported by an independent investigation and analysis, focused on enhancing internal controls to strengthen protection against potential future attacks originating from, or already inside, our network.

At the end of 2017, 116 of our offices had successfully achieved ISO/IEC 27001:2013, demonstrating our adherence to the highest international standards of data security and information management.

Bi-weekly global cyber risk reviews continue to be undertaken and all staff are required to take a mandatory security awareness training course at least once a year. Furthermore, all local security officers receive a further 50 hours of training.

Excellence – we deliver results

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.

To consolidate and grow its service offering in some key markets, TMF Group made a number of acquisitions in 2017.

Opportunity – we do things differently

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

TMF Group is committed to being an open, transparent organisation with common business processes, governance and a consistent approach to the quality of client service.

In 2017, the Global Customer Satisfaction Survey was sent to 73 countries, with over 1,887 client responses received (an uplift of 7%).

In 2017 we launched a dedicated survey for our managed global clients in which they were asked for feedback on their overall multi-service/multi-country experience. This will support the Global Client Services team in delivering improved service delivery to these clients.

Passion – we care about and develop our people

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

At December 2017, we employed 7,201 FTEs (33% male, 67% female) - including part-time and temporary staff - in 83 jurisdictions.

Our global staff voluntary turnover rate increased from 20% (2016) to 21% (2017). Where specific offices have been identified as having challenges, local action plans have been put in place.

While our 2017 staff survey showed a number of business areas experienced significant improvements in their colleague engagement scores, our global results showed that the overall level of colleague engagement dropped 5% when compared to last year. This has triggered a number of specific action plan to address this drop.

In Q4 of 2017 we launched our corporate purpose and strengthened our values to help underpin One TMF and drive future engagement.

Sustainability – we make an impact

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

Environmental impact

Measuring our environmental impact through direct and indirect carbon emissions is something that we remain committed to monitoring, but at this moment no accurate system is in place.

Charitable programs

In 2017 we continued our global brand sponsorship of 'The Global Reach Challenge' – Sir Ranulph Fiennes' record breaking attempt to raise funds for UK-based charity Marie Curie that supports the terminally ill in their own homes.

TMF Group offices were encouraged to support and fundraise for similar charities in their local home markets and were invited to take part in related sponsored treks.

TMF Group and staff donated over $125,000 to help 45 colleagues in the BVIs who had been directly affected by the Hurricane Irma disaster.

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 staff will continue to be selected on the basis of their wide-ranging experience, backgrounds, skills, knowledge and insight.

Women comprise 11% of the Board of Directors and currently 33% of the executive committee members of TMF Group are women.

Ultimate holding company

TMF Orange Holding B.V. (the 'Company') is the parent company of the operational entities within TMF Group (together 'TMF Group' or 'TMF').

63.24% of the ordinary shares and all preference shares in TMF Orange Holding B.V. are indirectly held by Doughty Hanson & Co Fund V (which comprises a series of English limited partnerships with each limited partnership having two common general partners in Doughty Hanson & Co V Limited and Doughty Hanson & Co V SP LLP) 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 senior employees of TMF Group.

On the 27th of October 2017 CVC Capital Partners reached an agreement with the current shareholders of the Company to acquire all shares in the Company, which is expected to complete in the first half of 2018. The transaction is depending on regulatory approval.

Governance structure

TMF Orange Holding B.V. has a Board of Directors of nine people and consists of the Chief Executive Officer, the Chief Financial Officer and representatives of the shareholders. TMF Orange Holding B.V. also has an audit committee, a risk and compliance committee and a remuneration committee. Day-to-day management is performed by the executive committee which includes the Chief Executive Officer, Chief Financial Officer, Global Head of the Service Lines, Global Head of HR, Chief Information Officer and General Counsel.

Conclusion

In 2017, TMF Group delivered like-for-like revenue and Adjusted EBITDA growth of 6.1% and 7.2% respectively and was able to enhance the business further through acquisitions. With this TMF Group has taken a number of steps to better position itself to capture the opportunities it believes exist for its services in the markets it serves.

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**

FINANCIAL REVIEW

KPIs

In millions of Euro	2016	2017	Growth 16-17	% Growth 16-17
%				
Total revenue	528.9	564.4	35.5	6.7%
Revenue like-for-like	506.0	537.0	31.0	6.1%
Gross profit	341.4	359.1	17.7	5.2%
Gross margin	64.5%	63.6%	(0.9%)	-
Adjusted EBITDA	137.5	147.7	10.2	7.4%
Adjusted EBITDA like-for-like	132.4	141.9	9.5	7.2%
Adjusted EBITDA margin	*26.0%*	*26.2%*	*0.2%*	-
Adjusted EBITA	116.3	121.8	5.5	4.7%
Adjusted EBITA margin	*22.0%*	*21.6%*	*(0.4%)*	-
Cash conversion (statutory basis)	79.4%	82.1%	2.7%	-
Average number of FTE	*6,618*	*7,201*	*583*	*8.8%*
Revenue per FTE (in '000 Euro)	*79.9*	*78.4*	*(1.5)*	*(1.9%)*
Employee benefit expenses FTE (in '000 Euro)	*43.6*	*42.5*	*(1.1)*	*(2.5%)*
Ratio of direct to indirect FTEs	*3.0:1*	*2.7:1*		

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 56 to 78 and those that are most critical and / or require the greatest level of judgement are discussed in note 3 on page 79 to 81.

Additionally, TMF Group presents certain financial measures that may be considered non-IFRS 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 element 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, which includes the associates using equity accounting;
- Adjusted: this includes the financial measure excluding the non-underlying and other separate disclosed items;
- Like-for-like: prior year figures are re-calculated against current year's foreign currency exchange rates and the contribution of all acquisitions and disposals for the mentioned period is excluded in the comparison between those two years;
- Gross profit: revenue less employee benefit expense of client servicing staff and other direct expenses such as sub-contracting costs, certain IT and travel expenses;
- Gross margin: Gross profit divided by total revenue;
- Adjusted net cash generated from operating activities: Cash generated from operations excluding cash flow from non-underlying and other separately disclosed items; and
- Adjusted cash flow conversion: Adjusted EBITDA minus investments in property, plant and equipment and intangible assets (net of proceeds on disposal of property, plant and equipment and intangible assets) divided by Adjusted EBITDA.

The number of clients and client entities excludes the Licensing & Collection business of Freeway Entertainment Group and the International Incorporations business in the BVI.

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Income statement (on a Management basis)

In millions of Euro	2016	2017
Total revenue	**528.9**	**564.4**
Employee benefit expense	(288.8)	(306.2)
Rental and office expenses	(60.4)	(62.0)
Professional fees	(15.6)	(18.4)
Other expenses	(26.6)	(30.1)
Adjusted EBITDA	**137.5**	**147.7**
Non-underlying and separately disclosed items	(22.1)	(59.5)
Depreciation, amortisation and impairment charges	(32.9)	(38.6)
Operating profit	**82.5**	**49.6**
Other gains/ (losses) - net	(2.5)	(0.9)
Net finance costs	(143.5)	(119.0)
Income tax expense	(20.2)	(15.7)
Result for the year	**(83.7)**	**(86.0)**
Attributable to:		
Owners of the parent	(86.1)	(87.4)
Non-controlling interests	2.4	1.4
Result for the year	**(83.7)**	**(86.0)**

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 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 2017, the client retention rate was approximately 85% (2016: 85%).

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 €564.4 million in 2017, an increase of 6.7% compared to €528.9 million in 2016. The following table sets out TMF Group's revenue for the years 2017 and 2016:

In millions of Euro	2016	*% cons. Rev.*	2017	*% cons. Rev.*	Growth 16-17	*% Growth 16-17*
Total revenue (Management basis)	**528.9**		**564.4**		**35.5**	***6.7%***
Geographical segments						
EMEA (excl. Benelux)	183.9	*35%*	192.5	*34%*	8.6	*4.7%*
Benelux	126.9	*24%*	136.1	*24%*	9.2	*7.2%*
APAC	108.2	*20%*	116.0	*21%*	7.8	*7.2%*
Americas	107.1	*20%*	115.9	*21%*	8.8	*8.2%*
Corporate *	2.8	*1%*	3.9	*1%*	1.1	*39.3%*
Service Lines						
Accounting & Tax	154.5	*29%*	163.1	*29%*	8.6	*5.6%*
HR & Payroll	85.0	*16%*	98.4	*17%*	13.4	*15.8%*
Corporate Secretarial	67.2	*13%*	71.4	*13%*	4.2	*6.3%*
Global Business Services	*306.7*	*58%*	*332.9*	*59%*	26.2	*8.5%*
Global Governance Services	121.3	*23%*	126.6	*22%*	5.3	*4.4%*
Family and Business Wealth Solutions	32.3	*6%*	31.1	*6%*	(1.2)	*(3.7%)*
Alternative Investments	68.6	*13%*	73.8	*13%*	5.2	*7.6%*
Trust & Corporate Services	*222.2*	*42%*	*231.5*	*41%*	9.3	*4.2%*

All regions and all service lines grew revenue in the year 2017, except for Family and Business Wealth Solutions. This decrease is the result of a lower number of clients due to changed legislation in Jersey.

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. December 2016 revenue, restated using 2017 rates, results in a reduction of the revenue of €5.2 million. The constant currency growth in the year 2017 is €40.6 million or 7.8%.

The growth also reflects the impact of 2017 acquisitions (Virtual HR in Singapore, OnPayroll in Canada, UPAX in Norway, Payroll Services in Switzerland, Gentoo in Guernsey and Luxembourg and NYAASA in India), the full year impact of the 2016 acquisitions (UCMS in Central Eastern Europe, Extor in Poland, Swain in Canada, Affiance in the Netherlands, Axiss in Cayman and client portfolio's in Ireland and Brazil), the 2017 disposals (dr Mayer in Austria and TMF Samoa in Samoa) and the 2016 disposal (TMF Ferri Minetti Pirredda S.r.l. in Italy). Adjusted for the acquisitions and disposals and currency effect, the like-for-like revenue growth in the year 2017 is 6.1%.

Geographical segments

EMEA:

The revenue in the EMEA region increased by €8.6 million, or 4.7%, to €192.5 million in 2017, from €183.9 million in 2016. The revenue is €8.5 million positively impacted by the acquisitions of UPAX in Norway and Payroll Services in Switzerland and UCMS in Central Eastern Europe, Extor in Poland and the client portfolio in Ireland from 2016 and €0.7 million negatively impacted by the disposals in Italy and Austria. On a like-for-like basis in constant currency and adjusting for the acquisitions, year-on-year growth was €6.2 million or 3.7%. This growth is mainly driven by an increase in Global Business Services in Spain, France, Italy and Dubai.

The revenue per average FTE in the EMEA region decreased by €6.1 thousand, or 6.4%, to €89.0 thousand in 2017 from €95.1 thousand in 2016. The decrease stems from the acquisitions of UCMS and Extor, which both generate a lower revenue per average FTE as a result of the services they provide and their geographic location.

Benelux:

The revenue in Benelux increased by €9.2 million, or 7.3%, to €136.1 million in 2017, from €126.9 million in 2016. The revenue is € 2.7 million positively impacted by the acquisition of Gentoo in Luxembourg and Guernsey in 2017 and Affiance in the Netherlands in 2016. On a like-for-like basis adjusting for the acquisitions, year-on-year growth was €6.5 million or 5.2%. The growth is primarily driven by an increase in Trust & Corporate Services in the Netherlands and Luxembourg, due to more revenue from existing Global Governance Services clients.The revenue per average FTE in the Benelux region decreased by €6.4 thousand, or 2.5%, to €245.3 thousand in 2017 from €251.7 thousand in 2016, mainly as a result of the acquisition of Gentoo.

APAC:

The revenue in the APAC region increased by €7.8 million, or 7.2%, to €116.0 million in 2017, from €108.2 million in 2016. On a like-for-like basis in constant currency, year-on-year growth was €8.8 million or 8.4%.

This growth is driven by an increase in Global Business Services in almost all countries, most noticeably in China and India, and an increase in Trust & Corporate Services in Singapore.

The revenue per average FTE in the APAC region decreased by €1.6 thousand, or 2.0%, to €76.7 thousand in 2017 from €78.3 thousand in 2016.

Americas:

The revenue in the Americas region increased by €8.8 million, or 8.2%, to €115.9 million in 2017, from €107.1 million in 2016. The revenue is €1.7 million positively impacted by the acquisitions of OnPayroll in Canada in 2017 and Swain in Canada and Axiss in Cayman in 2016. On a like-for-like basis in constant currency and adjusting for the acquisitions, year-on-year growth was €8.3 million or 7.9%. This growth is mainly driven by an increase in Global Business Services in Argentina and Brazil and an increase in Trust & Corporate Services in Argentina.

The revenue per average FTE in the Americas region decreased by €2.5 thousand, or 3.9%, to €61.1 thousand in 2017 from €63.6 thousand in 2016.

Corporate:

The corporate revenue increased by €1.1 million, or 39.3%, to €3.9 million in 2017, from €2.8 million in 2016. The corporate revenue relates to coordination revenue on certain global clients that is not distributed to the regions.

Service Lines

TMF Group operates two Service Lines:

- Global Business Services, further split into Accounting & Tax, HR & Payroll and Corporate Secretarial; and
- Trust & Corporate Services, further split into Global Governance Services, Family and Business Wealth Solutions and Alternative Investments.

Global Business Services

The revenue from Global Business Services increased by €26.2 million, or 8.5%, to €332.9 million in 2017, from €306.7 million in 2016. The like-for-like growth at constant currency and normalised for acquisitions and disposals was €23.1 million, or 8.0%. The revenue growth stems mainly from growth in HR & Payroll Services in many jurisdictions, most noticeable in Brazil, Accounting & Tax Services in China and Corporate Secretarial Services in Spain and China.

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Trust & Corporate Services

The revenue from Trust & Corporate Services increased by €9.3 million, or 4.2%, to €231.5 million in 2017, from €222.2 million in 2016. The like-for-like growth at constant currency and normalised for acquisitions was €7.8 million, or 3.6%. The revenue growth stems mainly from growth in Global Governance Services in the Netherlands and Luxembourg and Alternative Investments in Argentina.

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 2017 by €17.4 million, or 6.0%, to €306.2 million (2016: €288.8 million). Normalised for currency, acquisitions and the disposal, the like-for-like growth is €14.3 million or 5.2%. This growth is mainly due to the organic growth in staff.

On a Management basis, the average number of FTEs increased by 8.8% from 6,618 in 2016 to 7,201 in 2017. The acquisitions resulted in an increase in the average number of FTEs of 75. The average annualised Adjusted employee benefit expense per FTE in the period decreased to €42,515 (2016: €43,639).

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 2016 and 2017 on a Management basis:

In millions of Euro	2016	2017	Growth 16-17	*% Growth 16-17*
Wages and salaries	217.9	234.7	16.8	*7.7%*
Social security costs	29.9	32.0	2.1	*7.0%*
Other employee benefit expense	41.0	39.5	(1.5)	*(3.7%)*
Total Adjusted employee benefit expense (Management basis)	**288.8**	**306.2**	**17.4**	***6.0%***

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 €1.6 million or 2.8% to €62.0 million in 2017 from €60.4 million in 2016. On a like-for-like basis in constant currency and adjusted for acquisitions the costs increased by €1.1 million or 1.9%. This is mainly explained by higher office rent and IT expenses partly associated with increased headcount in countries across the group.

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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 €2.8 million, or 17.9%, to €18.4 million from €15.6 million in 2016.

On a like-for-like basis in constant currency and adjusted for acquisitions the costs increased by €2.1 million or 15.0%. This is mainly the result of an increase in outsourcing costs and other professional fees.

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 €3.5 million, or 13.2%, to €30.1 million from €26.6 million in 2016. On a like-for-like basis in constant currency and adjusted for acquisitions the costs increased by €3.8 million or 15.2%, mainly due to higher liability insurance premiums and marketing expenses.

Adjusted EBITDA

On a Management basis, Adjusted EBITDA for 2017 amounted to €147.7 million, €10.2 million or 7.4% higher than 2016 (€137.5 million). On a like-for-like basis at constant currency and normalised for acquisitions and disposals the Adjusted EBITDA increased by €11.8 million or 9.8% as organic growth across the group was partly offset by an increase in corporate expenses.

Adjusted EBITDA margin for TMF Group increased by 0.2% from 26.0% in 2016 to 26.2% in 2017.

The following tables set out TMF Group's Adjusted EBITDA per geographical segment and the Gross profit per service line for the years 2016 and 2017 on a Management basis:

In millions of Euro	2016	*Adjusted EBITDA margin*	2017	*Adjusted EBITDA margin*	Growth 16-17	*% Growth 16-17*
Geographical segments						
EMEA (excl. Benelux)	69.4	*37.7%*	71.7	*37.2%*	2.3	*3.3%*
Benelux	67.8	*53.4%*	72.3	*53.1%*	4.5	*6.6%*
APAC	37.1	*34.3%*	41.2	*35.5%*	4.1	*11.1%*
Americas	34.7	*32.4%*	38.3	*33.0%*	3.6	*10.4%*
Corporate expenses	(71.5)	-	(75.8)	-	(4.3)	*6.0%*
Total Adjusted EBITDA (Management basis)	**137.5**	***26.0%***	**147.7**	***26.2%***	**10.2**	***7.4%***

In millions of Euro	2016	*Direct margin*	2017	*Direct margin*	Growth 16-17	*% Growth 16-17*
Service Lines						
Accounting & Tax	85.6	*55.4%*	89.5	*54.9%*	4.0	*4.7%*
HR & Payroll	50.2	*59.1%*	56.6	*57.5%*	6.4	*12.7%*
Corporate Secretarial	46.4	*69.0%*	50.7	*71.0%*	4.3	*9.3%*
Global Business Services	*182.2*	*59.4%*	*196.8*	*59.1%*	*14.7*	*8.1%*
Global Governance Services	86.2	*71.1%*	89.1	*70.5%*	3.0	*3.5%*
Family and Business Wealth Solutions	22.8	*70.6%*	21.7	*69.8%*	(1.1)	*(4.8%)*
Alternative Investments	50.2	*73.2%*	51.4	*69.5%*	1.1	*2.2%*
Trust & Corporate Services	*159.2*	*71.6%*	*162.2*	*70.1%*	*3.0*	*1.9%*
Gross profit	**341.4**	***64.5%***	**359.0**	***63.6%***	**17.6**	***5.2%***
Indirect expenses	(203.9)	-	(211.4)			
Total Adjusted EBITDA (Management basis)	**137.5**	**-**	**147.7**			

EMEA:

Adjusted EBITDA increased by €2.3 million, or 3.3%, to €71.7 million in 2017 from €69.4 million in 2016. The acquisitions had a positive impact of €1.1 million and the disposals had a negative impact of €0.5 million. On a like-for-like basis at constant currency and normalised for the acquisitions and disposals, Adjusted EBITDA increased by €1.8 million, or 2.8%. This growth stems mainly from Spain, Dubai and Turkey. The growth is explained by higher revenue, partly offset by higher employee benefit expense, higher rental and office costs and liability insurance. The Adjusted EBITDA margin in the region decreased to 37.3% in 2017 from 37.8% in 2016.

Benelux:

Adjusted EBITDA increased by €4.5 million, or 6.6%, to €72.3 million in 2017 from €67.8 million in 2016. The acquisitions had an impact of €1.2 million. On a like-for-like basis normalised for acquisitions, Adjusted EBITDA increased by €3.3 million, or 4.9%. This increase is primarily a result of the Netherlands, combined with higher Adjusted EBITDA in Luxembourg and Belgium. The Adjusted EBITDA margin in the region decreased to 53.1% in 2017 from 53.4% in 2016.

APAC:

Adjusted EBITDA increased by €4.1 million, or 11.1%, to €41.2 million in 2017 from €37.1 million in 2016. The acquisition had an impact of €0.2 million and the impact of the disposal is very limited. On a like-for-like basis at constant currency, Adjusted EBITDA increased by €4.7 million, or 12.9%. This growth stems mainly from China, Vietnam and India. The growth is explained by higher revenue, partly offset by higher employee benefit expense. The Adjusted EBITDA margin in the region increased to 35.5% in 2017 from 34.3% in 2016.

Americas:

Adjusted EBITDA increased by €3.6 million, or 10.4%, to €38.3 million in 2017 from €34.7 million in 2016. The acquisitions had a positive impact of €0.6 million. On a like-for-like basis at constant currency and normalised for the acquisitions, Adjusted EBITDA increased by €4.1 million, or 12.2%. This growth stems mainly from USA, Mexico, Mid America and Argentina. 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 33.0% in 2017 from 32.4% in 2016.

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 €4.3 million, or 6.2%, to €75.8 million in 2017 from €71.5 million in 2016, as a result of investment in Operations, IT and HR staff.

Outlook 2018

TMF Group intends to continue to grow organically and to expand through mergers and acquisitions in 2018. To drive this growth, the average number of FTE is expected to grow as well.

TMF Group currently intends to continue to invest in internally generated software and property, plant and equipment in 2018. These investments can be accommodated within the new borrowing facilities. In case of larger-scaled acquisitions TMF Group will assess if additional borrowing facilities are required.

Non-underlying and separately disclosed items

On a Management basis, Non-underlying and separately disclosed items include acquisition, (potential) litigation, redundancy and restructuring costs. Non-underlying and separately disclosed items amounted to €58.9 million in 2017, compared to €21.4 million in 2016.

The 2017 costs relate primarily to group transaction and monitoring costs, redundancy costs and acquisition and integration expenses. The redundancy and restructuring costs mainly relate to a group-wide restructuring program and specific ongoing programmes in Jersey, BVI and Cayman started in 2016.

The 2016 costs relate primarily to costs in respect of the acquisition and integration activities in respect to the acquisition and integration of UCMS in Central and Eastern Europe and integration of Apriori in Brazil, restructuring costs in Jersey, BVI and Cayman, termination fees related to senior staff due to restructuring, costs with respect to group transaction and monitoring costs and costs with respect to (potential) litigation.

Depreciation, amortisation and impairment charges

On a Management basis, depreciation amounted to €10.5 million in 2017 (2016: €9.3 million). The value of property, plant and equipment on the balance sheet decreased from €29.6 million at 31 December 2016 to €27.6 million at 31 December 2017 on a Management basis.

On a Management basis, amortisation amounted to €28.1 million (2016: €23.6 million). The amortisation in 2017 consists of €15.3 million (2016: €12.0 million) amortisation of software and €12.8 million (2016: €11.6 million) amortisation of acquisition related intangible assets other than goodwill. The increase in the amortisation of software stems mainly from higher investment in internally generated software and an increase in amortisation of licenses due to more staff. Acquisition related intangible assets included in the balance sheet at 31 December 2017 on a Management basis amount to €542.7 million (2016: €545.3 million) for goodwill and €140.8 million (2016: €139.6 million) for other acquired intangibles.

Goodwill is not amortised. In 2016 and 2017 there has been no impairment charge on the goodwill included in the accounts. Also refer to note 17 on page 112 to 115.

Other gains/(losses) - net

On a Management basis, the result on other gains/(losses) amounted to a loss of €0.9 million in 2017, compared to a loss of €2.6 million in 2016.

The loss of €0.9 million in 2017 stems from gains on the disposal of subsidiaries in Austria and Samoa offset by a loss on the revaluation of the Custom House Group and the associated deferred consideration payable.

The loss in 2016 stems from the disposal in Italy and a change in the fair value of the investment in the Custom House Group and its associated deferred consideration payable, partly compensated by an income on other deferred considerations as a result of revised estimates of contingent considerations.

Net Finance costs

On a Management basis, financing income for 2017 was €1.4 million (2016: €1.1 million), finance costs were €123.9 million (2016: €146.8 million) and net foreign exchange movements led to a gain of €3.5 million (2016: gain of €2.2 million) resulting in net finance costs of €119.0 million in 2017 (2016: €143.5 million). The decrease in net finance expenses is mainly explained by refinancing of TMF Group's external borrowings which took place in December 2016 and resulted in lower interest expenses in 2017 and break-up fees relating to the early repayment of the secured loan notes in 2016.

In 2016 and 2017, the net foreign exchange result mainly relates to a positive net foreign exchange result on US Dollar bank overdraft and receivables with respect to the associate in Brazil, partly offset by exchange result arising on intercompany loans between a euro denominated subsidiary and a foreign currency denominated associate of TMF Orange Holding B.V.

On a Management basis, TMF Group's average cost of gross borrowings in 2017 decreased by 3.5% to 8.6% (2016: 12.1%). This is mainly explained by break-up fees relating to the early repayment of the secured loan notes in 2016 and the lower interest rates in 2017.

Taxation

On a Management basis, income tax expense decreased from €20.2 million in 2016 to €15.7 million in 2017. The decrease stems from the negative adjustments on prior years' income tax in Jersey and Spain in 2016.

Potential tax assets in respect of tax losses carried forward of €134.8 million (2016: €113.1 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 20 on page 124 to 126.

Non-controlling interests

On a Management basis, the profit attributable to non-controlling interests increased from €0.7 million to €1.4 million, which includes the non-controlling interest in the Brazilian regulated business and the non-controlling interest in the Freeway Entertainment Group.

Net result for the year

As a result of the foregoing factors, the loss for the year increased by €2.3 million or 2.7% to €86.0 million from €83.7 million loss in 2016 mainly due to an increase in non-underlying and separately disclosed items, partly compensated by an increase in Adjusted EBITDA and lower net finance 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. Cash flow conversion is calculated as Adjusted EBITDA minus the investment in property, plant and equipment and intangible assets divided by Adjusted EBITDA. In 2017 an Adjusted cash flow conversion rate of 81.0% was achieved, compared to 81.5% in 2016, mainly as a result of a slower growth of the investments compared to the growth of Adjusted EBITDA.

The following table sets out a breakdown of the cash flow for the years 2017 and 2016 on a Statutory basis:

in millions of Euro	**2016**	**2017**	**Growth 16-17**	***% Growth 16-17***
Adjusted EBITDA	135.9	143.9	8.0	*5.9%*
Retirement benefit obligations	(0.6)	0.5	1.1	*N/A*
Changes in working capital	(13.3)	(14.0)	(0.7)	*(5.2%)*
Changes in foreign currency	(2.6)	2.0	4.6	*N/A*
Adjusted Cash generated from operations before income tax	**119.4**	**132.4**	**13.0**	*10.9%*
Income tax paid	(23.4)	(19.3)	4.1	*(17.5%)*
Adjusted Net cash generated from operating activities	**96.0**	**113.1**	**17.1**	***17.8%***
Net cash from non-underlying or separately disclosed items	(25.6)	(44.3)	(18.7)	*(73.0%)*
Net cash generated from operating activities	**70.4**	**68.8**	**(1.6)**	***(2.2%)***
Net cash (used in) / generated from investing activities	(54.3)	(59.3)	(5.0)	*(9.2%)*
Net cash (used in) / generated from financing activities	(44.5)	(10.8)	33.7	*75.7%*
Net increase / (decrease) in cash and cash equivalents	**(28.4)**	**(1.3)**	**27.1**	***95.4%***
Adjusted cash flow conversion	81.5%	81.0%	(0.5%)	

Adjusted cash generated from operations

The Adjusted cash generated from operations increased by €17.1 million to €132.4 million in 2017 from €119.4 million in 2016, mainly as a result of higher Adjusted EBITDA combined with a lower increase in working capital compared to 2016. The lower increase in working capital is mainly explained by an increase in trade and other payables, mostly in respect of corporate costs.

Income tax paid

The income tax paid decreased by €4.1 million to €19.3 million in 2017 from €23.4 million in 2016. In 2016 tax related to previous years was paid in Luxembourg and Spain.

Net cash from non-underlying and separately disclosed items

The net cash outflow regarding non-underlying and separately disclosed items increased by €18.7 million to €44.3 million in 2017 from €25.6 million in 2016, mainly as a result higher payment of redundancy and restructuring costs and costs relating to the CVC transaction.

Net cash (used in) / generated from investing activities

The net cash from investing activities increased by €5.0 million to €59.3 million in 2017 from €54.3 million in 2016. This is mainly due to a higher cash outflow on acquisitions and higher investments in software.

Net cash (used in) / generated from financing activities

The net cash from financing activities decreased by €33.7 million to an outflow of €10.8 million in 2017 from an outflow of €44.5 million in 2016. This is mainly due to lower interest paid and an increase in the revolver facility.

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 TMF 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 34 and to note 4 for further details on financial risk management.

Financing

TMF Group's primary sources of finance are shareholder loans and secured bank borrowings provided by a syndicate of banks. These senior secured bank borrowings were drawn on 14 October 2016 and 2 December 2016, after which on the same dates respectively the senior secured loan notes and senior loan notes were fully repaid. In addition to the secured bank borrowings, TMF Group has a revolving credit facility totalling €90.0 million as at 31 December 2017. This facility consists of a €75.5 million facility for cash needs (of which €6.5 million is undrawn) and a €14.5 million facility for bank guarantees (of which €4.4 million is currently not used). As at 31 December 2017, the total undrawn borrowing facilities amounted to €10.9 million. TMF Group will refinance its secured bank borrowings and shareholder loans when its shares are acquired by its new shareholder, expected to take place in the first half of 2018.

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

In thousands of Euro	Original available amount	Drawn at 31.12.17	Guarantees issued at 31.12.17	Expiry date	Tenure in years	Repayment	Margin	Margin ratchet
Secured bank borrowings	660.0	660.0	-	2018	1 year	Bullet	Euribor (minimum 0.00%) + 3.50%	Yes *
Shareholder loans	647.2	647.2	-	2018	1 year	Bullet	14.99% - 16%	No
Revolving credit facility	90.0	69.0	10.1	2018	1 year	Bullet	Euribor +3.75%	Yes *

*) Margin on the secured bank borrowings and the revolving credit facility will decrease if net third party debt to Adjusted EBITDA ratio decreases to 3.9 or below. The minimum margin on the secured bank borrowings is Euribor + 3.25% at a net third party debt to Adjusted EBITDA ratio of 3.9. The minimum margin on the revolving credit facility is Euribor + 3.00% at a net third party debt to Adjusted EBITDA ratio of 3.4.

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 2017 and 2016:

In millions of Euro	2016	2017	Growth 16-17	% Growth 16-17
Cash and Cash equivalents	**46.1**	**38.0**	**(8.1)**	**(17.6%)**
Senior bank loans	660.0	660.0	-	-
Revolving credit facility	42.9	69.0	26.1	60.8%
Other loans	5.8	4.8	(1.0)	(17.2%)
Total third party debt	**708.7**	**733.8**	**25.1**	**3.5%**
Subordinated Shareholder Funding	559.4	647.2	87.8	15.7%
Total equity attributable to owners of the parent	(452.4)	(576.6)	(124.2)	27.5%
Total capitalization	**815.7**	**804.4**	**(11.3)**	**(1.4%)**
Net third party debt	**662.6**	**695.8**	**33.2**	**5.0%**
Total third party debt / Adjusted EBITDA *	5.01	5.00	(0.01)	
Net third party debt / Adjusted EBITDA *	4.73	4.74	0.01	

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

During 2017 and 2016, 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, with full year impact of acquisitions and disposal. The ratio in the covenant is 7.6, 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 loss of €40.4 million (2016: €5.1 million loss) as shown in the consolidated statement of comprehensive income. In the consolidated income statement a net profit of €4.5 million (2016: €40 thousand loss) 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 which had the potential to significantly 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 active 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 since it has been fully provided for. Refer also to note 30 on page 142 to 145.

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 liabilities with respect to legal cases is given in note 35 on page 149 to 150. The restructuring provision mainly arose from the disposal of the Fund Services business an onerous office lease and expected remediation costs in Jersey.

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 have the greatest potential to affect the achievement of TMF Group's strategic objectives are referred to as the "principal risks". The principal risks the Company faces are disclosed in the following pages, including certain actions to mitigate these risks. TMF Group deploys mitigating actions but these may not be successful. If these risks materialise or are not successfully mitigated, TMF Group's cash flow, operating results, financial position, business and reputation could be materially adversely affected. The risk overview may not include all risks that could ultimately affect the Company. Some risks are not yet known to TMF Group or are currently believed not to be material.

On a continuous basis TMF Group evaluates to which extent risk management procedures need to be adjusted to appropriately mitigate risk. In 2016 an Enterprise Risk Management program ("ERM") was initiated with the objective to further develop TMF Group's ERM framework, approach and capability, building on the existing activities that take place for managing risk at corporate level.

1. Unable to attract and retain talent (Strategic)

Risk Description: TMF Group is dependent on its ability to retain and attract the key people it needs to execute its strategy.

A higher turnover rate among employees could potentially increase recruitment and training costs and could materially adversely impact the quality of services TMF Group provides to clients.

Planned controls and mitigations: TMF Group continues to evolve and execute a competitive Employee Value Proposition, invest in personal development of people and recruit talent.

While our 2017 staff survey showed a number of business areas experienced significant improvements in their colleague engagement scores, our global results showed that the overall level of colleague engagement dropped 5% when compared to last year. During 2018 TMF will focus on the areas which need improvement.

In 2017, the voluntary staff turnover was 21% (2016: 20%).

2. Unable to acquire or integrate new businesses (Strategic)

Risk Description: 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. Current uncertainties in the availability of appropriate targets and their successful integration into the organisation could mean TMF Group is unable to acquire businesses to achieve the inorganic growth component of strategic objectives.

Planned controls and mitigations: TMF Group has a merger and acquisition function that possess sufficient experience to scan the market for potential acquisition candidates and manage the M&A process. TMF Group also has an integration team as well as procedures in place to integrate new acquisitions in the business.

In 2017, TMF Group acquired businesses in Singapore, Canada, Norway, Switzerland, Guernsey, Luxembourg and India with annualised revenue of € 17.1 million.

3. Changing market dynamics and regulation (Strategic)

Risk Description: Significant changes in TMF Group's competitive business environment and uncertainties in the regulatory environment, legislative or market changes and TMF Group's potential inability to successfully innovate, develop and market new products, could challenge delivery and may have a material adverse effect on TMF Group's business.

Planned controls and mitigations: TMF Group has dedicated specialised teams that monitor, track and analyse developments of the regulatory and competitive landscape closely to identify new threats and ensure pro-active development of opportunities.

4. Capability to deliver client requirements (Operational)

Risk Description: TMF Group's revenue and revenue growth are dependent on its ability to retain clients, introduce new services and attract new clients. Increasing sales volumes and ongoing evolution in client demand may pressure TMF Group's ability to continue to consistently meet the expected quality and service levels of its clients, possibly resulting in negative margin effects and / or erosion of the client base.

Planned controls and mitigations: 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. The Client Continuous Improvement Programme continues to grow; in 2017 clients in over 73 countries received an annual survey. We also introduced a Global Client survey in 2017. This feedback has enabled TMF Group to implement a series of improvement initiatives ensuring a continuous evolution to meet client's needs. The programme will be extended with an Onboarding survey in 2018.

Global Client Services created a dedicated team to support and facilitate large multi-jurisdictional clients with standardised and streamlined processes.

In 2017, the retention rate of clients was approximately 85%.

5. Trade protectionism / Geopolitical factors (Operational)

Risk Description: 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.

Increasing protectionism and geopolitical uncertainties in key operating and growth markets for TMF Group may depress macro-economic performance (GDP growth), depressing clients' levels of business activity and investment in those locations.

Planned controls and mitigations: TMF Group has a robust regulatory compliance framework, including a Code of Conduct. The Code of Conduct includes details of our Anti-Corruption and Anti-Bribery and Policy.

TMF Group monitors its competitive landscape, identifying new threats and opportunities, including changes to the macro-economic, regulatory or political environment which could potentially affect TMF Group's performance.

The impact of geopolitical factors on TMF Group's operations in 2017 was limited.

6. Technology innovation risk (Operational)

Risk Description: Advances and changes in the technology environment in which TMF Group's services are delivered that are not proactively exploited, may lead to significant impact to achieve and sustain a competitive advance in services and processes.

Planned controls and mitigations: In the last years TMF Group has focused on the investment in IT, which will continue in the coming years. In 2017, the cash outflow from investments in software, licenses and equipment amounted to € 25.5 million.

7. Information Security Management (Operational)

Risk Description: There is a risk that TMF Group is the target of attempts to gain unauthorized access to its IT systems and data.

The nature and size of the significant inherent information security risks that the industry faces may result in loss of or unauthorized use of sensitive and confidential information.

Planned controls and mitigations: TMF Group has a continually improving IT security and data protection framework in place. All staff are required to complete the annual information security awareness training programme.In 2017, TMF Group achieved ISO / IEC 27001:2013 accreditation across 116 offices, demonstrating its adherence to the highest international standards of data security and information management.

8. Reliance of third parties (Operational)

Risk Description: TMF Group works with and relies on third party sub-contractors (typically, where TMF Group enters into master service agreements to provide client service in jurisdictions where TMF Group does not have an office). Potential failure of a third party (including joint ventures and suppliers) to deliver services to agreed specification could lead to TMF Group's inability to fulfil client requirements, resulting in penalties, loss of client contracts and reputational damage.

Planned controls and mitigations:
TMF Group performs due diligence on all potential partners prior to contracting to ensure robust financial and operational resilience and their alignment with TMF Group standards.

9. Dependence on Benelux (Financial)

Risk Description: TMF Group generates a relatively large share of its revenue in the Benelux region (24%), which mainly consists of offices in the Netherlands and Luxembourg. 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.

Planned controls and mitigations: 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.

10. Exchange control restrictions (Financial)

Risk Description: 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.

Planned controls and mitigations: 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 2017, cash and cash equivalents of €4.1 million, specifically held in China, Argentina and Ukraine, are subject to local exchange control regulations.

11. Foreign currency exchange risk (Financial)

Risk Description: 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.

Planned controls and mitigations: 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 2017, if Euro had strengthened / weakened by 5% against the US Dollar with all variables held constant, the result for the year would have been €3.1 million lower / higher, mainly due to operating results in USD.

12. Interest rate risk (Financial)

Risk Description: 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. At 31 December 2017, TMF Group's shareholder loans are at fixed interest rates and the external borrowings at variable interest rates for the greater part linked to Euribor.

Planned controls and mitigations: 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. After the planned refinance in the first half of 2018, TMF plans to hedge part of the interest rate risk.

At 31 December 2017, 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 €10.0 million lower / € 0.2 million higher.

13. Accounting estimate risk (Financial)

Risk Description: 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.

Planned controls and mitigations: TMF Group has a highly trained 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 Group is used to the extent relevant. For the valuation of investments and deferred consideration advice of external experts is obtained.

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 2017. The valuation of investments and deferred consideration let to a loss on other financial investments of € 1.2 million in 2017 (2016: €1.2 million loss). Refer also to note 19 on page 118.

14. Compliance (Legal & Compliance)

Risk Description: Unethical and / or fraudulent activities perpetrated by our employees or third parties, or a regulatory breach, could expose TMF Group to significant financial loss, legal sanctions (including potential loss of licence to operate) and reputational damage.

Planned controls and mitigations: TMF Group maintains a 'zero tolerance' regime for any employee who knowingly breaches any laws or regulations, with all such actions reported to the Board of Directors, and potentially resulting in disciplinary action up to and including dismissal.

All staff and third parties, including subcontractors and joint ventures where TMF Group has operational control, are required to operate in accordance with TMF Group's Code of Conduct. Global communication and mandatory training programs are in place to heighten compliance awareness.

TMF Group companies will comply with the higher of local regulatory / legislative requirements or TMF Group compliance policies.

15. Legal claims (Legal & Compliance)

Risk Description: 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.

Planned controls and mitigations: 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 trained and experienced group legal team.

Legal claims did not have a significant impact on TMF Group's results in 2017, however premiums for liability insurance increased compared to 2016.

Going concern

The consolidated historical financial information has been prepared on the going concern basis, which assumes that TMF Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. As at 31 December 2017, TMF Group has negative equity. For the years ended on 31 December 2016 and 2017 TMF Group was loss making. However, the net cash generated from operations was positive in these periods. A major part of the financing will be refinanced and replaced by new long-term loans as a result of the CVC Capital Partners acquisition which is expected to complete in the first half of 2018. On the basis of current cash flow projections and new financing 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 historical financial information.

Gordon Stuart

Chief Financial Officer

SIGNATURES TO TMF GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors have today discussed and approved these Consolidated Financial Statements for 2017 of TMF Orange 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 2017 and of the results of the group's operations and its cash flows for the year ended 31 December 2017.

The Consolidated Financial Statements are presented for approval at the Annual General Meeting on 28 March 2018.

G.W.J. Antvelink

M. Appleton

R.P. Hanson

D.H. Kragt

J.J. Leahy

G.M. Stuart

M.C. van der Sluijs – Plantz

F.E. van Tuyll van Serooskerken

H.H.C. Van Vredenburch

Amsterdam, 28 March 2018

INDEPENDENT AUDITOR'S REPORT

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

Report on the financial statements 2017

Our opinion

In our opinion TMF Orange Holding B.V.'s financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2017 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 2017 of TMF Orange Holding B.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of TMF Orange Holding B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2017;
- the following statements for 2017: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- 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 with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of TMF Orange Holding B.V. in accordance with the 'Wet toezicht accountantsorganisaties'(Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' review and financial review;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The directors are responsible for the preparation of the other information, including the directors' review and financial review and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

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

- 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 in a manner that allows us 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.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

Rotterdam, 28 March 2018

PricewaterhouseCoopers Accountants N.V.

W.C. van Rooij RA

Appendix to our auditor's report on the financial statements 2017 of TMF Orange 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 other things 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.

CONSOLIDATED INCOME STATEMENT

In millions of Euro	Note	For the year ended 31 December 2016	2017
Continuing operations			
Total revenue	5 / 6	**520.8**	**554.7**
Employee benefit expenses	11	(292.9)	(315.0)
Rental and office expenses		(60.8)	(65.7)
Professional fees		(26.0)	(57.8)
Other expenses	12	(26.6)	(31.2)
Depreciation and amortisation	17 / 18	(32.4)	(38.2)
Operating profit		**82.1**	**46.8**
Operating profit		82.1	46.8
Depreciation and amortisation	17 / 18	32.4	38.2
Non-underlying and other separately disclosed items	13	21.4	58.9
Underlying operating profit (excl. depreciation and amortisation)	5 / 6	**135.9**	**143.9**
Other gains/(losses) - net	9	(2.9)	(0.9)
Finance income	14	1.3	1.4
Finance expenses	14	(146.5)	(123.1)
Net foreign exchange gain/(loss)	14	(0.0)	4.5
Net finance costs	14	**(145.2)**	**(117.2)**
Share of profit/(loss) of investments accounted for using the equity method	8	2.3	3.1
Result before income tax		**(63.7)**	**(68.2)**
Income tax expense	15	(19.6)	(16.5)
Result for the period		**(83.3)**	**(84.7)**
Attributable to:			
Owners of the parent		(84.4)	(85.7)
Non-controlling interests	10	1.1	1.0
Result for the period		**(83.3)**	**(84.7)**
Earnings per share from continuing operations and discontinued operations attributable to the owners of the parent during the period (in €1,000 per share):	16		
Basic and Diluted earnings per share from continuing operations		(1.6)	(1.6)
Basic and Diluted earnings per share from discontinued operations		-	-
Basic and Diluted earnings per share for the year		**(1.6)**	**(1.6)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of Euro	Note	For the year ended 31 December 2016	2017
Result for the year		**(83.3)**	**(84.7)**
Remeasurements of post-employment benefit obligations	30	0.3	0.3
Total items that will not be reclassified to income statement		**0.3**	**0.3**
Release deferred tax liability due to change in regulation		-	0.3
Foreign currency translation differences for foreign operations		(4.0)	(40.1)
Share on other comprehensive income of associates		(1.1)	(0.3)
Total items that may be reclassified subsequently to income statement		**(5.1)**	**(40.1)**
Other comprehensive result for the year, net of tax*		**(4.8)**	**(39.8)**
Total comprehensive result for the year		**(88.1)**	**(124.5)**
Attributable to:			
Owners of the parent		(89.3)	(125.5)
Non-controlling interests	10	1.2	1.0
Total comprehensive result for the year		**(88.1)**	**(124.5)**

*) 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 millions of Euro	Note	As at 31 December 2016	2017
Assets			
Intangible assets	17	710.9	715.1
Property, plant and equipment	18	29.0	27.2
Other financial assets	19	24.9	18.5
Investments accounted for using the equity method	8	-	4.4
Deferred tax assets	20	8.6	7.1
Total non-current assets		**773.4**	**772.3**
Trade receivables	19 / 21	123.6	134.9
Other receivables	19 / 22	29.6	29.4
Other financial assets	19	4.0	9.4
Current tax receivables		6.4	5.9
Clients' funds held under Trust	19 / 23	184.9	181.3
Cash and cash equivalents (excl. bank overdrafts)	19 / 24	274.3	288.7
Total current assets		**622.8**	**649.6**
TOTAL ASSETS		**1,396.2**	**1,421.9**

TMF GROUP

CONSOLIDATED BALANCE SHEET (CONTINUED)

In millions of Euro	Note	As at 31 December 2016	2017
Equity			
Share capital	25	0.1	0.1
Share premium	25	240.9	240.9
Other reserves	27	39.5	0.3
Accumulated losses	27	(736.1)	(821.2)
Total equity attributable to owners of the parent		**(455.6)**	**(579.9)**
Non-controlling interests		3.2	3.3
Total equity		**(452.4)**	**(576.6)**
Liabilities			
Loans and borrowings	28	1,220.2	7.3
Provisions	29	4.9	4.0
Retirement benefit obligations	30	6.2	6.0
Other payables	31	5.8	4.6
Deferred tax liabilities	20	31.9	30.6
Total non-current liabilities		**1,269.0**	**52.5**
Loans and borrowings	28	283.4	1,636.0
Provisions	29	5.8	5.9
Trade and other payables	31	98.1	116.1
Current tax liabilities		7.4	6.7
Clients' funds ledger balances	23	184.9	181.3
Total current liabilities		**579.6**	**1,946.0**
Total liabilities		**1,848.6**	**1,998.5**
TOTAL EQUITY AND LIABILITIES		**1,396.2**	**1,421.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of Euro	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent						
Balance at 1 January 2016	**0.1**	**240.9**	**44.2**	**(652.0)**	**(366.8)**	**3.1**	**(363.7)**
Result for the year	-	-	-	(84.4)	(84.4)	1.1	(83.3)
Other comprehensive income							
Remeasurement IAS 19 (note 30)	-	-	-	0.3	0.3	-	0.3
Translation movements (note 27)	-	-	(5.2)	-	(5.2)	0.1	(5.1)
Total other comprehensive income	**-**	**-**	**(5.2)**	**0.3**	**(4.9)**	**0.1**	**(4.8)**
Total comprehensive income	**-**	**-**	**(5.2)**	**(84.1)**	**(89.3)**	**1.2**	**(88.1)**
Transactions with owners							
Share-based payment (note 26)	-	-	0.5	-	0.5	-	0.5
Dividend non-controlling interest	-	-	-	-	-	(1.1)	(1.1)
Total transactions with owners, recognised directly in equity	**-**	**-**	**0.5**	**-**	**0.5**	**(1.1)**	**(0.6)**
Balance at 31 December 2016	**0.1**	**240.9**	**39.5**	**(736.1)**	**(455.6)**	**3.2**	**(452.4)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

In millions of Euro	Attributable to owners of the parent						
	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2017	**0.1**	**240.9**	**39.5**	**(736.1)**	**(455.6)**	**3.2**	**(452.4)**
Result for the year				(85.7)	(85.7)	1.0	(84.7)
Other comprehensive income							
Remeasurement IAS 19 (note 30)				0.3	0.3		0.3
Release deferred tax liability due to change in regulation				0.3	0.3		0.3
Translation movements (note 27)			(40.0)		(40.0)	(0.4)	(40.4)
Total other comprehensive income	**-**	**-**	**(40.0)**	**0.6**	**(39.4)**	**(0.4)**	**(39.8)**
Total comprehensive income	**-**	**-**	**(40.0)**	**(85.1)**	**(125.1)**	**0.6**	**(124.5)**
Transactions with owners							
Share-based payment (note 26)			0.8		0.8		0.8
Dividend non-controlling interest					-	(0.5)	(0.5)
Total transactions with owners, recognised directly in equity	**-**	**-**	**0.8**	**-**	**0.8**	**(0.5)**	**0.3**
Balance at 31 December 2017	**0.1**	**240.9**	**0.3**	**(821.2)**	**(579.9)**	**3.3**	**(576.6)**

TMF GROUP

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended 31 December	
In millions of Euro	**Note**	**2016**	**2017**
Cash flows from operating activities			
Cash generated from operations, before non-underlying and other separately disclosed items and income tax paid	32	119.4	132.4
Income tax paid		(23.4)	(19.3)
Net cash generated from operating activities, before non-underlying and other separately disclosed items		96.0	113.1
Cash outflow related to non-underlying and other separately disclosed items	33	(25.6)	(44.3)
Net cash generated from operating activities from continued operations		**70.4**	**68.8**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	7	(29.2)	(35.2)
De-consolidation / disposal of subsidiaries, net of cash	8 / 10	(0.6)	1.7
Investment in intangible assets	17	(14.9)	(17.4)
Investment in property, plant and equipment	18	(10.9)	(10.6)
Proceeds on disposal of intangible assets and property, plant and equipment	17 / 18	0.6	0.7
Investment in financial assets at fair value through income statement	19	(0.3)	-
Proceeds from borrowings given to external parties		0.2	-
Payments on borrowings (given to)/taken from external parties and		(0.6)	0.1
Interest received		1.3	1.4
Net cash used in investing activities from continued operations		**(54.4)**	**(59.3)**
Cash flows from financing activities			
Proceeds from borrowings		698.2	49.2
Repayments of borrowings		(681.3)	(28.2)
Interest paid		(60.3)	(31.3)
Dividend paid to non-controlling interest		(1.1)	(0.5)
Net cash used in financing activities from continued operations		**(44.5)**	**(10.8)**
Net movement in cash and cash equivalents		**(28.4)**	**(1.3)**
Cash and cash equivalents at beginning of the year	**24**	**75.7**	**46.1**
Exchange gains / (losses) on cash and cash equivalents from continuing operations		(1.2)	(6.8)
Cash and cash equivalents at end of the year	**24**	**46.1**	**38.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

TMF Group is a leading global provider of compliance and administrative services to over 28,000 clients within a €10 billion market. With 127 offices in 83 jurisdictions, TMF Group believes it is uniquely positioned to support its clients both locally and globally. In an increasingly complex regulatory environment, TMF Group serves its multinational corporate, investment fund and sovereign wealth fund clients as they invest, operate and grow internationally.

TMF Group organises its operations through the following geographic regions:

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

TMF Group offers its clients the following core services:

- *Accounting & Tax* – assisting clients with their financial reporting and tax compliance obligations. These services include preparing statutory accounts and tax filings, and providing local and group management and consolidated reporting in accordance with relevant accounting standards.

- *Corporate secretarial and legal administration* – establishing and maintaining financing and holding companies and other legal entities in compliance with applicable laws. These services include managing corporate legal and compliance procedures, such as organising and recording board and shareholders' meetings. TMF Group also provides domiciliary and management services, as well as local representatives and directors with necessary expertise required for clients to conduct business in a particular jurisdiction.

- *Human resources ("HR") and payroll* – human resources services, payroll processing and management reporting. These services include local employer filings, preparing employment contracts and tailoring employee guidelines (and group-wide policies) to local requirements, providing training assistance and securely maintaining personal confidential information, each in compliance with relevant legislation and market practice.

TMF Group provides these services to two separate markets:

- *Global Business Services ("GBS")* market focusing on foreign operating entities of multinational corporations that are based outside of that multinational's home country, as well as local small-to-medium size entities; and
- *Trust & Corporate Services ("TCS")* market focusing on servicing holding and financing entities including funds, trusts and special purpose vehicles.

1. General information (continued)

TMF Orange Holding B.V. ("TMF Orange") was incorporated in the Netherlands on 11 March 2013. The address of the registered office is at Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands. The Chamber of Commerce number of TMF Orange is 57441995. TMF Orange principally acts as a holding and finance company for TMF Group investments.

63.24% of the ordinary shares and all preference shares in TMF Orange Holding B.V. are indirectly held by Doughty Hanson & Co V. The remaining 36.76% of the ordinary shares in TMF Orange Holding B.V. are indirectly held by the current and previous management and senior employees of TMF Group.

In October 2017 CVC Capital Partners announced an agreement to acquire TMF Group. The transaction is expected to complete in the first half of 2018, subject to regulatory approvals.

These consolidated financial statements for 2017 of TMF Orange Holding B.V. were authorised for issue by the Board of Directors on 28 March 2018.

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 each of 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 TMF Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in note 3 (Critical accounting estimates and judgements).

Going concern

The consolidated historical financial information has been prepared on the going concern basis, which assumes that TMF Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. As at 31 December 2017, TMF Group has negative equity. For the years ended on 31 December 2016 and 2017 TMF Group was loss making. However, the net cash generated from operations was positive in these periods. A major part of the financing will be refinanced and replaced by new long-term loans as a result of the CVC Capital Partners acquisition. 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 historical financial information.

Changes in accounting policies and disclosures

New standards, amendments and interpretations

TMF Group has adopted he following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

- Disclosure Initiative – Amendments to IAS 7;
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12; and

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- Annual improvements to IFRSs 2014 – 2016 cycle

The adoption of these amendments did not have a material impact on the current period or any prior period and is not likely to affect future periods.

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 2017, and have not been applied in preparing these historical financial statements. None of these is expected to have a significant effect on the consolidated financial statements of TMF Group, except as set out below:

IFRS 9

'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

- The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While TMF Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.
- While TMF Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income and hence there will be no change to the accounting for these assets. As the other financial assets held by TMF Group include primarily equity investments currently measured at fair value through profit or loss which would likely continue to be measured on the same basis under IFRS 9, and debt instruments currently classified as held-to-maturity and measured at amortised cost which appear to meet the conditions for classification at amortised cost under IFRS 9, TMF Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- There will be limited impact on TMF Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and at 31 December 2017 TMF Group has only such liabilities for an amount of €2.6 million. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

- The new hedge accounting rules will have a limited impact on TMF Group as it currently does not have any derivatives.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of TMF Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The standard must be applied 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. TMF Group decided to not adopt IFRS 9 before its mandatory adoption date.

New standards and interpretations not yet adopted (continued)

IFRS 15

The IASB has issued a new standard for the recognition of revenue, IFRS 15 'Revenue from contracts with customers'. This replaces 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. TMF Group expects to apply the modified retrospective approach for the adoption of IFRS15.

Management is currently assessing the effects of applying the new standard on TMF Group's financial statements. Based on this assessment, which is ongoing, management does not expect IFRS 15 to have a significant impact on its reported revenue for the majority of its contracts with customers. However, IFRS 15 may have an impact in certain specific areas, but not limited to, including timing of recognition of non-refundable upfront fees associated with setting up services for new clients, timing of recognition of contingent revenue, capitalisation of sales commissions, considerations of time value of money where significant timing lag exists between payment and delivery of services and presentation of revenue gross versus net where subcontractors are used in delivering services to clients.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

At this stage, TMF Group has commenced the implementation of applying IFRS 15 to its financial statements and this is expected to be completed during the first half of 2018. The standard is mandatory for financial years commencing on or after 1 January 2018. TMF Group decided not to adopt IFRS 15 before its mandatory adoption date.

IFRS 16

IFRS 16 'Leases' was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for TMF Group's operating leases. As at the reporting date, TMF Group has non-cancellable operating lease commitments of €91.5 million (note 34). TMF Group has assessed that a major part of these lease commitments will result in the recognition of an asset and a liability for future payments. The lease expenditure charge to the income statement in 2017 was €30.1 million (note 34), of which the majority is reported within rental and office expenses. The standard will therefore result in a significant decrease in rental and office expenses and an increase in depreciation charges and finance expenses. The net results of TMF Group are expected to be slightly negatively impacted in the year after adoption. The standard will also result in a significant increase of cash flows from operating activities and a similar decrease in cash flows from financing activities. The standard is mandatory for financial years commencing on or after 1 January 2019. TMF Group does not intend to adopt IFRS 16 before its mandatory date.

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.

TMF GROUP

2. Summary of significant accounting policies (continued)

2.2 Consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities over which TMF Orange Holding B.V. (indirectly) has control. TMF Group controls an entity when TMF 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.

2. Summary of significant accounting policies (continued)

2.2 Consolidation and equity accounting (continued)

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 TMF 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.

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.

TMF Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. 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. Summary of significant accounting policies (continued)

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. The executive committee assesses the performance of the operating segments based on external revenue, result from operations excluding non-underlying and separately disclosed items and depreciation, amortisation and impairment ('Adjusted EBITDA') and result from operations excluding depreciation, amortisation and impairment ('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.

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. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement.

TMF Group companies

The results and financial position of all TMF Group entities 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; and

- 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).

2. Summary of significant accounting policies (continued)

2.4 Foreign currency translation (continued)

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.

None of the TMF Group entities that could have a significant impact on the results and financial position of TMF Group have the currency of a hyperinflationary economy.

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.

2. Summary of significant accounting policies (continued)

2.5 Revenue recognition (continued)

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.

2.6 Non-underlying and other separately disclosed items

Non-underlying and other separately disclosed items include those significant items which are separately reported by virtue of size or incidence to enable a better understanding of TMF Group's financial performance. Those items relate to items of income and expense arising from circumstances as mentioned further below.

'Underlying operating profit' is one of the key measures used by the Board of Directors to monitor TMF Group's performance and is defined as Operating profit before these non-underlying and other separately disclosed items.

To provide a better understanding of the underlying results of the period, individual items are disclosed with further narrative within Note 13 if the aggregate amount of the event or project exceeds €1 million.

Acquisition and integration costs

Acquisition and integration costs mainly arise from completed business combinations and consist mainly of professional fees, personnel expenses such as severance payments, IT expenses and rental expenses such as the recognition of a provision for an onerous office lease contract. TMF Group invests in acquisitions to expand in addition to organic growth. Acquisitions and integration activities are considered investing activities which are not considered to be reflective of the current trading results.

Litigation costs

Litigation costs arise mainly from historical legal cases and significant current year matters. Litigation costs consist of legal fees, settlement fees, penalties and fines. Litigation costs can vary due to the one-off nature of an individual legal case and as these costs are not considered to be reflective of the current trading results.

2. Summary of significant accounting policies (continued)

2.6 Non-underlying and other separately disclosed items (continued)

Redundancy and restructuring costs

Redundancy and restructuring costs arise from restructuring plans, remediation plans and termination of senior staff. Costs consist mainly of severance payments, consultancy fees and recognition of provisions for onerous office lease contracts. A restructuring plan or termination of senior staff can relate to a line of business across multiple countries, within a single country or within the corporate headquarters. Remediation plans relate to single countries only. These costs are not reflective of the current trading results.

IT recovery costs

On 27 June 2017 TMF Group's servers were infected by the so-called "Notpetya" malware. This infected the network of TMF Group and resulted in a complete shutdown of the system to avoid further damage. Cost that arose from this shutdown are included as Non-underlying and other separately disclosed items. These costs are not reflective of the current trading results.

Share-based payment

Share-based payment includes the costs that arise from the one-off share-based payment scheme that was initiated in 2014.

Group transaction and monitoring costs

Group transaction and monitoring costs comprises transaction costs arising from TMF Group-wide shareholder matters such as IPO preparation, refinancing, and/or listing the business, which are not considered to be reflective of the current trading results.

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.

2. Summary of significant accounting policies (continued)

2.7 Leases (continued)

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 finance leases are 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 this 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.

Withholding taxes are presented under income taxes only where the gross amount of income is included in the taxable profit.

Refer to note 2.22 on current and deferred income tax.

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 identifiable 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.

Summary of significant accounting policies (continued)

2.10 Intangible assets (continued)

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. Goodwill is not amortised.

Client lists

Client lists, including client relationships, acquired by TMF Group have finite useful lives. Client lists are acquired as part of business combinations (refer to note 7), 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 are acquired as part of business combinations (refer to note 7), 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 7) 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)

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:

2. Summary of significant accounting policies (continued)

2.11 Property, plant and equipment (continued)

• 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. 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 and investments in associates

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

2. Summary of significant accounting policies (continued)

2.13 Financial assets and financial liabilities (continued)

(a) 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.

(b) 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.

(c) 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.

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.

2. Summary of significant accounting policies (continued)

2.13 Financial assets and financial liabilities (continued)

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 'Other gains/(losses) - net' when TMF Group's right to receive payments is established.

Changes in the fair value of financial assets 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 'Other gains/(losses) - net'. 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 2.20 and 2.21.

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 the 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 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 income statement on equity instruments are not reversed through the income statement.

2. Summary of significant accounting policies (continued)

2.16 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.

2.17 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.

2.18 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 bank overdrafts are shown within borrowings in current liabilities.

2.19 Equity

Ordinary shares are classified as equity.

2.20 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. Summary of significant accounting policies (continued)

2.21 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 if 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. If it is not 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.

TMF Group derecognises financial liabilities when, and only when, TMF Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the income statement.

2.22 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.

2. Summary of significant accounting policies (continued)

2.22 Current and deferred income tax (continued)

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.

2.23 Assets and liabilities or 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 Employee benefits (continued)

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 (or most appropriate foreign currency in case of an obligation in a non-Euro country) and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains or losses arising from actuarial assumptions 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.

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.

2. Summary of significant accounting policies (continued)

2.24 Employee benefits (continued)

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.

2.25 Share-based payments

TMF Group operates an equity-settled, share-based compensation plan 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, TMF 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.

2.26 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 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)

2.27 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 2016 and 2017, 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 19.

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 19, 21, 22, 24, 28 and 31.

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 2.10. These calculations use post-tax cash flow projections based on financial budgets and five year forecasts approved by management. The annual EBITDA (operating profit before interest, taxes, depreciation and amortisation) 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. Calculating the cash flows requires the use of judgements and estimates that have been included in our strategic plans and long range forecasts. In addition, judgement is required to estimate the appropriate interest rate to be used to discount the future cash flows. Refer to note 17 for all key assumptions used for the recoverable amount calculations.

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 2.16. 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. For more details refer to note 21.

3.3 Provisions

The provisions of TMF Group mainly relate to legal cases and restructuring costs. TMF Group exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities. For legal cases judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates. Refer to note 2.27 for the general accounting policies used and to note 29 and 35 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.

3. Critical accounting estimates and judgements (continued)

3.4 Valuation of investments and deferred consideration (continued)

In the sale and purchase agreement an exit payment agreement is included which divides the exit price in a future resale between TMF Group and management. The pay-out is determined using tranches with relative increases in pay-out to management given higher level of 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 depend 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 19.

3.5 Non-underlying and other separately disclosed items

Certain items are presented separately in the income statement as Non-underlying and other separately disclosed items where, in the judgement of management, they need to be disclosed separately by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of TMF Group's underlying business performance. Further details of such items management has disclosed as Non-underlying and other separately disclosed items, including the costs of restructuring the business, are provided in note 13.

3.6 Income taxes

TMF Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. TMF Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The deferred tax assets mainly relate to carried forward tax losses in USA and Norway. It is management's expectation that the incurred losses in USA and Norway will not recur in future. TMF Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets in these countries. It is expected to generate taxable income in these countries. These losses can be carried forward.

3. Critical accounting estimates and judgements (continued)

3.6 Income taxes (continued)

For non-capitalised tax losses, mainly in the Netherlands and Luxembourg, it is the assessment that under the current leverage they cannot be recovered in the future. For more details on this deferred tax asset refer to note 20.

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 its advisors and 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 2017, no interest rate derivatives are in place. For the applicable interest rates on loans and borrowings reference is made to note 19 and 28. At 31 December 2016 and 2017, 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 millions of Euro	2016	2017
Result for the year	(7.7) / 7.7	(10.0) / 0.2*
Other comprehensive income	-	-
Statement of changes in equity	(7.7) / 7.7	(10.0) / 0.2*
Fair value of derivative financial instruments	-	-

* The interest on the secured bank borrowings and secured bank overdraft is based on Euribor/Ibor interest rates. In case of a negative Euribor/Ibor, 0% is used in the calculation of the secured senior bank loan and revolving credit facility.

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 in non-USD countries was as follows:

In millions of Euro	31 December 2016	31 December 2017
Trade receivables	12.8	12.5
Cash and cash equivalents	22.9	31.4
Loans and borrowings	60.2	45.3
Trade and other payables	2.2	2.2

If Euro had strengthened / weakened by 5% against the US Dollar with all variables held constant, then this would have the following impact:

In millions of Euro	31 December 2016	31 December 2017
Profit/(loss) for the year	(1.6) / 1.6	(3.1) / 3.1

4. Financial risk management (continued)

4.3.1 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.

At 31 December 2017, cash at banks with no rating or not BBB as a minimum amounted to €5.9 million (compared to €2.1 million at 31 December 2016).

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 no significant concentrations of credit risk. 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 19, 21, 22 and 23.

4.4 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).

4. Financial risk management (continued)

4.5 Liquidity risk (continued)

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 34. 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 millions of Euro	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2016				
Loans and borrowings (note 28)	283.4	2.0	4.9	1,219.4
Trade and other payables, excluding deferred income (note 31)	75.3	0.9	2.6	-
Clients' funds ledger balances (note 23)	184.9	-	-	-
At 31 December 2017				
Loans and borrowings (note 28)	1,639.8	1.8	5.5	-
Trade and other payables, excluding deferred income (note 31)	96.7	1.0	1.9	-
Clients' funds ledger balances (note 23)	181.3	-	-	-

The secured bank borrowings and related party loans will be refinanced in 2018 as a result of the CVC Capital Partners acquisition and hence these are included in the maturity group 'less than 1 year'.

TMF Group has a revolving credit facility totalling €90.0 million as at 31 December 2017. This facility consists of a €75.5 million facility for cash needs (of which €6.5 million is undrawn) and a €14.5 million facility for bank guarantees (of which €4.4 million is not used). As at 31 December 2017, the total undrawn borrowing facilities amounted to €15.1 million.

4. Financial risk management (continued)

4.6 Capital risk management

TMF Group's objectives when managing capital are to ensure 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 loans and borrowings are considered as the most important items from a 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 flow conversion ratio, which is the percentage of underlying operating profit (excluding depreciation and amortisation) converted into cash. Cash flow conversion is calculated as underlying operating profit (excluding depreciation and amortisation) minus investment in and proceeds on disposal of intangible assets and property, plant and equipment divided by underlying operating profit (excluding depreciation and amortisation).

The following table sets out a breakdown of the cash flow for the years 2016 and 2017.

in millions of Euro	**2016**	**2017**
Underlying operating profit (excluding depreciation and amortisation)	135.9	143.9
Investment in intangible assets	(14.9)	(17.4)
Investment in property, plant and equipment	(10.9)	(10.6)
Proceeds on disposal of intangible assets and property, plant and equipment	0.6	0.7
Underlying operating profit (excluding depreciation and amortisation) minus investment in and proceeds on disposal of intangible assets and property, plant and equipment	**110.7**	**116.6**
Cash flow conversion	*81.5%*	*81.0%*

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 a global cash management system and will continue to enhance cash management operations during 2018. This focus should make it possible for TMF Group to pay the interest on loans and borrowings.

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 2016 and 2017:

In millions of Euro	2016	2017
Cash and Cash equivalents	**46.1**	**38.0**
Secured bank borrowings	660.0	660.0
Revolving credit facility	42.9	69.0
Other loans	5.8	4.8
Total third party debt	**708.7**	**733.8**
Subordinated Shareholder Funding	559.4	647.2
Total equity	(452.4)	(576.6)
Total capitalization	**815.7**	**804.4**
Net third party debt	**662.6**	**695.8**
Total third party debt / Adjusted EBITDA *	5.17	5.00
Net third party debt / Adjusted EBITDA *	4.83	4.74

*) Adjusted EBITDA with the full year impact of acquisitions and disposal.

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

During 2016 and 2017 TMF Group complied with its banking covenants. At 31 December 2017, financial covenants are only applicable for the revolving credit facility. The only financial covenant relates to the ratio of Net Debt to Adjusted EBITDA, with full year impact of acquisitions and disposal. The ratio in the covenant is 7.6, as such there is sufficient headroom in place.

4.7 Offsetting financial assets and financial liabilities

During 2016 and 2017, there were no financial assets and liabilities that were subject to offsetting, enforceable master netting arrangements or similar agreements.

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 and a service line perspective. The segments from a geographic perspective are considered as operating segments under IFRS 8. Financial results of the service lines are voluntarily disclosed in Note 6 as those do not qualify as operating segments under IFRS 8.

TMF Group has operations in the following geographical segments, in line with the internal reporting provided to the executive committee:

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

The four operating segments identified cannot be aggregated and are therefore also the reportable segments.

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. These are costs associated with TMF Group management and various centrally managed support functions such as HR, IT, Finance and the Global Sales Team.

Refer to note 1 for further details on the nature of the service lines of TMF Group.

The executive committee assesses the performance of the operating segments based on external revenue, result from operations excluding non-underlying and separately disclosed items and DAI ('Adjusted EBITDA') and result from operations excluding DAI. The management basis includes 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 2016 and 2017:

5. Segment information (continued)

Segments geographical – income statement

Year ended 31 December 2016

In millions of Euro	Benelux	EMEA	Americas	APAC	All other	Corporate HC**	Eliminations	Total management basis	Presentation adjustments*	Income statement (page 47)
Total external revenue	126.9	183.9	107.1	108.2	2.8	-	-	528.9	(8.1)	520.8
Inter-segment revenue	-	0.1	0.5	0.5	-	-	(1.1)	-	-	-
Total segment revenue	**126.9**	**184.0**	**107.6**	**108.7**	**2.8**	**-**	**(1.1)**	**528.9**	**(8.1)**	**520.8**
Segment result										
Underlying operating profit (excl. depreciation and amortisation)	67.8	69.4	34.7	37.1	-	(71.4)	-	137.6	(1.7)	135.9
Non-underlying and other separately disclosed items	(1.1)	(4.6)	(5.9)	(0.4)	0.1	(10.2)	-	(22.1)	0.7	(21.4)
Operating profit (excl. depreciation and amortization)	**66.7**	**64.8**	**28.8**	**36.7**	**0.1**	**(81.6)**	**-**	**115.5**	**(1.0)**	**114.5**
Depreciation and amortisation								(32.9)	0.5	(32.4)
Net finance costs								(143.5)	(1.7)	(145.2)
Share of profit/(loss) of investments accounted for using the equity method								-	2.3	2.3
Other gains/(losses) - net								(2.6)	(0.3)	(2.9)
Income tax expense								(20.2)	0.6	(19.6)
Result for the period								**(83.7)**	**0.4**	**(83.3)**
Attributable to:										
Owners of the parent								(84.4)	-	(84.4)
Non-controlling interests								0.7	0.4	1.1
Result for the period								**(83.7)**	**0.4**	**(83.3)**

*) Presentation adjustments relate to the restatement of the associates from a pro-forma 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.

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5. Segment information (continued)

Segments geographical – income statement (continued)

Year ended 31 December 2017

In millions of Euro	Benelux	EMEA	Americas	APAC	All other	Corporate HC **	Elimi-nations	Total manage-ment basis	Presen-tation adjust-ments*	Income statement (page 47)
Total external revenue	136.1	192.5	115.9	116.0	3.9	-	-	564.4	(9.7)	554.7
Inter-segment revenue	-	0.2	0.4	0.6	-	-	(1.2)	-	-	-
Total segment revenue	**136.1**	**192.7**	**116.3**	**116.6**	**3.9**	**-**	**(1.2)**	**564.4**	**(9.7)**	**554.7**
Segment result										
Underlying operating profit (excl. depreciation and amortisation)	72.3	71.7	38.3	41.2	(2.2)	(73.6)	-	147.7	(3.8)	143.9
Non-underlying and other separately disclosed items	(1.8)	(8.9)	(7.1)	(1.9)	-	(39.8)	-	(59.5)	0.6	(58.9)
Operating profit (excl. depreciation and amortization)	**70.5**	**62.8**	**31.2**	**39.3**	**(2.2)**	**(113.4)**	**-**	**88.2**	**(3.2)**	**85.0**
Depreciation and amortisation								(38.6)	0.4	(38.2)
Net finance costs								(119.0)	1.8	(117.2)
Share of profit/(loss) of investments accounted for using the equity method								-	3.1	3.1
Other gains/(losses) - net								(0.9)	-	(0.9)
Income tax expense								(15.7)	(0.8)	(16.5)
Result for the period								**(86.0)**	**1.3**	**(84.7)**
Attributable to:										
Owners of the parent								(87.4)	1.7	(85.7)
Non-controlling interests								1.4	(0.4)	1.0
Result for the period								**(86.0)**	**1.3**	**(84.7)**

*) Presentation adjustments relate to the restatement of the associates from a pro-forma 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)

Entity wide disclosures

No individual external client represents more than 1 percent of TMF Group's external revenue.

The Company is domiciled in the Netherlands. As at 31 December 2016 and 2017, the total of non-current assets (other than financial instruments and deferred tax assets) located in the Netherlands amounts to respectively €151 million and €155 million. The total of such non-current assets located in other countries amounts to respectively €589 million and €587 million.

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

In millions of Euro	**2016**	**2017**
The Netherlands	78.6	83.8
Luxembourg	45.6	47.5
Other countries	404.7	433.1
Total Management basis	**528.9**	**564.4**
Presentation adjustment	(8.1)	(9.7)
Income statement (page 47)	**520.8**	**554.7**

6. Service line information

General

The executive committee considers the business not only from a geographic perspective (refer to Note 5) but also from a service line perspective. Financial results of the service lines are voluntarily disclosed as they do not qualify as operating segments under IFRS 8.

The executive committee assesses the performance of the service lines based on external revenue and gross profit. Gross profit consists of external revenue less direct expenses. Direct expenses include employee benefit expense, IT expenses arising from software specific to a service line, travel expenses of service line staff and sub-contractors' costs. Indirect expenses include the expenses of all support departments and expenses that are not allocated to service lines or regional and group support departments (rental & office expenses, professional fees except sub-contractor costs and other expenses except IT and travel expenses of service line staff).

6. Service line information (continued)

Income statement

The service lines do not represent operating segments and the result of the service lines are voluntarily disclosed.

Year ended 31 December 2016

In millions of Euro	External revenue	Direct expenses*	**Gross profit**	Indirect expenses **	*Results from operations, excl. non-underlying and other separately disclosed items and DAI*	Non-underlying and other separately disclosed items (within operating profit)	**Results from operations, excluding DAI**
Accounting & Tax	154.5	(68.9)	**85.6**				
HR & Payroll	85.0	(34.8)	**50.2**				
Corporate Secretarial and Legal admin.	67.2	(20.8)	**46.4**				
Global Business Services	*306.7*	*(124.5)*	***182.2***				
Global Governance Services	121.3	(35.1)	**86.2**				
Family and Business Wealth Solutions	32.3	(9.5)	**22.8**				
Alternative Investments	68.6	(18.4)	**50.2**				
Trust & Corporate Services	*222.2*	*(63.0)*	***159.2***				
Service lines	**528.9**	**(187.5)**	**341.4**	**-**	***341.4***	**-**	**341.4**
Support staff and unallocated expenses	-	-	**-**	(203.8)	*(203.8)*	(22.1)	**(225.9)**
Total management basis	**528.9**	**(187.5)**	**341.4**	**(203.8)**	***137.6***	**(22.1)**	**115.5**
Presentation adjustments ***	(8.1)	5.5	(2.6)	0.9	*(1.7)*	0.7	(1.0)
Income statement (page 47)	**520.8**	**(182.0)**	**338.8**	**(202.9)**	***135.9***	**(21.4)**	**114.5**

*) Direct expenses include employee benefit expense, IT expenses arising from software specific to a service line, travel expenses of service line staff and sub-contractors' costs.

**) Indirect expenses include the expenses of all regional and group support departments and expenses that are not allocated to service lines or support departments (rental & office expenses, professional fees except sub-contractor costs and other expenses except IT and travel expenses of service line staff).

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

6. Service line information (continued)

Income statement (continued)

The service lines do not represent operating segments and the result of the service lines are voluntarily disclosed.

Year ended 31 December 2017

In millions of Euro	External revenue	Direct expenses*	**Gross profit**	Indirect expenses **	*Results from operations, excluding non-underlying and other separately disclosed items and DAI*	Non-underlying and other separately disclosed items (within operating profit)	**Results from operations, excluding DAI**
Accounting & Tax	163.1	(73.6)	**89.5**				
HR & Payroll	98.4	(41.8)	**56.6**				
Corporate Secretarial and Legal administration	71.4	(20.6)	**50.8**				
Global Business Services	*332.9*	*(136.0)*	***196.9***				
Global Governance Services	126.6	(37.5)	**89.1**				
Family and Business Wealth Solutions	31.1	(9.4)	**21.7**				
Alternative Investments	73.8	(22.4)	**51.4**				
Trust & Corporate Services	*231.5*	*(69.3)*	***162.2***				
Service lines	**564.4**	**(205.3)**	**359.1**	**-**	***359.1***	**-**	**359.1**
Support staff and unallocated expenses	-	-	-	(211.4)	*(211.4)*	(59.5)	(270.9)
Total management basis	**564.4**	**(205.3)**	**359.1**	**(211.4)**	***147.7***	**(59.5)**	**88.2**
Presentation adjustments ***	(9.7)	5.9	(3.8)	-	*(3.8)*	0.6	(3.2)
Income statement (page 47)	**554.7**	**(199.4)**	**355.3**	**(95.6)**	***143.9***	**(58.9)**	**85.0**

*) Direct expenses include employee benefit expense, IT expenses arising from software specific to a service line, travel expenses of service line staff and sub-contractors' costs.

**) Indirect expenses include the expenses of all regional and group support departments and expenses that are not allocated to service lines or support departments (rental & office expenses, professional fees except sub-contractor costs and other expenses except IT and travel expenses of service line staff).

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

7. 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, enhance a specific service offering, assist in consolidating fragmented markets or address relevant geographical gaps. TMF Group applies a disciplined and rigorous approach to all acquisition evaluations.

Acquisitions 2016

With an effective date of 5 May 2016, TMF Group acquired the shares of UCMS (United Customer Management Services) Group EMEA Limited ('UCMS'). All voting equity interests in UCMS were acquired. UCMS is a Global Business Service provider primarily in the Central Eastern European region. The acquisition enhanced existing operations in this region, particularly in Hungary, which was UCMS Group's strongest market. The consideration amounted to €15.7 million. The cash outflow from this acquisition, net of cash acquired, was €15.3 million. There is no deferred consideration and no contingent liabilities were acquired in this business combination.

With an effective date of 9 May 2016, TMF Group acquired the shares of Extor S.A. ('Extor'). All voting equity interests in Extor were acquired. Extor is a Global Business Service provider in Poland, primarily in HR & Payroll and Accounting & Tax Services. The acquisition of Extor enhanced TMF Group's presence in Poland, and with a similar client portfolio it enhances the ability to invest in and grow operations in the country. The consideration amounted to €5.3 million. The cash outflow from this acquisition, net of cash acquired, was €4.6 million. At 31 December 2016, there is an estimated contingent consideration of €1.1 million mainly depending on future revenue of the existing client portfolio. No contingent liabilities were acquired in this business combination.

With an effective date of 11 May 2016, TMF Group acquired Swain & Associates Inc. and Swain Advance Corp. ('Swain'). Swain provides HR & Payroll and Accounting & Tax Services to foreign corporations and entrepreneurs that are setting up and doing business in Canada. The consideration amounted to €1.2 million. The cash outflow from this acquisition, net of cash acquired, was €0.9 million. At 31 December 2016, there is an estimated contingent consideration of €0.3 million mainly depending on future revenue of the existing client portfolio. No contingent liabilities were acquired in this business combination.

On 31 May 2016, an asset purchase agreement was signed for the acquisition of a business from The Bank of New York Mellon S.A./N.V. and The Bank of New York Mellon (Luxembourg) S.A. ('BNY Mellon'), being BNY Mellon's Corporate Administration Services business affiliated to the Corporate Trust offering in Ireland and Luxembourg. The business was acquired between September and December 2016. The consideration amounted to €2.1 million. The cash outflow from this acquisition, net of cash acquired, was €2.1 million. There is no deferred consideration and no contingent liabilities were acquired in this business combination.

7. Business combinations (continued)

Acquisitions 2016 (continued)

With an effective date of 30 June 2016, TMF Group acquired Affiance Management B.V. (‘Affiance’). The legal transfer of the shares took place on 11 July 2016. Affiance provides Trust & Corporate Services to Turkish clients in the Netherlands. The consideration amounted to €3.2 million. The cash outflow from this acquisition, net of cash acquired, was €2.4 million. The contingent consideration, which is mainly depending on future revenue of the existing client portfolio, was estimated at €0.8 million and revalued to €0.4 million in December 2016. No contingent liabilities were acquired in this business combination.

On 29 June 2016, an asset purchase agreement was signed for the acquisition of a business from Deutsche Bank S.A. – Banco Alemão (‘DB’), being DB’s Structured Finance Services business in Brazil. The business was acquired in November 2016. The consideration amounted to nil. There is no deferred consideration and no contingent liabilities were acquired in this business combination.

With an effective date of 5 July 2016, TMF Group acquired Axiss International Management Ltd (‘Axiss’). Axiss is a fiduciary service provider in the Cayman Islands. The consideration amounted to €2.3 million. The cash outflow from this acquisition, net of cash acquired, was €2.0 million. There is no deferred consideration and no contingent liabilities were acquired in this business combination.

Acquisitions 2017

With an effective date of 31 May 2017, TMF Group acquired Virtual HR Pte Ltd (‘Virtual HR’). Virtual HR provides payroll services to clients in Singapore. The consideration amounted to €4.3 million. The cash outflow from this acquisition, net of cash acquired, was €2.9 million. At 31 December 2017, there is an estimated contingent consideration of €1.0 million. No contingent liabilities were acquired in this business combination.

With an effective date of 4 July 2017, TMF Group acquired OnPayroll.ca Corp (‘Onpayroll’). Onpayroll provides payroll services to clients in Canada. The consideration amounted to €0.6 million. The cash outflow from this acquisition, net of cash acquired, was €0.6 million. No contingent liabilities were acquired in this business combination.

With an effective date of 4 July 2017, TMF Group acquired NYE UPAX AS (‘UPAX’). UPAX provides GBS services to clients in the Norwegian oil and gas industry. The consideration amounted to €11.1 million. The cash outflow from this acquisition, net of cash acquired, was €8.8 million. No contingent liabilities were acquired in this business combination.

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7. Business combinations (continued)

Acquisitions 2017 (continued)

With an effective date of 25 July 2017, TMF Group acquired Payroll Services AG (‘Payroll Services’). Payroll Services provides payroll services to clients in Switzerland. The consideration amounted to €1.3 million. The cash outflow from this acquisition, net of cash acquired, was €0.9 million. At 31 December 2017, there is an estimated contingent consideration of €0.2 million. No contingent liabilities were acquired in this business combination.

With an effective date of 29 September 2017, TMF Group acquired Gentoo Holdings (‘Gentoo’). Gentoo provides administration services to funds for clients in Guernsey and Luxembourg. The consideration amounted to €24.5 million. The cash outflow from this acquisition, net of cash acquired, was €19.0 million. At 31 December 2017, there is an estimated contingent consideration of €1.3 million mainly depending on future profits of the existing client portfolio. No contingent liabilities were acquired in this business combination.

With an effective date of 29 September 2017, TMF Group acquired NYAASA Services Private Limited (‘NYAASA’). NYAASA provides corporate services to clients in India. The consideration amounted to €1.0 million. The cash outflow from this acquisition, net of cash acquired, was €0.9 million. No contingent liabilities were acquired in this business combination.

Acquisitions 2016

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

In millions of Euro	UCMS	Other acquisitions	Recognized values on acquisition
Intangible assets (note 17)	11.2	9.8	21.0
Property, Plant and Equipment (note 18)	0.6	0.1	0.7
Financial assets	-	0.2	0.2
Deferred tax assets (note 20)	0.1	-	0.1
Trade and other receivables	2.9	1.5	4.4
Clients’ funds under trust	0.2	2.2	2.4
Cash and cash equivalents	0.4	0.4	0.8
Loans and borrowings	(0.1)	(0.5)	(0.6)
Deferred tax liabilities (note 20)	(1.5)	(1.5)	(3.0)
Trade and other payables	(2.5)	(1.2)	(3.7)
Clients’ funds ledger balances	(0.2)	(2.2)	(2.4)
Net identifiable assets and liabilities	**11.1**	**8.8**	**19.9**

7. Business combinations (continued)

Acquisitions 2016 (continued)

The fair value adjustments on intangible assets are not tax deductible.

Goodwill is calculated as follows:

In millions of Euro			
Purchase consideration	**UCMS**	**Other acquisitions**	**Total**
Cash paid	15.7	12.0	27.7
Consideration deferred to future periods	-	2.1	2.1
Total purchase consideration	**15.7**	**14.1**	**29.8**
Less: fair value of net assets acquired (excluding goodwill)	(11.1)	(8.8)	(19.9)
Goodwill (note 17)	**4.6**	**5.3**	**9.9**

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

In millions of Euro	UCMS	Other acquisitions	Total
Cash paid	15.7	12.0	27.7
Cash and cash equivalents acquired (net of bank overdrafts)	(0.4)	0.1	(0.3)
Net cash outflow on current year acquisitions	15.3	12.1	27.4
Deferred considerations cash payments from prior period acquisitions	-	1.8	1.8
Net cash outflow on acquisitions	**15.3**	**13.9**	**29.2**

In millions of Euro	UCMS	Other acquisitions	Total
Revenue post-acquisition	7.6	4.6	12.2
Profit post-acquisition	0.9	0.8	1.7
Pro forma revenue to 31 December 2016	11.5	8.2	19.7
Pro forma profit to 31 December 2016	1.1	1.6	2.7
Acquisition costs in the year	0.4	0.9	1.3

The consideration deferred to future periods is the estimated contingent consideration on other acquisitions which is dependent on revenue recognised 12 months after the closing date. This is level 3 fair value measurement and fair value calculated using income approach. The range of the contingent consideration for the 2016 acquisitions is between nil and €2.7 million.

7. Business combinations (continued)

Acquisitions 2017

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

In millions of Euro	Gentoo	UPAX	Other acquisitions	Recognized values on acquisition
Intangible assets (note 17)	9.0	4.4	6.0	19.4
Property, Plant and Equipment (note 18)	0.2	0.0	0.2	0.4
Financial assets	0.2	-	0.0	0.2
Deferred tax assets (note 20)	-	0.0	0.0	0.0
Trade and other receivables	2.0	0.9	0.8	3.7
Current tax receivables	-	-	0.0	0.0
Clients' funds under trust	0.0	-	2.6	2.6
Cash and cash equivalents	4.2	2.3	0.7	7.2
Loans and borrowings	-	-	(0.2)	(0.2)
Deferred tax liabilities (note 20)	(0.9)	(1.0)	(1.3)	(3.2)
Trade and other payables	(1.6)	(0.8)	(0.4)	(2.8)
Provisions	-	-	(0.0)	(0.0)
Current tax payables	(0.3)	-	(0.1)	(0.4)
Clients' funds ledger balances	(0.0)	-	(2.6)	(2.6)
Net identifiable assets and liabilities	**12.8**	**5.8**	**5.7**	**24.3**

The fair value adjustments on intangible assets are not tax deductible.

Goodwill is calculated as follows:

In millions of Euro				
Purchase consideration	**Gentoo**	**UPAX**	**Other acquisitions**	**Total**
Cash paid	23.2	11.1	5.9	40.2
Consideration deferred to future periods	1.3	-	1.4	2.7
Total purchase consideration	**24.5**	**11.1**	**7.3**	**42.9**
Less: fair value of net assets acquired (excluding goodwill)	(12.9)	(5.7)	(5.7)	(24.3)
Goodwill (note 17)	**11.6**	**5.4**	**1.6**	**18.6**

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7. Business combinations (continued)

Acquisitions 2017 (continued)

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

In millions of Euro	Gentoo	UPAX	Other acquisitions	Total
Cash paid	23.2	11.1	5.9	40.2
Cash and cash equivalents acquired (net of bank overdrafts)	(4.2)	(2.3)	(0.5)	(7.0)
Net cash outflow on current year acquisitions	19.0	8.8	5.4	33.2
Deferred considerations cash payments from prior period acquisitions	-	-	1.7	1.7
Net cash outflow on acquisitions	**19.0**	**8.8**	**7.1**	**34.9**

In millions of Euro	Gentoo	UPAX	Other acquisitions	Total
Revenue post-acquisition	2.0	2.6	2.2	6.8
Profit post-acquisition	1.6	0.5	0.1	2.2
Pro forma revenue to 31 December 2017	7.5	4.9	5.2	17.6
Pro forma profit to 31 December 2017	1.6	0.6	1.7	3.9
Acquisition costs in the year	0.4	0.1	0.4	0.9

The consideration deferred to future periods is the estimated contingent consideration on other acquisitions which is dependent on revenue recognised 19 months after the closing date. This is level 3 fair value measurement and fair value calculated using income approach. The range of the contingent consideration for the 2017 acquisitions is between €1.2 and €3.5 million.

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.

8. Share of profit/(loss) of investments accounted for using the equity method

With an effective date of 13 March 2015, TMF Brazil Assessoria Contabil e Empresarial Ltda ('TMF Assessoria'), part of 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 €5.7 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 2016 a consideration of €0.3 million was paid, resulting in a release of the contingent consideration of €0.3 million.

In compliance with local requirements, 51% of the shares of 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 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 and the proceeds received. 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 default call option to purchase the shares of the Local Partners in case of default of the local Partners in relation to the agreements while the Local Partners have an exit put option to sell the shares back to TMF Group for the initial purchase price (including interest).

On 29 September 2017 a loan of € 7.1 million has been capitalised by TMF. The Local Partners had to buy additional shares in order to retain their 51% of the shares of TMF Assessoria. The shares were purchased under the same conditions as in 2015 and additional loans were provided to the Local Partners up to a total amount of € 3.1 (note 19).

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.

As in 2016 and 2017 the associate is profitable, TMF Group included the associate for 80%.

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8. Share of profit/(loss) of investments accounted for using the equity method (continued)

The movements in investments accounted for using the equity method are as follows:

In millions of Euro	2016	2017
Beginning of the year	**-**	**-**
Negative equity value per opening balance	(3.2)	(2.0)
Share of profit/(loss) for investments accounted for using the equity method	2.3	1.3
Translation movements	(1.1)	(0.3)
Capital contribution	-	3.6
Gain on capital contribution	-	1.8
Reducing long term loan receivable of the associate with the recognized share in losses (note 19)	2.0	-
End of the year	**-**	**4.4**

The table below provide summarized financial information of TMF Assessoria.

In millions of Euro	31 December 2016	31 December 2017
Non-current assets	6.1	5.4
Current assets	6.9	6.5
Non-current liabilities	(0.5)	-
Current liabilities	(15.0)	(6.4)
Net assets	**(2.5)**	**5.5**
TMF Group's share in net assets in %	80%	80%
Carrying amount	**(2.0)**	**4.4**

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8. Share of profit/(loss) of investments accounted for using the equity method (continued)

The table below includes the summarized statement of comprehensive income of TMF Assessoria:

In millions of Euro	**Year ended 31 December 2016**	**Year ended 31 December 2017**
External revenue	**8.1**	**9.7**
Operating expenses	(6.4)	(5.9)
Result from operations before non-underlying and separately disclosed items, depreciation, amortisation and impairment charges	**1.7**	**3.8**
Non-underlying and separately disclosed items	(0.4)	(0.7)
Depreciation, amortisation and impairment charges	(0.5)	(0.5)
Net finance costs	1.7	(1.8)
Income tax expense	(0.6)	0.8
Sub-total	**1.9**	**1.6**
TMF Group's share in net result in %	80%	80%
Share of result (before decrease in share of net assets)	**1.5**	**1.3**
Impact of decrease in share of net assets from 100% to 80%	0.8	-
Share of result	**2.3**	**1.3**
Other comprehensive income	(1.1)	(0.3)
Share in total comprehensive income	**1.2**	**1.0**

9. Other gains/(losses) - net

In millions of Euro	**2016**	**2017**
Result on disposal / deconsolidation of subsidiaries	(2.8)	0.7
Gains / (losses) on changes to estimates of deferred consideration	1.1	(0.4)
Gains / (losses) on the Investment in Custom House Group (note 19)	(1.2)	(1.2)
Total	**(2.9)**	**(0.9)**

9. Other gains/(losses) – net (continued)

Result on disposal / deconsolidation of subsidiaries

Disposals 2016

In 2016, the result on disposal / deconsolidation of subsidiaries related to the disposal of TMF Ferri Minnetti Piredda S.r.l., which was sold at 16 December 2016 for an amount of €1.0 million. As from that date TMF Group no longer has control of this entity. The impact on TMF Group's financial statements can be specified as follows:

In millions of Euro	**2016**
Assets (excluding cash and cash equivalents)	(6.0)
Cash and cash equivalents of entity	(0.6)
Liabilities	2.8
Cash to be received from new owner	1.0
Result on disposal	**(2.8)**

The cash to be received from the new owners is a deferred consideration and will be paid upon an exit event of TMF Group.

In 2016, TMF Ferri Minnetti Piredda S.r.l. contributed €2.7 million to revenue and €0.1 million to the net result of TMF Group.

Disposals 2017

In 2017, the result on disposal / deconsolidation of subsidiaries related to the disposal of dr. Mayer gmbh wirtschaftstreuhand- und steuerberatungsgesellschaft ("dr. Mayer") and TMF (Samoa) Limited.

Dr. Mayer which was sold at 20 May 2017 for an amount of €1.6 million. As from that date TMF Group has no longer control of this entity. Some clients of dr. Mayer did not transfer to the new owner but stayed with TMF Group. The impact on TMF Group's financial statements can be specified as follows:

In millions of Euro	**2017**
Assets (excluding cash and cash equivalents)	(1.7)
Cash and cash equivalents of entity	(0.1)
Liabilities	0.6
Cash to be received from new owner	1.6
Result on disposal	**0.4**

In 2017, dr. Mayer contributed €0.8 million to revenue and €(0.1) million to the net profit of TMF Group.

9. Other gains/(losses) - net (continued)

Disposals 2017 (continued)

TMF (Samoa) Limited was sold at 1 August 2017 for an amount of €0.5 million. 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 millions of Euro	**2017**
Assets (excluding cash and cash equivalents)	(0.2)
Cash to be received from new owner	0.5
Result on disposal	**0.3**

Gains / (losses) on changes to estimates of deferred consideration

In 2016, the gain relates to a revised estimate of the consideration on the acquisitions of Affiance, Apriori TI and Accepta AS.

In 2017, the loss relates to a revised estimate of the consideration on the Affiance acquisition.

10. Principal subsidiaries

Subsidiaries

For the list of the subsidiaries of TMF Group at 31 December 2017, 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 HoldCo 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 year is € 1.0 million, related to the Freeway Entertainment group. Since the non-controlling interest in Freeway is considered not significant for TMF Group no further summarised financial information is disclosed.

10. Principal subsidiaries (continued)

Significant restrictions

At 31 December 2016 and 2017, cash and cash equivalents of €5.6 million and €4.1 million respectively were subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting cash and/or capital from the country. The restricted cash at 31 December 2017 is primarily held in China, Argentina and Ukraine.

At 31 December 2016 and 2017, cash and cash equivalents of €3.5 million and €3.6 million respectively were restricted due to local agreements such as financing, rent agreements or agreements with local regulators. The restricted cash at 31 December 2017 is primarily held in BVI, Luxembourg and Argentina.

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

11. Employee benefit expense

Employee benefit expense is summarised as follows:

In millions of Euro	2016	2017
Wages and salaries	(224.2)	(244.3)
Social security costs	(28.5)	(30.9)
Pension costs – defined contribution plans	(10.4)	(10.5)
Pension costs – defined benefit plans (note 30)	(0.6)	(0.7)
Other post-employment and long-term employee benefits	(0.4)	(0.2)
Share-based payments (note 26)	(0.5)	(1.4)
Other employee benefit expense	(28.3)	(27.0)
Total employee benefit expense	**(292.9)**	**(315.0)**

Other employee benefit expense relates to education expenses, lease car expenses, commuting allowances, recruitment costs, placement agencies, temporary employees and management fees.

The average number of full time equivalent employees (in continued operations) can be specified as follows:

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11. Employee benefit expense (continued)

	2016	2017
Client servicing staff (average number of FTE)	4,705	5,142
Support staff (average number of FTE)	1,639	1,905
Average number of FTE (in continued operations)	**6,344**	**7,047**
Of which working in the Netherlands	335	381
Of which working abroad	6,009	6,666

12. Other expenses

In millions of Euro	2016	2017
Travel expenses	(6.1)	(5.4)
Marketing and sales expenses	(4.3)	(5.3)
Bad debt expenses (note 21)	(4.6)	(4.3)
Insurance	(4.3)	(6.8)
Bank charges	(1.6)	(2.1)
Other	(5.7)	(7.3)
Total other expenses	**(26.6)**	**(31.2)**

13. Non-underlying and other separately disclosed items

In millions of Euro	2016	2017
Acquisition and integration costs	(4.8)	(7.3)
Litigation costs	(2.1)	(0.5)
Redundancy and restructuring costs	(7.9)	(16.3)
IT recovery costs	-	(3.7)
Share-based payment	(0.5)	(1.4)
Group transaction and monitoring costs	(6.1)	(29.7)
Total non-underlying and other separately disclosed items	**(21.4)**	**(58.9)**

13. Non-underlying and other separately disclosed items (continued)

In millions of Euro	2016	2017
Employee benefit expenses	(9.1)	(13.7)
Rental and office expenses	(1.7)	(4.6)
Professional fees	(10.5)	(39.5)
Other expenses	(0.1)	(1.1)
Total non-underlying and other separately disclosed items	**(21.4)**	**(58.9)**

In millions of Euro	2016	2017
Non-underlying and other separately disclosed items - income	1.8	0.6
Non-underlying and other separately disclosed items - expenses	(23.2)	(59.5)
Total non-underlying and other separately disclosed items	**(21.4)**	**(58.9)**

Acquisition and integration costs

The acquisition and integration costs in 2016 include costs relating to the integration of Apriori (€2.0 million), acquisition and integration of UCMS / Extor (€1.4 million) and the acquisition and integration of Swain, Affiance, Axiss and certain businesses of BNY Mellon and DB (refer to note 7).

In 2017, acquisition and integration costs mainly include the integration of UCMS/Extor (€2.1 million), integration of Apriori, Axiss and Swain and acquisition costs for Virtual HR, Payroll Services, Gentoo and UPAX (refer to note 7).

Litigation costs

Of the litigation costs in 2016, €1.5 million relate to various smaller historical legal claims in Jersey. The remainder relates to legal costs on other historical legal claims.

In 2017, litigation costs relate to a release of a provision after final settlement with the a counter party in Jersey (€0.1 million). The remainder relates to legal costs on other historical legal claims.

Legal claims are further disclosed in note 35.

13. Non-underlying and other separately disclosed items (continued)

IT recovery costs

IT recovery costs arose from the shutdown of TMF Group network and systems, caused by the "Notpetya" malware.

Redundancy and restructuring costs

Redundancy and restructuring costs in 2016 mainly concern remediation costs in Jersey (€1.1 million) and various redundancies and restructuring projects in other countries and in the corporate headquarters.

In 2017, redundancy and restructuring costs related to TMF Group-wide restructuring program (€11.3 million) and various restructuring projects in other countries.

Share-based payment

Costs arising from share-based payment relate to a one-off plan initiated in 2014 to provide a selected and eligible group of senior management in TMF with share options (units) as an employee benefit.

TMF Group has no legal or constructive obligation to repurchase or settle the options in cash. Refer to note 26 for further information.

Group transaction and monitoring costs

Group transaction and monitoring costs comprises transaction costs arising from TMF Group-wide shareholder matters such as IPO preparation, refinancing, and/or listing the business, which are not considered to be reflective of the current trading results nor have a significant impact on the current trading results.

14. Finance income and expenses

In millions of Euro	2016	2017
Interest income on short-term bank deposits	1.3	1.4
Finance income	**1.3**	**1.4**
Secured senior bank loan	(54.6)	(28.3)
Unsecured related party loan and subordinated loan	(75.4)	(87.8)
Secured bank overdrafts	(5.7)	(5.8)
Other finance expenses	(10.8)	(1.2)
Finance expenses	**(146.5)**	**(123.1)**
Net foreign exchange result	(0.0)	4.5
Net finance costs	**(145.2)**	**(117.2)**

In 2016, other finance expenses include break-up fees relating to the early repayment of the secured loan notes amounting to €9.5 million (refer to note 28).

In 2016 and 2017, the net foreign exchange result mainly related to intercompany loans between euro denominated subsidiaries and a foreign currency denominated associate of TMF Group offset by a positive net foreign exchange result on US Dollar bank overdrafts.

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15. Income tax expense

In millions of Euro	2016	2017
Current tax on result for the year	17.0	20.5
Adjustments for current tax of prior periods	2.4	(0.3)
Total current tax expense	**19.4**	**20.2**
Deferred income tax (note 20)	0.2	(3.7)
Total income tax expense	**19.6**	**16.5**

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 both years) on the results of the consolidated entities as shown below:

In millions of Euro	2016	2017
Result for the period	(83.3)	(84.7)
Income tax expense	19.6	16.5
Result before income tax	**(63.7)**	**(68.2)**
Tax calculated at TMF Orange's domestic applicable tax rate (25%)	(15.9)	(17.1)
Effect of tax rates in foreign jurisdictions	(12.4)	1.2
Income not subject to tax	(2.7)	(3.4)
Non-deductible expenses	5.2	4.0
Utilisation of previously unrecognized tax losses (refer to note 20)	(1.7)	(0.5)
Re-assessment of corporate income tax previous years	2.4	(0.3)
Withholding tax related to taxable profit	2.4	1.6
Tax losses where no deferred income tax asset was recognized (refer to note 20)	42.3	31.0
Tax charge	**19.6**	**16.5**
Weighted average effective tax rate	**(30.8)%**	**(24.2)%**

16. 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.

Basic earnings per share is calculated as follows:

	2016	2017
Result for the year attributable to owners of the parent (in millions of Euro)	(84.4)	(85.7)
Weighted average number of ordinary shares in issue (in millions)	0.05	0.05
Basic earnings per share (in thousands of Euro)	**(1.6)**	**(1.6)**

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

17. Intangible assets

In millions of Euro	Goodwill	Client lists	Non-compete agreements	Brands	Software	Total
Cost						
Balance at 1 January 2016	**541.9**	**214.9**	**8.5**	**12.6**	**54.1**	**832.0**
Acquired through business combinations (note 7)	9.9	20.5	-	-	0.5	30.9
Additions	-	-	-	-	4.0	4.0
Additions – internally developed	-	-	-	-	13.2	13.2
Disposals	(1.5)	-	-	-	(0.2)	(1.7)
Exchange differences	(3.4)	0.1	(0.5)	0.1	0.3	(3.4)
Balance at 31 December 2016	**546.9**	**235.5**	**8.0**	**12.7**	**71.9**	**875.0**
Balance at 1 January 2017	**546.9**	**235.5**	**8.0**	**12.7**	**71.9**	**875.0**
Acquired through business combinations (note 7)	18.6	19.4	-	-	-	38.0
Additions	-	0.2	-	-	14.4	14.6
Additions – internally developed	-	-	-	-	6.3	6.3
Disposals	(0.9)	(0.7)	(1.1)	(0.4)	(1.4)	(4.5)
Exchange differences	(20.2)	(10.8)	(0.8)	(0.3)	(1.0)	(33.1)
Balance at 31 December 2017	**544.4**	**243.6**	**6.1**	**12.0**	**90.2**	**896.3**

17. Intangible assets (continued)

In millions of Euro	Goodwill	Client lists	Non-compete agreements	Brands	Software	Total
Amortisation and impairment						
Balance at 1 January 2016	**7.2**	**86.5**	**8.2**	**12.3**	**29.4**	**143.6**
Amortisation for the year	-	11.2	0.1	0.1	11.8	23.2
Disposals	-	-	-	-	(0.1)	(0.1)
Exchange differences	(1.5)	(0.8)	(0.4)	0.1	-	(2.6)
Balance at 31 December 2016	**5.7**	**96.9**	**7.9**	**12.5**	**41.1**	**164.1**
Balance at 1 January 2017	**5.7**	**96.9**	**7.9**	**12.5**	**41.1**	**164.1**
Amortisation for the year	-	12.5	0.1	0.1	15.1	27.8
Disposals	-	(0.7)	(1.1)	(0.4)	(1.3)	(3.5)
Exchange differences	(0.7)	(5.1)	(0.9)	(0.3)	(0.2)	(7.2)
Balance at 31 December 2017	**5.0**	**103.6**	**6.0**	**11.9**	**54.7**	**181.2**
Carrying amounts						
At 1 January 2016	**534.7**	**128.4**	**0.3**	**0.3**	**24.7**	**688.4**
At 31 December 2016	**541.2**	**138.6**	**0.1**	**0.2**	**30.8**	**710.9**
At 1 January 2017	**541.2**	**138.6**	**0.1**	**0.2**	**30.8**	**710.9**
At 31 December 2017	**539.4**	**140.0**	**0.1**	**0.1**	**35.5**	**715.1**

As at 31 December 2017, the carrying value of client lists primarily relates to the acquisition of Equity Trust, KCS Limited, Apriori TI, UCMS, Gentoo and UPAX.

In 2016, the disposal of goodwill related to the disposal of TMF Ferri Minnetti Piredda S.r.l. This had a negative impact on the income statement of €2.8 million. The other disposals in 2016 and 2017 had limited impact on the income statement. Refer to note 7, 9 and 13. At 31 December 2016 and 2017, software includes internally generated assets for €18.7 million and €22.4 million respectively.

	Goodwill	Client lists	Non-compete agreements	Brand	Software
Longest estimated useful life remaining					
At 31 December 2017	n/a	15 years	2 years	4 years	3 years

17. Intangible assets (continued)

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

In millions of Euro	31 December 2016	31 December 2017
Cost-capitalized finance lease	9.1	12.6
Accumulated amortisation	(4.2)	(7.7)
Carrying amount	**4.9**	**4.9**

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

In millions of Euro	31 December 2016	31 December 2017
Benelux	237.5	257.5
EMEA	143.2	135.2
Americas	65.6	59.4
APAC	94.9	87.3
Total goodwill	**541.2**	**539.4**

Impairment tests for goodwill

Goodwill is monitored by management at the level of the four operating segments identified in Note 5.

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, using the income approach. For further details on the impairment test reference is made to note 3.1.

2016	Benelux	EMEA	Americas	APAC
Discount rate (a)	6.7%	8.8%	12.2%	8.9%
EBITDA growth (b)	3%	7%	10%	11%
Perpetual growth (c)	0.5%	1.2%	3.0%	1.8%

2017	Benelux	EMEA	Americas	APAC
Discount rate (a)	6.8%	8.4%	10.8%	8.4%
EBITDA growth (b)	3%	9%	9%	8%
Perpetual growth (c)	0.5%	1.0%	2.0%	1.3%

17. Intangible assets (continued)

Impairment tests for goodwill (continued)

a) Post-tax local currency 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.

Goodwill was tested for impairment as at 31 December 2017 and no goodwill impairment was identified.

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:

2016	Benelux	EMEA	Americas	APAC
Headroom on carrying amount (in millions of euro)	133.9	237.5	86.3	148.1
Higher discount rate	2.0%	5.3%	5.4%	5.4%
Lower EBITDA growth percentage	5.0%	11.0%	10.0%	11.0%

2017	Benelux	EMEA	Americas	APAC
Headroom on carrying amount (in millions of euro)	232.6	434.4	159.1	204.6
Higher discount rate	8.8%	11.7%	11.4%	9.1%
Lower EBITDA growth percentage	14.9%	19.3%	19.0%	17.6%

18. Property, plant and equipment

In millions of Euro	Buildings	Leasehold improve-ments	Furniture and fittings	Office & computer equipment	Motor vehicles	Total
Cost						
Balance at 1 January 2016	**3.0**	**22.4**	**7.2**	**26.6**	**0.3**	**59.5**
Acquired through business combinations (note 7)	-	0.2	0.2	0.3	-	0.7
Additions	-	4.6	1.1	5.9	0.3	11.9
Disposals	-	(1.0)	(1.1)	(2.7)	(0.3)	(5.1)
Exchange differences	-	0.4	(0.5)	(1.1)	0.3	(0.9)
Balance at 31 December 2016	**3.0**	**26.6**	**6.9**	**29.0**	**0.6**	**66.1**
Balance at 1 January 2017	**3.0**	**26.6**	**6.9**	**29.0**	**0.6**	**66.1**
Acquired through business combinations (note 7)	-	0.1	-	0.3	-	0.4
Additions	-	3.4	1.2	6.0	-	10.6
Disposals	-	(1.0)	(0.5)	(1.0)	(0.2)	(2.7)
Exchange differences	(0.4)	(2.1)	(0.6)	(2.2)	-	(5.3)
Balance at 31 December 2017	**2.6**	**27.0**	**7.0**	**32.1**	**0.4**	**69.1**
Depreciation						
Balance at 1 January 2016	**0.8**	**11.4**	**3.3**	**18.1**	**0.1**	**33.7**
Depreciation for the year	0.1	3.6	1.1	4.2	0.2	9.2
Disposals	-	(0.7)	(0.9)	(2.7)	(0.2)	(4.5)
Exchange differences	-	0.2	(0.4)	(1.2)	0.1	(1.3)
Balance at 31 December 2016	**0.9**	**14.5**	**3.1**	**18.4**	**0.2**	**37.1**
Balance at 1 January 2017	**0.9**	**14.5**	**3.1**	**18.4**	**0.2**	**37.1**
Depreciation for the year	0.2	4.0	1.1	5.0	0.1	10.4
Disposals	-	(0.5)	(0.3)	(1.0)	(0.1)	(1.9)
Exchange differences	(0.3)	(1.4)	(0.4)	(1.6)	-	(3.7)
Balance at 31 December 2017	**0.8**	**16.6**	**3.5**	**20.8**	**0.2**	**41.9**

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18. Property, plant and equipment (continued)

Carrying amounts

In millions of Euro	Buildings	Leasehold improve-ments	Furniture and fittings	Office & computer equipment	Motor vehicles	Total
At 1 January 2016	**2.2**	**11.0**	**3.9**	**8.5**	**0.2**	**25.8**
At 31 December 2016	**2.1**	**12.1**	**3.8**	**10.6**	**0.4**	**29.0**
At 1 January 2017	**2.1**	**12.1**	**3.8**	**10.6**	**0.4**	**29.0**
At 31 December 2017	**1.8**	**10.4**	**3.5**	**11.3**	**0.2**	**27.2**

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 millions of Euro	31 December 2016	31 December 2017
Cost-capitalized finance lease	2.7	2.5
Accumulated amortisation	(1.0)	(1.2)
Carrying amount	**1.7**	**1.3**

For operating lease costs regarding property, plant and equipment, refer to note 34.

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19. Other financial assets

In millions of Euro	31 December 2016	31 December 2017
Non-current other financial assets		
Loans receivable from non-consolidated associates	5.1	-
Other loans and receivables	6.4	9.6
Financial assets at fair value through income statement	13.4	8.9
Total non-current other financial assets	**24.9**	**18.5**
Current other financial assets		
Loans receivable from related parties	0.4	0.4
Loans receivable from non-consolidated associates	1.7	3.4
Financial assets at fair value through income statement	-	4.0
Other loans and receivables	1.9	1.6
Total current other financial assets	**4.0**	**9.4**

The carrying value of the non-current loans and receivables and current financial assets approximate their fair value. 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 21. 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.

Loans and receivables from non-consolidated associates

At 31 December 2016, the non-current loans receivable from non-consolidated associates includes a loan provided to TMF Assessoria. The loan has an interest percentage of Euribor + 3.50% per annum. The loan receivable was netted with the recognized share in losses for investments in associates. In 2017 the loan from TMF Assessoria has been converted into share capital (note 8).

In millions of Euro	31 December 2016	31 December 2017
Non-current loans receivable from non-consolidated associates	7.1	-
Recognized share in losses for on investments in associates (note 8)	(2.0)	-
Total	**5.1**	**-**

19. Other financial assets (continued)

Other loans and receivables

At 31 December 2016, the non-current loans receivable mainly includes a loan facility provided to Custom House Group, long-term deposits and loans to the partners of TMF Assessoria (note 8). Other current loans receivable include deferred consideration with respect to the disposal of TMF Ferri Minnetti Piredda S.r.l. (refer to note 9).

Financial assets at fair value through income statement

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 2017, Custom House Group used €3.3 million of a facility totalling to €4.0 million.

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

In millions of Euro	31 December 2016	31 December 2017
Investment in Custom House Group	10.5	8.9
Investment fund in Argentina	2.9	4.0
Current available-for-sale financial assets	-	-
Total	**13.4**	**12.9**

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.

19. Other financial assets (continued)

Financial assets at fair value through income statement (continued)

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 2017, 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.

Investment in Custom House Group - Valuation techniques and processes

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.

19. Other financial assets (continued)

Financial assets at fair value through income statement (continued)

Investment in Custom House Group - Fair value measurements

Investment Custom House Group

In millions of Euro	2016	2017
Beginning of the year	**12.3**	**10.5**
(Gains) / losses recognized as Other gains/(losses) - net (note 9)	(1.8)	(1.6)
End of the year	**10.5**	**8.9**

Deferred consideration payable

In millions of Euro	2016	2017
Beginning of the year	**3.6**	**3.0**
(Gains) / losses recognized as Other gains/(losses) - net (note 9)	(0.6)	(0.4)
End of the year	**3.0**	**2.6**

Investment in Custom House Group - Valuation inputs and sensitivity analysis

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

	31 December 2016	31 December 2017
Discount rate (a)	9.8%	9.6%
Additional discount rate 2017-2018 (2016: 2016-2018) (b)	4% to 1%	1.0%
Average Adjusted EBITDA up to 2020 in millions of Euro (c)	1.1	1.8
Perpetual growth (d)	1.0%	1.0%

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

19. Other financial assets (continued)

Financial assets at fair value through income statement (continued)

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

In millions of Euro	31 December 2016	31 December 2017
1% lower / higher discount rate	1.7 / (1.4)	1.0 / (1.0)
10% higher / lower Adjusted EBITDA up to 2020	1.2 / (1.2)	0.6 / (0.7)
1% higher / lower terminal growth	0.7 / (0.6)	0.8 (0.9)

Investment fund in Argentina

The investment fund in Argentina did not have a fixed maturity date and in 2016 TMF Group intended to hold the investment for more than one year. As such, the investment fund was classified as a non-current financial asset. The investment fund was 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. In 2017 it is reported as short term as it was sold early 2018.

Current available-for-sale financial assets

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

In millions of Euro	31 December 2016	31 December 2017
Carrying value available-for-sale financial assets	0.9	0.9
Impairment loss	(0.9)	(0.9)
Total current available-for-sale financial assets	**-**	**-**

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

19. Other financial assets (continued)

Classification financial assets

The classification of financial assets is as follows:

In millions of Euro	Financial assets at amortised cost	Financial assets at fair value through income statement
31 December 2016		
Non-current financial assets	11.5	13.4
Trade and other receivables (excluding prepayments and tax-related receivables)	137.1	-
Current other financial assets	4.0	-
Clients' funds held under Trust	184.9	-
Cash and cash equivalents	274.3	-
Total	**611.8**	**13.4**
31 December 2017		
Non-current financial assets	9.6	8.9
Investments accounted for using the equity method	4.4	-
Trade and other receivables (excluding prepayments and tax-related receivables)	148.7	-
Current financial assets	5.4	4.0
Clients' funds held under Trust	181.3	-
Cash and cash equivalents	288.7	-
Total	**638.1**	**12.9**

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20. 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 millions of Euro	31 December 2016	31 December 2017
Deferred tax assets		
To be recovered after more than 12 months	6.2	5.6
To be recovered within 12 months	2.4	1.5
Total deferred tax assets	**8.6**	**7.1**
Deferred tax liabilities		
To be settled after more than 12 months	(28.5)	(27.1)
To be settled within 12 months	(3.4)	(3.5)
Total deferred tax liabilities	**(31.9)**	**(30.6)**
Deferred tax liability (net)	**(23.3)**	**(23.5)**

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

In millions of Euro	2016	2017
Beginning of the year	**(19.6)**	**(23.3)**
Acquired through business combinations (note 7)	(2.9)	(3.2)
Exchange differences	(0.6)	(0.7)
(Charge) / credited to the income statement (note 15)	(0.2)	3.7
End of the year	**(23.3)**	**(23.5)**

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20. Deferred tax assets and liabilities (continued)

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

Deferred tax assets

In millions of Euro	Provisions	Tax losses	Property, plant and equipment	Other	Total
At 1 January 2016	**0.5**	**8.5**	**0.7**	**1.4**	**11.1**
Acquired through business combinations (note 7)	-	-	-	0.1	0.1
(Charge) / credited to the income statement	(0.1)	(2.4)	(0.4)	0.7	(2.2)
Exchange difference	-	(0.3)	-	(0.1)	(0.4)
At 31 December 2016	**0.4**	**5.8**	**0.3**	**2.1**	**8.6**
At 1 January 2017	**0.4**	**5.8**	**0.3**	**2.1**	**8.6**
(Charge) / credited to the income statement	0.1	(2.8)	0.3	1.9	(0.5)
Exchange difference	-	(0.4)	(0.1)	(0.5)	(1.0)
At 31 December 2017	**0.5**	**2.6**	**0.5**	**3.5**	**7.1**

The deferred tax asset for tax losses is to a great extent dependent on future taxable profits. The balance at 31 December 2017 mainly includes tax losses in USA and Norway. In 2016 and 2017, USA has taxable profits and lower future income tax rates, hence the deferred tax assets decreased.

20. Deferred tax assets and liabilities (continued)

Deferred tax liabilities

In millions of Euro	Intangible assets	Other	Total
At 1 January 2016	**29.0**	**1.7**	**30.7**
Acquired through business combinations (note 7)	2.9	0.1	3.0
Charge / (credited) to the income statement	(2.3)	0.3	(2.0)
Exchange differences	0.1	0.1	0.2
At 31 December 2016	**29.7**	**2.2**	**31.9**
At 1 January 2017	**29.7**	**2.2**	**31.9**
Acquired through business combinations (note 7)	3.2	-	3.2
Charge / (credited) to the income statement	(4.9)	0.7	(4.2)
Exchange differences	-	(0.3)	(0.3)
At 31 December 2017	**28.0**	**2.6**	**30.6**

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 2016 and 2017, TMF Group did not recognize deferred tax assets of respectively €113.1 million and €116.4 million in respect of estimated taxable losses of respectively €437.7 million and €454.7 million. The main part of the non-capitalised losses relates to the Netherlands and Luxembourg. The taxable losses in the Netherlands as at 31 December 2017 will expire as follows:

In millions of Euro	
1 January 2019	26.9
1 January 2020	19.4
1 January 2021	43.6
1 January 2022	31.5
1 January 2023	44.4
1 January 2024	25.8
1 January 2025	30.6
1 January 2026	90.9
1 January 2027	66.3
Total taxable losses in the Netherlands	**379.4**

The taxable losses of Luxembourg will not expire if generated before 31 December 2016. As from January 2017 generated losses expire after 17 years. As at 31 December 2017, the total taxable losses in Luxembourg are € 35.3 million. For further information on the fiscal unity in the Netherlands, refer to note 35.

21. Trade receivables

In millions of Euro	31 December 2016	31 December 2017
Trade receivables	97.6	108.5
Less: Allowance for impairment of trade receivables	(12.0)	(11.8)
Trade receivables – net	85.6	96.7
Unbilled services	38.0	38.2
Total trade receivables (current)	**123.6**	**134.9**

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 millions of Euro	31 December 2016	31 December 2017
Less than one month	46.1	48.2
2 - 3 months	22.8	24.1
4 - 6 months	9.9	12.3
7 - 12 months	9.2	13.5
1 - 2 years	6.1	7.0
More than 2 years	3.5	3.4
Trade receivables	**97.6**	**108.5**

The fair values of total trade receivables are as follows:

In millions of Euro	31 December 2016	31 December 2017
Trade receivables – net	85.6	96.7
Unbilled services	38.0	38.2
Fair value of total trade receivables	**123.6**	**134.9**

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21. Trade receivables (continued)

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

In millions of Euro	2016	2017
At 1 January	**10.8**	**11.9**
Disposal of subsidiaries (note 8)	-	(0.2)
Increase in the allowance for receivables impairment	4.8	4.3
Reversed allowance for trade receivables	(0.2)	0.2
Receivables written off during the year as uncollectible	(3.5)	(4.4)
At 31 December	**11.9**	**11.8**

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 millions of Euro	31 December 2016	31 December 2017
Trade receivables not yet due and not yet impaired	53.2	56.5
Trade receivables due but not yet impaired	30.5	37.9
Trade receivables impaired	13.8	14.1
Trade receivables	**97.5**	**108.5**

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 millions of Euro	31 December 2016	31 December 2017
Euro	63.0	70.7
US Dollar	30.1	31.0
Other	42.5	45.0
Total trade receivables and unbilled services	**135.6**	**146.7**

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.

22. Other receivables

In millions of Euro	31 December 2016	31 December 2017
Prepayments	13.0	12.8
Rental and other deposits	4.9	4.6
Unbilled disbursements	2.5	2.4
Other tax and social security receivables	3.1	2.8
Other receivables	6.1	6.8
Total other receivables	**29.6**	**29.4**

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

23. 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 millions of Euro	31 December 2016	31 December 2017
Clients’ funds held under Trust	184.9	181.3
Clients’ funds ledger balances	(184.9)	(181.3)
Net held under Trust	**-**	**-**

24. Cash and cash equivalents

In millions of Euro	31 December 2016	31 December 2017
Cash at bank and on hand	272.4	287.7
Short-term bank deposits	1.9	1.0
Total cash and cash equivalents	**274.3**	**288.7**
Bank overdrafts used for cash management purposes - not offset with cash at bank (note 28)	(228.2)	(250.7)
Total cash and cash equivalents and bank overdrafts	**46.1**	**38.0**

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

TMF Group manages cash pools mainly denominated in Euro, US Dollar, GB 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 2016 and 2017 was respectively €1.8 million and €0.4 million.

For restrictions on cash and cash equivalents refer to note 10.

25. Equity

Share capital and share premium

At 31 December 2016 and 2017, the authorized share capital comprised 52,744 shares, divided into 6,205 preferred shares and 46,539 ordinary shares. The issued share capital amounts to €52,744 and consists of 46,539 ordinary shares with a nominal value of €1 each and 6,205 preferred shares with a nominal value of €1 each. All shares are fully paid and have similar rights in meetings of the shareholders.

The preference shares are entitled to a dividend of 13.15% of the liquidation value of €60.6 million plus the aggregate of preferred dividends which have not yet been declared. At 31 December 2017 the value is €189.8 million (2016 €167.8 million).

26. Share-based payment

A management equity participation plan was introduced in 2004. In 2011 the former Equity Trust management equity participation plan was added to the existing TMF management equity participation plan. In 2014 a new share-based payment scheme was introduced for an additional eligible group of senior management.

Management equity participation plan

Under the above mentioned plan certain key and senior managers were invited to indirectly invest in TMF Group. This plan is executed through a group of entities which have issued depository receipts of shares to key and senior managers. It is combined with the old Equity Trust management equity participation plan, which is structured as a trust that indirectly holds shares in TMF Orange Holding B.V. The trust created units allocated to senior management of Equity Trust and a separate structure for the former owners.

The structures indirectly hold shares in TMF Orange Holding B.V. as follows:

	31 December 2016	31 December 2017
TMF management equity participation plan	28.795%	28.795%
Old Equity Trust management equity participation plan	4.920%	4.920%
Total	**33.715%**	**33.715%**

As the investments were entered into at fair value, are equity settled and at the risk of the senior management, the total expenses recognised in the income statement for shares granted to eligible directors and employees amount to nil in all years.

26. Share-based payment (continued)

Senior management share-based payment plan

In 2014 a plan was initiated to provide a selected and eligible group of senior management of TMF Group 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. TMF 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:

	Options (in 1,000)	(Weighted) average exercise price in € per share option	Options (in 1,000)	(Weighted) average exercise price in € per share option
	2016		2017	
At 1 January	141	22.9	138	22.2
Granted	-	-	-	-
Forfeited	(3)	24.1	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Total 31 December	**138**	**22.2**	**138**	**22.2**

Out of the 137,900 outstanding options, no options were exercisable as of 31 December 2017. However, CVC acquired TMF on 27 October 2017, with a condition precedent that regulatory approval should be obtained. The closing of the transaction is expected in the first half year of 2018 and the exercise of the options will take place in relation with the closing.

One option relates to 0.00388 shares in TMF Orange Holding B.V.

26. Share-based payment (continued)

Senior management share-based payment plan (continued)

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

			Share options (thousands)	
Grant-vest	**Expiry date**	**Exercise price in € per share option**	**31 December 2016**	**31 December 2017**
2014-07	undefined	16.1	27	27
2015-07	undefined	24.4	111	111
			138	**138**

The weighted average fair value of options granted in 2015 and determined using the Black-Scholes valuation model was 16.97 per option in 2015 and 5.88 per option in 2014. The significant inputs into the model were weighted average share price of 31.26 in 2015 and 21.11 in 2014 at the grant date, exercise price shown above, volatility of 91.00% in 2015 and 22.57% in 2014, dividend yield of 0% in 2015 and 2014, an expected option life of 2 years in 2015 and 2.25 in 2014 and an annual risk-free interest rate of (0.26)% in 2015 and 0.54% in 2014. 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 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 €768 thousand (2016: €517 thousand).

27. Other reserves and accumulated losses

Reconciliation of the movement in other reserves

In millions of Euro	Currency translation reserve	Share-based payment reserve	Total other reserves
Balance at 1 January 2016	**43.3**	**0.9**	**44.2**
Translation movements	(5.2)	-	(5.2)
Share-based payments	-	0.5	0.5
Balance at 31 December 2016	**38.1**	**1.4**	**39.5**
Balance at 1 January 2017	**38.1**	**1.4**	**39.5**
Translation movements	(40.0)	-	(40.0)
Share-based payments	-	0.8	0.8
Balance at 31 December 2017	**(1.9)**	**2.2**	**0.3**

Currency translation reserve

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

Accumulated losses

At 31 December 2016 and 2017 legal reserves of respectively €27.6 million and €30.8 million are included in the accumulated losses. Legal reserves are mandatory statutory reserves held by TMF Group subsidiaries. These reserves and the reserves that are reported as part of Other reserves are not available for distribution to shareholders.

28. Loans and borrowings

In millions of Euro	31 December 2016	31 December 2017
Non-current		
Secured bank borrowings *	653.9	-
Related party loan (note 36) *	559.4	-
Deferred consideration payable **	4.1	3.3
Other non-current loans and borrowings *	2.8	4.0
Total non-current loans and borrowings	**1,220.2**	**7.3**
Current		
Secured bank borrowings*	-	656.2
Secured bank overdrafts (note 24) *	228.2	250.7
Current portion of secured bank borrowings *	47.4	72.8
Due from related parties*	-	647.2
Due from non-consolidated associates *	2.8	4.2
Deferred consideration payable *	1.2	3.1
Other current loans and borrowings *	3.8	1.8
Total current loans and borrowings	**283.4**	**1,636.0**
Total borrowings	**1,503.6**	**1,643.3**

*) Interest bearing liabilities
**) Non-current deferred consideration payables are discounted amounts

TMF Group's primary source of finance is secured bank borrowings provided by a syndicate of banks and different related party loans. The secured bank borrowings were drawn on 14 October 2016 and 2 December 2016, after which on the same dates respectively the senior secured loan notes and senior loan notes were fully repaid.

The deferred consideration payable relates to deferred payments and earn-out agreements with the former shareholders of acquired companies and sellers of acquired assets. Reference is made to note 19 with respect to the valuation of the deferred consideration regarding the Custom House Group.

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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 millions of Euro	Currency	Nominal interest rate	Year of maturity	Fair value	Carrying amount	Fair value	Carrying amount
				31 December 2016		31 December 2017	
Secured bank borrowings	Euro	Euribor (floor 0.00%) + 3.50%	2018	660.0	660.0	660.0	660.0
Unsecured related party loan	Euro	14.99% - 16%	2018	1,297.6	559.3	647.2	647.2
Secured bank overdraft	Euro / USD	Ibor + 3.75%	2018	228.2	228.2	250.7	250.7
Financial lease	-	-	-	5.3	5.3	4.8	4.8
Other loans and borrowings	-	-	-	51.6	51.6	78.0	78.0
Total				**2,242.7**	**1,504.4**	**1,640.7**	**1,640.7**

The carrying value of the non-current deferred consideration approximates to the fair value. The capitalized finance costs amounted to €3.8 million at 31 December 2017 (31 December 2016: €6.1 million) and fully relate to capitalized costs on the secured bank borrowings.

The fair value of the secured bank borrowings approximates to the carrying value. This is because the secured bank borrowings will be refinanced in 2018 as a result of the CVC Capital Partners acquisition.

At 31 December 2016 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 9.21%. At 31 December 2017 the fair value of the unsecured related party loans approximates the carrying value. This because the loans will be refinanced in 2018 as a result of the CVC Capital Partners acquisition.

In neither year, 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 36 for further information on related party loans.

28. Loans and borrowings (continued)

Terms and repayment schedules (continued)

Each of the lenders within the syndicate of banks can require TMF Group to repay the related secured bank borrowings in case of a change of ownership in TMF Group. TMF Group can voluntarily prepay secured bank borrowings, but with break-up costs. The secured bank borrowings 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 2017, the secured bank borrowings and revolving credit facility, including unpaid interest, amount to €729.3 million. The intercompany receivables are secured up to this amount. The shares are secured up to €8.6 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 €28.2 million.

For the calculation of the amortised cost price of the secured bank borrowings, it is assumed in the prediction of future cash flows that future interest rates on these loans are comparable with the variable interest rate at inception of the loan. For the calculation of the amortised cost price of the senior secured loans, it was assumed in the prediction of future cash flows that future interest rates on these loan notes were comparable with the variable interest rate in 2016. The effective interest rate of the secured bank borrowings is 0.77% for 2016 and 1.58% for 2017 higher than the nominal interest rate due to capitalised finance costs.

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

In millions of Euro	31 December 2016	31 December 2017
12 months or less	937.3	1,636.0
1-5 years	6.9	7.3
Over 5 years	559.4	-
Total	**1,503.6**	**1,643.3**

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.

28. Loans and borrowings (continued)

Finance lease liabilities

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

In millions of Euro	31 December 2016	31 December 2017
Gross finance lease liabilities – minimum lease payments:		
Less than one year	3.9	1.7
1-5 years	1.6	3.5
Over 5 years	-	-
Future finance charges on finance lease liabilities	(0.2)	(0.4)
Present value of finance lease liabilities	**5.3**	**4.8**
Less than one year	3.7	1.8
1-5 years	1.6	3.0
Over 5 years	-	-
Present value of finance lease liabilities	**5.3**	**4.8**

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 extend the contract. In the remainder of the contracts such option is not agreed.

Classification of financial liabilities

The classification of financial liabilities is as follows:

In millions of Euro	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement
31 December 2016		
Non-current loans and borrowings	1,217.2	3.0
Current loans and borrowings	283.4	-
Trade and other payables (excluding deferred income, cash advances on rent contracts and rent-free periods, social security and other taxes)	55.0	-
Clients' funds ledger balances	184.9	-
Total	**1,740.5**	**3.0**

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28. Loans and borrowings (continued)

In millions of Euro	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement
31 December 2017		
Non-current loans and borrowings	4.7	2.6
Current loans and borrowings	1,636.0	-
Trade and other payables (excluding deferred income, cash advances on rent contracts and rent-free periods, social security and other taxes)	76.4	-
Clients' funds ledger balances	181.3	-
Total	**1,898.4**	**2.6**

Reconciliation of liabilities arising from financing activities

The table below details changes in the liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated cash flow statement as cash flows from financing activities.

			Non cash changes				
In millions of Euro	**31 December 2016**	**Financing cash flows**	**Interest rolled-up**	**Acquisition of subsidiary**	**Other changes**	**Other cash flows**	**31 December 2017**
Secured bank borrowings	701.3	24.0	-	-	3.7	-	729.0
Secured bank overdraft	228.2	-	-	-	-	22.5	250.7
Related party loan	559.4	-	87.8	-	-	-	647.2
Deferred considation payable	5.3	-	-	1.1	-	-	6.4
Due from non-consolidated associates	2.8	-	-	-	1.4	-	4.2
Other non-current loans and borrowings	6.6	(3.0)	-	-	2.2	-	5.8
Total	**1,503.6**	**21.0**	**87.8**	**1.1**	**7.3**	**22.5**	**1,643.3**

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29. Provisions

In millions of Euro	Legal	Restructuring	Employee benefits	Dilapidation	Other	Total
Balance at 1 January 2016	**3.0**	**7.2**	**1.3**	**1.5**	**1.5**	**14.5**
Charged to the income statement:						
- Additions	1.2	1.6	0.5	0.7	-	4.0
- Unwind of discount	-	-	0.1	-	-	0.1
- Exchange differences	(0.2)	(0.3)	-	(0.1)	(0.2)	(0.8)
Used during the year	(1.1)	(4.7)	(0.1)	-	(1.2)	(7.1)
Balance at 31 December 2016	**2.9**	**3.8**	**1.8**	**2.1**	**0.1**	**10.7**
Balance at 1 January 2017	**2.9**	**3.8**	**1.8**	**2.1**	**0.1**	**10.7**
Charged to the income statement:						
- Additions	0.4	1.4	-	0.3	3.0	5.1
- Exchange differences	(0.1)	(0.1)	-	(0.1)	-	(0.3)
Used during the year	(2.2)	(2.7)	(0.2)	(0.5)	-	(5.6)
Balance at 31 December 2017	**1.0**	**2.4**	**1.6**	**1.8**	**3.1**	**9.9**

In millions of Euro	31 December 2016	31 December 2017
Current	5.8	5.9
Non-current	4.9	4.0
Total provisions	**10.7**	**9.9**

29. 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 (fully) used.

Restructuring

At 31 December 2016, the restructuring provisions mainly include a provision relating to the disposal of the Fund Services business and provisions for onerous office lease and expected remediation costs in Jersey.

At 31 December 2017, the restructuring provisions mainly include a provision for costs of the TMF Group-wide restructuring program and the remaining provision for onerous office lease in 2018 of Jersey.

Employee benefits

The provision for employee benefits mainly relates to jubilee and anniversary benefit schemes.

Dilapidation

The dilapidation provision relates to expected dilapidation expenses with respect to the lease of office buildings, of which the initial recognition took place in 2015 in the applicable countries.

Other

The provision mainly relates to the long-term onerous office lease, remediation costs and expected dilapidation expenses in Jersey which has been settled in 2018 and as a result been reclassified from the restructuring and dilapidation provisions to the other provisions.

30. 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.

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. Since the objective of the payments relating to the plan is indexation over accrual of past service years (retrospective element), this classifies the plan as a defined benefit plan. TMF Group is not obliged to pay any further contribution. A retirement benefit obligation for this indexation plan is recognized since 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 TMF 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 TMF Group’s financials, no further disclosures have been included in these financial statements.

30. Retirement benefit obligations (continued)

Liability in the balance sheet

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

In millions of Euro	31 December 2016	31 December 2017
Present value of funded obligations	10.6	9.7
Fair value of plan assets	(4.4)	(3.7)
Liability in the balance sheet	**6.2**	**6.0**
The Netherlands (obligation to indexation fund)	3.2	3.2
Switzerland	1.7	1.4
Other countries	1.3	1.4
Liability in the balance sheet	**6.2**	**6.0**

Movement in the liability for defined benefit obligations

In millions of Euro	2016	2017
Beginning of year	**11.8**	**10.6**
Current service cost	0.8	0.8
Employee contribution	0.2	0.1
Interest cost	-	-
Remeasurement (gains) / losses	(0.4)	0.2
Net benefits paid	(2.3)	(1.4)
Pension transfers	0.8	-
Fx impact	0.1	(0.6)
Past service costs	(0.2)	-
Disposal of subsidiaries (note 9)	(0.2)	-
End of year	**10.6**	**9.7**
The Netherlands (obligation to indexation fund)	3.2	3.2
Switzerland	6.0	4.6
Other countries	1.4	1.9
End of year	**10.6**	**9.7**

The remeasurement gain almost fully related to a gain from actuarial assumptions. The expected contribution for 2018 for the Dutch indexation fund and for Swiss pension scheme are respectively € 0.5 million and €0.5 million.

30. Retirement benefit obligations (continued)

Movement in plan assets

In millions of Euro	2016	2017
Beginning of year	**4.7**	**4.4**
Remeasurement gains / (losses)	(0.1)	0.5
Employer contributions	0.4	0.5
Employee contributions	0.2	0.1
Net benefits paid	(1.8)	(1.4)
Pension transfers	0.8	-
Fx impact	0.2	(0.4)
End of year	**4.4**	**3.7**
Switzerland	4.3	3.2
Other countries	0.1	0.5
End of year	**4.4**	**3.7**

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

Expense recognized in the income statement

In millions of Euro	2016	2017
Current service cost	(0.8)	(0.8)
Interest cost	-	-
Return on plan assets, excluding amounts included in 'interest cost'	-	-
Past service costs	0.2	-
Total included in employee benefit expense (note 11)	**(0.6)**	**(0.8)**
Switzerland	(0.3)	(0.5)
Other countries	(0.3)	(0.3)
Total included in employee benefit expense (note 11)	**(0.6)**	**(0.8)**

30. Retirement benefit obligations (continued)

Principal actuarial assumptions – Dutch obligation to indexation fund

	2016	2017
Discount rate	1.86%	1.10%
Future salary increases / inflation	0.60%	1.60%
Turnover rate	1.30%-28.28%	1.30%-28.28%
Mortality	AG table 2016	AG table 2016

Principal actuarial assumptions – Switzerland

	2016	2017
Discount rate	0.80%	0.75%
Future salary increases / inflation	2.00%	2.00%
Indexation	0.00%	0.00%
Turnover rate	11% on average	11% on average
Mortality	BVG 2015	BVG 2015

31. Trade and other payables

In millions of Euro	31 December 2016	31 December 2017
Non-current		
Deferred income	2.2	1.7
Cash advances on rent contracts and rent-free periods	3.6	2.9
Total other payables	**5.8**	**4.6**

In millions of Euro	31 December 2016	31 December 2017
Current		
Trade payables	13.2	19.9
Deferred income	22.7	19.4
Social security and other taxes	20.4	20.3
Employee benefit expense payable	17.2	17.7
Accrued expenses	17.0	30.6
Interest payable	1.0	0.4
Other payables	6.6	7.8
Total trade and other payables	**98.1**	**116.1**

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

32. Cash generated from operations

In millions of Euro	Note	2016	2017
Result before income tax		(63.7)	(68.2)
Adjustments for:			
Amortisation / impairment	17	23.2	27.8
Depreciation / impairment	18	9.2	10.4
Retirement benefit obligations		(0.6)	0.5
Non-underlying and other separately disclosed items	13	21.4	58.9
Net finance costs	14	145.2	117.2
Share in result of investments accounted for using the equity method and other (gains)/losses	8 / 9	0.6	(2.2)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
Other financial assets		(0.4)	(2.7)
Trade receivables		(9.6)	(15.7)
Other receivables		(1.7)	(1.3)
Trade and other payables		(1.6)	5.7
Clients' funds held under Trust		(29.2)	(11.1)
Clients' funds ledger balances		29.2	11.1
Changes in foreign currency (excluding movement in currency translation reserve)		(2.6)	2.0
Cash generated from operations, before non-underlying and other separately disclosed items and income tax paid		**119.4**	**132.4**

33. Cash outflow related to non-underlying and other separately disclosed items

In 2017 the cash outflow related to non-underlying and other separately disclosed items amounted to €44.3 million. This cash outflow mainly related to redundancy and restructuring costs and acquisition costs and group transaction and monitoring costs.

In 2016 the cash outflow related to non-underlying and other separately disclosed items amounted to €25.6 million. This cash outflow mainly related to redundancy and restructuring costs and acquisition costs.

For further details on the non-underlying and other separately disclosed items reference is made to note 13.

34. Commitments

Capital commitments

As at 31 December 2016 and 2017, 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 and €0.3 million.

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 2016 and 2017 was respectively €31.6 million and €30.1 million.

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

In millions of Euro	31 December 2016	31 December 2017
Less than 1 year	29.2	28.5
1- 5 years	55.9	56.9
Over 5 years	10.5	6.1
Total operating lease commitments	**95.6**	**91.5**

Guarantees

As at 31 December 2016 and 2017 TMF Group has issued guarantees in connection with secured bank borrowings and office lease agreements amounting respectively to €16.1 million and €10.4 million.

35. Contingencies

Legal claims

TMF Group has the following contingent liabilities in respect to legal claims:

Case 1

The following matter relates to litigation proceedings in the Netherlands in which the district court of Amsterdam delivered a judgment in August 2017 that rejected all the claims made against a subsidiary of TMF Group (the "TMF Dutch Subsidiary"). The claimant has appealed the judgement.

From June 2009 until January 2010, the TMF Dutch Subsidiary acted as one of three directors of a holding company incorporated in the Netherlands (the "Client"). During the relevant period, the Client was a shareholder of a Mexican company, which developed and operated a hotel complex in Mexico.

Following a request by one of the shareholders of the Client, the Dutch Enterprise Chamber ("DEC") ordered an investigation into the management and affairs of the Client and, in 2012, concluded that all three directors of the Client had engaged in mismanagement. However, because the DEC is not a forum for claiming damages, in 2013, the Client commenced proceedings in the district court of Amsterdam against, amongst others, the TMF Dutch Subsidiary, alleging it had improperly performed its fiduciary duties as a director of the Client and was liable for damages.

The quantum of damages alleged by the Client is US$83.4 million and also an unquantified sum to be determined by the court (all exclusive of interest and court costs) and as such, TMF Group is unable to quantify its potential exposure in relation to this matter. In its defence statement and at a hearing before the district court of Amsterdam in June 2017, the TMF Dutch Subsidiary refuted these claims. The court delivered its judgment in August 2017 which rejected all the claims made by the Client against the TMF Dutch Subsidiary. The claimant has appealed the judgement.

The TMF Dutch Subsidiary has separately commenced indemnification proceedings against the shareholders, certain entities affiliated with these shareholders and the other two former directors of the Client. These separate proceedings have been temporarily stayed to allow the civil proceedings to be fully concluded.

Case 2

TMF Group acquired a group of companies in the Netherlands in 2008 (the "Acquired Subsidiaries"). Prior to the acquisition by TMF Group, the Acquired Subsidiaries had provided, among others things, directorship services to certain corporate entities (the "Entities") of two individuals. In 2009, the Dutch tax authorities ("DTA") commenced an investigation into these two individuals and their business dealings, including the Entities (the "Investigated Parties").

35. Contingencies (continued)

Legal claims (continued)

During the course of the DTA's investigation, the DTA sought to compel disclosure by TMF Group of information relating to the Investigated Parties. The disclosure request was so broad that it would also have led to the disclosure of certain information relating to third party clients who were unconnected to the Investigated Parties. TMF Group resisted this disclosure request in order to protect client confidentiality. Following a court hearing, the district court of Amsterdam issued a disclosure injunction that required the Acquired Subsidiaries to provide the requested information, subject to certain safeguard restrictions. TMF Group duly complied with the disclosure injunction.

In February 2012, the DTA wrote a letter to, among others, the Acquired Subsidiaries claiming that they were liable for certain matters relating to the Investigated Parties without initiating formal proceedings.

In December 2015, the DTA issued writs of summons against, among others, the Acquired Subsidiaries and their sole shareholder (a subsidiary of TMF Group incorporated in the Netherlands) alleging, among other matters, that: (i) they are liable for the unpaid taxes owed by the Entities, among others, because they allegedly frustrated and/or interfered with the collection of taxes by the DTA; and (ii) they unlawfully did not comply with their fiscal information disclosure and information retention obligations. In October 2016, the Acquired Subsidiaries and their sole shareholder filed their defence. At a hearing before the district court of Amsterdam on 13 September 2017, the Acquired Subsidiaries and their sole shareholder defended this case, denying responsibility and rebutting the claims made by the DTA. The court delivered its judgment in February 2018. The court denied liability in respect of the fiscal information disclosures and information retention obligations. The court declared that the Acquired Subsidiaries and 2 former individual directors of these Acquired Subsidiaries acted unlawfully vis-à-vis the DTA (i) with respect to the trade in and/or abuse of 2 cash box entities and (ii) by hiding 2 entities from DTA's sight. The court ruled that the Acquired Subsidiaries and the 2 former directors are jointly liable for the damages suffered by the DTA for the unlawful acts as set out under (i) and (ii) above, however that such damages need to be claimed and proved in a separate court procedure. No appeal has been filed yet by any of the parties and the DTA did not (yet) start a separate court procedure for claiming damages in respect of this matter.

The Acquired Subsidiaries and their sole shareholder have also separately commenced indemnification proceedings against the individuals who were the guarantors of the seller of the Acquired Subsidiaries to TMF Group. These proceedings have been temporarily stayed to allow the proceedings with the DTA to be concluded in order to first ascertain whether any loss has been suffered. TMF Group is currently unable to quantify its potential exposure in relation to this matter as there are many factors that may affect the range of possible outcomes.

35. Contingencies (continued)

Legal claims (continued)

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, 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 a material outflow of resources. At 31 December 2017, no provisions are recorded with respect to these two cases.

TMF Group has other contingent liabilities in respect to legal claims arising from the normal course of business however the likelihood of a material outflow of resources in respect of these claims is remote and therefore such contingent liabilities are not disclosed or provided for.

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 and sales 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 and sales tax of such a fiscal unity.

36. Related party transactions

Ultimate controlling party

63.24% of the ordinary shares and all preference shares in TMF Orange Holding B.V. are indirectly held by Doughty Hanson & Co Fund V (which comprises a series of English limited partnerships with each limited partnership having two common general partners in Doughty Hanson & Co V Limited and Doughty Hanson & Co V SP LLP) 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 senior employees of TMF Group.

In 2017, TMF Group provided services to Doughty Hanson & Co Fund V and its associated companies amounting to € 0.9 million (2016: €1.0 million). At 31 December 2017, the trade receivables (including unbilled services) regarding these services amounted to €0.1 million (31 December 2016: €0.4 million). No allowance for impairment is recorded on these trade receivables.

36. Related party transactions (continued)

TMF Group has received loans from its shareholders, which can be specified as follows:

In millions of Euro	31 December 2016	31 December 2017
Brumby Partners Limited	23.3	26.8
St. Andrew Street Unit Trust	10.6	12.3
Doughty Hanson & Co V and its associated companies	523.5	606.2
Middenberm Group Holding Luxembourg S.A.	1.9	1.9
Total loans received	**559.3**	**647.2**

The majority of the loans received from Brumby Partners Limited, St. Andrew Street Unit Trust, Middenberm Group Holding Luxembourg S.A. and Doughty Hanson & Co V and its associated companies will be repaid in 2018. The loans attract interest rates between 14.99% and 16%. The loan received from Middenberm Group Holding Luxembourg S.A. attracts no interest.

At 31 December 2017, TMF Group has a loan receivable of 0.4 million provided to Middenberm Group Holding Luxembourg S.A. and associated companies (31 December 2016: 0.4 million). No allowance for impairment is recorded on these trade receivables.

TMF Group has granted and received loans from its associate, TMF Assessoria. Disclosures of these loans are made in notes 8, 19 and 28. Transactions with the associate consist mainly of IT recharges and liability insurance of €0.3 million in 2017 (2016: €0.1 million).

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 millions of Euro	2016	2017
Wages, salaries and management fees	7.7	6.8
Share-based payment	0.5	0.8
Post-employment benefits	0.4	0.3
Total remuneration of key management	**8.6**	**7.9**

36. Related party transactions (continued)

The compensation of the (former) Board of Directors of the Company comprised:

In millions of Euro	2016	2017
Executive directors		
Wages, salaries and management fees	1.6	1.6
Share-based payment	0.5	0.5
Post-employment benefits	0.1	0.0
Total remuneration of Executive directors	**2.2**	**2.1**
Non-executive directors		
Wages, salaries and management fees	0.3	0.2
Total remuneration of Non-executive directors	**0.3**	**0.2**
Total remuneration of (former) Board of Directors	**2.5**	**2.3**

TMF Group provided services to some personal structures of some key management personnel and executives during the period under review. The related amounts charged to key management personnel are limited and are at arm's length.

At 31 December 2016 and 2017, TMF Group had a receivable of €0.5 million and €0.0 million respectively 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 22.

37. Independent auditor's fee

The remuneration of PricewaterhouseCoopers Accountants N.V. ('PwC NL') and remuneration of other PwC network firms can be specified as follows:

In millions of Euro	2016 PwC NL	2016 Other PwC network	2016 Total PwC network
Audit of these financial statements	0.6	0.4	1.0
Other audit services	0.0	1.1	1.1
Total audit services	0.6	1.5	2.1
Other audit activities	-	0.1	0.1
Total PricewaterhouseCoopers	0.6	1.6	2.2
Fiscal advice	0.3	1.0	1.3
Other services	-	1.7	1.7
Total	**0.9**	**4.3**	**5.2**

In millions of Euro	2017 PwC NL	2017 Other PwC network	2017 Total PwC network
Audit of these financial statements	0.5	0.4	0.9
Other audit services	-	1.0	1.0
Total audit services	0.5	1.4	1.9
Other audit activities	1.5	2.4	3.9
Total PricewaterhouseCoopers	2.0	3.8	5.8
Fiscal advice	0.3	2.9	3.2
Other services	-	0.3	0.3
Total	**2.3**	**7.0**	**9.3**

38. Subsequent events

VAT International Services Limited

On 16 March 2018 a sale and purchase agreement was signed for the acquisition of the shares of VAT International Services Limited (VAT International). VAT International provides VAT services to international clients in Europe. The acquisition will be effective after CVC Capital Partners acquired TMF Group. The consideration amounts to €2.0 million. The cash outflow from this acquisition, net of cash acquired, will be €1.8 million. There is an estimated contingent consideration of €0.6 million mainly depending on future revenue of the existing client portfolio. No contingent liabilities were acquired in this business combination.

VAT International is expected to contribute annualized revenue of €1.3 million, annualized result from operating activities before depreciation, amortisation, impairment charges and other income / expenses of €0.3 million and annualized net result of €0.2 million.

39. TMF Group Entities

The entities of TMF Group by country of incorporation as at 31 December 2017 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.

Australia
TMF Australia RET Services Pty Limited
TMF Corporate Services (AUST) PTY Limited
TMF Nominees (AUST) PTY Limited

Austria
APS Buchfuhrungs- & Steuerberatungs Gmbh
DMG Accounting & Payroll Steuerberatungs GmbH
S.A.L.E.M. Assets Holding GmbH
TMF Accounting & Payroll Steuerberatungs Gesellschaft GmbH
TMF Austria GmbH

Barbados
TMF Barbados Inc

Belgium
TMF Accounting Services BVBA
TMF Belgium N.V.

Bermuda
TMF (Bermuda) Limited

Bolivia
TMF Bolivia S.R.L.

Brazil
TMF Brasil Assessoria Contabil e Empresarial Ltda.
TMF Brasil Administracao e Gestao de Ativos Ltda.
TMF Brasil Administracao e Participacoes Ltda.
TMF Brasil Holding Ltda
TMF Brasil Servicos Administrativos e Processamento de Dados Ltda.

British Virgin Islands
Alphero Limited
Alstonia Investments Ltd.
Anshun Services Limited
Aurix Limited
Barretta Limited
Bicourt Ltd.
Bishopsgate Nominees Limited
Bison Financial Services Limited
Bison Group Limited
Byrne Trust Company Limited
Candorland Limited
Carissa Limited
Carringbay Limited
Chapway Limited
Christalis Limited
CMS Limited
Commonwealth Fund Services Limited
Commonwealth Services Limited
Commonwealth Trust Limited
EQ Capital Plan Limited
EQ Fund Services (BVI) Limited
EQ Life 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.
Hanswin Limited
Havelet Trust Company (BVI) Limited
Homestead Management Limited
Imperial Trust Limited
Insinger Corporate Formations (BVI) Limited
Insinger Trust (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
KCS Trust Limited
LDC Financial Services Ltd
Leadenhall Services Limited
Lucasjet Limited
M.N. Limited
Manfell Limited
Marek Limited
Mediator Holdings Inc.
Melgusa Limited
Moonchamps Limited
Moultrie Investments Limited
Oldwick Holdings Limited
Opti Resources Limited
Optimal Corporate Services (BVI) Limited
Panbridge Nominee (Asia) Limited
Pyramide Holding Limited
Quorum Corporate Services Limited
S.C.S. Limited
Sealight Trust Limited
Shellbourne Trust Corporation
Signoria International Limited
Southfield Management Limited
Taunton Trading Limited
Threadneedle Services Limited
TMF (BVI) Lt.d.
TMF Administration Services Limited (BVI)
TMF Authorised Representative (BVI) Ltd.
TMF Capital (BVI) Limited
TMF Corporate Services (BVI) Limited
TMF Corporation (BVI) 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
Trizon Investments Limited
Vencourt Limited
Vision Tower Limited
Vision Tower Purpose Trust
Wickhams Cay Trust Company Limited
Worldwide Financial Services Limited

Bulgaria
TMF Bulgaria EOOD
TMF Services EOOD

Canada
TMF Canada Inc.
TMF Canada Payroll Inc.

Cayman Islands
Axiss International Management Ltd
Churchill Directors Ltd.
Fides Limited
Nominee Services 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
TMF Services (China) Co., Ltd
TMF Services Limited

Colombia
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.
N.V. Fides
Pietermaai Building Association N.V.
Stichting Beheer TMF Curacao
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
UCMS (United Customer Management Services) Group EMEA Limited (Cyprus)

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 S.R.L.

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
TMF Trustee Services GmbH
Una Management GmbH

Greece
TMF Group Administrative Services (Hellas) EPE

Guatamala
TMF Guatamala Ltda.

Guernsey
Adelie DS Limited
Emperor DS Limited
Gentoo Depository Services Limited
Gentoo Fund Services Limited
Gentoo Holdings Limited
Gentoo Trustees Limited
GNS One Limited
GNS Two 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
Chapway Ltd.
Cobyrne Limited
Commondale Limited
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
Folly Fort Limited
Gold Bright International Limited
KCS Asia Holdings Limited
KCS China Holdings Limited
KCS Fiduciaries 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
S.B. Vanwell Ltd
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

Hungary
Freeway Entertainment Kft
Independent CAM Kft
TMF Hungary Accounting and Services Limited Liability Company

India
Nyaasa Services Private Limited
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.R.L.
TMF Compliance (Italy) 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
CN Limited
Derard Limited
EQ Council Member Ltd.
EQ Directors One Ltd.
EQ Directors Two Ltd.
EQ Holdings (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.
Ribalta Holdings Incorporated
Tiara Ltd.
TMF Fund Services Asia Limited
TMF Holdings Asia Limited
TMF International Pensions Limited

TMF GROUP

TMF Management Limited
TMF Secretaries Limited
TMF Treasury Limited
TMF Trust Labuan Limited

Latvia
TMF Latvia SIA

Liechtenstein
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.
Gentoo Corporate Services S.à.r.l.
Gentoo Financial Services (Luxembourg) S.A.
Guardian Financial Company S.à.r.l.
Immobiliere Vauban S.A.
International Pyramide Holdings (Luxembourg) S.A.
Manacor (Luxembourg) S.A.
Mutua (Luxembourg) S.A.
TMF Compliance (Luxembourg) S.A.
TMF Corporate Services S.A.
TMF Fund Services (Luxembourg) S.A.
TMF Luxembourg S.A.
TMF Participations S.à r.l.
White Label Fund SCA SICAV RAIF
White Label Funds IM S.à.r.l.

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 International Pensions 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
Upstream Accounting Excellence AS

Panama
TMF Mid-America Corp.
TMF Panama S. de R.L.

Paraguay
TMF Paraguay Ltda.

Peru
TMF Peru S.R.L.

Philippines
TMF Philippines Inc.

Poland
Extor Consulting Sp. z o.o.
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.
UCMS Group Romania SRL

Russia
Corporate Management Rus L.L.C.
RMA Services, Ltd.
TMF RUS, Ltd.

Serbia
TMF Services d.o.o. Beograd

Singapore
Equity Trust Services (Singapore) Pte Limited
KCS Business Services Pte Ltd
KCS Corporate Services Pte Ltd
KCS Outsourcing Solutions Pte Ltd
KCS Payroll Express Pte Ltd
KCS Trust Limited
TMF Singapore H Pte. Ltd.
TMF Trustees Singapore Limited
Virtual HR Pte Ltd.

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
Hypoport (Pty) Ltd
Montserrat Pty Ltd.
TMF Corporate Services (South Africa) (Pty) Ltd
West Road South No 11 GP011 (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 Payroll Services A.G.
TMF Services S.A.
UCMS Group Switzerland GmbH

Taiwan
TMF Taiwan Ltd.

Tanzania
TMF Service Tanzania Limited

Thailand
TMF Group Holding (Thailand) Limited
TMF Thailand Ltd.

The Netherlands
Affiance Management B.V.
Affiance Services B.V.
BFT Nederland B.V.
Clear Management Company B.V.
Freeway CAM B.V.
Freeway Entertainment Group B.V.
Freeway Patents and Trademarks B.V.
Jeewa B.V.
Manacor (Nederland) B.V.
Nationale Trust Maatschappij N.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 Eljan
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 HoldCo 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 Orange Holding 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 Netherlands 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
Chigwell Investments 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
Sonic Corporate Services Limited
TMF Agency Solutions Limited
TMF Corporate Administration Services Limited
TMF Corporate Directors Limited
TMF Corporate Secretarial Services Limited
TMF Corporate Services Limited
TMF Global Services (UK) 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
Fiorco US Inc.
Lord Securities (Delaware) L.L.C.
Lord Securities Corporation
TMF Group New York LLC
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

SIGNATURES TO THE COMPANY FINANCIAL STATEMENTS

The Board of Directors have today discussed and approved these company financial statements for 2017 of TMF Orange 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 2017 and of the results of the Company’s operations and the cash flows for the years ended 31 December 2017.

The Company’s financial statements are presented for approval at the Annual General Meeting on 28 March 2018.

G.W.J. Antvelink

M. Appleton

R.P. Hanson

D.H. Kragt

J.J. Leahy

G.M. Stuart

M.C. van der Sluijs – Plantz

F.E. van Tuyll van Serooskerken

H.H.C. Van Vredenburch

Amsterdam, 28 March 2018

COMPANY INCOME STATEMENT

In millions of Euro	Note	For the year ended 31 December 2016	2017
Employee benefit expense		(0.1)	(0.0)
Professional fees		(0.0)	(0.0)
Operating result		**(0.1)**	**(0.0)**
Result before income tax		**(0.1)**	**(0.0)**
Income tax expense	2	-	-
Result for the year		**(0.1)**	**(0.0)**

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COMPANY STATEMENT OF COMPREHENSIVE INCOME

In millions of Euro	Note	For the year ended 31 December 2016	2017
Result for the year		(0.1)	(0.0)
Total items that will not be reclassified to income statement		-	-
Total items that may be reclassified subsequently to income		-	-
Other comprehensive result for the year, net of tax		-	-
Total comprehensive result for the year		**(0.1)**	**(0.0)**

COMPANY BALANCE SHEET

In millions of Euro	Note	As at 31 December 2016	2017
Assets			
Investment in subsidiaries	3	241.0	241.0
Total non-current assets		**241.0**	**241.0**
Other receivables		-	-
Financial assets	4	-	-
Cash and cash equivalents		0.1	0.0
Total current assets		**0.1**	**0.0**
TOTAL ASSETS		**241.1**	**241.0**
Equity			
Share capital	5	0.1	0.1
Share premium	5	240.9	240.9
Accumulated losses	5	(0.3)	(0.3)
Total equity attributable to owners of the parent		**240.7**	**240.7**
Liabilities			
Total non-current liabilities		**-**	**-**
Loans and borrowings	6	0.3	0.2
Trade and other payables		0.1	0.1
Total current liabilities		**0.4**	**0.3**
Total liabilities		**0.4**	**0.3**
TOTAL EQUITY AND LIABILITIES		**241.1**	**241.0**

*) The balance sheet is presented before appropriation of dividends.

TMF GROUP

COMPANY STATEMENT OF CHANGES IN EQUITY

In millions of Euro	Share capital	Share premium	Accumulated losses	Total
Balance at 1 January 2016	**0.1**	**240.9**	**(0.2)**	**240.8**
Result for the year	-	-	(0.1)	(0.1)
Total other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**(0.1)**	**(0.1)**
Balance at 31 December 2016	**0.1**	**240.9**	**(0.3)**	**240.7**

In millions of Euro	Share capital	Share premium	Accumulated losses	Total
Balance at 1 January 2017	**0.1**	**240.9**	**(0.3)**	**240.7**
Result for the year	-	-	(0.0)	(0.0)
Total other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**(0.0)**	**(0.0)**
Balance at 31 December 2017	**0.1**	**240.9**	**(0.3)**	**240.7**

TMF GROUP

COMPANY CASH FLOW STATEMENT

In millions of Euro	For the year ended 31 December 2016	2017
Cash flows from operating activities		
Result before income tax	(0.1)	-
Changes in working capital:		
Other receivables	0.1	-
Financial assets	(0.1)	-
Trade and other payables	0.0	-
Cash generated from / (used in) operations, before income tax paid	(0.1)	-
Income tax (paid) / received	-	-
Net cash generated from / (used in) operating activities	**(0.1)**	**-**
Cash flows from investing activities		
Net cash generated from / (used in) investing activities	**-**	**-**
Cash flows from financing activities		
Repayments of borrowings	-	(0.1)
Net cash generated from / (used in) financing activities	**-**	**(0.1)**
Net movement in cash and cash equivalents and bank	**(0.1)**	**(0.1)**
Cash and cash equivalents and bank overdrafts at beginning of the	0.2	0.1
Exchange gains / (losses) on cash and cash equivalents and bank	-	-
Cash and cash equivalents and bank overdrafts at end of the	**0.1**	**-**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. General information

TMF Orange Holding B.V. (the "Company") 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 54 to 81 for further information on accounting policies, critical estimates and judgements and financial risk management. Investment in subsidiaries are recognized initially at fair value and subsequently measured at costs, net of any impairment.

2. Income tax expense

The applicable domestic tax rate for the Company is 25%. The weighted average tax rate is 0% (2016: 0%) as the entity is loss making and it is uncertain that tax losses carried forward are realized through future taxable profits. As at 31 December 2016 and 2017 the Company did not recognize deferred tax assets of respectively €65 thousand and €80 thousand in respect of estimated taxable losses of respectively €260 thousand and €330 thousand. The taxable losses will expire between 2023 and 2025.

3. Investment in subsidiaries

In millions of Euro	**2016**	**2017**
1 January	241.0	241.0
31 December	**241.0**	**241.0**

Refer to page 155 to 161 for a list of subsidiaries. TMF Group HoldCo B.V. is the only direct subsidiary of the Company.

4. Financial assets

The financial assets relate to current receivables from subsidiaries. The carrying value of the receivables approximates their fair 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.

5. Equity

Share capital and share premium

At 31 December 2016 and 31 December 2017, the authorized share capital comprised 52,744 shares divided into 6,205 preferred shares and 46,539 ordinary shares. The issued share capital amounts to €52,744 and consists of 46,539 ordinary shares with a nominal value of €1 each and 6,205 preferred shares with a nominal value of €1 each. All shares are fully paid. All shares have similar rights in meetings of the shareholders.

The preference shares are entitled to a dividend of 13.15% of the liquidation value of €60.6 million plus the aggregate of preferred dividends which have not yet been declared. At 31 December 2017, the value is €189.8 million (2016 €167.8 million).

Accumulated losses

The Board of Directors propose to add the loss for the year of €72 thousand to the accumulated losses.

6. Loans and borrowings

The loans and borrowings relate to current liabilities from subsidiaries. The carrying value of the liabilities approximate to their fair value.

7. Commitments

Operating lease commitments

The Company has no operating lease commitments at the balance sheet date.

8. Contingencies

The Company has no commitments at the balance sheet date. The Company is not part of a fiscal unity. With respect to contingencies reference is made to note 35 of the consolidated financial statements.

9. Related party transactions

Reference is made to note 36 of the consolidated financial statements.

10. Differences in equity and income statement between the company and consolidated financial statements

In millions of Euro	2016	2017
Equity according to consolidated financial statements	(455.6)	(579.9)
Add: Difference in valuation of subsidiaries in company financial statements (being 'subsidiary accounted for at cost')	696.4	820.6
Equity according to company financial statements	**240.7**	**240.7**
Result for the year according to consolidated financial statements	(84.4)	(85.7)
Add: Difference in valuation of subsidiaries in company financial statements (being 'subsidiary accounted for at costs')	84.3	85.7
Result for the year according to company financial statements	**(0.1)**	**(0.0)**

11. Directors emoluments

Reference is made to note 36 of the consolidated financial statements.

12. Subsequent events

Reference is made to note 38 of the consolidated financial statements.

OTHER INFORMATION

Appropriation of the result for the year

According to Article 18 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.

Report of the independent auditor

For the report of the independent auditor, reference is made to page 42 to 45 of the consolidated financial statements.