

Jefferies International (Holdings) Limited

Country by Country reporting

The Capital Requirements Directive IV (Article 89 of the EU Directive 2013/36/EU) requires qualifying institutions to publish annually certain tax and financial data for each country in which they operate. The principal subsidiary of Jefferies International (Holdings) Limited (JIHL), namely Jefferies International Limited, is a qualifying institution under the terms of the Capital Requirements Directive IV (the "Directive").

In accordance with the Directive, Jefferies have elected to provide the required information on a consolidated basis for the JIHL group for the financial year ended 30 November 2016 (Refer to disclosure schedules 1 and 2, on pages 5 and 6 respectively). JIHL has applied the s401 Companies Act 2006 exemption from preparing consolidated financial statements as JIHL and all its subsidiaries are included within the audited consolidated financial statements of Jefferies Group LLC for the year ended 30 November 2016 which can be obtained from www.jefferies.com within the Investor Relations section. However, JIHL's main operating subsidiary, Jefferies International Limited (JIL), conducts materially all of the JIHL group's economic activity. A copy of the individual audited statutory financial statements of JIHL and its subsidiaries for the year ended 30 November 2016 can be obtained from Vintners Place, 68 Upper Thames Street, London EC4V 3BJ.

Note (1) - Basis of preparation and explanatory notes

Accounting framework:	The figures disclosed in the schedules have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 ("FRS 101") – Reduced Disclosure Framework.
Jurisdiction:	The jurisdiction in each case has been taken as the country of tax residence.
Number of employees:	The number of employees has been calculated as the average number of employees, on a monthly full time basis, who were permanently employed by JIHL group during the financial year to 30 November 2016.
Revenue:	JIHL and its subsidiaries earn revenue in the following areas: movement in the fair value of financial instruments, commissions, investment banking fees, interest income and service fees. Revenue generated from movements in the fair value of financial instruments and commissions are accounted for on the trade date of the related transaction. Investment banking fees, interest income and service fees are accounted for on an accruals basis.
Profit before tax:	The consolidated Profit and Loss Account for JIHL and its subsidiaries for the year ended 30 November 2016.

Corporation tax paid: This represents the corporation tax actually paid in each country in the year ended 30 November 2016.

Public subsidies: There were no public subsidies received by JIHL or any of its subsidiaries during the year ended 30 November 2016.

Note (2) – Commentary on disclosure

It should be noted that the corporation tax paid in a given period does not always relate directly to the tax charge in that period as corporation tax for a period is often paid across multiple periods and because taxable profits are calculated in accordance with prescribed legislation in each jurisdiction and may differ from the reported accounting results. Below is commentary in relation to the corporate tax paid within each jurisdiction listed in disclosure schedules 1 and 2.

- **United Kingdom:** no corporation tax was paid due to current period losses within the group.
- **Germany:** in 2016 one of JIHL's operations received a refund of tax overpaid in previous years resulting in the taxes paid in Germany for the year being lower than might otherwise have been expected.
- **Sweden:** no corporation tax was paid due to losses brought forward from prior periods.
- **Italy:** under Italian statute companies are required to make quarterly instalment payments of corporation tax which relate to the tax year in which they were made. Jefferies' instalment payments for 2016 were based on a prior year when the operations were more profitable and so the tax paid appears disproportionately high in comparison to the results achieved in 2016.
- **France:** JIHL's operations have losses brought forward from prior periods resulting in a small repayment of tax.
- **Switzerland:** no corporation tax was paid due to losses incurred in the period.
- **United Arab Emirates:** no corporation tax was paid as JIHL's operations are situated in the Dubai International Financial Centre, a tax free zone.
- **Russia:** no corporation tax was paid as JIHL did not conduct any commercial activity within Russia during the period.

Independent auditors' report to the Directors of Jefferies International (Holdings) Limited

We have audited the accompanying schedules of Jefferies International (Holdings) Limited for the year ended 30 November 2016 ("the schedules"). The schedules have been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' Responsibility for the schedules

The directors are responsible for the preparation of the schedules in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedules, and for such internal control as the directors determine is necessary to enable the preparation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedules based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedules 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

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

Opinion

In our opinion, the country-by-country information in the schedules for the year ended 30 November 2016 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the schedules, which describes the basis of preparation. The schedules are prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedules may not be suitable for another purpose.

Independent auditors' report to the Directors of Jefferies International (Holdings) Limited (continued)

Our report is intended solely for the benefit of the directors of Jefferies International (Holdings) Limited. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.



PricewaterhouseCoopers LLP

Chartered Accountants

18 May 2017

London

Disclosure schedule 1

Jurisdiction	Number of Employees	Revenue £'000	Profit / (loss) before tax £'000	Corporation tax paid / (received) £'000	Public subsidies received £'000
United Kingdom	762	345,891	(33,977)	-	-
Germany	21	11,869	527	225	-
Sweden	7	4,920	276	-	-
Italy	5	(790)	923	751	-
France	5	2,617	126	(33)	-
Switzerland	5	2,327	(8,802)	-	-
United Arab Emirates	2	210	(729)	-	-
Russia	-	2	1	-	-
Total	807	367,046	(41,655)	943	-

Disclosure schedule 2

Jurisdiction	Description of activities	List of entities
United Kingdom	Investment banking, broker / dealer Holding company	Jefferies International Limited Jefferies International (Holdings) Limited (company level)
	Management services Dormant	Jefferies Bache Limited LongAcre Partners Limited*
Germany	Investment banking, broker / dealer Management services	Jefferies International Limited Jefferies Bache Limited
Sweden	Investment banking	Jefferies International Limited
Italy	Broker / dealer	Jefferies International Limited
France	Investment banking, broker / dealer	Jefferies International Limited
Switzerland	Broker / dealer	Jefferies International Limited
United Arab Emirates	Investment banking	Jefferies International Limited
Russia	Investment banking	Jefferies International Limited

*LongAcre Partners Limited is currently in liquidation.