

## 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 two principal subsidiaries of Jefferies International (Holdings) Limited (JIHL), namely Jefferies International Limited and Jefferies Bache Limited, are qualifying institutions 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 2015 (Refer to tables 1 and 2, on pages 5 and 6 respectively). The audited consolidated statutory financial statements of JIHL for the year ended 30 November 2015 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 are prepared under United Kingdom Generally Accepted Accounting Practice (UK GAAP), as for the consolidated statutory financial statements of JIHL.
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 2015.
Turnover:	As defined in note 2 to the consolidated statutory financial statements for JIHL for the financial year ended 30 November 2015.
Profit before tax:	As per the consolidated Profit and Loss Account included in the consolidated statutory financial statements for JIHL for the year ended 30 November 2015.
Corporation tax paid:	This represents the corporation tax actually paid in each country in the year ended 30 November 2015.
Intra- group eliminations:	These include adjustments that relate principally to transactions between JIHL's businesses in different countries that are included in the individual country turnover, but are then eliminated in determining the overall results to avoid double counting.

#### 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 disclosures for jurisdictions where corporation tax was paid or refunds received.

- **United Kingdom:** no corporation tax was paid in the United Kingdom due to losses brought forward from previous years. There was also a repayment of tax in relation to a prior year group relief claim.
- **Germany:** Under German statute companies are required to make quarterly instalment payments of Corporation Tax which relate to the tax year in which they are made. Jefferies' instalment payments in 2015 were based on a prior year when the operations were more profitable and so appear disproportionate when compared to the profits for 2015.
- **Italy:** Under Italian statute companies are required to make instalment payments of Corporation Tax which relate to the tax year in which they were made. Jefferies' instalment payments for 2014 were based on a prior year when the operations were more profitable and so exceeded the final liability for the year thereby resulting in a repayment. The overpayment was set against the instalments due for 2015 so they appear low for the year..
- **France:** The tax instalment payments of the operations in France for 2014 exceeded the final liability resulting in a repayment of tax for the year.

## **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 2015 ("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 2015 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*

PricewaterhouseCoopers LLP

Chartered Accountants

14<sup>th</sup> July 2016

London

Disclosure schedule 1

Jurisdiction	Number of Employees	Turnover £'000	Profit / (loss) before tax £'000	Corporation tax paid / (received) £'000	Public subsidiaries received £'000
United Kingdom	875	380,123	5,145	-	-
Germany	24	12,335	1,742	784	-
Italy	4	5,628	2,159	93	-
France	7	1,813	(1,154)	(4)	-
Switzerland	5	2,565	(357)	-	-
United Arab Emirates	5	1,189	(256)	-	-
Russia	1	265	(930)	-	-
Sweden	2	480	(1,334)	-	-
<b>Sub-total</b>	<b>923</b>	<b>404,398</b>	<b>5,015</b>	<b>873</b>	<b>-</b>
Intra-group eliminations	-	(1,154)	-	-	-
<b>Total</b>	<b>923</b>	<b>403,244</b>	<b>5,015</b>	<b>873</b>	<b>-</b>

Disclosure schedule 2

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

\*LongAcre Partners Limited has not actively traded since 2007.