



ANNUAL REPORT 2014



ICONS by category

DRIVE

-  CAR
-  MOTORCYCLE
-  CAMPER & CARAVAN
-  TRUCK

SPORT

-  RUNNING
-  CYCLING
-  SWIMMING
-  GOLF

PRODUCT-RELATED

-  CONNECTED CAR
-  DIGITAL MAP
-  MULTINET-R
-  REAL-TIME TRAFFIC INFORMATION
-  NAVKIT NAVIGATION ENGINE
-  NAVCLOUD
-  CLOUD-BASED PRODUCTS
-  WEBFLEET
-  TELEMATICS APP CENTER
-  FLEET

FINANCE & STRATEGY

-  ACCOUNTING POLICIES
-  SIGNIFICANT ESTIMATES
-  OUTLOOK
-  STRATEGY

FORWARD-LOOKING STATEMENTS/IMPORTANT NOTICE

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom NV (the company) and certain of the plans and objectives of TomTom and its subsidiaries (together with the company referred to as 'the group') with respect to these items. In particular the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'would', 'believe' and similar expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on them. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of customer spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, the levels of marketing and promotional expenditures by the group and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the USD and GBP versus the euro can materially affect results), changes in tax rates, future business combinations, acquisitions or disposals, the rate of technological changes, political and military developments in countries where the company operates and the risk of a downturn in the market.

Statements regarding market share, including the company's competitive position, contained in this document are based on outside sources such as specialised research institutes, industry and dealer panels in combination with management estimates. Where full year information regarding 2014 is not yet available to the company, these statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated. The forward-looking statements contained refer only to the date in which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this annual report.

SECTION 2 RESULTS OF THE YEAR

This section presents the notes related to items in the income statement (except for financial income and expenses) and disclosure on operating segments. If applicable, relevant notes on balance sheet items related to the respective items in the income statement are presented in this section. A detailed description of the results for the year is provided in the Business and financial review by business unit and Group financial review sections in the Management Board report.

4. Segment reporting and revenue

The operating segments are identified and reported on the basis of internal reports about components of the group that are regularly reviewed by the Management Board to assess the performance of the segments.

As of 1 January 2014, the internal management reporting, which is used as the basis for segment reporting, was changed. The hardware component of sales to automotive customers is reported in Consumer instead of in Automotive in order to clearly identify automotive revenue which comes from content, software and services. Additionally, due to client portfolio redistribution, a minor amount of revenue was moved from Licensing to Automotive. Accordingly, the reported segment information and its comparative figures have been adjusted to reflect these changes, and are not necessarily consistent with the numbers reported previously.

The group's internal management reporting is structured primarily on the basis of the market segments in which the four operating segments - Consumer, Automotive, Licensing and Telematics - operate. Consumer generates revenue mainly from the sale of PNDs, sport watches, maps and related navigation products and services. The Automotive business unit develops and sells navigation software components, services and content, such as maps, traffic and navigation software, to car manufacturers and Tier 1 suppliers worldwide. Licensing generates revenue by licensing digital maps, traffic, navigation software and other content to a wide range of customers, and Telematics provides fleet management services and related solutions to fleet owners including sale and/or rental of hardware products associated with the services.

Management assesses the performance of segments based on the measures of revenue and earnings before interest and taxes (EBIT), whereby the EBIT measure includes allocations of expenses from supporting functions within the group. Such allocations have been determined based on relevant measures that reflect the level of benefits of these functions to each of the operating segments. As the four operating segments serve only external customers, there is no inter-segment revenue. The effects of non-recurring items such as impairment are excluded from management's measurement basis. Interest income and expenses and tax are not allocated to the segments. There is no measure of segment (non-current) assets and/or liabilities provided to the Management Board.

(€ in thousands)	2014	2013 ¹
Revenue		
Consumer	619,099	651,845
Automotive	109,409	110,932
Licensing	111,575	116,047
Telematics	110,209	84,630
TOTAL	950,292	963,454

¹ The reported 2013 Revenue for Consumer, Automotive and Licensing was respectively € 567.0 million, €192.4 million and €119.4 million.

The EBIT of each segment is as follows:

(€ in thousands)	2014	2013 ¹
EBIT		
Consumer	36,168	33,223
Automotive	- 28,685	- 11,755
Licensing	- 11,360	- 10,910
Telematics	33,801	26,003
TOTAL	29,924	36,561

¹ The reported 2013 EBIT for Consumer, Automotive, Licensing and Telematics was respectively €25.7 million, -€0.6 million, -€13.3 million and € 24.8 million.

The EBITDA of each segment is as follows:

(€ in thousands)	2014	2013 ¹
EBITDA		
Consumer	55,349	56,675
Automotive	20,093	37,864
Licensing	30,091	31,098
Telematics	39,102	28,343
TOTAL	144,635	153,980

¹ The reported 2013 EBITDA for Consumer, Automotive, Licensing and Telematics was respectively €50.6 million, €41.6 million, €34.3 million and € 27.1 million.

A reconciliation of the segment performance measure (EBIT) to the group's result before tax is provided below.

(€ in thousands)	2014	2013
Total Segment EBIT	29,924	36,561
Unallocated expenses	-8,810	-11,015
Interest result	-3,145	-2,945
Other finance result	-3,720	-1,619
Result of associates	374	3,091
RESULT BEFORE TAX	14,623	24,073

A breakdown of the external revenue to types of products and services and to geographical areas is as follows:

(€ in thousands)	2014	2013
External revenue - by products and services		
Sale of goods ¹	578,086	592,834
Rendering of content and services	188,600	190,072
Royalty revenue	183,606	180,548
TOTAL	950,292	963,454

¹ Includes navigation software, map and traffic components sold initially in bundle with the Automotive hardware.

(€ in thousands)	2014	2013
External revenue - by geographical areas		
Europe	718,767	710,101
North America	163,461	177,725
Rest of world	68,064	75,628
TOTAL	950,292	963,454

The geographical split of the group's revenue from sale of goods and content and services is based on the location of the customers, while the split for royalty revenue is based on the coverage of the group's geographical map data and other contents.

Total revenue generated in the Netherlands during 2014 amounted to €74 million (2013: €60 million).

The group has no significant concentration of sales from a particular individual external customer.

The non-current assets within the group include a significant portion of the carrying value of the step up resulting from the Tele Atlas acquisition in 2008. As this step up is not geographically allocated to the respective regions for internal management reporting, it is believed that disclosure of geographic allocation would be highly judgemental and would not give a true representation of geographical spread of the group's assets.

Accounting policy

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products and/or services delivered in the normal course of business. Revenue is reduced for estimated probable customer returns, rebates and other similar allowances whenever applicable.

The revenue recognition policy for each type of revenue or their combination is presented below:

Sale of goods

Revenue from the sale of goods is only recognised when the risks and rewards of ownership of goods are transferred to the customers, which include distributors, retailers, end users and OEMs. The risks and rewards of ownership are generally transferred at the time the product is shipped and delivered to the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractually required, has been obtained. In cases where contractual acceptance is not required, revenue is recognised when management has established that all aforementioned conditions for revenue recognition have been met.

Royalty revenue

Royalty revenue is generated through licensing of geographic and/or other traffic-/location-based content to customers. Revenue is recognised on an accrual basis based on the contractual terms and substance of the relevant arrangements with the customers.

Sale of services

Services revenue is generated from the sale of traffic and map update services, content sales, connected navigation and fleet management services to commercial fleets. The revenue relating to the service element is recognised over the agreed or estimated service period on a straight-line basis. In arrangements where devices are rented out to the customer in Telematics, the rental revenue is included in the revenue from subscriptions.

Multiple-element arrangements

The group's product and services offerings include arrangements that require the group to deliver equipment (e.g. navigation hardware) and/or a number of services (e.g. map update services) under one agreement, or under a series of agreements that are commercially linked (referred to as 'multiple-element arrangements'). In such multiple-element arrangements, the consideration received is allocated to each separately

identifiable element, based on the estimated relative fair values of each identifiable element. To the extent that there is a discount on the arrangement, the discount is allocated between the elements of the contract in such a manner as to reflect the fair value of the elements and the substance of the transaction.

The amount of revenue allocated to the hardware element is recognised in line with the accounting policy for the sale of goods as described above. The revenue relating to the service element is recognised over the agreed or estimated service period on a straight-line basis, which varies on average from 3 months to 48 months (for lifetime services).

Significant estimates

The estimated sales return deduction is based upon historical data on the return rates and information on the inventory levels in the distribution channel. For sales incentives including channel- and end user rebates, the reduction in revenue is based on the group's historical experience, taking into account future expectations on rebate payments. If there is excess stock at retailers when a price reduction becomes effective, the group will compensate its customers on the price difference for their existing stock, provided certain criteria are met. To reflect the costs related to known price reductions in the income statement, an accrual is created against revenue based on an estimate of the inventory levels in the channel and future price reductions.

In the absence of a stand-alone selling price, the fair value of each element under a multiple-element arrangement is estimated using other methods allowed under IFRS, such as the cost plus reasonable margin or the residual method or a combination thereof. In making such estimates, management make use of judgement and assumptions to arrive at an outcome that best reflects a transaction's substance. Total deferred revenue balance relating to the elements deferred under such multiple-element arrangements as at 31 December 2014 amounted to €85 million (31 December 2013: €63 million).

5. Cost of sales

The group's cost of sales consists of material costs for goods sold to customers, royalty and license expenses and fulfilment costs incurred on inventory sold during the year as well as amortisation of certain technologies specifically developed/used for particular customers.

6. Personnel expenses

Included in the operating expenses are, amongst others, the following items:

(€ in thousands)	2014	2013
Salaries	155,771	149,200
Social security costs	26,478	28,572
Pensions	7,758	7,831
Share-based compensation	8,742	7,980
Other ¹	49,596	48,011
PERSONNEL EXPENSES	248,345	241,594

¹ Other personnel expenses include costs of secondary benefits such as health insurance, vehicle lease costs, sales commissions and bonuses.

The average number of employees in 2014 was 3,888 (2013: 3,491) spread across the following functional areas:

	2014	2013
Research and development	2,602	2,265
Marketing	97	102
Sales, general and administrative	1,189	1,124
TOTAL	3,888	3,491

At 31 December 2014, the group had 4,172 (2013: 3,671) employees. During 2014, 2,797 of employees worked outside the Netherlands (2013: 2,351).

Pensions

The group's pension plans primarily comprise of defined contribution plans, limiting the employer's legal obligation to the amount it agrees to contribute during the period of employment and a defined benefit plan for a German subsidiary. This defined benefit plan is unfunded and has no plan asset. Management is of the opinion that the plan has limited risks to the group as it was frozen in 2007. In the extraordinary event that the group is unable to meet its obligations, the participants will receive (partial) payments from a state-owned pension protection fund.

The total pension costs of €7.8 million consist of the costs of the defined contribution plans of €7.5 million (2013: €7.6 million) and of the German-defined benefit plan of €0.3 million (2013: €0.2 million).

The movement of the German-defined benefit obligation is presented below:

(€ in thousands)	2014	2013
PRESENT VALUE OF OBLIGATION AS AT 1 JANUARY	6,763	6,572
Current service cost	36	24

(€ in thousands)	2014	2013
Interest cost	229	222
	7,028	6,818
Remeasurements:		
- Experience losses / (gains) due to change in demographical assumptions	59	-10
- Losses / (gains) from change in financial assumptions	1,394	0
	1,453	-10
Benefits paid	-98	-45
PRESENT VALUE OF OBLIGATION AS AT 31 DECEMBER	8,383	6,763

The service cost and the interest cost are recognised as pension costs, while the actuarial (gains)/losses are credited/charged to 'Other comprehensive income'.

The significant actuarial assumptions were as follows:

	2014	2013
Discount rate	2.30%	3.40%
Average life expectancy ¹	21.0	20.8

¹ The above average life expectancy is the average actual value for males and females retiring at age 65 set in accordance with the common German mortality tables 'Heubeck 2005 G'.

A 0.1% increase or decrease in discount rate would result in a decrease or increase in the defined benefit obligation of approximately €0.1 million and a 1-year increase or decrease in average life expectancy would result in a €0.1 million increase or decrease in the defined benefit obligation.

In Italy, employees are paid a leaving indemnity on termination of their employment. This is a statutory payment based on Italian civil law. An amount is accrued each year based on the employee's remuneration and previously revalued accruals. The indemnity has the characteristics of a defined contribution obligation and is an unfunded, but fully provided liability.

Employees in the United States are offered the opportunity to participate in the 401K pension plan, which involves no contribution or obligation from the group besides withholding and paying the employee's contribution.

Accounting policy

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when service has been rendered to the group. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction of future payments is available.

In relation to the defined benefit plan, the group recognised a liability on the balance sheet based on the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually 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 the currency in which the benefits will be paid, and which have terms to maturity approximating to the terms of the related pension obligation.

Service costs and interest costs are charged to the pension expenses. Actuarial gains and losses are charged or credited to equity in 'Other comprehensive income' in the period in which they arise.

7. Share-based compensation

The group operates two equity-settled plans, as well as a cash-settled phantom share plan (previously referred to as 'performance share plan'). The purpose of the share-based compensation is to retain management and employees and align the interests of management and eligible employees with those of shareholders, by providing additional incentives to improve the group's performance on a long-term basis.

Stock option plans

The group has adopted stock option plans for members of the Management Board and eligible employees. Under the schemes, the General Meeting has granted options to members of the Management Board to subscribe for shares. The Management Board in turn has granted options to eligible employees.

(€ in thousands)	2014	2013
Opening balance	29,012	48,818
Stock compensation expense	3,898	4,196
Transfer to retained earnings	-937	-23,426
Stock options exercised	-3,006	-576
CLOSING BALANCE	28,967	29,012

The group stock option plan qualifies as an 'Equity-settled share-based payment plan'. The options granted from 2011 onwards under the 2009 plan will vest after three years (cliff vesting). The options cannot be transferred, pledged or charged and may be exercised only by the

option holder over a period of seven years from the grant date but only after completion of the vesting period. Options expire after the exercise period. The options will be covered at the time of exercise by issuing new shares.

The following table summarises information about the stock options outstanding on 31 December 2014:

Year of grant	Number outstanding at 31-12-2014	Exercise price per share (€)	Weighted average remaining life	Number exercisable at 31-12-2014	Weighted average exercise price (€)
2009	3,744,880	5.71 - 6.00	1.46	3,744,880	5.75
2010	3,137,083	4.81 - 5.48	2.35	3,137,083	5.30
2011	1,634,300	6.08 - 6.20	3.36	1,509,300	6.11
2012	3,215,250	3.34 - 3.88	4.36	0	n.a.
2013	2,770,200	3.36 - 5.90	5.35	0	n.a.
2014	1,960,080	4.93 - 5.28	6.36	0	n.a.

A summary of the group's stock option plans and the movements during the years 2014 and 2013 are presented below:

Option plans	2014		2013	
	No.	Weighted average exercise price (€)	No.	Weighted average exercise price (€)
OUTSTANDING AS AT 1 JANUARY	17,182,090	5.39	17,682,662	7.21
Granted	1,960,080	5.24	3,006,000	3.52
Exercised	-1,363,610	5.96	-281,200	4.65
Expired	-691,485	8.30	-1,639,550	27.86
Forfeited	-625,282	5.21	-1,585,822	5.53
OUTSTANDING AS AT 31 DECEMBER	16,461,793	5.41	17,182,090	5.39

The fair value of the stock options granted in May 2014 and May 2013 was determined using the binomial tree model. This model contains the input variables, including the risk-free interest rate, volatility of the underlying share price, exercise price, and share price at the date of grant. The fair value calculated is allocated on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest.

	2014	2013
Share price at grant date (€)	5.28	3.52
Exercise price (€)	4.93-5.28	3.36-5.90
Expected volatility	45%	50%
Expected average option life in years	5.3	5.3
Weighted average risk-free rate	0.98%	0.72%
Expected dividends	Zero	Zero

The option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Volatility is determined using industry benchmarking for listed peer group companies, as well as the historic volatility of the TomTom NV stock. The group's employee stock options have characteristics that are significantly different from those of traded options, and changes in the subjective input assumptions can affect the fair value estimate.

Phantom share plan

The existing Phantom share plan was introduced in 2011. Under this plan, eligible employees are entitled to receive a cash payment equal to the value of the number of shares that have vested. These cash-settled phantom shares are conditional on the employee completing three years of service (the vesting period). On 31 December 2014 the outstanding liability with regard to the phantom share plan was €8.0 million (2013: €5.3 million).

The following table provides the movement in the number of phantom shares.

	2014	2013
OUTSTANDING AS AT 1 JANUARY	2,356,730	1,407,750
Vested and paid out	-393,300	0
Granted	1,235,855	1,073,680
Forfeited	-204,955	-124,700
OUTSTANDING AS AT 31 DECEMBER	2,994,330	2,356,730

The fair value of the phantom shares was determined using the applicable share price at the grant date and subsequent reporting date.

Restricted stock plans

As from 2011, the group introduced a restricted stock plan to retain a selected group of talented employees. Each restricted-stock unit gives the right to receive one TomTom share after a three-year vesting period and qualifies as an equity-settled plan. The costs that arise from this plan are spread over the vesting period and have been determined based on TomTom's share price on the grant date. Total 2014 stock

compensation expenses charged to the stock compensation reserve for this plan amounted to €228 thousand (2013: €245 thousand). As this plan is not material, no further disclosures are provided.

Accounting policy

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. The costs are determined based on the fair value of the granted instruments and the number expected to vest. At each balance sheet date, the group revises its estimates of the number of instruments expected to vest.

Cash-settled share-based payments are initially recognised at the fair value of the liability and are expensed over the vesting period. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately as either a profit or a loss.

8. Depreciation and amortisation

Total depreciation and amortisation for the year was €115 million (2013: €117 million) of which €6.1 million (2013: € 4.9 million) is included in cost of sales.

(€ in thousands)	2014	2013
Amortisation	102,089	100,404
Depreciation	12,622	17,015
TOTAL	114,711	117,419

Amortisation charge totalling €102.1 million (2013: €100.4 million) are included in the following line items in the Income Statement:

- Cost of sales: €5.7 million (2013: €4.9 million);
- Amortisation of technology and databases: €88.1 million (2013: €81.4 million);
- R&D expenses: €2.2 million (2013: €8.0 million); and
- Selling, general and administration expenses: €6.1 million (2013: €6.1 million).

9. Government grants

In 2014, the group received government grants amounting to €4.7 million, in relation to the research and development activities performed by the group (2013: €6.4 million).

Accounting policy

Government grants are recognised at their fair value when there is a reasonable assurance that the group will comply with the conditions attached to them, and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the group with no future related costs, are recognised as a deduction of the related expense in the period in which they become receivable.

10. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The activities of the group are subject to corporate income tax in several countries, depending on presence and activity. The applicable statutory tax rates vary between 12.5% and 41.0%. The different tax jurisdictions in which the group operates can cause the Effective Tax Rate (ETR) to differ from the Dutch corporate tax rate.

(€ in thousands)	2014	2013
Current tax	4,054	2,398
Deferred tax	-12,086	1,612
INCOME TAX (GAIN) / EXPENSE	-8,032	4,010

In 2014, the ETR was -54.9% compared to 16.7% last year. The reconciliation between the tax charge on the basis of the Dutch tax rate and the Effective Tax Rate is as follows:

	2014	2013
Dutch tax rate	25.0%	25.0%
Higher weighted average statutory rate of group activities	9.8%	6.9%
Income exempted from tax	-26.2%	-20.8%
Non tax deductible costs	17.7%	15.7%
Utilisation of losses not previously capitalised	-19.6%	-17.3%
Effect of prior years' settlements and/or adjustments	-40.6%	-26.5%
Remeasurement of deferred tax	-25.6%	33.2%
Other	4.7%	0.5%
EFFECTIVE TAX RATE	-54.9%	16.7%

The income tax credited directly in equity in 2014 amounted to €6.9 million (2013: credit of €0.3 million).

Accounting policy

Current and deferred taxes are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity. In this case, the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

The group's income tax expense is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

11. Deferred income tax

As at 31 December 2014, the group had a deferred tax liability of €167 million (2013: €172 million) and a deferred tax asset of €18 million (2013: €10 million). The deferred tax asset and liability result from timing differences between the tax and accounting treatment of the amortisation of intangible assets, tax loss carry forwards, cash-settled share-based payments and certain provisions.

(€ in thousands)	2014	2013
DEFERRED TAX:		
To be recovered after more than 12 months	-147,016	-160,141
To be recovered within 12 months	-1,097	-1,905
TOTAL	-148,113	-162,046

The movement of deferred tax is as follows:

(€ in thousands)	Stock compensation expense	Other	Intangible assets	Provisions	Assessed losses	Total
BALANCE AS AT 31 DECEMBER 2012	964	-330	-207,129	9,115	40,081	-157,299
Acquisitions through business combination	0	0	-5,279	0	685	-4,594
(Charged)/released to income	362	-265	15,794	-2,662	-14,841	-1,612
Currency translation differences	0	0	1,527	-215	147	1,459
BALANCE AS AT 31 DECEMBER 2013	1,326	-595	-195,087	6,238	26,072	-162,046
Acquisitions through business combination	0	0	-3,705	0	0	-3,705
(Charged)/released to income	668	437	12,899	497	-2,415	12,086
(Charged)/released to equity	0	0	0	436	6,430	6,866
Currency translation differences	0	-200	-4,386	-460	3,732	-1,314
BALANCE AS AT 31 DECEMBER 2014	1,994	-358	-190,279	6,711	33,819	-148,113

Deferred tax balances are presented in the balance sheet as follows:

(€ in thousands)	2014	2013
Deferred tax assets	18,438	9,681
Deferred tax liabilities	-166,551	-171,727
TOTAL	-148,113	-162,046

The group has in some jurisdictions tax loss carry forwards that have not been recognised as deferred tax assets, as the amounts as well as possible future recovery of these losses against future taxable income are uncertain. As at 31 December 2014, these losses amounted to approximately €90 million (2013: €100 million).

Accounting policy

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled, using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Significant estimates

The determination of the group's provision for income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.