



AUDIT FIRM  1

BDO EESTI AS

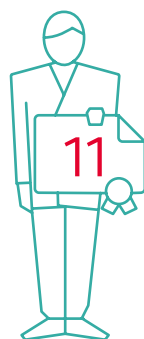
GROUP ANNUAL REPORT 2015/2014



PASSIONATE PROFESSIONALS



certified accountants



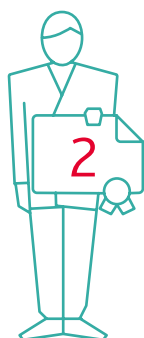
licensed certified public accountants



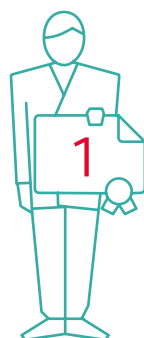
licensed certified public sector auditors



licensed certified internal auditors



certified financial forensics experts



certified bankruptcy trustee

“Thank you for your trust.
What matters to you, matters to us.”

BDO's global vision is to be the leading provider of exceptional client service.

BDO EESTI AS

Audit firm activity licence no. 1
Registry no. 10309827
VAT no. EE100081343

BDO ADVISORY OÜ

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25 + YEARS OF DEDICATION

40 + YEARS OF HISTORY

REVENUE PER EMPLOYEE 39,000+



STAFF 55+



ENGAGEMENTS 690+



THE FIRM

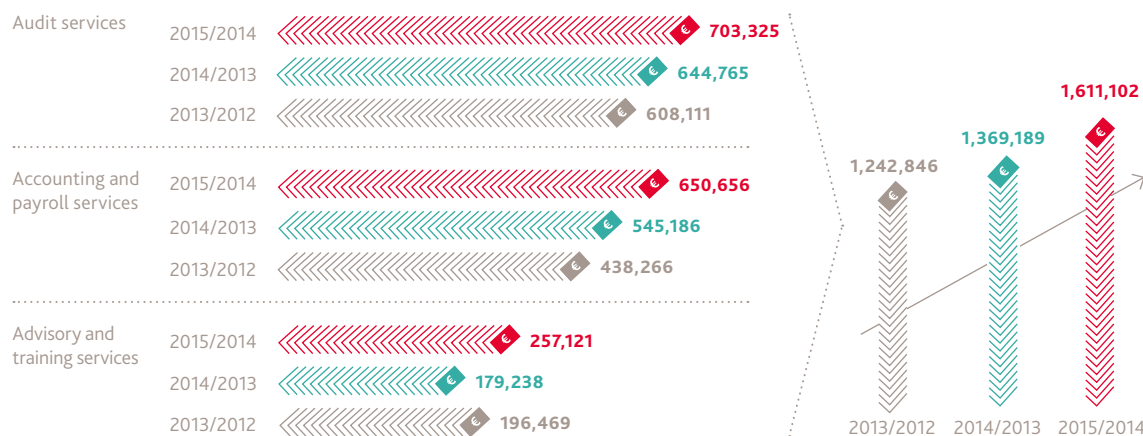
BDO Eesti AS (audit firm, activity licence 1) was the first firm that obtained the right to offer audit services in Estonia after the country regained its independence. By choosing us, you will gain access to the global experience and expertise of the world's fifth-largest network of audit and advisory firms. We have been delivering high-quality audit, business & financial advisory, and business support services in Estonia since 1991.

Thanks to our international reach and long-term local experience, we can support your business in Estonia with the following professional services:

- ▶ Audit services
- ▶ Accounting, payroll and business support services
- ▶ Advisory and training services

In the 25 years we have been offering our current services and the more than 40 years since the firm was established, we have become one of the leading professional services firms in the Estonian market. At 30 September 2015, we had over 490 clients including major local and international enterprises as well as public sector entities. BDO's Estonian offices with their more than 55 staff provide quality sector-specific services that take into account both industry developments and the latest international trends. Strong year-over-year business growth reflects our passion to sustain rapid development both in Estonia and across the borders.

BDO EESTI'S CONSOLIDATED REVENUE 1 OCTOBER - 30 SEPTEMBER (€)



FUTURE OF ACCOUNTANCY

At BDO, we believe that the financial solutions of the future are characterised, above all, by the clients' direct access and participation, growth in management accounting and reporting, paper-free communication, replacement of manual labour with inter-machine communication, and a reasonable price.

490+ CLIENTS

55+ STAFF

180+ PARTNERS WE WORK WITH

STATEMENTS OF THE MANAGEMENT AND SUPERVISORY BOARDS

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The management board of BDO Eesti AS has prepared the group annual report for the period 1 October 2014 – 30 September 2015. The annual report of BDO Eesti group (BDO Eesti) consists of the business report and the consolidated financial statements.



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The supervisory board has reviewed and approved the report prepared by the management board.



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THE MANAGEMENT BOARD OF BDO EESTI AS ACKNOWLEDGES ITS RESPONSIBILITY AND CONFIRMS THAT:

- ▶ The consolidated financial statements of BDO Eesti AS have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereafter IFRS).
- ▶ In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, financial performance and cash flows of BDO Eesti.
- ▶ To the best of our knowledge and belief, the information presented in the statements is in all material respects true and fair as at the date the statements are authorised for issue (28 March 2016).
- ▶ In our opinion, BDO Eesti will continue in business for the foreseeable future and, thus, the consolidated financial statements have been prepared on a going concern basis.

In 2015/2014 the management boards of BDO Eesti duly fulfilled their responsibilities and led the group and each of its entities towards their set objectives.

The management board of BDO Eesti AS has regularly reported to the supervisory board, has acted in line with its powers, and has brought all matters that need to be decided by the supervisory board to the attention of the supervisory board.

BDO Eesti appreciates the opportunity to present its organisation and activities.

We hope that you will find our annual report both useful and interesting as well as generally informative.

We wish to grow BDO's credibility through open communication and consistent commitment to principles that ensure high service quality.

REVENUE GROWTH



We achieved and exceeded all significant targets set for financial year (FY) 2015/2014.

BDO Eesti group (BDO Eesti) sustained sales growth – 2015/2014 was the first financial year where our consolidated revenue exceeded 1.6 million euros. Besides sales figures, we improved our future performance capabilities by increasing efficiency and attracting new competencies.

IN 2015/2014 WE PERFORMED

- ▶ 375+ audit service engagements
- ▶ 195+ accounting and payroll service engagements
- ▶ 120+ advisory service engagements

INCREASE IN ENGAGEMENTS



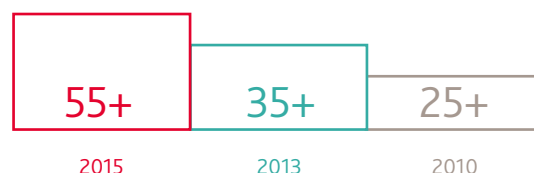
OUR THREE MOST RAPIDLY GROWING SERVICES IN 2015/2014

- ▶ Auditors' other assurance engagements (ISAE), e.g. assurance reporting on packaging reporting
- ▶ Financial, risk and business advisory services
- ▶ Auditors' related services engagements including compilation engagements (ISRS)

The Estonian Association of Auditors conducted a quality control review at BDO Eesti AS in respect of FY 2012/2011, 2013/2012 and 2014/2013. The review covered:

- ▶ Compliance of the quality control system with IFAC ISQC 1 (EE)
- ▶ Compliance of the quality of auditor's professional services with the IFAC (EE) standards.

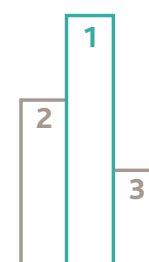
BDO EESTI INVESTS IN SUSTAINABLE GROWTH BY CREATING A SIGNIFICANT NUMBER OF NEW JOBS AND INTERNSHIP OPPORTUNITIES



OUR THREE NEW SERVICES IN 2015/2014

- ▶ Assurance reporting on packaging reporting
- ▶ Tax representation service
- ▶ IFRS accounting and reporting service

Similarly to previous occasions, we received the highest possible grade.



BDO Eesti AS passed the quality control review with the highest rating on a 3-grade scale: "Service quality meets requirements, improvements possible".



A member of our team, Maris Männik-Gaite Cruz, was awarded the title of Estonia's Accountant of the Year 2015.



Our BDO network was announced the winner of the prestigious Network of the Year award at the International Accounting Bulletin (IAB) Awards. BDO received the Network of the Year award for demonstrating execution of profitable growth strategies in the past 12 months, and excelling in other areas including consistent delivery of high quality professional services.



The BDO Global Outsourcing Team won the International Payroll Award at the 2015 Payroll World Awards ceremony in London.

BDO is an international network of public accounting and advisory firms that perform professional services under the name of BDO, which is a registered trademark of Stichting BDO. The network as it is known today was founded in 1963 and the BDO trademark is an acronym that stands for the names of the network's original members: **B**inder Hamlyn (United Kingdom), **D**ijker & Co (Netherlands) and **O**tte & Co (Germany).

In addition to their own extensive knowledge, all our professionals can tap the expertise of the BDO international network whose highly recognised experts are just a phone call away. By sharing knowledge, we complement each other to:

- ▶ Assist our clients
- ▶ Further improve our professional competence

OUR NETWORK statistics of 30 September 2015



2015
WINNER OF IAB
"NETWORK OF
THE YEAR"



\$7.30
BILLION
GLOBAL
REVENUES



GLOBAL LEADER IN
PROVIDING A FULL RANGE
OF ACCOUNTANCY AND
RELATED SERVICES TO
THE MID-MARKET.



1,400+
OFFICES



154
COUNTRIES
AND
TERRITORIES



64,300
HIGHLY SKILLED
PARTNERS AND STAFF
WORLDWIDE

To gain and maintain BDO membership, a firm must offer a minimum range of the core services (including audit, tax and advisory), have appropriate quality & risk management systems and professional liability insurance cover, and observe a high standard of professionalism and ethics.

Provision of central services within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium whose statutory seat is in Brussels. BDO International Limited and Brussels Worldwide Services BVBA do not provide any professional services to clients. The member firms of the BDO network do not have any agency relationship or partnership agreement with BDO International Limited and Brussels Worldwide Services BVBA. Each of BDO International Limited, Brussels Worldwide Services BVBA and the member firms of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions.

Through the obligations we have undertaken under the agreements we have signed, the BDO network has significant influence over our operations and policies. However, BDO International Limited (or Brussels Worldwide Services BVBA or Stichting BDO) does not have control over BDO Eesti's business and professional services.

BDO SINCE 1963

GLOBAL EXPERTISE

OUR REGIONS
2015 regional fee split

STATISTICS



50%
AMERICA

\$3.65 billion
25,174 people



35%
EMEA

\$2.58 billion
23,808 people



15%
ASIA PACIFIC

\$1.06 billion
15,321 people

CLIENT SERVICE AT THE CORE

global professional staff to partner ratio



9 to 1
BDO



15 to 1
larger networks

INFLUENCE OF THE BDO NETWORK

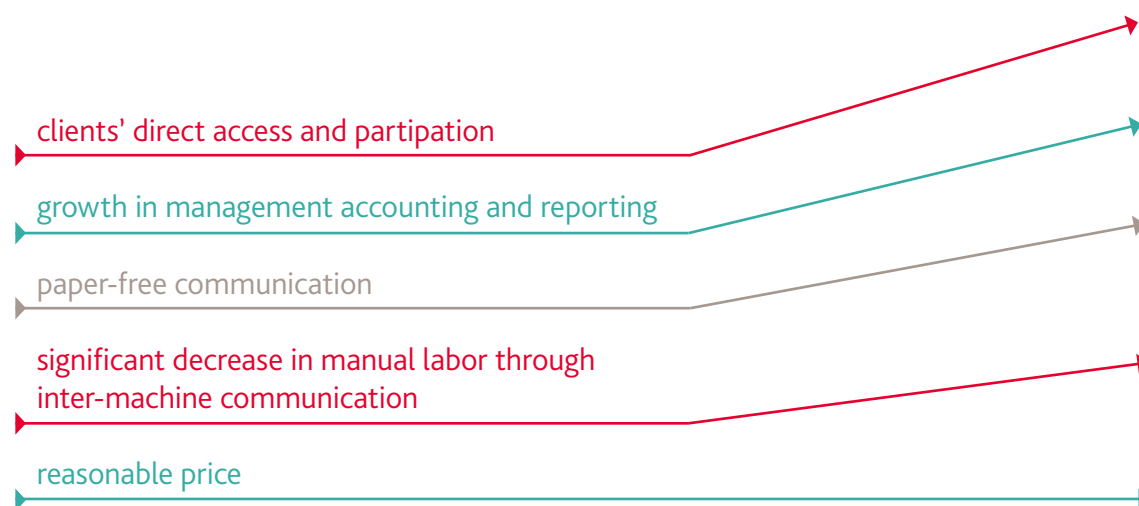
BDO CLIENT SERVICE PHILOSOPHY: WE ARE FOCUSED ON SOLUTIONS

9

BDO'S VISION IS TO BE THE LEADER IN EXCEPTIONAL CLIENT SERVICE

AT BDO, WE BELIEVE THAT THE
FINANCIAL SERVICES OF THE FUTURE
ARE CHARACTERISED BY:

- ▶ We are committed to building strong and long-lasting relationships
- ▶ We listen
- ▶ We respond
- ▶ We are proactive
- ▶ We are dedicated to your business

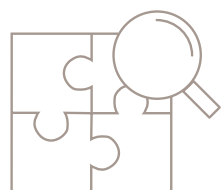


AS PROFESSIONALS, WE SEEK AND
CREATE OPPORTUNITIES FOR SUCCESS

We appreciate and recognise the strengths of each individual. We assess people based on their performance and offer flexibility in the use of work time. We deliver on the promises made to colleagues and clients. We treat each other as equals and value mutual trust. We support and encourage independent thinking and self-development. We favour the preventive approach to problem-solving. We wish to be an example for others.

BDO'S DISTINCTIVE FEATURE IS A
CLOSE AND PERSONAL RELATIONSHIP
WITH THE CLIENT

We aim to understand people as well as business and build lasting relationships, which are based on mutual respect and trust. We care about the success of our clients and are committed to delivering value. Our professional skills and knowledge ensure effective and smooth collaboration.



SERVICES ENHANCED
OVER TIME

We have been operating in the Estonian audit and advisory services market for more than 25 years and have developed a client-based approach to service offering. Consideration of the specific needs and values of each client allows us to build long-term client relationships.

We offer our solutions in order to help clients focus on what is important, simplify issues that are complex, prevent and mitigate risks and, where necessary, outsource their business support services.

BDO CLIENT SERVICE PHILOSOPHY: WE ARE FOCUSED ON SOLUTIONS

10

BDO Eesti values each existing and prospective client. To ensure the best possible cooperation, we apply a personal approach and strive to adjust to the needs of the client. Be it a small everyday matter or a complex time-consuming process – our experience shows that collaboration produces the best outcome.

We consult and communicate in an open manner. This means we are trustworthy and straightforward in all of our working relationships and prudent in our judgment. We give advice we believe in and behave ethically, stay true to our professional standards and avoid conflicts of interest.

To make sure that our services are provided as smoothly as possible, at least two professionals are assigned to each client. One is the lead client relationship manager and the other a competent specialist whose role is to complement or fill in for the first. Such an arrangement ensures swift and smooth delivery of the services.

As professionals, we monitor our operating environment and plan and design our activities by taking into account all relevant developments. We believe that in the near term the key challenges for the Estonian professional services market are as follows:

- Employees will feel more secure in areas where it is harder to use machine labour. In response to increasing implementation of machine labour, professionals will start valuing management accounting and financial planning & analysis competencies over the currently preferred financial and tax accounting & reporting skills.
- In auditing, the current approach will be replaced by copying and analysing the clients' (complete) databases. This will make auditing more attractive for younger generations.
- In business consulting, professionals will not be able to keep up with the latest IT innovations which will sustain the shortage of IT expertise.
- In light of the rapid rise in the local micro entrepreneurship, the greatest challenge will be to provide solutions for the so-called 'one man, one dog' type enterprises and organisations.
- Post-2020 the sustainability of an economy fuelled by public and EU funding is likely to decrease. Lack of a critical mass of relevant and sufficiently large projects in the local market may trigger an outflow of specialists striving for professional growth and advancement.

WHAT MATTERS TO YOU, MATTERS TO US

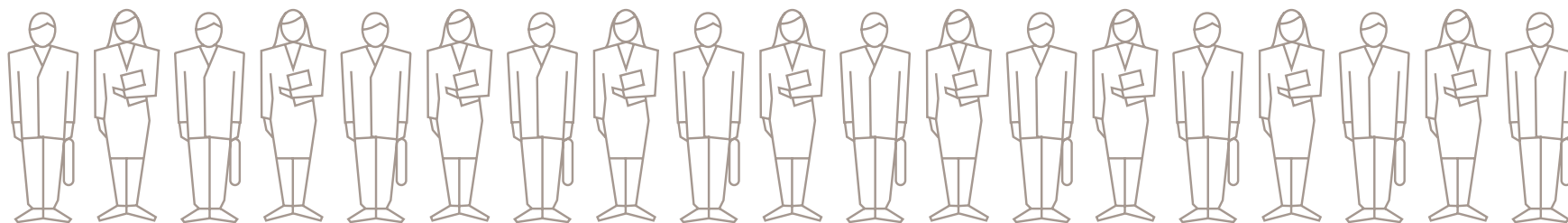
ADDITIONAL ASSURANCE THROUGH
HONESTY AND INTEGRITY

CLIENT-FOCUSED APPROACH

OPERATING ENVIRONMENT IN
ESTONIA

In such an environment the key success factors will be openness, professionalism and ability to respond quickly.

We are ready and willing 'to go the extra mile' for our clients, business partners and staff.







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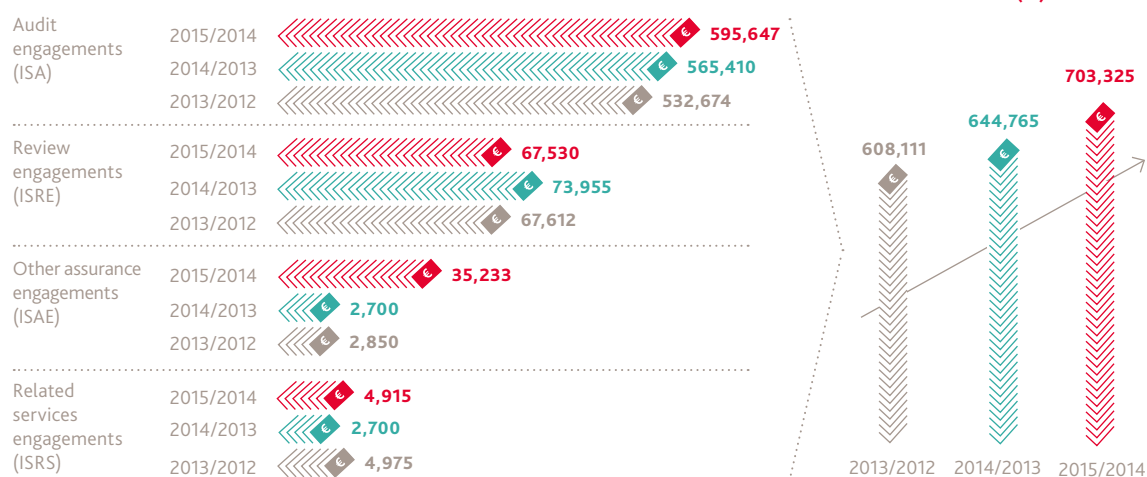
RELIABILITY. ACCURACY. ASSURANCE

Examining financial performance with the help of an expert helps interpret results and plan and manage change. Financial reporting is like the calling card of the organisation. The involvement of an experienced auditor – a certified public accountant – adds reliability to the financial statements.

Members of the BDO network have to comply with the independence standards and the Code of Ethics of the International Federation of Accountants (IFAC). BDO offers the following services that are governed by the standards published by IFAC:

- ▶ Audits and reviews of financial statements prepared in accordance with the Estonian generally accepted accounting principles (GAAP)
- ▶ Audits and reviews of financial statements prepared in accordance with International Financial Reporting Standards (IFRS)
- ▶ Special-purpose and other assurance engagements
- ▶ Assurance reporting on packaging reporting
- ▶ Related services

BDO EESTI'S REVENUE FROM AUDIT SERVICES 1 OCTOBER–30 SEPTEMBER (€)



AUDIT AND REVIEW REQUIREMENTS IN THE 2015/2014 REPORTING PERIOD (GENERAL THRESHOLDS)

		Revenue or income	Total assets at reporting date	Average number of employees
STATUTORY AUDIT	At least one indicator exceeding	€6,000,000	€3,000,000	90
	At least two indicators exceeding	€2,000,000	€1,000,000	30
STATUTORY REVIEW	At least one indicator exceeding	€3,000,000	€1,500,000	45
	At least two indicators exceeding	€1,000,000	€500,000	15

CHANGES IN GENERAL THRESHOLDS FOR AUDIT AND REVIEW REQUIREMENTS AS FROM 1 JANUARY 2016

Applicable to financial statements covering periods beginning on or after 1 January 2016

STATUTORY AUDIT	At least one indicator exceeding	€12,000,000	€6,000,000	180
	At least two indicators exceeding	€4,000,000	€2,000,000	60
STATUTORY REVIEW	At least one indicator exceeding	€4,800,000	€2 400 000	72
	At least two indicators exceeding	€1,600,000	€800,000	24

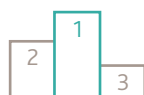
700,000+ RECORD REVENUE

Audit services generated record-high revenue of 700,000 euros.

HIGHEST QUALITY RATING FROM ESTONIAN ASSOCIATION OF AUDITORS

The Estonian Association of Auditors conducted a quality control review at BDO Eesti AS in 2015/2014 in respect of the periods 2012/2011, 2013/2012 and 2014/2013. The review covered:

- compliance of the quality control system with IFAC ISQC 1 (EE);
- compliance of the quality of auditor's professional services with the IFAC (EE) standards.



BDO Eesti AS passed the quality control review with the highest rating on a 3-grade scale: "Service quality meets requirements, improvements possible."

10+ CERTIFIED PUBLIC ACCOUNTANTS

In 2015:

- Liina Oolup became a certified public accountant.
- Certified public accountant Karel Villak joined our audit team.



At 30 September 2015, BDO Eesti had:

- 11 certified public accountants;
- 8 certified public sector auditors.

CONTRIBUTION TO DEVELOPMENT OF THE PROFESSION

► Besides 11 certified public accountants (CPAs), eight of whom are also licensed certified public sector auditors, two employees have passed some of the eight modules of the CPA examination:

3/8



7/8

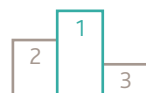


► In addition, 12 of BDO Eesti's audit staff have submitted their training plan, which is the first step towards becoming a CPA.

HIGHEST QUALITY RATING FROM BDO NETWORK

The BDO network conducted a regular quality control review at BDO Eesti. The review covered:

- compliance of the quality control system with IFAC ISQC 1;
- compliance of the quality of auditors' professional services with the IFAC standards;
- compliance of the firm's management systems and policies.



BDO Eesti AS passed the quality control review with the highest rating on a 3-grade scale: "Service quality meets requirements, improvements possible."

RISE IN PROFESSIONALISM

A distinctive feature of our services is the speed at which we respond, our openness to change and adaptability to the most complicated operating environments.

- In 2015/2014, the number of special-purpose engagements awarded to us doubled.
- In the first year when assurance reporting on packaging reporting became mandatory, BDO Eesti conducted 34 such engagements.

EXPANSION OF A STRONG CLIENT PORTFOLIO



In 2015/2014 our client portfolio was strengthened by four public interest entities: Estonian Unemployment Insurance Fund, Environmental Investment Centre, Defence League, Estonian Academy of Music and Theatre. Recognition by clients is the best feedback for us.

AVERAGE NUMBER OF STAFF



2015/2014



2014/2013



2013/2012



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MAI EVER**

Certified Public Accountant Δ 202
** until 30 June 2015



URVE KIPPER**

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** until 29 June 2015



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COMPLIANCE WITH REQUIREMENTS. CONFORMITY WITH DEADLINES. PEACE OF MIND

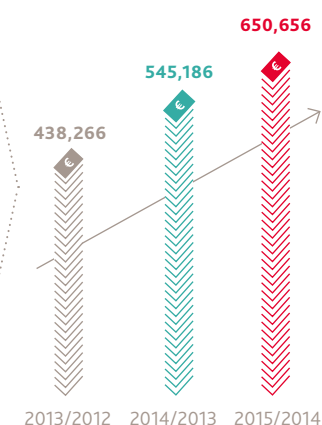
BDO's accounting, payroll and business support services are designed for both major multinational and smaller local companies. Our specialists' dedication and experience will let you focus on your core business and be assured that your finances are in professional hands. We tailor our solutions to the needs and profile of each specific client.

BDO'S PORTFOLIO OF SOLUTIONS COMPRISES:

- ▶ Financial and tax accounting & reporting services in accordance with the Estonian GAAP or IFRS
- ▶ Payroll accounting and reporting services – (monthly) computation and disbursement of salaries, preparation and submission of tax returns
- ▶ Design and implementation of an organisation-specific accounting & reporting system, management and cost accounting/reporting, provision of agreed-upon/selected accounting and reporting services
- ▶ Intra-group accounting, etc.
- ▶ Other business support services (including business address service)

BDO EESTI'S ACCOUNTING, PAYROLL AND BUSINESS SUPPORT SERVICE REVENUE (€)

End-to-end accounting service	2015/2014	 € 449,178
	2014/2013	 € 389,817
	2013/2012	 € 267,414
Payroll services	2015/2014	 € 133,724
	2014/2013	 € 108,763
	2013/2012	 € 130,814
Preparation and submission of returns	2015/2014	 € 36,695
	2014/2013	 € 29,560
	2013/2012	 € 25,549
Preparation of financial statements	2015/2014	 € 31,059
	2014/2013	 € 17,046
	2013/2012	 € 14,489



KEY ACCOUNTING, PAYROLL AND BUSINESS SUPPORT SERVICE HIGHLIGHTS IN 2015/2014

15

650,000+ RECORD REVENUE

Our accounting and payroll services generated record-high revenue of 650,000 euros, 15% up on the previous financial year.

Above all, revenue grew through the win of new service contracts, particularly with larger than average companies.

160+ EXPANSION OF A STRONG CLIENT PORTFOLIO

BDO Eesti offers accounting, payroll and other business support services to more than 160 companies. Most of them have been our clients for over three years and 40% for over seven years.

What matters to you, matters to us.



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PAYROLL WORLD AWARDS WINNER 2015

Our network, the BDO Global Outsourcing Team, won the International Payroll Award at the 2015 Payroll World Awards ceremony in London.



ACCOUNTANT OF THE YEAR 2015

A member of our team, Maris Männik-Gaite Cruz, is Estonia's Accountant of the Year 2015.

The title is awarded by conference centre Eesti Koolitus- ja Konverentsikeskus, accounting and tax portal rmp.ee and the Association of Estonian Accountants.



MATI MADIK
Accountant Consultant
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RECOGNITION FOR OUTSTANDING CONTRIBUTION TO DEVELOPMENT OF THE PROFESSION

BDO Eesti Partner and Head of Business Services and Outsourcing Egle Vainula was elected to the Council of the Association of Estonian Accountants. Previously she was a member of the Qualifications Committee.

10+ CERTIFIED ACCOUNTANTS

In 2015:

► Olga Chirkova, Helen Aariste and Külli Rosenberg passed the certification examination and were awarded the qualification of Certified Accountant (Level 6).

► Aleksandra Generalova passed the certification examination and was awarded the qualification of Certified Accountant (Level 5).

At 30 September 2015, BDO Eesti had 13 certified accountants.



**MARIS MÄNNIK-GAITE
CRUZ**
Accountant Consultant
Certified Accountant
Accountant of the Year 2015



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ADDITIONAL CONTRIBUTION TO DEVELOPMENT OF PAYROLL SERVICES

Our payroll team started sharing their professional insights via *Palk*, a payroll newsletter published by the Estonian business paper *Äripäev*.

1,000+ SALARIES ON TIME

BDO Eesti's payroll team calculates the salaries of over 1,000 employees.



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AVERAGE NUMBER OF STAFF



2015/2014



2014/2013



2013/2012





URMAS VÖIMRE

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Head of Tax and Business Advisory Services
Certified Financial Forensics Expert
Trustee in Bankruptcy
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IFRS, International Valuation Standards, Business and Investment Valuations, Financial Institutions



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ANNA-MARI OOMER

Head of Risk Advisory Services
Certified Public Sector Internal Auditor
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Internal Control Systems, Risk Management, Fraud Prevention and Detection, EU Projects

RESULT. GROWTH IN VALUE. PRAGMATIC APPROACH

The most successful transactions are generally attributable to excellent coordination of knowledge, needs and opportunities. To implement change successfully, it is critically important to be prepared and have expert support. Tested cross-service skills will help you maintain focus on growing value and managing risks within a tight timeframe.

SOLUTIONS FOR DAY-TO-DAY TAX ISSUES

- ▶ Submission of refund claims, completion of tax returns, etc.
- ▶ Preparing explanation requests and inquiries for submission to the tax authorities, Ministry of Finance or Chancellor of Justice
- ▶ Representing the client in tax audits and tax disputes with the tax authorities
- ▶ Handling registrations (VAT payer, non-resident employer, permanent establishment)
- ▶ Providing international tax advice (including transfer pricing and labour mobility)
- ▶ Representing non-residents in tax matters, performing tax audits and reviews

SOLUTIONS COVERING THE ENTIRE LIFE CYCLE OF AN ORGANISATION

- ▶ Business and investment valuation
- ▶ Financial position analysis and business plan preparation
- ▶ Due diligence and deal advisory services
- ▶ Establishment, mergers and acquisitions, de-mergers, dissolutions and sales of legal entities, business performance analysis, client's representation and advice in M&A processes
- ▶ Advice on matters pertaining to commercial law, tax law, law of obligations and other business-related issues
- ▶ Preparation of expert's opinions for negotiations and disputes
- ▶ Advice on corporate rehabilitation, reorganisation and bankruptcy proceedings including representation of creditor's/debtor's interests, preparation of rehabilitation/reorganisation plans, etc.
- ▶ Services of a trustee in bankruptcy

RISK ASSESSMENT AND MANAGEMENT SERVICES AIMED AT ENSURING PREPAREDNESS

- ▶ Internal audits (including compliance, performance and follow-up audits)
- ▶ Internal control system assessment and enhancement (processes, procedures, controls, information exchange, reporting, compliance, etc.)
- ▶ Forensic services including identification of fraud risks, advising on prevention of conflicts of interest, etc.
- ▶ Audits of EU projects
- ▶ Audits of the management and control systems of organisations implementing EU funds

AVERAGE NUMBER OF STAFF



KEY TAX, FINANCIAL AND BUSINESS ADVISORY SERVICE HIGHLIGHTS IN 2015/2014

18

250,000+ RECORD REVENUE

Tax, financial and business advisory services generated record-high revenue of 250,000 euros.

INTERNATIONAL TAXATION VIGOROUS CROSS-BORDER ACTIVITY

- BDO Eesti carried out tax due diligence at an international company engaged in the sale of fuel cards and vehicle rental.
- BDO Eesti advised an electronics company on the tax aspects of purchase and sales transactions.
- BDO Eesti advised and supported companies expanding outside Estonia in arranging financial, tax and legal due diligence in the Scandinavian countries.

VALUE OF INTANGIBLE ASSETS TRADEMARKS COPYRIGHTS

We conducted a valuation of a trademark in a tax dispute (public judicial decision no 3-11-261/147). The court considered the valuation performed by BDO Advisory OÜ reliable and objective. In addition to submitting an expert's opinion, our professionals explained the methodology selected and the outcomes reached during the proceedings.

VALUATION OF LOSS OF INCOME ACTING AS AN EXPERT IN DISPUTES

- At the request of Tallinn Administrative Court, BDO Eesti carried out a valuation of direct financial loss and loss of income caused by early termination of a contract between the Ministry of Economic Affairs and Communications and Edelaraudtee AS in administrative matter 3-13-481.
- BDO Eesti participated in an advisory capacity in the creation of several special-purpose audit checklists and valuation of losses caused to owners.

CERTIFIED ADVISORS AND EXPERTS, BANKRUPTCY AND LIQUIDATION ASSISTANCE



In addition to being an experienced Certified Financial Forensics Expert, our Partner Urmas Võimre passed the examination of a Trustee in Bankruptcy and from 2015/2014 BDO Eesti offers the services of a bankruptcy trustee.

MANAGED RISKS CORPORATE GOVERNANCE INTERNAL CONTROL SYSTEM INTERNAL AUDIT

- BDO Eesti won the contract for the provision of internal audit services to Estonian Cultural Endowment Foundation for the years 2015–2017;
- BDO Eesti won the contract for the provision of internal audit services to Science Centre AHHA Foundation for the year 2015.

GROWTH IN SPECIALISATION AND INTERNATIONAL REACH

- We carried out several joint projects with other members of the BDO network, for example BDO firms from Scandinavia, the Baltics, Israel, etc.
- We responded actively to the cooperation proposals of international financial institutions.

SECTOR-SPECIFIC ADVICE IFRS FINANCIAL INSTRUMENTS RISK MANAGEMENT



BDO Eesti advised Estonian energy company Eesti Energia AS in the assessment of electricity, CO2 and fuel price risk management. The purpose of the engagement was to assess the company's hedging instruments and models, reporting and hedge effectiveness.



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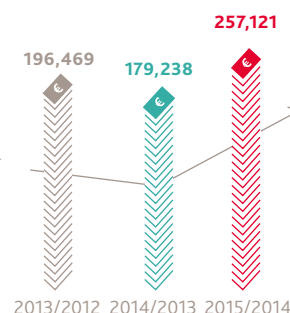
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Personnel Development
Andragogy

BDO EESTI ADVISORY AND TRAINING SERVICES REVENUE 1 OCTOBER - 30 SEPTEMBER (€)

Financial, risk and business advisory services	2015/2014	145,640
	2014/2013	56,757
	2013/2012	55,322
Tax advisory services	2015/2014	87,819
	2014/2013	96,302
	2013/2012	117,122
Training services	2015/2014	23,662
	2014/2013	26,179
	2013/2012	24,025





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EXPERTISE. COMPETITIVE EDGE. APPLICABILITY

Our training concept is to provide the audience with knowledge and skills in topical areas by giving real-life examples along with alternative approaches. Consistent self-improvement and education improves your competitiveness and, thus, helps increase your market value.

BASED ON YOUR NEEDS, BDO CAN OFFER:

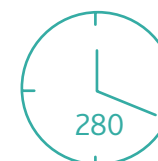
- ▶ Bespoke training solutions that meet your organisation's specific needs
- ▶ Training and seminar planning, arrangement and moderation services
- ▶ Experienced practitioners as visiting lecturers for conferences, seminars and training events
- ▶ One-to-one training

For further information, consult our website at: <http://bdo.ee/en/services/training/>

EXTERNAL TRAINING PROVIDED (HOURS)



2015/2014



2014/2013



2013/2012

POPULAR TRAINING COURSES:

PREPARATION OF FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS

CARS AND TAXES

PERFORMANCE OF INVENTORY COUNTS

EQUITY TRANSACTIONS

IFRS

BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

ASSURANCE REPORTING ON PACKAGING REPORTING

FINANCIAL MATHEMATICS

KEY TRAINING AND LECTURER SERVICE HIGHLIGHTS IN 2015/2014

20

40+

In 2015/2014, we arranged a record number of training courses.

DEDICATED LEADER

To achieve our targets, we strengthened the team with Training and Development Coordinator Sandra Lindermann.

Sandra graduated from Tallinn University in 2012 with an MA (cum laude) in Andragogy. Before joining BDO, she was Chief Staff Development Specialist at Tallinn City Office.

TRAINING PROVIDED TO EXPERTS

BDO Eesti's experts have shared their knowledge at training courses arranged by the Estonian Association of Auditors:

- Consolidation Workshop
- Auditor's Report: Causes, Consequences, Solutions
- Special-Purpose Engagements
- Auditor's Image

TRAINING PROVIDED TO CUSTOMERS OF OUR PARTNERS

In cooperation with SEB Bank we organised a morning seminar for starting entrepreneurs. The lecturers were BDO Eesti Partners Sulev Luiga and Egle Vainula.

OPINION LEADER AT PROFESSIONAL CONFERENCES

BDO Eesti Partners Sulev Luiga, Sven Siling and Laile Kaasik, Head of Marketing and Communication Karin Luiga, Corporate Finance Advisor Barbara Asu and Certified Public Accountant Ree Teinberg spoke at the tenth Pärnu Accounting Conference "Report – the Story Behind the Numbers".

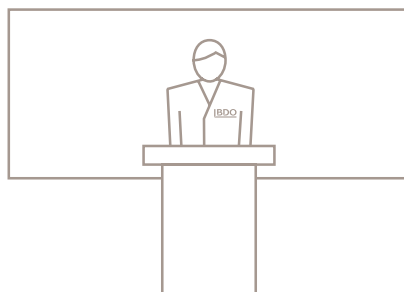
Corporate Finance Advisor Barbara Asu and Partner Urmas Võimre spoke at the Estonian Association of Appraisers International Annual Conference 2015.

Partner Sven Siling, Certified Public Accountant Ree Teinberg and Internal Auditor Anna-Mari Oomer participated in the Internal Audit Annual Conference 2015 "My People – Inspiration and Fear"

GROWTH AND DEVELOPMENT OF PARTNERSHIPS

BDO Eesti has partners among many training companies and organisations:

- Addenda
- Estonian Association of Auditors
- EBS Executive Training Centre
- Estonian Chamber of Commerce and Industry
- Association of Estonian Accountants
- Majandusarvestuse Keskus
- Pärnu Konverentsid
- Tallinna Konverentsid
- Tallinn University of Technology
- Tallinn University
- Tartu City Government
- Version Koolitus
- Äripäev, and others



TRAINING PROVIDED TO FUTURE SPECIALISTS

BDO provides advice and insights at the career seminars of Tallinn University of Technology.

Last season Certified Public Accountant Laile Kaasik spoke about the specific features of public sector accounting, Certified Public Accountant Ree Teinberg and Tax Advisor Ave Rego delivered "Accounting Basics for Starting Entrepreneurs" and Head of Marketing and Communication Karin Luiga spoke about growing one's market value through personal branding. In addition, our people have spoken about auditor's profession and detecting and exposing fraud at companies.



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Valuation
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BDO PEOPLE: TEAM DEVELOPMENT AND PROFESSIONALISM

21

BDO EESTI'S PROMISE TO CONTRIBUTE TO INCREASING THE MARKET VALUE OF ITS STAFF IS YIELDING MEASURABLE RESULTS.

Within three years participation in both internal and external training courses has grown several times.

PARTICIPATION IN EXTERNAL TRAINING COURSES (HOURS)



PARTICIPATION IN INTERNAL TRAINING COURSES (HOURS)



► In staff development, we apply the 70/20/10 model according to which 70% of the job is learned through work assignments, 20% through relationships with colleagues and only 10% through formal training such as coursework and seminars. We plan and review our activities in order to support our staff in all three categories.

► Twice a year we organise Training Days for the whole BDO Eesti team where we develop our professional skills, share know-how and learn soft skills. A video of the event arranged in autumn 2015 can be viewed at: <https://goo.gl/zoQvvh>.

EMPLOYEES ARE BDO'S MOST IMPORTANT ASSETS

We appreciate the skills, dedication and enthusiasm of our employees because these are a driving force not only for the staff but also the firm. Hence, BDO invests in a supportive work environment that encourages accomplishment, competitive remuneration, and a diverse range of training options. In addition to professional achievement and development, we value good relations between colleagues and arrange events that allow the staff to spend time together outside the office.

BDO Eesti recruits both the best experienced financial specialists and young people interested in gaining experience in finance and becoming certified public accountants, business advisors or (chief) accountants. To be recruited, a candidate must pass an interview, professional and language tests, problem-solving tasks and written presentations.

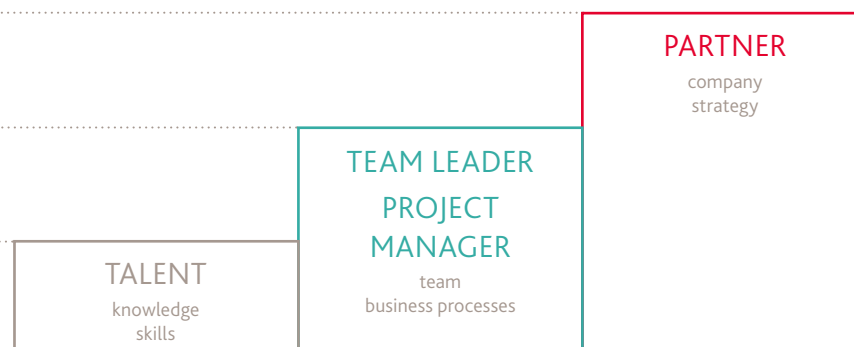
The objective of the firm's professional development strategy is to help the staff maintain and improve their professional skills and grow their market value. Employees are encouraged to make sure that their professional development and qualifications comply with their role, responsibilities and professional requirements. Besides development through practice, BDO offers a continuing education programme in pre-designed professional and related areas that the staff may supplement with external training courses. Around half of our staff regularly attend language training classes to enhance their professional language skills or keep them up-to-date.

THE GOAL IS TO GROW THE MARKET VALUE OF THE STAFF

MASTERS

JOURNEYMEN

APPRENTICES



WE CREATE NEW JOBS AND PROVIDE INDUSTRY TRAINING

JOBS



INTERNSHIP POSITIONS



BDO'S CONTRIBUTION TO DEVELOPMENT OF THE ESTONIAN ACCOUNTANCY INDUSTRY

22

FOR THE BEST RESULT

BDO is committed to being socially responsible, both in its daily operations and in advising the clients and helping them develop their business. In addition to our specialists' personal involvement in their communities and society as a whole, BDO as a firm has chosen areas where it wishes to contribute, through systematic and carefully considered work, to the development of the industry both locally and globally. We also help increase the competitiveness of the Estonian economy by participation in professional organisations that bring together audit and advisory firms.

The BDO network of audit and advisory firms has a clear sponsoring policy. We support initiatives that are aligned with our values and where our contribution has a proportionately large and positive impact.

Under the leadership of editor in chief Egle Vainula, BDO's specialists compile an accountancy handbook, which is among the most popular handbooks published by business paper *Äripäev*, and reply to the subscribers' questions in an online forum.

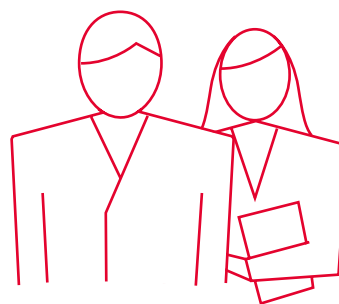
In addition, our payroll services team contributes to the publication of *Äripäev*'s payroll newsletter *Palk*.



MEMBERSHIP AND PARTICIPATION IN THE WORK OF PROFESSIONAL BODIES:

- ▶ Egle Vainula – Estonian Association of Accountants
- ▶ Sven Siling – Estonian Association of Auditors
- ▶ Laile Kaasik – Examination Committee of Professional Accountant's Qualification Examination
- ▶ Anna-Mari Oomer – Training and Development Committee of the Estonian Institute of Internal Auditors

See also: <http://www.bdo.ee/en/about-us/memberships/>



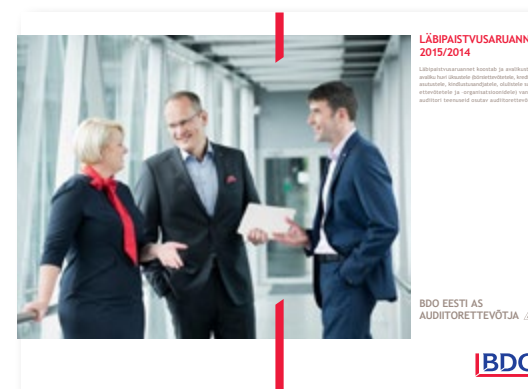
WE CONTRIBUTE TO SERVICE DESIGN

BDO has been a lead sponsor of the Estonian Design Awards competition in the category of service design since 2012.

- ▶ In 2012, BDO Eesti recognised OÜ Transferwise in the category of Service Design with a special Best Financial Service Design Award.
- ▶ In 2014, BDO's special award went to Fits.me;
- ▶ The next awards will be presented in autumn 2016.



BDO Eesti's Annual Statement 2014/2013 was unique, distinctive and innovative among the management reports of Estonian audit and accounting firms.



BDO Eesti Transparency Report 2015/2014 continued the trend with a similar communication style, standing out, in a positive way, among the reporting of other Estonian audit and advisory firms.



Doing Business in Estonia 2014 is a handbook mainly aimed at foreign investors which provides information about the Estonian business environment and macro-economy.



► BDO is a global network of independent audit and advisory firms.

► BDO Eesti AS is a limited company incorporated in Estonia (a company defined as *aktsiaselts* under Estonian law). Its governing bodies are the general meeting, a three-member supervisory board and a three-member management board.

► For the provision of professional services, BDO Eesti AS holds the licence of an audit firm granted by the authorities of the Republic of Estonia on 8 March 2010 (licence \triangle 1).

► The subsidiary BDO Advisory OÜ is a limited company incorporated in Estonia (a company defined as *osaühing* under Estonian law). Its governing bodies are the general meeting (the sole shareholder is represented by the management board of BDO Eesti AS) and a two-member management board. BDO Advisory OÜ is not registered as an audit firm as defined in the Estonian Auditors Activities Act.

► We offer the following professional services in Estonia:

- audit services;
- business support services;
- advisory services;
- training services.

► BDO Eesti has offices in Tallinn and Tartu.

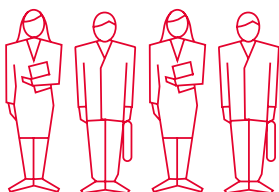
► The financial year of the members of BDO Eesti group begins on 1 October and ends on 30 September.

► The functional and presentation currency is the euro (€). All figures have been rounded to the nearest whole euro.

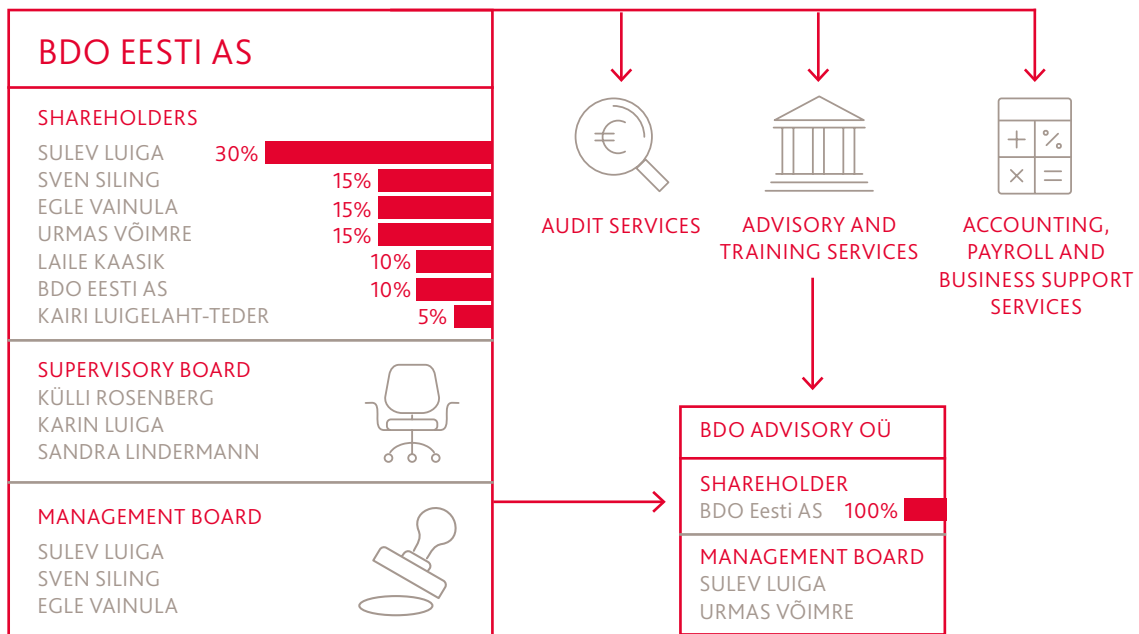
► These financial statements have been prepared taking into account all significant events affecting the valuation of assets and liabilities that occurred between the **reporting date of 30 September 2015** and the date on which the financial statements were authorised for issue.

► **The management board authorised these consolidated financial statements for issue on 28 March 2016.**

► Under the Republic of Estonia Commercial Code, the annual report prepared by the management board and approved by the supervisory board, which also includes the financial statements, must also be approved by the general meeting. The general meeting may decide not to approve the annual report prepared and submitted by the management board and may demand that a new report be prepared.



The consolidated financial statements of BDO Eesti group for the financial year ended 30 September 2015 comprise BDO Eesti AS (the parent company) and BDO Advisory OÜ (a wholly-held subsidiary).



To maintain BDO membership, we must offer in Estonia a proper range of the core services, have appropriate quality & risk management systems and professional liability insurance cover, and observe a high standard of professionalism and ethics.

We offer our solutions in order to help clients focus on what is important, simplify issues that are complex, prevent and mitigate risks and, where necessary, outsource their business support services. We have been operating in the Estonian audit and advisory services market for around 25 years and have developed a client-based approach to service offering. Consideration of the specific needs and values of each client allows us to build long-term client relationships.



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Audit firm activity
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The consolidated financial statements of BDO Eesti AS have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereafter IFRS).

FIRST-TIME ADOPTION OF IFRS

First-time adoption of IFRS had no impact on the comparability and consistency of the information presented in our consolidated financial statements because all relevant requirements effective for the financial year ended 30 September 2015 have been applied in full to all periods presented since the opening IFRS statement of financial position dated 1 October 2012.

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS EFFECTIVE FOR THE PARENT OF THE GROUP FROM 1 OCTOBER 2015

- ▶ *Annual Improvements to IFRSs 2010-2012 Cycle* (adopted by the European Union on 17 December 2014, effective for annual periods beginning on or after 1 February 2015)
- ▶ *Annual Improvements to IFRSs 2011-2013 Cycle* (adopted by the European Union on 18 December 2014, effective for annual periods beginning on or after 1 January 2015)
- ▶ *Amendments to IAS 19 Employee Benefits* (adopted by the European Union on 17 December 2014, effective for annual periods beginning on or after 1 February 2015).



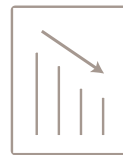
IMPACT OF FIRST-TIME ADOPTION OF IFRS

Until 30 September 2014, we prepared our consolidated financial statements in accordance with the Republic of Estonia generally accepted accounting principles (the Estonian GAAP). The main effect that the first-time adoption of IFRS had on our consolidated financial statements was that we had to reclassify current assets and current liabilities in the statement of financial position.

IFRS



NEW IFRS, AMENDMENTS TO IFRS AND INTERPRETATIONS EFFECTIVE FOR THE PARENT FROM 1 OCTOBER 2015





NEW IFRS, AMENDMENTS TO IFRS AND INTERPRETATIONS EFFECTIVE FOR THE PARENT OF THE GROUP FROM OR AFTER 1 OCTOBER 2016

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS EFFECTIVE FOR THE PARENT OF THE GROUP FROM OR AFTER 1 OCTOBER 2016

- ▶ Amendments to IFRS 11 *Joint Arrangements* (adopted by the European Union on 24 November 2015, effective for annual periods beginning on or after 1 January 2016)
- ▶ Amendments to IAS 1 *Presentation of Financial Statements* (adopted by the European Union on 18 December 2015, effective for annual periods beginning on or after 1 January 2016)
- ▶ Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (adopted by the European Union on 2 December 2015, effective for annual periods beginning on or after 1 January 2016)
- ▶ Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* (adopted by the European Union on 23 November 2015, effective for annual periods beginning on or after 1 January 2016)
- ▶ Amendments to IAS 27 *Separate Financial Statements* (adopted by the European Union on 18 December 2015, effective for annual periods beginning on or after 1 January 2016)
- ▶ *Annual Improvements to IFRSs 2012-2014 Cycle* (adopted by the European Union on 15 December 2015, effective for annual periods beginning on or after 1 January 2016)

In our opinion, earlier application of the new standards, amendments and interpretations issued and adopted by the date the financial statements were authorised for issue but effective for subsequent reporting periods would not have a material effect on the information presented in the group's consolidated financial statements.



NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BY IASB WHICH HAVE NOT YET BEEN ADOPTED BY THE EUROPEAN UNION

IASB HAS ISSUED SOME NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS WHICH HAVE NOT YET BEEN ADOPTED BY THE EUROPEAN UNION

- ▶ IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014, effective for annual periods beginning on or after 1 January 2016, the European Commission has decided to wait with the endorsement process until the final standard is issued)
- ▶ Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* (issued on 18 December 2014, effective for annual periods beginning on or after 1 January 2016)
- ▶ IFRS 9 *Financial Instruments* (issued on 24 July 2014, effective for annual periods beginning on or after 1 January 2018)
- ▶ IFRS 15 *Revenue from Contracts with Customers* (issued on 11 September 2015, effective for annual periods beginning on or after 1 January 2018)
- ▶ Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (issued on 11 September 2014, no effective date has been determined)
- ▶ Amendments to IAS 12 *Income Taxes* (issued on 19 January 2016, effective for annual periods beginning on or after 1 January 2017)
- ▶ Amendments to IAS 7 *Statement of Cash Flows* (issued on 29 January 2016, effective for annual periods beginning on or after 1 January 2017)
- ▶ IFRS 16 *Leases* (issued on 13 January 2016, effective for annual periods beginning on or after 1 January 2019)

The above new standards and amendments may have a material effect on the group's consolidated financial statements but we have not yet completed the assessment of their effect.

Reporting of **events that occur after the reporting date** but before the date when the financial statements are authorised for issue depends on whether the event is adjusting or non-adjusting. An **adjusting event after the reporting period** is an event that provides evidence of conditions that existed at the end of the reporting period and the financial statements are adjusted to reflect such an event. The financial statements are not adjusted to reflect a **non-adjusting event after the reporting period**. Instead, such events, if they are material, are disclosed in the notes to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

Transactions are recognised in the financial statements using the **accrual basis of accounting** and activity-based cost accounting. As an exception, the statement of cash flows is prepared using the cash basis of accounting.

ACCRUAL BASIS

In preparing consolidated financial statements, the **financial statements of the parent and the subsidiary are combined line by line**. An entity is consolidated from the date the group obtains control of it until the date that control is lost. Intragroup balances, transactions, and resulting unrealised profits are eliminated. Unrealised losses are also eliminated unless they indicate impairment. The members of the group use uniform accounting policies.

CONSOLIDATION

A **foreign currency transaction** is recorded in the functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency quoted by the European Central Bank at the date of the transaction. At the reporting date, **foreign currency financial items** are translated using the closing exchange rate quoted by the European Central Bank for the currency. Any exchange differences are recognised in profit or loss within other income and other expenses as appropriate.

FOREIGN CURRENCY TRANSACTIONS AND FOREIGN CURRENCY ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged or a liability settled between parties in an orderly arm's length transaction.

FAIR VALUE

Amortised cost is the amount measured at initial recognition minus principal repayments and any reduction for impairment.

AMORTISED COST

Recoverable amount is the higher of an asset's fair value (less costs to sell) and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuous use of an asset and from its disposal at the end of its useful life. In discounting, we apply the yearly approach.

RECOVERABLE AMOUNT

An asset is classified as current when:

- ▶ it is cash or a cash equivalent;
- ▶ it is expected to be consumed or realised within 12 months after the reporting period;
- ▶ it is expected to be realised in the normal operating cycle; or
- ▶ it is held primarily for the purpose of trading.

All other assets are classified as **non-current**.

CURRENT AND NON-CURRENT ASSETS

A liability is classified as current when:

- ▶ it is expected to be settled in the normal operating cycle;
- ▶ it is held primarily for the purpose of trading;
- ▶ it is due to be settled within 12 months after the reporting period;
- ▶ the group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as **non-current**.

CURRENT AND NON-CURRENT LIABILITIES

Equity (net assets) is the difference between assets and liabilities at the reporting date. **An equity instrument** is a contract that evidences a residual interest in the group's net assets. Owners are the holders of instruments classified as equity instruments.

EQUITY AND EQUITY INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

WE CLASSIFY FINANCIAL ASSETS AND LIABILITIES TO THE FOLLOWING CATEGORIES:

FINANCIAL ASSETS	Loans and receivables	Cash and cash equivalents
		Trade and other receivables
FINANCIAL LIABILITIES	Financial liabilities at amortised cost	Trade payables

Group entities' financial assets and liabilities are non-derivative items with fixed or determinable payments which are not quoted in an active market.

We recognise financial assets and liabilities using trade date accounting. Upon initial recognition, we measure a financial asset or a financial liability at its fair value plus any attributable transaction costs. After initial recognition, we measure a financial asset or a financial liability at its amortised cost using the effective interest rate method. We measure each asset and liability separately. Due to their short settlement terms, the carrying amounts of our financial assets and liabilities approximate their fair values.

At the end of each reporting period we assess whether there is any evidence that a financial asset is impaired (or the value of a financial liability has increased). In the case of all categories of financial assets, an impairment loss is the amount by which the carrying amount of the asset exceeds the present value of its estimated future cash flows (in the case of financial liabilities we measure the amount by which the present value of the estimated future cash flows exceeds the carrying amount). When we identify impairment, we reduce the carrying amount of the financial asset (in the case of a loss incurred on a financial liability we increase the carrying amount of the financial liability) and recognise the loss incurred in profit or loss. We recognise reversals of impairment losses in profit or loss in the period in which the adjusting event occurs.

RECOGNITION OF REVENUE AND EXPENSES USING THE STAGE OF COMPLETION METHOD

Revenue arising on transactions is measured at the fair value of the consideration received or receivable, taking into account any trade discounts and volume rebates allowed.

Revenue from services whose provision has been completed or is in progress but which have not yet been delivered to customers is recognised using the **stage of completion** method, whereby contract revenue is matched with contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue and expenses that can be attributed to the proportion of work completed.

LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time. We classify a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee as a finance lease. We classify all other leases as operating leases. We recognise lease payments under an operating lease as an expense on a straight-line basis over the lease term.

CORPORATE INCOME TAX

Under the Estonian Income Tax Act, corporate profit for the year is not subject to income tax. Income tax is levied on dividends, fringe benefits, gifts, donations, entertainment expenses, non-business expenditures and transfer price adjustments. Owing to the specific nature of the taxation system, there are no differences between the carrying amounts and tax bases of the assets and liabilities of companies registered in Estonia that could result in deferred tax assets or deferred tax liabilities.

We recognise the income tax payable on the distribution of dividends as a liability and an expense in the period in which the dividends are declared regardless of the period for which the dividends are declared or the period in which the dividends are ultimately distributed.

The contingent income tax liability reflecting the maximum obligation that would arise if all of the retained earnings were distributed as dividends is not recognised in the statement of financial position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 29

TAX	TAX RATE
Corporate income tax on dividends	Until 31 December 2014 21/79 and from 1 January 2015 20/80 of the net distribution
Social security tax	33% of payments made to employees
Unemployment insurance contribution	Until 31 December 2014 1% and from 1 January 2015 0.8% of payments made to employees
Income tax on fringe benefits	Until 31 December 2014 21/79 and from 1 January 2015 20/80 of fringe benefits provided to employees
Corporate income tax on non-business expenses	Until 31 December 2014 21/79 and from 1 January 2015 20/80 of non-business expenses

TAX RATES THAT AFFECT EXPENSES

ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to select significant accounting and reporting policies and to exercise judgement in the use of forward-looking estimates and assumptions. Although management reviews its judgements and estimates on a regular basis and they are based on historical experience and the best available knowledge and information, actual results may differ from those estimates. We recognise changes in management's estimates in profit or loss in the period in which the estimate is revised. Management has to make significant estimates and judgements in the following accounting areas.

Recognition of engagement revenues and expenses using the stage of completion method (notes 2 and 8). Revenue from services whose provision has been completed or is in progress but which have not yet been delivered to customers is recognised using the stage of completion method. To prevent material inaccuracies in the recognition of receivables and payables and revenue and expenses, the expected outcome of the revenues and expenses of each engagement is subject to regular review by different levels of management in the course of which we analyse any deviations from the budget and adjust our projected revenue and expense outcomes whenever necessary.

Measurement of the impairment of financial assets (notes 2 and 17). At the end of each reporting period we assess whether there is any evidence that a financial asset is impaired. We recognise an impairment loss when the carrying amount of an asset exceeds its recoverable amount. In deciding whether an asset should be written down in part or in full, we take into account the debtor's financial position, the estimated cash flows, and the value of collateral, if any. Indications of impairment include defaults and delays in the proper settlement of payments, insolvency, bankruptcy or other information indicating a decrease in future cash flows and delinquency in meeting commitments.

Measurement of the amount and determination of the disbursement period of employee benefits (note 15). We recognise the holiday pay liability for an employee based on the number of holiday days earned by the employee and the employee's average remuneration calculated in accordance with legal requirements in force at the reporting date. Actual benefits paid to employees may prove different because the average remuneration of the period in which the holiday is taken may differ.

The obligation to make profit-sharing and bonus payments arises from employment contracts not agreements with the owners of group entities. Hence, we recognise profit-sharing and bonus payments as expenses, not as distributions of profit.

Termination benefits arise primarily when we decide to terminate an employee's employment. Accordingly, we recognise termination benefits only when we are demonstrably committed to terminate the employment of an employee or to encourage voluntary redundancy.

Classification of leases into finance and operating leases (note 16). Where the contractually agreed term of use is limited to only part of the estimated useful life of the asset and the significant risks and rewards incidental to ownership of the asset do not transfer to a group entity, we classify the lease as an operating lease. In making our judgement, we rely, among other things, on our historical experience according to which we generally do not exercise the purchase option and return the assets to the lessor.

Recognition of the rental of office premises as an administrative expense (note 16). We recognise the full amount of rental charged for office premises as an administrative expense and the expense of the internal support services segment. If office rental expenses were allocated to other operating segments, the gross profit (of the operating segments) would decrease by the amount of the allocated rental expenses. The group's operating and net profit would not change.

FORMULAS USED

Gross margin	gross profit / revenue * 100%
Gross profit per employee	gross profit / operating segment's (segments') period's average number of employees
EBITDA	operating profit + depreciation, amortisation and impairment losses on non-current assets - other income + other expenses
EBITDA per employee	EBITDA / period's average number of employees
Expenses per employee	(Revenue – EBITDA) / period's average number of employees
Working capital	current assets – current liabilities
Revenue per employee	Revenue / operating segment's (segments') period's average number of employees
Equity (net assets)	assets – liabilities
Return on equity (ROE)	net profit / period's average equity * 100%
Period's average	(1/2 * period's opening balance + 1/2 * period's closing balance) / (number of balances-1)
Current ratio	financial assets / financial liabilities
Operating margin	operating profit / revenue * 100%



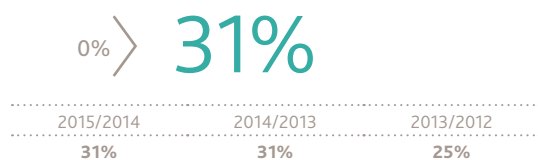
WORKING CAPITAL AND EQUITY



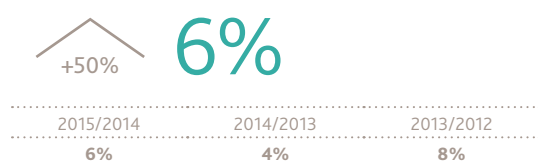
CURRENT RATIO



GROSS MARGIN



OPERATING MARGIN



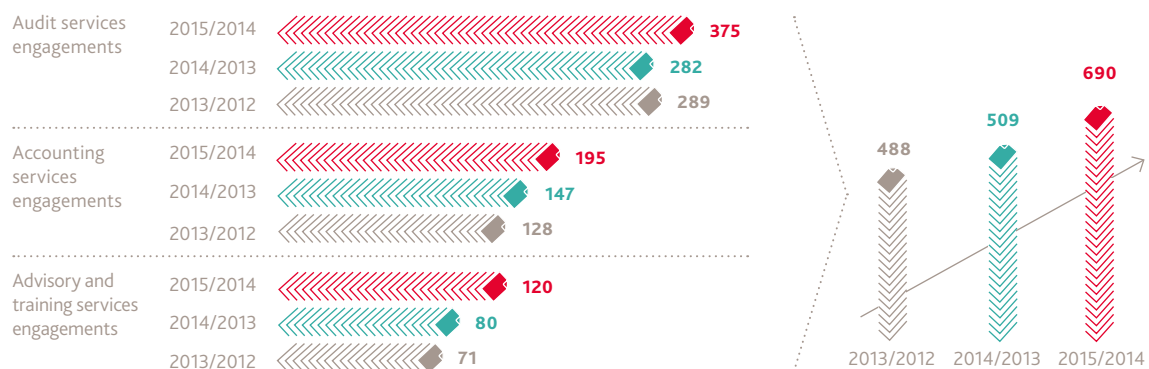
BDO EESTI CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September				
In euros	Note	2015	2014	2013
Cash and cash equivalents	1	186,319	169,430	162,610
Trade and other receivables	2	244,356	220,471	164,821
Total current assets		430,675	389,901	327,431
TOTAL ASSETS		430,675	389,901	327,431
Payables and deferred income	3	265,787	252,833	163,570
Total current liabilities		265,787	252,833	163,570
Share capital	4	60,000	60,000	60,000
Own shares	5	-13,200	-13,200	0
Statutory capital reserve	6	6,000	6,000	6,000
Retained earnings	7	112,088	84,268	97,861
Equity attributable to owners of the parent		164,888	137,068	163,861
TOTAL LIABILITIES AND EQUITY		430,675	389,901	327,431

BDO EESTI CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Revenue	8	1,611,102	1,369,189	1,242,846
Cost of sales	9	-1,110,346	-938,979	-926,703
Gross profit		500,756	430,210	316,143
Marketing expenses	10	-92,511	-67,467	-45,463
Administrative expenses	11	-311,055	-302,237	-394,150
Other income	12	2,581	-508	221,329
Operating profit		99,771	59,998	97,859
Finance costs	12	-442	-1,037	0
Profit before tax		99,329	58,961	97,859
Income tax expense	13	-14,302	-5,754	-11,624
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR		85,027	53,207	86,235
Of which profit attributable to owners of the parent		85,027	53,207	86,235
Basic earnings per share	7	167	96	144
Diluted earnings per share	7	167	96	144

DURING THE FINANCIAL YEAR WE PERFORMED



BDO EESTI CONSOLIDATED FINANCIAL STATEMENTS 32

BDO EESTI CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		1 October - 30 September		
In euros	Note	2015/2014	2014/2013	2013/2012
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AT BEGINNING OF PERIOD		137,068	163,861	121,353
Share capital	4	60,000	60,000	60,000
Own shares at beginning of period		-13,200	0	0
Acquisition of own shares		0	-80,000	0
Change in value of own shares		0	66,800	0
Own shares at end of period	5	-13,200	-13,200	0
Statutory capital reserve	6	6,000	6,000	6,000
Retained earnings at beginning of period		84,268	97,861	55,353
Profit and comprehensive income for the period		85,027	53,207	86,235
Dividends declared		-57,206	0	-43,727
Change in value of own shares	5	0	-66,800	0
Retained earnings at end of period		112,088	84,268	97,861
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AT END OF PERIOD		164,888	137,068	163,861

RETURN ON EQUITY

+60% **56%**

2015/2014	2014/2013	2013/2012
56%	35%	60%

EBITDA

+61% **€97,190**

2015/2014	2014/2013	2013/2012
€97,190	€60,506	€-61,907

BDO EESTI CONSOLIDATED STATEMENT OF CASH FLOWS

		1 October - 30 September		
In euros	Lisa	2015/2014	2014/2013	2013/2012
Profit for the year		85,027	53,207	86,235
Adjustments for:				
Corporate income tax expense	13	14,302	5,754	11,624
Interest expense	12	442	1,037	0
Extinguishment of liabilities on repurchase of own shares	5, 12	0	0	-201,458
Depreciation, amortisation, impairment losses and loss on disposal of non-current assets	9, 11	0	0	61,563
Gain on disposal of non-current assets	12	0	0	-1,389
Change in operating receivables	2	-23,886	-55,650	-610
Change in operating payables	3	12,954	89,263	-144,194
Change in liabilities from financing activities	3	15,880	-23,150	146,106
Net cash from/used in operating activities		104,719	70,461	-42,123
Proceeds from sale of non-current assets		0	0	4,750
Net cash from investing activities		0	0	4,750
Dividends paid		-42,909	-8,376	0
Repurchase of own shares	5	-27,998	-52,002	0
Income tax paid on profit distributions		-16,481	-2,227	0
Interest paid	12	-442	-1,037	0
Net cash used in financing activities		-87,830	-63,642	0
NET CASH FLOW		16,889	6,820	-37,373
Cash and cash equivalents at beginning of period	1	169,430	162,610	199,983
Cash and cash equivalents at end of period	1	186,319	169,430	162,610
Increase/decrease in cash and cash equivalents		16,889	6,820	-37,373

NET CASH FROM OPERATING ACTIVITIES

+49% **€104,719**

2015/2014	2014/2013	2013/2012
€104,719	€70,461	€-42,123

DIVIDENDS PAID

+412% **€42,909**

2015/2014	2014/2013	2013/2012
€42,909	€8,376	€0

AVERAGE NUMBER OF STAFF

1 October – 30 September

	2015/2014	2014/2013	2013/2012
Audit service staff	17	17	16
Business support service staff	15	12	12
Advisory service staff	4	2	3
Internal support service staff	5	5	4



NOTE 1: CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

<div><div>+10%</div><div>€186,319</div></div>		
30 September		
2015/2014	2014/2013	2013/2012
€186,319	€169,430	€162,610

Cash and cash equivalents comprise demand and term deposits which are subject to a low risk of changes in value and can be converted to known amounts of the functional currency within up to three months:

30 September				
In euros	Note	2015	2014	2013
Parent company's demand deposits with banks	18	130,514	157,586	0
Parent company's overnight deposits with banks	18	0	0	116,950
Subsidiary's demand deposits with banks	19	55,805	11,844	45,660
Total cash and cash equivalents		186,319	169,430	162,610
Of which with banks with Moody's Aa3 credit rating (as at 17 June 2015)		186,319	169,430	162,610

We do not recognise client money we hold in our custody as cash and cash equivalents. At the reporting date we had custody of the following funds belonging to our accounting and payroll clients:

30 September			
In euros	2015	2014	2013
Client funds in the custody of BDO Eesti	33,588	30,008	20,682

We do not recognise overdraft facilities (the limit not in use) as a cash equivalent (see also note 21). In the statement of cash flows, we report cash movements classified by operating, investing and financing activities.

► **Operating activities** comprise the group's principal revenue-producing activities as well as activities that cannot be classified as investing or financing activities.

► **Investing activities** comprise acquisitions and sales of non-current assets and other investments (except investments that may be classified as cash equivalents).

► **Financing activities** comprise payments made in connection with the parent company's equity and cash movements related to changes in the size and composition of borrowings.

Cash flows by operating segments are disclosed in note 14. The balance of cash and cash equivalents broken down by currencies and seasonal fluctuations in cash flows are disclosed in note 17.

NOTE 2: TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

<div><div>+11%</div><div>€244,356</div></div>		
30 September		
2015/2014	2014/2013	2013/2012
€244,356	€220,471	€164,821

Trade and other receivables are measured at amortised cost and comprise receivables arising in the ordinary course of our business including receivables for services provided or goods sold, prepaid expenses, prepaid taxes and prepayments to employees, contractors and suppliers.

30 September				
In euros	Note	2015	2014	2013
Trade receivables	17	185,566	186,378	137,251
Allowance for impairment		-450	0	0
Total trade receivables		185,116	186,378	137,251
Trade receivables recognised under stage of completion method	8	20,405	6,020	11,549
Total accrued income		20,405	6,020	11,549
Prepayments and prepaid expenses related to suppliers and contractors		28,291	17,402	5,144
Prepayments and prepaid expenses related to employees		10,364	10,671	10,877
Prepaid and refundable taxes		180	0	0
Total prepayments and other receivables		38,835	28,073	16,021
Total trade and other receivables	14	244,356	220,471	164,821

Maturity structure of trade and other receivables:

30 September				
In euros	Note	2015	2014	2013
Receivables with 1–30 days to the due date		134,010	131,829	84,266
Receivables with 31–90 days to the due date		11,532	22,416	8,747
Receivables not past due and expected to be collectible		145,542	154,245	93,013
Receivables 1–30 days past due		20,061	16,416	9,748
Receivables 31–90 days past due		19,063	15,147	33,110
Receivables 90+ days past due		450	570	1,380
Receivables past due and expected to be collectible		39,574	32,133	44,238
Total trade receivables		185,116	186,378	137,251
Other receivables and prepayments with 1–30 days to the due date		28,005	25,335	19,629
Receivables with 31–90 days to the due date		4,327	1,338	956
Receivables with 90+ days to the due date		15,111	1,690	1,232
Receivables and prepayments without a specific due date		11,797	5,730	5,753
Total accrued income, prepayments and other receivables		59,240	34,093	27,570
Total trade and other receivables	17	244,356	220,471	164,821

Payables and deferred income are measured at amortised cost and comprise advances from clients, trade payables, payables to employees and contractors, taxes payable and deferred income.

30 September				
In euros	Note	2015	2014	2013
Payables to lessors and suppliers		57,415	72,962	21,786
Total trade payables		57,415	72,962	21,786
Employee remuneration payable		101,296	71,217	53,773
Taxes payable		68,052	55,571	55,958
Accrued holiday pay liabilities		18,566	17,499	13,603
Dividends payable		14,297	0	8,376
Income tax payable on dividends and profit distributions		3,575	5,754	2,227
Advances from clients and other deferred income		2,586	1,832	7,847
Payable for repurchase of own shares		0	27,998	0
Total trade and other payables – financial liabilities		208,372	179,871	141,784
Total trade and other payables	14	265,787	252,833	163,570

Maturity structure of trade and other payables:

30 September				
In euros	Note	2015	2014	2013
Payables with 1–30 days to the due date		226,041	201,582	139,364
Payables with 31–90 days to the due date		21,180	33,752	10,603
Total financial liabilities not past due		247,221	235,334	149,967
Accrued payables without a specific due date		18,566	17,499	13,603
Total trade and other payables	17	265,787	252,833	163,570

Share capital comprises ordinary shares issued by the parent company that have been paid for:

30 September				
In euros	Note	2015	2014	2013
Maximum authorised share capital		100,000	100,000	100,000
Minimum authorised share capital		25,000	25,000	25,000
Number of registered ordinary shares		600	600	600
Par value of an ordinary share (euros per share)		100	100	100
Voting power of an ordinary share (votes per share)		1	1	1
Total share capital at par value	18	60,000	60,000	60,000

Parent company's shareholders and their ownership interest:

30 September											
In euros	2015				2014				2013		
	Note	%	No.	Par value (€)	%	No.	Par value (€)	%	No.	Par value (€)	
Sulev Luiga		30	180	18,000	30	180	18,000	25	150	15,000	
Sven Siling		15	90	9,000	15	90	9,000	5	30	3,000	
Egle Vainula		15	90	9,000	15	90	9,000	5	30	3,000	
Urmas Võimre		15	90	9,000	15	90	9,000	5	30	3,000	
Laille Kaasik		10	60	6,000	10	60	6,000	0	0	0	
BDO Eesti AS (own shares)	5	10	60*	6,000	10	60*	6,000	0	0	0	
Kairi Luigelaht-Teder		5	30**	3,000	5	30**	3,000	5	30	3,000	
Jaak Annus		0	0	0	0	0	0	0	35	210	21,000
Mai Ever		0	0	0	0	0	0	20	120	12,000	
Total	7,18	100	510	60,000	100	510	60,000	100	600	60,000	

* In accordance with the provisions of the Estonian Commercial Code, own shares do not participate in profit-sharing or voting.

** In accordance with a shareholder agreement, temporarily the shareholder does not participate in profit-sharing.

Information about the repurchase of own shares is provided in note 5. Minimum requirements to equity (net assets) are provided in note 17 that describes capital management.

NOTE 3: PAYABLES AND DEFERRED INCOME

PAYABLES AND DEFERRED INCOME



NOTE 4: SHARES AND SHARE CAPITAL

SHARE CAPITAL



NOTE 5: OWN SHARES

OWN SHARES

0% > €-13,200

30 September		
2015/2014	2014/2013	2013/2012
€-13,200	€-13,200	€0

Own shares comprise the parent company's ordinary shares at acquisition cost that have been repurchased by group entities. Own shares have been written down to fair value because their fair value is lower than their acquisition cost.

1 October - 30 September									
2015/2014				2014/2013				2013/2012	
Note	%	No.	Value (€)	%	No.	Value (€)	%	No.	Value (€)
Own shares at par value at beginning of period	4	10	60	6,000	0	0	0	0	0
Own shares at book value at beginning of period		10	60	-13,200	0	0	0		
Acquisition of own shares		0	0	0	10	60	-80,000	0	0
Write-down of own shares		0	0	0	10	60	66,800	0	0
Own shares at book value at end of period		10	60	-13,200	10	60	-13,200	0	0
Total own shares	18	10	60	-13,200	10	60	-13,200	0	0

We structured the repurchase of own shares performed in 2014/2013 as follows:

- ▶ share transfer transactions between shareholders (45% of share capital);
- ▶ repurchase of own shares (10% of share capital);
- ▶ settlement of a dividend liability of 8,376 euros to a shareholder not participating in the transaction;
- ▶ extinguishment of parent company's dividend liability (parent company's liability to shareholders) by shareholders participating in the transaction. The reduction of liabilities together with the income tax liability totalled 201,458 euros (see also note 12).

In the statement of financial position, repurchased own shares are carried as an item reducing equity, not as an investment. The decrease in the value of equity instruments has been recognised as a decrease in equity, not as an expense. We measure the book value (carrying amount) of the parent company's repurchased shares in accordance with the terms of the shareholder agreement. If a company holds up to 10% of its own shares, there is no specific term during which the own shares have to be divested.

NOTE 6: STATUTORY CAPITAL RESERVE

STATUTORY CAPITAL RESERVE

0% > €6,000

30 September		
2015/2014	2014/2013	2013/2012
€6,000	€6,000	€6,000

Statutory capital reserve is a reserve set up in accordance with the requirements of the Commercial Code and the parent company's articles of association using transfers from the parent company's net profit. The reserve amounts to 1/10 of share capital. We may use the capital reserve for covering losses when the losses cannot be covered with retained earnings and for increasing share capital through a bonus issue.

In euros		30 September		
	Note	2015	2014	2013
Registered share capital at par value	4, 18	60,000	60,000	60,000
Statutory capital reserve of 1/10 of share capital		6,000	6,000	6,000
Total statutory capital reserve	18	6,000	6,000	6,000

NOTE 7: RETAINED EARNINGS

RETAINED EARNINGS

+33% €112,088

30 September		
2015/2014	2014/2013	2013/2012
€112,088	€84,268	€97,861

Retained earnings comprise accumulated profits and losses which we may, subject to the restrictions of the Commercial Code, distribute as the gross dividend to the parent company's owners. The table below outlines our retained earnings, distributable profit, maximum amount that could be distributed as the net dividend and the income tax payable on the potential maximum net dividend as at the reporting date.

In euros		30 September		
	Note	2015	2014	2013
Parent company's consolidated retained earnings		112,088	84,268	97,861
Parent company's unconsolidated retained earnings	18	95,013	76,915	93,209
Adjustment for carrying amount of investment in the subsidiary	18	-10,000	-10,000	-10,000
Adjustment for value of the subsidiary's net assets under the equity method	19	27,076	17,353	14,652
Parent company's adjusted unconsolidated retained earnings	17	112,088	84,268	97,861
Distribution restriction resulting from own shares	5	-13,200	-13,200	0
Parent company's distributable retained earnings (potential maximum gross dividend)		98,888	71,068	97,861
Income tax rate for gross dividend		20%	21%	21%
Income tax rate for net dividend	13	20/80	21/79	21/79
Income tax liability that would arise if all of the distributable retained earnings were distributed as dividends		-19,778	-14,924	-20,551
Parent company's potential maximum net dividend		79,110	56,144	77,310

Basic earnings per share are calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. In calculating the average number of shares, we exclude repurchased own shares and shares not participating in profit-sharing. Since the group does not have any dilutive share options, diluted earnings pare share equal basic earnings per share.

In euros	Note	1 October - 30 September		
		2015/2014	2014/2013	2013/2012
Profit attributable to owners of the parent		85,027	53,207	86,235
Weighted average number of shares outstanding during the period	4	510	555	600
Basic earnings per share		167	96	144
Diluted earnings per share		167	96	144

Dividends are recognised when they have been approved by the general meeting as a reduction of retained earnings and a current liability to share-holders regardless of the period for which the dividend has been declared or the period in which the dividend will actually be paid out.

In euros	Note	30 September		
		2015	2014	2013
Parent company's potential net dividend		79,110	56,144	77,310
Dividends declared for the financial year		89,670*	57,206	0
Number of shares participating in profit-sharing	4	510	510	600
Accrued net dividend per share		155	110	129
Actual net dividend per share		176	112	0

Dividends for the year ended 30 September 2014 were paid out after 1 January 2015 when the income tax rate had decreased. Therefore, the actual net dividend proved larger than the accrued net dividend.

*The dividends payable for the year ended 30 September 2015 have not yet been approved by the shareholders. To distribute the dividend of 89,670 euros, we will have to divest the repurchased own shares (see also note 22).

Revenue is measured at the fair value of consideration received or receivable for services provided in the ordinary course of business less value added tax and any discounts allowed to clients.

In euros	Note	1 October - 30 September		
		2015/2014	2014/2013	2013/2012
Audit services (IFAC ISA)		588,497	570,939	530,860
Review services (IFAC ISRE)		67,530	73,955	67,612
Other assurance services (IFAC ISAE)		35,233	2,700	2,850
Related services (IFAC ISRS)		4,915	2,700	4,975
Revenue change under stage of completion method	2	7,150	-5,529	1,814
Total for audit services	14	703,325	644,765	608,111
Accounting services (Estonian GAAP)		462,134	421,416	301,640
Payroll and personnel accounting services		133,724	108,763	130,814
Accounting services (IFRS)		35,058	0	0
Other business support services		17,745	15,007	5,812
Revenue change under stage of completion method	2	1,995	0	0
Total for accounting and business support services	14	650,656	545,186	438,266
Corporate finance services		131,421	42,236	16,435
Tax and legal advisory services		87,819	96,302	117,122
Training services		23,662	26,179	24,025
Other advisory services		8,978	14,521	38,887
Revenue change under stage of completion method	2	5,241	0	0
Total for advisory and training services	14	257,121	179,238	196,469
Total revenue	14	1,611,102	1,369,189	1,242,846

EARNINGS PER SHARE



DIVIDEND PER SHARE



NOTE 8: REVENUE

REVENUE



INTERNATIONAL REVENUE

<div><div></div><div>+15%</div></div> <div>€217,141</div>			
1 October - 30 September			
2015/2014	2014/2013	2013/2012	
€217,141	€188,627	€183,426	

Revenue by clients' country of origin:				
1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Estonia		1,393,961	1,180,562	1,059,420
United Kingdom		156,712	153,931	147,491
Finland		19,286	3,817	4,380
Lithuania		12,921	13,804	10,730
Other countries of the European Union		21,600	8,170	14,207
Other countries		6,622	8,905	6,618
Total revenue	14	1,611,102	1,369,189	1,242,846

NOTE 9: COST OF SALES

COST OF SALES

<div><div></div><div>+18%</div></div> <div>€-1,110,346</div>			
1 October - 30 September			
2015/2014	2014/2013	2013/2012	
€-1,110,346	€-938,979	€-926,703	

Cost of sales comprises consideration paid or payable to suppliers and contractors for provision of services, staff costs of employees providing services and overheads of operating segments involved in the provision of services.

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Services and supplies purchased		-95,421	-84,241	-46,906
Transport and business travel expenses		-15,888	-13,350	-19,154
Total direct service provision expenses		-111,309	-97,591	-66,060
Basic and additional remuneration of employees and contractors		-661,588	-553,358	-586,828
Employer's taxes and similar contributions		-226,548	-188,270	-199,145
Fringe benefits, gifts and other employee benefits		-6,858	-2,374	-103
Change in holiday pay liabilities		-2,261	-8,171	-3,735
Total staff costs incurred in provision of services	15	-897,255	-752,173	-789,811
Rental of IT equipment, supplies and furniture	16	-35,434	-23,789	-25,354
Services and supplies purchased		-29,399	-19,331	-11,052
Training expenses	15	-25,678	-35,270	-13,879
Membership fees		-7,299	-7,487	-15,420
Transport and business travel expenses		-3,972	-3,338	-4,789
Depreciation, amortisation and impairment losses of non-current assets		0	0	-338
Total service provision overheads		-101,782	-89,215	-70,832
Total cost of sales	14	-1,110,346	-938,979	-926,703

NOTE 10: MARKETING EXPENSES

MARKETING EXPENSES

<div><div></div><div>+37%</div></div> <div>€-92,511</div>			
1 October - 30 September			
2015/2014	2014/2013	2013/2012	
€-92,511	€-67,467	€-45,463	

Marketing expenses comprise consideration paid or payable to suppliers or contractors for the performance of marketing and communication activities aimed at the service or labour markets and staff costs and overheads of the marketing unit.

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Basic and additional remuneration of employees and contractors		-26,024	-10,788	-10,506
Employer's taxes and similar contributions		-8,987	-3,668	-3,579
Change in holiday pay liabilities		-474	-22	304
Fringe benefits, gifts and other employee benefits		-199	-380	0
Total corporate marketing and communication staff costs	15	-35,684	-14,858	-13,781
Membership fees to organisations and network		-31,795	-28,957	-16,000
Services and supplies purchased		-22,069	-20,582	-13,848
Rental of IT equipment, supplies and furniture	16	-1,091	-1,377	-428
Training expenses	15	-678	-1,104	-878
Transport and business travel expenses		-581	-322	0
IT and communication services		-381	-257	-528
Other corporate marketing and communication overheads		-232	-10	0
Total corporate marketing and communication overheads		-56,827	-52,609	-31,682
Total marketing expenses	14	-92,511	-67,467	-45,463

Administrative expenses comprise consideration paid or payable to suppliers and contractors for performance of management and administrative activities and staff costs and overheads of the administration unit.

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Rental of premises	16	-75,189	-81,175	-76,704
Costs related to use of premises		-38,892	-20,035	-22,384
Depreciation and impairment losses of capitalised expenses on rental premises		0	0	-61,118
Total expenses on premises		-114,081	-101,210	-160,206
Basic and additional remuneration of employees and contractors		-93,691	-88,327	-87,836
Employer's taxes and similar contributions		-34,204	-30,990	-33,706
Fringe benefits, gifts and other employee benefits		-4,290	-2,165	-6,761
Change in holiday pay liabilities		565	4,274	-5,421
Total administrative staff costs	15	-131,620	-117,208	-133,724
IT and communication services		-29,306	-30,582	-30,304
Transport and business travel expenses		-14,485	-9,542	-8,818
Services and supplies purchased		-13,528	-30,347	-35,512
Rental of IT equipment, supplies and furniture	16	-4,363	-5,514	-9,159
Training expenses	15	-3,672	-7,834	-16,321
Depreciation, amortisation and impairment losses of non-current assets		0	0	-106
Total administrative overheads		-65,354	-83,819	-100,220
Total administrative expenses	14	-311,055	-302,237	-394,150

Other income comprises income on ancillary activities, exchange gain on financial assets and liabilities and investment income. Interest expense comprises interest accrued on the funds borrowed for repurchase of own shares, calculated at the rate of 5% of the outstanding amount per year (365-day year).

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Foreign exchange differences and other income		2,581	-508	18,481
Extinguishment of liabilities on repurchase of own shares	5	0	0	201,459
Gain on sale of non-current assets		0	0	1,389
Total other income	14	2,581	-508	221,329
Interest expense		-442	-1,037	0
Total finance costs	14	-442	-1,037	0

Corporate income tax expense comprises income tax expense on dividends (recognised in the period in which the dividend is declared) and payments considered equal to dividends (recognised in the period in which the payment is made).

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Dividends declared during the period		57,206	0	43,729
Corporate income tax rate (for the net amount)	7	20/80	21/79	21/79
Total income tax expense on dividends		-14,302	0	-11,624
Payments considered equal to dividends made on repurchase of own shares		0	8,483	0
Corporate income tax rate (for the net amount)		20/80	21/79	21/79
Payments considered equal to dividends made on repurchase of own shares		0	13,997	0
Corporate income tax rate (for the net amount)		20/80	20/80	21/79
Total income tax expense on repurchase of own shares		0	-5,754	0
Total corporate income tax expense		-14,302	-5,754	-11,624

NOTE 11: ADMINISTRATIVE EXPENSES

ADMINISTRATIVE EXPENSES



NOTE 12: OTHER INCOME AND FINANCE COSTS

EFFECT OF OTHER INCOME AND FINANCE COSTS



NOTE 13: CORPORATE INCOME TAX EXPENSE

CORPORATE INCOME TAX EXPENSE



NOTE 14: OPERATING SEGMENTS

Consolidated revenue and expenses of operating segments

For management accounting purposes, we have identified four operating segments that are based on our service lines: audit services, business support services (including accounting and payroll services), advisory services (including financial and tax advisory and training services) and internal support services.

	Note	Audit services			Business support services			Advisory services			Internal support services			TOTAL		
		1 October - 30 September			1 October - 30 September			1 October - 30 September			1 October - 30 September			1 October - 30 September		
		2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012
In euros																
Revenue	8	703,325	644,765	608,111	650,656	545,186	438,266	257,121	179,238	196,469	0	0	0	1,611,102	1,369,189	1,242,846
Cost of sales	9	-509,783	-556,101	-549,525	-377,549	-279,544	-248,044	-223,014	-103,334	-129,134	0	0	0	-1,110,346	-938,979	-926,703
Of which depreciation, amortisation and impairment losses of non-current assets		0	0	-254	0	0	-84	0	0	0	0	0	0	0	0	-338
Gross profit		193,542	88,664	58,586	273,107	265,642	190,222	34,107	75,904	67,335	0	0	0	500,756	430,210	316,143
Marketing expenses	10	0	0	0	0	0	0	0	0	0	-92,511	-67,467	-45,463	-92,511	-67,467	-45,463
Administrative expenses	11	0	0	0	0	0	0	0	0	0	-311,055	-302,237	-394,150	-311,055	-302,237	-394,150
Of which depreciation, amortisation and impairment losses of non-current assets	11	0	0	0	0	0	0	0	0	0	0	0	-61,224	0	0	-61,224
Other income and expenses	12	0	0	0	0	0	0	0	0	0	0	0	0	2,581	-508	221,329
Operating profit		193,542	88,664	58,586	273,107	265,642	190,222	34,107	75,904	67,335	-403,566	-369,704	-439,613	99,771	59,998	97,859
Finance income and costs	12	0	0	0	0	0	0	0	0	0	-442	-1,037	0	-442	-1,037	0
Profit before tax		193,542	88,664	58,586	273,107	265,642	190,222	34,107	75,904	67,335	-404,008	-370,741	-439,613	99,329	58,961	97,859

Consolidated assets and liabilities of operating segments

	Note	Audit services			Business support services			Advisory services			Internal support services			TOTAL		
		30 September			30 September			30 September			30 September			30 September		
		2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
In euros																
Current assets: Cash and cash equivalents	1	0	0	0	0	0	0	0	0	0	186,319	169,430	162,610	186,319	169,430	162,610
Current assets: Trade and other receivables	2	50,814	35,814	25,984	109,188	75,221	54,024	75,880	19,306	13,615	8,474	90,130	71,198	244,356	220,471	164,821
Current liabilities	3	34,306	36,473	29,285	28,403	16,737	9,383	18,528	6,081	3,017	184,550	193,542	121,885	265,787	252,833	163,570

Consolidated cash flows of operating segments

	Note	Audit services			Business support services			Advisory services			Internal support services			TOTAL		
		1 October - 30 September			1 October - 30 September			1 October - 30 September			1 October - 30 September			1 October - 30 September		
		2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012
Net cash flow from operating activities		176,375	86,022	74,424	250,806	251,799	209,160	-10,020	73,277	61,867	-312,442	-340,637	-387,574	104,719	70,461	-42,123
Net cash flow from investing activities		0	0	0	0	0	0	0	0	0	0	0	4,750	0	0	4,750
Net cash flow from financing activities		0	0	0	0	0	0	0	0	0	-87,830	-63,642	0	-87,830	-63,642	0

NOTE 15: OPERATING SEGMENTS' STAFF COSTS

STAFF COSTS



Staff costs and current liabilities to employees (remuneration, holiday pay, termination benefits) are recognised in undiscounted amounts. Remuneration and holiday pay liabilities are recognised based on the terms of contracts signed with employees and the regulations governing employment contracts.

In euros	Note	1 October - 30 September		
		2015/2014	2014/2013	2013/2012
Basic and additional remuneration of employees and contractors		-781,303	-652,473	-685,170
Employer's taxes and similar contributions		-269,739	-222,928	-236,430
Fringe benefits and gifts to employees		-11,347	-4,919	-6,864
Change in holiday pay liabilities		-2,170	-3,919	-8,852
Total staff costs	9, 10, 11	-1,064,559	-884,239	-937,316

WEIGHTED AVERAGE NUMBER OF STAFF



Operating segment's weighted average number of staff converted to full-time equivalent

	1 October - 30 September		
	2015/2014	2014/2013	2013/2012
Average number of staff			
Audit services	17	17	16
Business support services	15	12	12
Advisory services	4	2	3
Internal support services	5	5	4
Total average number of staff	41	36	35

Staff costs and average staff costs per employee by operating segment

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Audit services	9	-426,547	-475,519	-473,286
Business support services	9	-315,961	-227,548	-205,132
Advisory services	9	-154,747	-49,106	-111,393
Internal support services	10, 11	-167,304	-132,066	-147,505
Total staff costs		-1,064,559	-884,239	-937,316
Audit services		-25,091	-27,972	-29,580
Business support services		-21,064	-18,962	-17,094
Advisory services		-38,687	-24,553	-37,131
Internal support services		-33,461	-26,413	-36,876
Total average staff costs per employee		-25,965	-24,562	-26,780

Staff training and development costs and average development costs per employee by operating segment

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Audit services	9	-13,128	-22,628	-6,433
Business support services	9	-9,395	-6,555	-4,602
Business support services	9	-3,155	-6,087	-2,844
Internal support services	10, 11	-4,350	-8,938	-17,199
Total staff training (external) and development costs		-30,028	-44,208	-31,078
Audit services		-772	-1,331	-402
Business support services		-626	-546	-384
Advisory services		-789	-3,044	-948
Internal support services		-870	-1,788	-4,300
Total average training and development costs per employee		-732	-1,228	-888

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Rental expenses on office premises	11	-75,189	-81,175	-76,704
Rental expenses on IT equipment and supplies	9, 10, 11	-29,295	-27,747	-21,406
Rental expenses on office furniture	9, 10, 11	-11,593	-2,933	-13,535
Total rental expenses		-116,077	-111,855	-111,645

Rental expenses and average rental expenses per employee by operating segment

1 October - 30 September				
In euros	Note	2015/2014	2014/2013	2013/2012
Audit services	9	-18,137	-15,039	-17,223
Business support services	9	-13,329	-5,742	-4,707
Advisory services	9	-3,968	-3,008	-3,424
Internal support services (excluding rental of premises)	10, 11	-5,454	-6,891	-9,587
Rental of premises	11	-75,189	-81,175	-76,704
Total rental expenses		-116,077	-111,855	-111,645
Audit services		-1,067	-885	-1,076
Business support services		-889	-479	-392
Advisory services		-992	-1,504	-1,141
Internal support services		-1,091	-1,378	-2,397
Weighted average rental of premises per employee		-1,834	-2,255	-2,192
Total weighted average rental expenses per employee		-2,831	-3,107	-3,190

Subsequent periods' rental expenses under lease contracts in force at the reporting date

1 October - 30 September				
In euros	Note	2016/2015	2017/2016	2018/2017
Rental payments for office premises	11	75,862	81,341	82,968
Rental payments for office furniture	9, 10, 11	13,274	13,034	13,034
Rental payments for IT equipment and supplies	9, 10, 11	33,574	28,589	19,704
Other rental payments	9, 10, 11	15,207	16,728	18,401
Total subsequent periods' rental expenses		137,917	139,692	134,107

AVERAGE STAFF COSTS PER EMPLOYEE



AVERAGE STAFF DEVELOPMENT COSTS



NOTE 16: OPERATING SEGMENTS' RENTAL EXPENSES

RENTAL EXPENSES



AVERAGE RENTAL EXPENSES PER EMPLOYEE



NOTE 17: RISK MANAGEMENT

REVENUE PER EMPLOYEE

+3%		
€39,295		
1 October - 30 September		
2015/2014	2014/2013	2013/2012
€39,295	€38,033	€35,510

Impact of the seasonal nature of our activities on our financial position and liquidity

Due to the nature of our activities, group entities are exposed to the following risks:

- ▶ liquidity risk;
- ▶ credit risk;
- ▶ market risk.

This note describes risk management based on the nature of our business. Therefore, we disclose significant information on both our financial assets and liabilities and non-financial assets and liabilities. The key objective of risk management is to prevent and manage risks that could jeopardise the sufficiency of the working capital and equity required for our operating activities and our entities' ability to continue as a going concern. We do not use derivative instruments to hedge our credit, liquidity, and market risk exposures. Ultimate responsibility for risk management has been assigned to group entities' management boards.

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset in a timely manner. Above all, group entities' liquidity position is influenced by the following factors:

- ▶ growth-related expenditures on the creation of new jobs;
- ▶ seasonal fluctuations in our business, particularly in audit services. In the third and fourth quarter of the calendar year, we have to cover our operating expenses with the cash accumulated in earlier periods. In the first quarter of the calendar year, there is a rise in business activities that triggers the need for additional working capital.

		First quarter of financial year			Second quarter of financial year			Third quarter of financial year			Fourth quarter of financial year			TOTAL		
In euros	Note	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012	2015/2014	2014/2013	2013/2012
Revenue	8,14	303,504	269,576	185,818	453,944	371,952	270,653	580,485	494,699	573,583	273,169	232,962	212,792	1,611,102	1,369,189	1,242,846
Cost of sales	9,14	-256,932	-249,706	-239,227	-274,033	-242,623	-223,341	-306,288	-242,511	-237,742	-273,093	-204,139	-226,393	-1,110,346	-938,979	-926,703
Gross profit		46,572	19,870	-53,409	179,911	129,329	47,312	274,197	252,188	335,841	76	28,823	-13,601	500,756	430,210	316,143
Marketing expenses	10,14	-16,659	-20,969	-18,812	-27,607	-8,971	-12,922	-26,001	-23,652	-9,348	-22,244	-13,875	-4,381	-92,511	-67,467	-45,463
Administrative expenses	11,14	-82,398	-74,435	-95,801	-74,237	-70,917	-78,623	-75,761	-77,453	-85,364	-78,659	-79,432	-134,362	-311,055	-302,237	-394,150
Other income and expenses	12,14	-82	298	20,439	2,592	448	1,209	358	281	1,944	-287	-1,535	197,737	2,581	-508	221,329
Operating profit		-52,567	-75,236	-147,583	80,659	49,889	-43,024	172,793	151,364	243,073	-101,114	-66,019	45,393	99,771	59,998	97,859
Finance income and costs	12,14	-304	0	0	-130	0	0	-8	-555	0	0	-482	0	-442	-1,037	0
Profit before tax		-52,871	-75,236	-147,583	80,529	49,889	-43,024	172,785	150,809	243,073	-101,114	-66,501	45,393	99,329	58,961	97,859
Income tax expense	13	0	0	-11,624	-14,302	-5,754	0	0	0	0	0	0	0	-14,302	-5,754	-11,624
Profit and comprehensive income		-52,871	-75,236	-159,207	66,227	44,135	-43,024	172,785	150,809	243,073	-101,114	-66,501	45,393	85,027	53,207	86,235
Change in cash and cash equivalents	1	-53,250	-16,891	-104,428	-23,456	-51,942	-34,642	91,301	69,856	85,529	2,294	5,797	16,168	16,889	6,820	-37,373

GROSS PROFIT PER EMPLOYEE

+2%		
€12,214		
1 October - 30 September		
2015/2014	2014/2013	2013/2012
€12,214	€11,950	€9,033

EBITDA PER EMPLOYEE

+41%		
€2,370		
1 October - 30 September		
2015/2014	2014/2013	2013/2012
€2,370	€1,681	€-1,769

Our short-term liquidity management is based on group entities' budgets and forecasts. The primary instruments of short-term liquidity management are ensuring the availability of sufficient cash funds and accumulation of those cash funds at the parent entity, which help mitigate seasonal fluctuations in our liquidity. The main secondary instruments for managing liquidity risk are overdraft facilities.

Long-term liquidity management is strongly influenced by investment decisions (creation of new jobs and hiring of staff) in the case of which the purpose is to avoid open financing positions where the payback period exceeds the financing cover.

Credit risk is the risk that a counterparty to a transaction will cause a financial loss for the group by failing to discharge its contractual obligations. Our main source of credit risk is trade receivables for which we normally do not demand security.

		30 September		
In euros	Note	2015	2014	2013
Cash and cash equivalents	1	186,319	169,430	162,610
Receivables past due and expected to be collectible	2	39,574	32,133	44,238
Receivables with 1-30 days to the due date	2	162,015	157,164	103,895
Receivables with 31-90 days to the due date	2	15,859	23,754	9,703
Receivables with 90+ days to the due date	2	15,111	1,690	1,232
Receivables and prepayments without a specific due date	2	11,797	5,730	5,753
Total current assets	1,2	430,675	389,901	327,431
Payables with 1-30 days to the due date		226,041	201,582	139,364
Payables with 31-90 days to the due date		21,180	33,752	10,603
Payables without a specific due date		18,566	17,499	13,603
Total current liabilities	3	265,787	252,833	163,570

In euros	Note	30 September		
		2015	2014	2013
Position of cash and cash equivalents	1	186,319	169,430	162,610
Open position in settlements with 1-30 days to the due date		-24,452	-12,285	8,769
Open position in settlements with 31-90 days to the due date		-5,321	-9,998	-900
Open position in settlements with 90+ days to the due date		15,111	1,690	1,232
Open position of settlements without a specific due date		-6,769	-11,769	-7,850

Concentration of credit risk:

In euros	Note	30 September		
		2015	2014	2013
Total trade receivables	2	185,116	186,378	137,251
Total number of debtors		137	142	131
Total amount of 10 largest receivables		121,142	124,903	83,193
Share of 10 largest receivables of total receivables		65%	67%	61%

Our **credit risk** management includes both preventive activities (analysis of counterparties' creditworthiness) and imposing limits on concentrations and accumulations of risks. Group companies conduct transactions with only such counterparties that have previously been considered creditworthy. In conducting transactions with existing clients, we assess credit risk mainly by reference to their historical settlement behaviour. We provide services to counterparties with high credit risk against a prepayment only.

Expected credit losses are recognised in the impairment allowance for receivables. According to the group's accounting policies, all receivables that are over 180 days past due and which do not have additional collateral or a separate settlement agreement are written down.

Market risk is the risk that the group's financial performance or value of the group's financial instruments will fluctuate due to changes in market prices. Our market risk includes currency risk and interest rate risk. Currency risk is the risk that we will incur a loss due to unfavourable changes in foreign exchange rates which change the value of financial instruments denominated in a currency other than our functional currency. Interest rate risk is, above all, the risk that the base rates of floating interest rates will increase. This would have an immaterial direct impact on group entities.

In euros	Note	30 September		
		2015	2014	2013
Current assets in euros (€)		394,248	365,727	290,852
Of which cash and cash equivalents (€)	1	186,319	169,430	162,610
Current assets in US dollars (\$)		36,427	24,174	36,579
Current liabilities in euros (€)		265,787	251,265	162,279
Current liabilities in US dollars (\$)		0	215	0
Current liabilities in other currencies		0	1,353	1,291
Open position in euros (€)		128,461	114,462	128,573
Open position in US dollars (\$)		36,427	23,959	36,579
Open position in other currencies		0	-1,353	-1,291
Share of foreign currency items of current assets		8%	6%	11%
Share of foreign currency items of current liabilities		14%	9%	22%

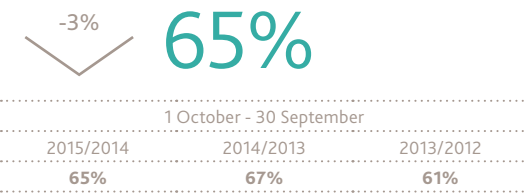
In **capital management** we take into account the requirement that in order to continue its operations the parent company's net assets (equity) must amount to at least half of its share capital, i.e. 30,000 euros. If we lowered our share capital to the statutory minimum, then the minimum equity requirement would decrease to 25,000 euros. We assess the regulatory compliance of the parent company's capital based on its adjusted unconsolidated equity. Adjusted unconsolidated equity is the company's unconsolidated equity less the carrying amount of the investment in the subsidiary plus the value of the investment in the subsidiary under the equity method. The calculation of adjusted unconsolidated equity in the calculation of distributable profit is disclosed in note 7.

In order to continue its operations, the subsidiary's net assets (equity) must amount to at least half of its share capital, i.e. 5,000 euros or, if share capital is reduced to the statutory minimum, to at least 2,500 euros.

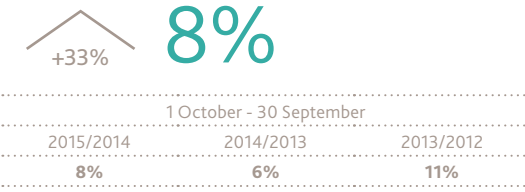
EXPENSES PER EMPLOYEE



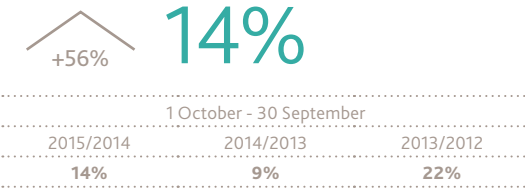
CONCENTRATION OF CREDIT RISK



SHARE OF CURRENT ASSETS DE-NOMINATED IN FOREIGN CURRENCY



SHARE OF CURRENT LIABILITIES DE-NOMINATED IN FOREIGN CURRENCY



NOTE 18: PARENT COMPANY'S PRIMARY FINANCIAL STATEMENTS


WORKING CAPITAL

 <div> <div>+15%</div> <div>€137,813</div> </div>		
1 October - 30 September		
2015/2014	2014/2013	2013/2012
€137,813	€119,715	€149,209

EBITDA

 <div> <div>+15%</div> <div>€87,455</div> </div>		
1 October - 30 September		
2015/2014	2014/2013	2013/2012
€87,455	€57,834	€-65,369

RETURN ON EQUITY

 <div> <div>+54%</div> <div>54%</div> </div>		
1 October - 30 September		
2015/2014	2014/2013	2013/2012
54%	35%	60%

The parent company's primary financial statements are presented in the notes to the consolidated financial statements as supplementary information required by the Republic of Estonia Accounting Act. These financial statements do not constitute the parent company's complete separate financial statements as defined in IAS 27. In the parent company's primary financial statements, investments in subsidiaries are classified as non-current assets (long-term investments) and measured at amortised cost.

PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION			
30 September			
In euros	2015	2014	2013
Cash and cash equivalents	130,514	157,586	116,950
Trade and other receivables	259,295	213,830	193,431
Total current assets	389,809	371,416	310,381
Long-term investment in the subsidiary	10,000	10,000	10,000
Total non-current assets	10,000	10,000	10,000
TOTAL ASSETS	399,809	381,416	320,381
Payables and deferred income	251,996	251,701	161,172
Total current liabilities	251,996	251,701	161,172
Share capital	60,000	60,000	60,000
Own shares	-13,200	-13,200	0
Statutory capital reserve	6,000	6,000	6,000
Retained earnings	95,013	76,915	93,209
Total equity of the parent company	147,813	129,715	159,209
TOTAL LIABILITIES AND EQUITY	399,809	381,416	320,381

PARENT COMPANY'S INCOME STATEMENT			
1 October - 30 September			
In euros	2015/2014	2014/2013	2013/2012
Revenue	1,416,391	1,361,271	1,237,107
Cost of sales	-1,025,759	-933,811	-924,499
Gross profit	390,632	427,460	312,608
Marketing expenses	-92,511	-67,467	-45,463
Administrative expenses	-210,666	-302,159	-394,077
Other income	2,593	-537	221,891
Operating profit	90,048	57,297	94,959
Finance costs	-442	-1,037	0
Profit before tax	89,606	56,260	94,959
Income tax expense	-14,302	-5,754	-11,624
PARENT COMPANY'S PROFIT FOR THE YEAR	75,304	50,506	83,335

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY			
1 October - 30 September			
In euros	2015/2014	2014/2013	2013/2012
PARENT COMPANY'S EQUITY AT BEGINNING OF PERIOD	129,715	159,209	119,603
Share capital	60,000	60,000	60,000
Own shares at beginning of period	-13,200	0	0
Acquisition of own shares	0	-80,000	0
Change in value of own shares	0	66,800	0
Own shares at end of period	-13,200	-13,200	0
Statutory capital reserve	6,000	6,000	6,000
Retained earnings at beginning of period	76,915	93,209	53,602
Profit for the period	75,304	50,506	83,335
Dividends declared	-57,206	0	-43,728
Change in value of own shares	0	-66,800	0
Retained earnings at end of period	95,013	76,915	93,209
PARENT COMPANY'S EQUITY AT END OF PERIOD	147,813	129,715	159,209

PARENT COMPANY'S STATEMENT OF CASH FLOWS			
1 October - 30 September			
In euros	2015/2014	2014/2013	2013/2012
Profit for the year	75,304	50,506	83,335
Adjustments for:			
Corporate income tax expense	14,302	5,754	11,624
Finance costs	442	1,037	0
Extinguishment of liabilities on repurchase of own shares	0	0	-201,458
Depreciation, amortisation, impairment losses and loss on disposal of non-current assets	0	0	61,563
Gains on disposal of non-current assets	0	0	-1,389
Change in operating receivables	-45,465	-20,398	-4,408

	1 October - 30 September		
	2015/2014	2014/2013	2013/2012
Change in operating payables	295	90,529	-142,290
Change in liabilities from financing activities	15,880	-23,150	146,106
Net cash from/used in operating activities	60,758	104,278	-46,917
Proceeds from sale of non-current assets	0	0	4,750
Net cash from investing activities	0	0	4,750
Dividends paid	-42,909	-8,376	0
Repurchase of own shares	-27,998	-52,002	0
Income tax paid on dividends	-16,481	-2,227	0
Interest paid	-442	-1,037	0
Net cash used in financing activities	-87,830	-63,642	0
NET CASH FLOW	-27,072	40,636	-42,167
Cash and cash equivalents at beginning of period	157,586	116,950	159,117
Cash and cash equivalents at end of period	130,514	157,586	116,950
Decrease/increase in cash and cash equivalents	-27,072	40,636	-42,167

The parent company has control over BDO Advisory OÜ through its 100% ownership interest, which means that it has rights to the variable returns from the subsidiary's activity and power to affect the amount of these returns.

	30 September		
In euros	2015	2014	2013
Cash and cash equivalents	55,805	11,844	45,660
Trade and other receivables	57,701	8,609	5,321
Total current assets	113,506	20,453	50,981
TOTAL ASSETS	113,506	20,453	50,981
Payables and deferred income	86,430	3,100	36,329
Total current liabilities	86,430	3,100	36,329
Share capital	10,000	10,000	10,000
Retained earnings	17,076	7,353	4,652
Total equity	27,076	17,353	14,652
TOTAL LIABILITIES AND EQUITY	113,506	20,453	50,981

	1 October - 30 September		
In euros	2015/2014	2014/2013	2013/2012
Revenue	194,711	118,936	128,040
Cost of sales	-84,587	-5,948	-2,391
Gross profit	110,124	112,988	125,649
Administrative expenses	-100,389	-110,316	-122,773
Other income and expenses	-12	29	24
Operating profit and profit before tax	9,723	2,701	2,900
PROFIT FOR THE YEAR	9,723	2,701	2,900

	1 October - 30 September		
In euros	2015/2014	2014/2013	2013/2012
EQUITY AT BEGINNING OF PERIOD	17,353	14,652	11,752
Share capital	10,000	10,000	10,000
Retained earnings at beginning of period	7,353	4,652	1,752
Profit for the period	9,723	2,701	2,900
Retained earnings at end of period	17,076	7,353	4,652
EQUITY AT END OF PERIOD	27,076	17,353	14,652

	1 October - 30 September		
In euros	2015/2014	2014/2013	2013/2012
Profit for the year	9,723	2,701	2,900
Adjustments for:			
Change in operating receivables	-49,092	-3,288	10,015
Change in operating payables	83,330	-33,229	-8,121
Net cash from/used in operating activities	43,961	-33,816	4,794
NET CASH FLOW	43,961	-33,816	4,794
Cash and cash equivalents at beginning of period	11,844	45,660	40,866
Cash and cash equivalents at end of period	55,805	11,844	45,660
Increase/decrease in cash and cash equivalents	43,961	-33,816	4,794

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NOTE 19: SUBSIDIARY'S FINANCIAL INFORMATION

WORKING CAPITAL AND EQUITY

+56%	€27,076		
	1 October - 30 September		
	2015/2014	2014/2013	2013/2012
	€27,076	€17,353	€14,652

EBITDA

+264%	€9,735		
	1 October - 30 September		
	2015/2014	2014/2013	2013/2012
	€9,735	€2,672	€2,876

RETURN ON EQUITY

+159%	44%		
	1 October - 30 September		
	2015/2014	2014/2013	2013/2012
	44%	17%	22%

NOTE 20: RELATED PARTY DISCLOSURES

SALES TO RELATED PARTIES

+4%

€19,080

1 October - 30 September		
2015/2014	2014/2013	2013/2012
€19,080	€18,360	€33,955

For the purposes of our consolidated financial statements, related parties, i.e. parties that have control or significant influence over the operating and financial policies of group entities, include:

- members of group entities' management boards and persons and companies directly related to them;
- members of the parent company's supervisory board and persons and companies directly related to them.

Effect of related party transactions on the group's financial position			
30 September			
In euros	2015	2014	2013
Transactions with group companies	72,640	1,968	33,931
Receivables eliminated on consolidation	-72,640	-1,968	-33,931
Transactions with members of the management and supervisory boards and persons related to them	5,946	5,282	11,155
Total effect on trade and other receivables	5,946	5,282	11,155
Transactions with group companies	72,639	1,968	33,931
Payables eliminated on consolidation	-72,639	-1,968	-33,931
Transactions with members of the management and supervisory boards and persons related to them	575	560	8,376
Total effect on payables and deferred income	575	560	8,376
Total effect of related party transactions on the group's financial position	5,371	4,722	2,779

EFFECT ON OPERATING PROFIT

-6%

€-100,339

1 October - 30 September		
2015/2014	2014/2013	2013/2012
€-100,339	€-107,304	€-110,684

Effect of related party transactions on the group's income and expenses			
1 October - 30 September			
In euros	2015/2014	2014/2013	2013/2012
Transactions between group companies		111,018	122,302
Revenue eliminated on consolidation	0	-111,018	-122,302
Transactions with members of the management and supervisory boards and persons related to them	19,080	18,360	33,955
Total effect on revenue	19,080	18,360	33,955
Transactions with group companies	0	-782	-187
Cost of sales eliminated on consolidation	0	782	187
Transactions with members of the management and supervisory boards and persons related to them	-65,822	-23,638	-1,260
Total effect on cost of sales	-65,822	-23,638	-1,260
EFFECT ON GROSS PROFIT	-46,742	-5,278	32,695
Transactions with members of the management and supervisory boards and persons related to them	0	-1,675	-2,244
Total effect on marketing expenses	0	-1,675	-2,244
Transactions between group companies		110,236	122,701
Administrative expenses eliminated on consolidation	0	110,236	122,701
Transactions with members of the management and supervisory boards and persons related to them	-53,597	-101,677	-147,708
Total effect on administrative expenses	-53,597	-101,677	-147,708
Transactions between group companies	0	0	586
Other income and expenses eliminated on consolidation	0	0	586
Transactions with members of the management and supervisory boards and persons related to them	0	1,326	6,573
Total effect on other income	0	1,326	6,573
TOTAL EFFECT ON OPERATING PROFIT	-100,339	-107,304	-110,684

REMUNERATION OF THE MANAGEMENT BOARD

+136%

€-160,348

1 October - 30 September		
2015/2014	2014/2013	2013/2012
€-160,348	€-67,815	€-77,384

Remuneration of the management board			
1 October - 30 September			
In euros	2015/2014	2014/2013	2013/2012
Remuneration provided to members of the management board	-120,290	-50,645	-59,271
Employer's taxes on remuneration provided	-40,058	-17,170	-18,113
Total expenses on remuneration of the management board	-160,348	-67,815	-77,384

NOTE 21: GUARANTEES AND ASSETS PLEDGED AS COLLATERAL

To mitigate the liquidity risk arising from seasonal fluctuations in our activities, on 23 September 2015 we signed an overdraft facility agreement with the bank. The overdraft limit is 75,000 euros and the expiry date is 16 September 2016. The interest rate is 1 month EURIBOR plus 2% per year (not less than 0%) and the limit charge rate is 1% per year. The loan is secured with a commercial pledge of the first ranking of 97,500 euros created on the movable property of the parent company. At 30 September 2015, no portion of the overdraft limit was in use.

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

The management board proposes that the general meeting divest the repurchased own shares and pay for the financial year ended 30 September 2015 a dividend of 176 euros per each share that is participating in profit-sharing, i.e. 89,670 euros in total (see also note 7). This dividend has not been recognised as a liability because at 30 September 2015 it had not been declared.

TO THE SHAREHOLDERS OF BDO EESTI AS

We have audited the accompanying consolidated financial statements of BDO Eesti AS, which comprise the consolidated statement of financial position as at 30 September 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 23 to 45.



MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 consolidated financial statements.

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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of BDO Eesti AS as at 30 September 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Tallinn, 28 March 2016

A handwritten signature in red ink, appearing to read 'Mari Sukk', written over a light blue horizontal line.

Mari Sukk
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