

CONSOLIDATED ANNUAL REPORT

Beginning of financial year: 01.01.2015

End of financial year: 31.12.2015

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Management report

OÜ Wellman incorporates the following companies:

UAB Wellman – 100% participation in subsidiary operating in the Republic of Lithuania;
 OÜ Carfox - 100% participation in subsidiary operating in the Republic of Estonia;
 SIA 3PL Worldwide Solutions – 100% participation in subsidiary operating in the Republic of Latvia;
 SIA Wellman Logistics – 100% participation in subsidiary operating in the Republic of Latvia;
 OÜ Investment House – 85% participation in subsidiary operating in the Republic of Estonia (which, in turn, has a 25% participation in AS Wellman Invesco);
 OÜ Autosky – 51% participation in subsidiary operating in the Republic of Estonia;
 OÜ Friendly Finance Eesti – 70% participation in subsidiary operating in the Republic of Estonia (which, in turn, has a 100% participation in Friendly Finance s.r.o., Czech Republic – 100% participation in subsidiary
 Fine Line Services Ltd, Gibraltar – 100% participation in subsidiary
 Pujckomat s.r.o., Czech Republic - 100% participation in subsidiary
 Fine Line Services Ltd., Malta – 100% participation in subsidiary
 Friendly Finance Slovakia s.r.o., Slovakia – 100% participation in subsidiary

Introduction

2015 was a successful year for Wellman, but also a complicated year. Even though the economic results were satisfactory, this can only be attributed to the immense dedication and consistent efforts of the entire organisation. The economic decline in Russia played a huge role in 2015, along with the general uncertainties in Europe. Even when facing a complicated environment, the group succeeded in strengthening its market positions in Central and Eastern Europe, along with establishing a bridgehead in Asia, Indonesia and Malaysia. The prolongation of the Russian crisis and the ever-deepening economic decline eliminated any chances of generating a profit at the expense of enhancement of logistical volumes, and caused stagnation in Latvian revenues. As expected, the ever-tightening regulatory requirements curbed profits in the Central and Eastern European financial sector. In the absence of economic growth and the consequent lack of demand for major logistical space, several industrial projects were frozen by Eastern European companies.

Overview of the group companies

Wellman incorporates companies which have no overlapping interests and pursue completely different profiles. This eliminates the risks stemming from a single area of activity and allows the group to stay in the green, even while posting a loss in some areas. The group's portfolio includes:

Wellman Logistics SIA, located in Salaspils, Latvia – management of a 15,000 m² logistical complex and provision of a range of logistical services targeted at companies operating in the Russian Federation (www.3pl.ru).

Provision of consumer credit and other financial services in Poland, Spain, Slovakia and the Czech Republic via companies incorporated by the subsidiary Friendly Finance OÜ (www.friendlyfinance.eu).

Import and sale of new and little-used premium-class Audi, BMW, Porsche and Aston Martin passenger cars (www.autosky.ee). Large-scale repairs and maintenance of Premium-class passenger cars in Estonia under the Carfox brand (www.carfox.ee).

Wellman Logistikos Parkas, operated by Wellmann UAB in Kaunas, Lithuania – a logistical park accommodating more than 10 ha along Via Baltica. Cash collection services in the Netherlands and the Czech Republic: DeVries Justitia.

IT solutions for credit management companies: Wisemedia, with its head office in Tartu. Various exclusive real estate objects in Estonia, Latvia and Egypt: rental and management.

Financing of machine engineering companies in Estonia (www.pioneer.ee)

The parent company Wellman OÜ focuses on marketing and management services and the provision of financing to its subsidiaries.

Revenue, expenses and profit

The group's total revenue amounted to EUR 15,114,564 in 2015 (2014: EUR 11,027,881) and total loss to EUR -1,351,891 (2014: EUR 778,018 profit).

Rather than failure to generate a profit from economic activities, the balance sheet loss for 2015 can be attributed to the tidying-up of the group's consolidated balance sheet, and objective revaluations. All doubtful receivables were removed from the balance sheet, with the real estate portfolio marked to market, and any items misrepresenting the company's financial position removed without compromise.

Personnel

The group had more than 300 employees in 2015. Personnel expenses (including social taxes) amounted to EUR 1,721,182 in the financial year (2014: EUR 1,292,391).

Objectives for the next financial year

Preliminary agreements on disposal of several major group companies were concluded in the financial year: Wellman Logistics Center and Friendly Finance, valued at 7.3 M€ and 16M€. The contracts for sale are scheduled to be concluded at the beginning of 2016, subject to successful negotiations.

In 2016, the group plans to further develop its financial service offers in the Baltic Sea region, and set up a fund to unite investors of similar mindset and vision.

Ivo Tahk
CEO

Annual financial statements

Consolidated statement of financial position

(in Euros)

	31.12.2015	31.12.2014	Note nr
Assets			
Current assets			
Cash and cash equivalents	1 771 344	978 023	2
Financial investments	0	912	3
Receivables and prepayments	14 548 441	10 423 563	4
Inventories	556 224	834 518	5
Total current assets	16 876 009	12 237 016	
Non-current assets			
Financial investments	107 049	310 633	9
Receivables and prepayments	430 495	796 714	4
Investment property	1 335 931	1 345 744	10
Property, plant and equipment	5 361 082	5 653 521	11
Intangible assets	255 672	198 765	
Total non-current assets	7 490 229	8 305 377	
Total assets	24 366 238	20 542 393	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	6 038 412	2 483 645	13
Payables and prepayments	5 391 266	2 884 332	14
Total current liabilities	11 429 678	5 367 977	
Non-current liabilities			
Loan liabilities	2 196 840	2 983 909	13
Payables and prepayments	236 628	320 408	14
Provisions	266 563	275 685	
Total non-current liabilities	2 700 031	3 580 002	
Total liabilities	14 129 709	8 947 979	
Equity			

Equity held by shareholders and partners in parent company			
Issued capital	25 565	25 565	16
Statutory reserv capital	27 451	37 404	
Other reserves	45 761	45 761	
Unrealised exchange rate	-89 358	-96 932	
Retained earnings (loss)	9 991 317	9 672 992	
Annual period profit (loss)	-1 344 450	443 980	
Total equity held by shareholders and partners in parent company	8 656 286	10 128 770	
Minority interests	1 580 243	1 465 644	
Total equity	10 236 529	11 594 414	
Total liabilities and equity	24 366 238	20 542 393	

Consolidated income statement (scheme 1)

(in euros)

	2015	2014	Note nr
Revenue	15 114 564	11 027 881	17
Other income	133 791	1 504 801	
Raw materials and consumables used	-1 150 683	-1 180 811	
Other operating expense	-9 961 426	-6 613 954	18
Employee expense	-1 721 182	-1 292 391	19
Depreciation and impairment loss (reversal)	-428 657	-444 123	
Other expense	-1 136 927	-478 032	20
Total profit (loss)	849 480	2 523 371	
Other financial income and expense	-619 827	-287 000	21
Profit (loss) before tax	229 653	2 236 371	
Income tax expense	-1 581 544	-1 458 353	22
Annual period profit (loss)	-1 351 891	778 018	
Profit (loss) from shareholders and partners in parent company	-1 344 450	443 980	
Profit (loss) from minority interests	-7 441	334 038	

Consolidated statement of cash flows, indirect method

(in Euros)

	2015	2014
Cash flows from operating activities		
Profit (loss)	849 480	2 523 371
Adjustments		
Depreciation and impairment loss (reversal)	428 657	444 123
Other adjustments	0	113 358
Total adjustments	428 657	557 481
Changes in receivables and prepayments related to operating activities	-4 124 879	-3 513 467
Changes in inventories	278 294	-205 884
Changes in payables and prepayments related to operating activities	2 506 933	863 156
Total cash flows from operating activities	-61 515	224 657
Cash flows from investing activities		
Loans given	-3 451 000	-3 397 556
Repayments of loans given	2 888 000	3 361 697
Total cash flows from investing activities	-563 000	-35 859
Cash flows from financing activities		
Loans received	1 507 194	449 529
Total cash flows from financing activities	1 507 194	449 529
Total cash flows	882 679	638 327
Cash and cash equivalents at beginning of period	978 023	436 628
Change in cash and cash equivalents	882 679	638 327
Effect on exchange rate changes on cash and cash equivalents	-89 358	-96 932
Cash and cash equivalents at end of period	1 771 344	978 023

Consolidated statement of comprehensive income

(in euros)

	2015	2014
Annual period profit (loss)	-1 351 891	778 018
Other comprehensive income (expense):		
Effect on unrealised exchange rate changes	7 000	-109 000
Total other comprehensive income (expense)	7 000	-109 000

Total annual period comprehensive income (expense)	-1 344 891	669 018
Comprehensive profit (loss) from shareholders and partners in parent company	-1 339 550	367 680
Comprehensive profit (loss) from minority interests	-5 341	301 338

Consolidated statement of changes in equity

(in euros)

	Equity held by shareholders and partners in parent company						Minority interests	Total
	Issued capital	Statutory reserve capital	Other reserves	Unrealised exchange rate	Retained earnings (loss)			
	31.12.2013	25 565	37 404	45 761	-20 632	10 621 625		
Effect of correction of errors					-948 633	-167 405	-1 116 038	
Restated balance 31.12.2013	25 565	37 404	45 761	-20 632	9 672 992	1 164 306	10 925 396	
Annual period profit (loss)				-76 300	443 980	301 338	669 018	
31.12.2014	25 565	37 404	45 761	-96 932	10 116 972	1 465 644	11 594 414	
Annual period profit (loss)				4 900	-1 344 450	-5 341	-1 344 891	
Changes in reserves		-9 953		2 674	-2 655	-3 060	-12 994	
Other changes in equity					-123 000	123 000	0	
31.12.2015	25 565	27 451	45 761	-89 358	8 646 867	1 580 243	10 236 529	

Other changes in equity include change in minority interest as a result of an additional contribution made by the group in the share capital of its subsidiary

Notes to the financial statements

Note 1 Accounting policies

General information

The financial statements 2015 of Wellman OÜ have been prepared in accordance with the generally accepted accounting principles of the Republic of Estonia. The main requirements of the generally accepted accounting principles of the Republic of Estonia have been stipulated in the Accounting Act of the Republic of Estonia, and supplemented by the guidelines issued by the Accounting Board of the Republic of Estonia.

The financial statements have been prepared on historical cost basis, except in cases set forth in the below accounting principles.

The financial statements have been prepared in euros.

Correction of errors

The following adjustments were made in the opening balances of the financial statements:

- 1) Inventories were adjusted as at 31.12.2014
- 2) The adjustment of financial investments includes revaluation of an associated company based on the equity method, as this had not been done in previous periods.
- 3) Intangible assets were adjusted as at (capitalisation of the cost of software development, which was erroneously charged to expenses).

Additional item name	31.12.2014	Change	31.12.2014
Inventories	1 072 875	-238 357	834 518
Financial investments	1 450 566	-1 139 933	310 633
Intangible assets	73 766	124 999	198 765
Retained earnings	10 621 625	-948 633	9 672 992
Profit (-loss) for the financial year	498 354	-54 374	443 980
Minority interest	1 715 928	-250 284	1 465 644
Income statement			
Goods, raw materials and services	-942 454	-238 357	-1 180 811
Other operating expenses	-6 694 954	81 000	-6 613 954
Personnel expenses	-1 336 390	43 999	-1 292 391
Total operating profit (-loss)	2 636 729	-113 358	2 523 371
Other net financial items	-263 105	-23 895	-287 000
Profit (-loss) before income tax	2 373 624	-137 253	2 236 371
Profit (-loss) for the financial year	915 271	-137 253	778 018
including profit (-loss) attributable to shareholders of the parent company	498 354	-54 374	443 980
including profit (-loss) from minority interest	416 917	-82 879	334 038
Total comprehensive profit (-loss) for the financial year	806 271	-137 253	669 018
including comprehensive profit (-loss) attributable to shareholders of the parent company	422 054	-54 374	367 680
including comprehensive profit (-loss) attributable to minority interest	384 217	-82 879	301 338

Preparation of consolidated financial statements

The financial indicators of the parent company and subsidiaries have been consolidated line by line in the group's financial statements. Any receivables, liabilities, revenue, expenses and unrealised profit and loss arising from transactions between the parent company and its subsidiaries have been eliminated.

The accounting principles of subsidiaries have been brought into line with those of the group, when necessary. The income statements and cash flow statements of foreign companies are translated into euros on the basis of the annual average foreign currency exchange rate. Assets and liabilities denominated in foreign currency have been translated into euros on the basis of the currency exchange rates of the European Central Bank officially valid on December 31. Foreign exchange gains and losses resulting from revaluation of the financial statements are recorded under owner's equity.

Investments in subsidiaries and associated companies are separately recorded in the parent company's non-consolidated financial statements.

Financial assets

The group's financial assets include cash and cash equivalents, accounts receivable and other receivables, as well as short-term and long-term financial investments.

Cash and cash equivalents, accounts receivable and other receivables (accrued income, loans granted, other short-term and long-term receivables), except for receivables held for trading, are recorded at amortised cost. As a rule, the amortised cost of a short-term receivable equals to the nominal value of the receivable (less repayments and possible write-downs). Therefore, short-term receivables are included in the balance sheet in the estimated amount to be received. In order to calculate the amortised cost of a long-term receivable, the receivable is initially recorded at the fair value of the amount to be received, by charging interest on the receivable in future periods based on the effective interest rate method. Receivables held for trading are recorded at their fair value.

Short-term and long-term financial investments in shares and other equity instruments are measured at fair value, if this can be reliably measured. The fair value is specified based on the listed market price of the financial instrument. Shares and other equity instruments, the fair value of which cannot be reliably measured, are recorded at their amortised cost less possible write-downs, if the recoverable amount of the investment is lower than its carrying amount).

Short-term financial investments include securities held for trading as well as securities which are held to maturity, and have a term of maturity of up to 12 months from the balance sheet date.

Cash

For the purposes of the cash flow statement, cash and cash equivalents are cash in hand, as well as demand and term deposits at bank.

Foreign currency transactions; financial assets and liabilities denominated in foreign currency

Any currency other than the functional currency is recognised as foreign currency. The functional currency of the parent company and its Estonia-based subsidiaries is the euro. Foreign currency transactions are recorded on the basis of the foreign currency exchange rates of the European Central Bank officially valid on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency on the basis of the currency exchange rates of the European Central Bank officially valid on the balance sheet date. Foreign exchange gains and losses arising from revaluation are presented in the income statement of the period.

Financial indicators of foreign subsidiaries

In the consolidation of foreign subsidiaries and other business units, their accounting currency of their financial statements is translated into the presentation currency of the parent company. If the functional currency of the foreign entity differs from the presentation currency of the parent company, the following currency exchange rates will be applied upon translating the financial statements prepared in foreign currency:

- (a) all assets and liabilities are translated on the basis of the currency exchange rate of the European Central Bank valid on the balance sheet date;
- (b) revenue and expenses, and other equity changes and cash flows are translated on the basis of the exchange rate valid on the day when incurred.

Profits and losses from revaluation are recorded in the consolidated balance sheet as "Unrealised currency exchange rate differences" under owner's equity. In the event of disposal of foreign subsidiaries, the figures presented as "Other reserves" under equity are recognised under profit or loss for the financial year.

Shares of subsidiaries and associated companies

Subsidiaries

Subsidiaries are companies controlled by the parent company. Control is presumed to exist, if the parent company directly or indirectly holds over 50% of the voting shares of the subsidiary, or is otherwise able to control the operating or financial policies of the subsidiary.

The activities of the subsidiaries are recognised in the financial statements from the moment the parent company assumes control over the subsidiary to the moment the control ceases. The acquisition of subsidiaries is recorded based on the purchase method, except for mergers under joint control.

Associated companies

Associated company is an entity where the group has significant influence, but which is not controlled by the group. Significant influence is presumed to exist if the group holds 20%-50% of the votes represented by shares.

Investments in associated companies are recognised in the balance sheet under the equity method of accounting.

If the company's stake in the loss of the associated company recorded based on the equity method equals to or exceeds the net book value of the associated company, the net book value of the investment will be written down to nil, and further losses accounted for off-balance sheet.

Receivables and prepayments

Short-term receivables generated in the course of ordinary business of the group are recorded under accounts receivable. Accounts receivable are measured at amortised cost. Loan and interest receivables from lending activities are initially recognised at cost.

Subsequent to initial recognition, the receivables are recorded at amortised cost. Cost is amortised with loan principal repayments and impairment losses. Loan and interest receivables are written down on a monthly basis, by evaluating the collectability of overdue receivables in the loan portfolio in accordance with previous experience in the collection of receivables.

Other receivables and loans are written down, when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The circumstances indicating an impairment loss may include the bankruptcy or major financial difficulties of the debtor, and the default or delinquency in payments.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement under other operating expenses. When a receivable is deemed uncollectible, it is written off against the allowance account for trade receivables. Collection of receivables, which have been previously expensed as doubtful receivables, is reported as an adjustment to doubtful receivables.

Inventories

Inventories are initially recorded at acquisition cost, consisting of purchase cost, production costs and other expenses incurred upon bringing the inventories to their present condition and location.

In addition to the purchase price, the purchase cost of inventories include the associated customs duty, other non-refundable taxes and transportation expenses directly related to the acquisition, less discounts and subsidies.

Inventories are written off based on the individual cost method.

Inventories are measured in the balance sheet according to the lower of the acquisition cost or net realisable value. Net realisable value is the estimated sales price, less the estimated expenses required for making the product available-for-sale, and selling the product.

Investment property

Investment property is property held by the company to earn rentals or for capital appreciation, or both. Investment property is carried in the balance sheet at its cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated based on the straight-line method. Depreciation rates are determined for each investment property item individually, depending on its useful life. If the investment property item consists of distinguishable components with different useful lives, these components are recorded separately under assets, and their depreciation rates specified separately in accordance with their useful lives. The annual depreciation rate applied by the group for investment property is 3 -12.5%.

Property, plant and equipment, and intangible assets

Property, plant and equipment

Assets which are used for the company's operations, have a useful life of over 1 year and an acquisition cost of over 639 euros are accounted for as PPE.

PPE are initially recorded at acquisition cost, consisting of purchase price and expenses directly related to the acquisition, incurred upon bringing the asset items to their present condition and location. An item of PPE is carried in the balance sheet at its cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis, depending on the estimated useful life of the asset item:

Other machinery and equipment: 5-10 years

Other equipment and IT equipment: 3-5 years

Intangible assets (development costs, patents, licenses, trademarks, software) are measured in the balance sheet if the assets are controlled by the group, if future economic benefits are expected to arise from the assets and if the acquisition cost of the assets can be reliably measured. Intangible assets are initially recorded at acquisition cost, consisting of the purchase price and expenses directly related to the acquisition. An intangible asset item is subsequently carried in the balance sheet at its cost, less accumulated amortisation and any accumulated impairment losses.

As a rule, the following amortisation rates apply for intangible asset groups:

Software, patents, licenses, trademarks and other intangible assets: 20-33%

Software

Acquired computer software which is not an integral part of the related hardware is recognised as an intangible asset. Software development costs are recognised under intangible assets when they are directly associated with the development of software products which are identifiable, controllable by the group and expected to generate economic benefits beyond one year. Capitalised software development costs include payroll expenses and other expenses directly related to development activities.

Financial liabilities

Financial liabilities are initially recognised at cost, which includes all expenditures directly related to the acquisition. Subsequent to initial recognition, financial liabilities are recorded based on the amortised cost method.

As a rule, the amortised cost of short-term financial liabilities equals to their nominal value. Therefore, short-term financial liabilities are recorded in the balance sheet at the payable amount. In order to calculate the amortised cost of financial liabilities, the liability is initially recorded at the fair value of the amount received (less transaction costs), by charging interest on the liability in future periods based on the effective interest rate method.

A financial liability will be recognised as a short-term financial liability, if payable within twelve months after the balance sheet date.

Mandatory reserve

The company has set up a mandatory reserve in accordance with the Commercial Code of the Republic of Estonia. The mandatory reserve is set up of the annual allocations of net profit. At least 5% of the net profit must be transferred to the reserve capital each financial year, until the reserve capital amounts to at least 10% of the share capital. Reserve capital can be used for covering the loss or for increasing the share capital of the company. The mandatory reserve cannot be paid out as dividends to shareholders.

Revenue recognition

Revenue from sales of goods is recorded at the fair value of the received/receivable amount, considering all discounts and benefits. Revenue from sales of goods is recognised when all material risks related to the ownership of the asset have been transferred to the buyer, the amount of revenue and expenses related to the transaction can be reliably measured, and the receipt of the revenue is probable.

Revenue from sales of services is recognised upon rendering of the service, or based on the stage-of-completion method, if the service is rendered during a longer period of time.

Interest income and expenses are recorded based on the effective interest rate of the asset item. Interest is recorded on accrual basis.

Taxation

Pursuant to the applicable laws, Estonian companies are not subjected to pay income tax on the profit. Therefore, all temporary differences between the tax bases and carrying values of assets and liabilities cease to exist. Income tax is imposed on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-operating expenses and transfer price adjustments. 20/80 income tax is paid on the net dividends disbursed.

Corporate income tax on the payment of dividends is recorded under liabilities and under income tax expense in the income statement at the moment of announcing the dividends, irrespective of the period for which the dividends were announced or when the dividends are actually paid.

Foreign subsidiaries are obliged to calculate and pay income tax on the taxable profit posted in the financial year in accordance with the income tax regulations of the corresponding country. The following income tax rates were applied in the countries of the subsidiaries in 2015 and 2014 (including subsidiaries of subsidiaries): 15% in Latvia, 19% in the Czech Republic, 22% in Slovakia, 19% in Poland, 28% in Spain, 35% in Malta

Note 2 Cash and cash equivalents

(in euros)

	31.12.2015	31.12.2014
Cash	45 065	35 734
Bank accounts	1 726 279	942 289
Total cash and cash equivalents	1 771 344	978 023

Note 3 Current financial investments

(in euros)

			Total
	Shares	Fund units	
31.12.2013	912	155 141	156 053
Disposal at selling price or redemption		-256 951	-256 951
Profit (loss) from disposal and revaluation		101 810	101 810
31.12.2014	912	0	912
Other	-912		-912
31.12.2015	0		0

Note 4 Receivables and prepayments

(in euros)

	31.12.2015	Allocation by remaining maturity	
		Within 12 months	1 - 5 years
Accounts receivable	152 509	152 509	
Accounts receivables	152 509	152 509	
Tax prepayments and receivables	1 268	1 268	
Other receivables	14 648 925	14 218 430	430 495
Loan receivables	12 291 495	11 861 000	430 495
Interest receivables	2 357 430	2 357 430	
Prepayments	131 321	131 321	
Deferred expenses	131 321	131 321	
Other receivables	44 913	44 913	
Total receivables and prepayments	14 978 936	14 548 441	430 495
	31.12.2014	Allocation by remaining maturity	
		12 kuu jooksul	1 - 5 years
Accounts receivable	138 516	138 516	
Accounts receivables	138 516	138 516	
Other receivables	10 832 650	10 035 936	796 714
Loan receivables	8 717 714	7 921 000	796 714
Interest receivables	2 114 936	2 114 936	
Prepayments	48 521	48 521	
Deferred expenses	48 521	48 521	
Other receivables	200 590	200 590	
Total receivables and prepayments	11 220 277	10 423 563	796 714

Note 5 Inventories

(in euros)

	31.12.2015	31.12.2014
Merchandise	556 224	834 518
Total inventories	556 224	834 518

Inventories are merchandise vehicles and repair parts

Note 6 Tax prepayments and liabilities

(in euros)

	31.12.2015		31.12.2014
	Tax prepayments	Tax liabilities	Tax liabilities
Corporate income tax		197	
Value added tax	744	15 261	15 581
Personal income tax		4 865	2 961
Social tax		7 497	5 138
Contributions to mandatory funded pension		709	396
Unemployment insurance tax		446	371
Interest			220
Other tax prepayments and liabilities		2 631 179	1 349 153
Prepayment account balance	524		
Total tax prepayments and liabilities	1 268	2 660 154	1 373 820

Other tax prepayments include income tax and other taxes from foreign subsidiaries

Note 7 Shares of subsidiaries

(in euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2014	31.12.2015
12167550	Friendly Finance OÜ	Eesti	lühiajaliste laenude väljastamine	70	70
12001335	Autosky OÜ	Eesti	autode müük ja hooldus	51	51
11072184	Investment House OÜ	Eesti	konsultatsioonid	85	85
500003997841	Wellman Logistic SIA	Läti	logistika	85	85

111576016	Wellman UAB	Leedu	logistika	100	100
12431248	Carfox OÜ	Eesti	autode remont ja hooldus	100	100
50103785141	3PL worldwide solutions SIA	Läti	logistika	100	100
40003191746	Wellman Latvia SIA	Läti	logistika	85	0

Note 8 Shares of associate

(in euros)

Shares of associates, general information					
Associates's registry code	Name of associate	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2014	31.12.2015
11142772	Wellman Invesco AS	Eesti	Real estate	25	25
Shares of associates, detailed information					
Name of associate	31.12.2014	Profit (loss) by equity method	31.12.2015		
Wellman Invesco AS	135 067	-28 018	107 049		
Total	135 067	-28 018	107 049		

Shares of associate company were revalued based on the equity method, as this has not been done in previous periods

31.12.2014 was balance 1 275 000

Changes - 1 139 933

Adjustment 31.12.2014 balance 135 067

Note 9 Long-term financial investments

(in euros)

		Total
	Shares	
31.12.2013	1 450 566	1 450 566
Profit (loss) from disposal and revaluation	-1 139 933	-1 139 933
31.12.2014	310 633	310 633
	Aktsiad ja osad	Total
31.12.2014	310 633	310 633
Profit (loss) from disposal and revaluation	-203 584	-203 584
31.12.2015	107 049	107 049

Annual year the investment 175 566 EUR was revalued based on the equity method 28 018 EUR (Note 8)

Note 10 Investment property

(in euros)

Cost Method			
	Land	Building	Total
31.12.2013			
Carried at cost	858 092	605 688	1 463 780
Accumulated depreciation		-99 987	-99 987
Residual cost	858 092	505 701	1 363 793
Depreciation		-18 049	-18 049
31.12.2014			
Carried at cost	858 092	605 688	1 463 780
Accumulated depreciation		-118 036	-118 036
Residual cost	858 092	487 652	1 345 744
Acquisitions and additions		8 259	8 259
Depreciation		-18 072	-18 072
31.12.2015			
Carried at cost	858 092	613 947	1 472 039
Accumulated depreciation		-136 108	-136 108
Residual cost	858 092	477 839	1 335 931
		2015	2014
Lease income earned on investment property		20 629	25 215
Direct administrative expenses on investment property		4 320	4 135

The net book value of rental properties amounted to EUR 477 839 (as at 31.12.2014, EUR 487 652)

Note 11 Property, plant and equipment

(in euros)

						Total
	Land	Buildings	Other property, plant and equipment	Unfinished projects	Unfinished projects and prepayments	
31.12.2013						
Carried at cost	219 946	6 201 733	544 077	337 368	337 368	7 303 124
Accumulated depreciation	0	-1 327 214	-106 985			-1 434 199
Residual cost	219 946	4 874 519	437 092	337 368	337 368	5 868 925
Acquisitions and additions			185 198			185 198
Depreciation		-263 308	-106 496			-369 804
Other changes				-30 798	-30 798	-30 798
31.12.2014						
Carried at cost	219 946	6 201 733	729 275	306 570	306 570	7 457 524
Accumulated depreciation		-1 590 522	-213 481			-1 804 003
Residual cost	219 946	4 611 211	515 794	306 570	306 570	5 653 521
Acquisitions and additions			28 299			28 299
Other acquisitions and additions			28 299			28 299
Depreciation		-318 170	-110 487			-428 657
Other changes		107 919				107 919
31.12.2015						
Carried at cost	219 946	6 201 733	757 574	306 570	306 570	7 485 823
Accumulated depreciation		-1 800 773	-323 968			-2 124 741
Residual cost	219 946	4 400 960	433 606	306 570	306 570	5 361 082

Note 12 Operating lease

(in euros)

Accounting entity as lessee

	2015	2014
Operating lease expenses	-198 897	-109 897
Future lease expense under non-cancellable lease contracts		
	31.12.2015	31.12.2014
Within 12 months	-130 000	-29 000
1-5 years	-96 000	0

Rental expenses arising from rental agreements on office space and passenger cars are recorded under operating lease. Rental agreements on office space are, as a rule, cancellable with an advance notice of one to six months. Fixed/term rental agreements may be extended under standard market conditions.

Note 13 Loan commitments

(in euros)

	31.12.2015	Allocation by remaining maturity			Interest rate	Due date
		Within 12 months	1 - 5 years	Over 5 years		
Current loans						
Other legal person	2 634 000	2 634 000				
Other legal person	505 855	505 855				
Overdraft	193 299	193 299				
Swedbank	2 705 258	2 705 258				
Current loans total	6 038 412	6 038 412				
Non-current bonds						
FF	2 191 000		2 191 000		10%	2018
Non-current bonds total	2 191 000		2 191 000			
Other loan commitments						
Capital lease	5 840		5 840			
Other loan commitments total	5 840		5 840			
Loan commitments total	8 235 252	6 038 412	2 196 840			
	31.12.2014	Allocation by remaining maturity			Interest rate	Due date
		Within 12 months	1 - 5 years	Over 5 years		
Current loans						
Other legal person	1 921 000	1 921 000				
Other legal person	364 237	364 237				
Overdraft	198 408	198 408				
Current loans total	2 483 645	2 483 645				
Non-current loans						
Swedbank	2 975 373		2 975 373		2,5	2016
Non-current loans total	2 975 373		2 975 373			
Other loan commitments						

Capital lease	7 536		7 536		
Other legal person	1 000		1 000		
Other loan commitments total	8 536		8 536		
Loan commitments total	5 467 554	2 483 645	2 983 909		
Carrying amount of collateral assets					
		31.12.2015	31.12.2014		
Bulidings		4 565 660	4 881 855		
Total		4 565 660	4 881 855		

The loan received from Swedbank has been secured by a pledge on the assets of the Latvia-based logistics centre. The loan will mature in October 2016. Negotiations are currently being held with other banks for extension of the loan. The management believes the negotiations will be successful.

Note 14 payables and prepayments

(in euros)

	31.12.2015	Allocation by remaining maturity	
		Within 12 months	1 - 5 years
Trade payables	591 682	591 682	
Employee payables	147 098	147 098	
Tax payables	2 660 154	2 660 154	
Other payables	1 236 331	999 703	236 628
Interest payables	35 000	35 000	
Dividend payables	523 408	523 408	
Other accrued expenses	677 923	441 295	236 628
Prepayments received	992 629	992 629	
Deferred income	992 629	992 629	
Total payables and prepayments	5 627 894	5 391 266	236 628
	31.12.2014	Allocation by remaining maturity	
		Within 12 months	1 - 5 years
Trade payables	176 687	176 687	
Employee payables	105 687	105 687	
Tax payables	1 373 820	1 373 820	
Other payables	1 322 331	1 001 923	320 408

Interest payables	43 386	43 386	
Dividend payables	523 408	523 408	
Other accrued expenses	755 537	435 129	320 408
Prepayments received	216 106	216 106	
Other received prepayments	216 106	216 106	
Payables to associated companies	10 109	10 109	
Total payables and prepayments	3 204 740	2 884 332	320 408

Note 15 Contingent liabilities and assets

(in euros)

	31.12.2015	31.12.2014
Contingent liabilities		
Distributable dividends	6 917 494	7 992 408
Income tax liability on distributable dividends	1 729 373	2 124 564
Total contingent liabilities	8 646 867	10 116 972

Note 16 Share capital

(in euros)

	31.12.2015	31.12.2014
Share capital	25 565	25 565
Number of shares (pcs)	1	1

Note 17 Net sales

(in euros)

	2015	2014
Net sales by geographical location		
Net sales in European Union		
United Kingdom	1 000	483 000
Netherlands	0	2 000
Czech Republic	5 339 000	5 021 000
Slovakia	2 967 000	1 827 000
Latvia	878 520	805 624
Estonia	592 044	489 557
Poland	4 636 000	2 343 000

Spain	695 000	0
Malta	6 000	0
Other European Union net sales	0	9 000
Total net sales in European Union	15 114 564	10 980 181
Net sales outside of European Union		
Gibraltar	0	47 700
Total net sales outside of European Union	0	47 700
Total net sales	15 114 564	11 027 881
Net sales by operating activities		
Interest income	12 281 000	9 094 000
Commissions and fees	1 258 000	145 298
Logistics	878 520	805 624
Sale of goods	527 902	624 337
Rental services	20 629	25 215
Other services	1 134	47 700
Vehicle repair and maintenance	147 379	285 707
Total net sales	15 114 564	11 027 881

Note 18 Miscellaneous operating expenses

(in euros)

	2015	2014
Leases	-198 897	-109 897
Miscellaneous office expenses	-465 013	-898 638
Travel expense	-69 671	-65 370
Allowance for doubtful receivables	-166 813	0
Guarantee and loan insurance expenses	0	-1 468 000
Allowance for doubtful loan receivables	-3 788 000	-1 514 000
Allowance for doubtful secondary loan receivables	-534 000	-194 000
Loan insurance indemnities	0	251 000
Impairment losses	-713 000	-97 000
Credit assessment	-304 000	-291 000
Marketing expenses	-2 192 437	-1 326 687
Outsourced services	-1 091 000	-694 677
Other	-438 595	-205 685

Total miscellaneous operating expenses	-9 961 426	-6 613 954
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Note 19 Labor expense

(in euros)

	2015	2014
Wage and salary expense	-1 377 729	-1 048 946
Social security taxes	-343 452	-243 445
Total labor expense	-1 721 181	-1 292 391
Average number of employees in full time equivalent units	127	88

Note 20 Other operating expenses

(in euros)

	2015	2014
Fines, penalties and compensations	-1 178	-1 314
Sponsorship	-850	0
Allowance for other receivables	-1 129 838	-106 462
Other	-5 061	-370 256
Total other operating expenses	-1 136 927	-478 032

Note 21 Other financial income and expense

(in euros)

	2015	2014
Financial income and expenses related to shares of associated companies	-28 018	-23 895
Interest expenses	-581 269	-306 401
Other net financial items	-10 540	43 296
Total other financial income and expense	-619 827	-287 000

Note 22 Income Tax

(in euros)

Income tax expenses consist of the income tax imposed on the profit posted by subsidiaries pursuant to the laws of their host countries: EUR 1 590 667 (2014: EUR 1 182 667), as well as a change in deferred income tax: EUR -9 123 (2014: EUR 275 686), i.e. a total of EUR 1 581 544 (2014: EUR 1 458 353).

Note 23 Related parties

(in euros)

Parent company of the reporting entity	Wellman OÜ
Country of registration of the parent company	Eesti

Related party balances according to groups

	31.12.2015	31.12.2014	
	Receivables	Receivables	Liabilities
Associate	242 353	242 353	
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	168 300	168 300	413 492

2015	Purchases	Sales	Given loans	Given loans repayments	Loans received	Loans received repayments
Parent company	9 596	23 050	253 307	-188 744	182 550	0
Subsidiary			50 973	-8 963	79 129	-3 800
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher			3 862			

Remuneration and other significant benefits calculated for members of management and highest supervisory body

	2015	2014
Remuneration	25 260	5 484

Note 24 Events after the balance sheet date

In April, dividends were received from the subsidiary Friendly Finance OÜ in the amount of EUR 1 363 000. A participating interest was sold to Friendly Finance OÜ at a price of EUR 7 425 044.

Note 25 Non consolidated statement of financial position

(in euros)

	31.12.2015	31.12.2014
Assets		
Current assets		
Cash and cash equivalents	5 007	28 086
Financial investments	0	912
Receivables and prepayments	716 931	1 463 465
Total current assets	721 938	1 492 463
Non-current assets		
Investments in subsidiaries and associates	3 759 561	2 941 957
Financial investments	0	175 565
Receivables and prepayments	3 498 188	4 468 333
Investment property	477 839	487 652
Property, plant and equipment	82 713	83 352
Total non-current assets	7 818 301	8 156 859
Total assets	8 540 239	9 649 322
Liabilities and equity		
Liabilities		
Current liabilities		
and prepayments	751 689	573 231
Total current liabilities	751 689	573 231
Total liabilities	751 689	573 231
OmakapitalEquity		
Issued capital	25 565	25 565
Statutory reserv capital	5 405	5 405
Retained earnings (loss)	9 045 121	9 263 471
Annual period profit (loss)	-1 287 541	-218 350
Total equity	7 788 550	9 076 091
Total liabilities and equity	8 540 239	9 649 322

Note 26 Income statement

(in euros)

	2015	2014
Revenue	44 813	218 213
Other income	307	3 287
Other operating expense	-224 990	-153 745
Employee expense	-5 747	-5 485
Depreciation and impairment loss (reversal)	-18 711	-18 973
Depreciation and impairment loss (reversal)	-1 130 702	-367 513
Total profit (loss)	-1 335 030	-324 216
Other financial income and expense	47 489	105 866
Profit (loss) before tax	-1 287 541	-218 350
Annual period profit (loss)	-1 287 541	-218 350

Note 27 Non consolidated statement of cash flows

(in euros)

	2015	2014
Cash flows from operating activities		
Profit (loss)	-1 335 030	-324 216
Adjustments		
Depreciation and impairment loss (reversal)	18 711	18 973
Other adjustments	1 607 541	76 383
Total adjustments	1 626 252	95 356
Changes in receivables and prepayments related to operating activities	-746 534	-74 502
Changes in payables and prepayments related to operating activities	178 458	10 222
Total cash flows from operating activities	-276 854	-293 140
Cash flows from investing activities		
Other cash receipts from sales of other financial investments	0	256 951
Loans given	257 169	397 556
Repayments of loans given	-188 744	-361 697
Total cash flows from investing activities	68 425	292 810
Cash flows from financing activities		
Loans received	185 350	7 964

Repayments of loans received	0	-878
Total cash flows from financing activities	185 350	7 086
Total cash flows	-23 079	6 756
Cash and cash equivalents at beginning of period	28 086	21 330
Change in cash and cash equivalents	-23 079	6 756
Cash and cash equivalents at end of period	5 007	28 086

Note 28 Non consolidated statement of changes in equity

(in euros)

				Total
	Issued capital	Statutory reserv capital	Retained earnings (loss)	
31.12.2013	25 565	5 405	9 263 471	9 294 441
Annual period profit (loss)			-218 350	-218 350
31.12.2014	25 565	5 405	9 045 121	9 076 091
Annual period profit (loss)			-1 287 541	-1 287 541
31.12.2015	25 565	5 405	7 757 580	7 788 550
Governing and material influence ownership interest value of financial position			-3 759 561	-3 759 561
Governing and material influence on the value Of holdings under the e quity method			3 887 926	3 887 926
Restated non consolidated equity 31.12.2015	25 565	5 405	7 885 945	7 916 915

Digital Signatures

Annual report was finished: 26.05.2016

Osäühing Wellman (registry code: 10093020) 01.01.2015 - 31.12.2015 annual report has been digitaly signed

Name of the signatory	Signer role	Signature time
IVO TAHK	Member of management board	26.05.2016

Independent auditor's report

To the shareholders of OÜ Wellmann

We have audited the financial statements of OÜ Wellmann, containing the balance sheet as at 31.12.2015, income statement, statement of changes in equity and cash flow statement for the year then ended, as well as summary of the accounting principles and other explanatory notes to the financial statements.

The audited financial statements, set out on pages 4-28, have been attached to this report.

Management responsibility with regard to the financial statements

The management is responsible for the preparation of the financial statements and its fair presentation in accordance with the generally accepted accounting principles of Estonia, as well as for maintaining internal control relevant to the appropriate preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Authorised auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing (Estonia).

These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The volume and content of these procedures depend on the authorised auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the authorised auditor considers internal control relevant to the entity's preparation and true and fair presentation of the 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 assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the attached financial statements give, in all material respects, a true and fair view of the financial position of OÜ Wellmann as at 31.12.2015, and of its results and cash flow for the year then ended in accordance with the generally accepted accounting principles of Estonia.

/digitally signed/ Taivo Epner

Authorised auditor No 167
Epner Audit OÜ
Audit firm activity licence No 271
Vanemuise 42-9, Tallinn

Authorised auditor digital signatures

Osühing Wellman (registry code: 10093020) 01.01.2015 - 31.12.2015 independent auditor's report added to the annual report has been digitally signed

Name of the signatory	Signer role	Signature time
TAIVO EPNER	Authorised auditor	27.05.2016

Profit distribution proposal

(in euros)

	31.12.2015
Retained earnings (loss)	9 991 317
Annual period profit (loss)	-1 344 450
Total	8 646 867
Distribution	
Retained earnings after distribution (covering)	8 646 867
Total	8 646 867

Netsales by operating activities

Activitie	EMTAK code	Net Sales (EUR)	Net Sales %	Main activity
Rental services	68201	44813	100.00%	Yes

Means of communication

Type	
Telephone	+372 6514222
Fax	+372 6514222
Mobile phone	+372 5048287
E-mail	Ivo@wellman.ee
Web page	www.wellman.ee