

A Wider Perspective

Global Annual Review 2012



GLOBAL ANNUAL REVIEW 2012 CONTENTS



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THE YEAR IN NUMBERS

Key Financials

US\$3.3bn

Combined member firm revenues, up 3% on FY2011

Global Reach

Our strategy is focused on having the best coverage in markets of strategic importance to our clients in order to be able to provide high quality advice and insight across geographies, markets and sectors.

131 countries

Over the past five years our global coverage has extended into 21 new countries/territories

2,650 partners across 672 offices

25,667

Total number of people in the network worldwide, up 5% on 2011

156

The number of Baker Tilly International member firms, an increase of seven on 2011

A WIDER PERSPECTIVE

In today's global marketplace, businesses are constantly being challenged to take a wider perspective to ensure their future success. For many of our clients identifying new opportunities and entering new markets are now part of their daily routine – and they look to us for support in facing these challenges.

As a network committed to providing exceptional client service, the emphasis is on us to bring a wider perspective and understanding to the issues our clients face. Our combination of global reach and local expertise has never been more relevant.



Our Values

We lead by example.

We deliver a quality service with an emphasis on integrity.

We are open and honest in all communications.

We act ethically.

We foster teamwork and collaboration with each other.

We maintain a supportive environment in which our individuals can flourish.

INVESTING FOR THE FUTURE



James Castellano

Chairman of the Board of Directors
Baker Tilly International

Chairman and CEO Introduction

2012 was a milestone for the network as we celebrated 25 years. The strength of our position today as one of the world's Top 10 accounting networks is the result of our continued investment throughout this period in realising our long-term vision: to be recognised as a global network of closely aligned, premier, independent accounting firms serving leading national and global organisations.

Throughout much of our 25 years we enjoyed strong revenue growth year-on-year as our business model proved successful. It would have been easy to assume that if we continued unchanged we would have been rewarded with the same success. But we have always chosen to look ahead and challenge ourselves continually to improve. As we shape the network today we are mindful of our clients' changing needs and aspirations. We are investing now to ensure our clients' future success, and our own.

It's hard to forecast the future. But one thing is certain: in an increasingly globalised world, business will be more complex. There will be opportunities, particularly in new and developing markets, and our emphasis will be on ensuring that we are positioned to take advantage of these opportunities and to help our clients do the same.

We are, and will continue to be, driven by a set of guiding principles – values that underpin our culture and our strategy. Based around our vision, our clients and our people, these principles guide us in our ways of working and help us strive for excellence in everything we do.

Our multidisciplinary service model and combination of global presence and local expertise provide member firms with a unique opportunity to deliver solutions that help clients grow their businesses and address changing market realities. This is why leading national and global organisations count on us.



Geoff Barnes

CEO and President
Baker Tilly International

Being able to bring a wider perspective and understanding to the increasingly complex issues our clients face means placing great emphasis on our people – on fostering a high performance culture where service is delivered consistently and cohesively around the globe. Our aim is to have the best people providing our clients with the best service wherever they do business. Later in this review we look at some of the ways we are addressing the need for strong leaders who can leverage new perspectives and who have the global mindset to address today's interconnected business issues.

2012 was a challenging year for the global economy and there remains uncertainty as to how things will progress. In the United States, slow growth continues and speculation remains as to whether new policies will push the economy towards recession or growth. The Eurozone is struggling to work through its debt issues, although leaders are moving, albeit slowly, toward integration. In China, the economy is showing possible signs of slowing down and much will depend on the decisions of the new leadership. The same story is true in India. These developments underline just how dependent the economies around the world are upon one another. When one region of the

world slows down, the effects are felt in other parts of the world. What is certain, however, is that collectively we have to deal with the global economy's "new normal".

Given the environment in which we operate, our member firms recorded strong results this year. Our combined global revenues are up 3% at US\$3.3bn, driven by strong results across our core service lines of audit, accountancy and taxation.

Whatever the economic conditions, at the heart of the network's progress two factors have remained constant.

One is the continued trust that clients place in Baker Tilly International member firms. Our firms take great pride in their relationships with their clients; and we thank those clients for giving us the opportunity to work with them.

The other is the commitment and dedication from our people. We are immensely proud of their accomplishments and we thank them all for helping make us the network we are today – and the network we aspire to be in the future.



Throughout much of our 25 years we enjoyed strong revenue growth year-on-year as our business model proved successful.



MILESTONES

A LOOK BACK AT SOME MAJOR EVENTS AND OUTCOMES OF THE PAST 25 YEARS

Our Story: 25 Years and Growing

As a network, we look to the future rather than to the past. But in a year that marks the 25th anniversary of Baker Tilly International it seems appropriate to reflect on our story, which is one of ambition, achievement and the development of a truly global network.

The incorporation of Summit International Associates, Inc in 1987 – which became Baker Tilly International on 1 January 2002 – brought together a group of highly successful independent firms focused on servicing clients' needs to share best practice and to provide access to technical resources. The network was built on the shared belief that the world's leading organisations would seek accounting advice from advisors that were able to look beyond physical borders and narrow areas of expertise.

During our 25 year history the world has changed dramatically. The rise of the emerging markets, the spectre of climate change, the rapid evolution of technology and the transformation of the business landscape – and most recently the worst global financial crisis in living memory – are just some of the issues that have impacted business.

Against this backdrop, we have also changed.

In the beginning Baker Tilly International focused predominately on the US; today it is represented in 131 countries. Becoming “global” was in direct response to our clients' needs as they turned their attentions more aggressively to international investments – a strategy for the network's growth which we maintain today. Whether clients are tackling issues around financing, succession, acquisition, or simply survival, we provide a full range of audit, tax, corporate finance and advisory services, and the skill set to help at every step of the way. By combining global reach and local expertise we are helping clients realise their ambitions to enter and grow into new markets.

Focusing on the future and anticipating evolving client needs is not only about understanding where and when clients will want accounting advice but also about how they want that service delivered. During our history, Baker Tilly International has been at the forefront of developments that have shaped the way accounting networks operate – from investment in learning and career development programmes to the adoption of IT systems to improve consistency and collaboration.

As we reflect on the last 25 years some of our leaders look back on key milestones for our network, our profession and the companies we work with and look forward to what the future may bring.



1987

Summit International Associates, Inc is incorporated. The network is represented in 20 countries by 50 independent firms. It ranks 22nd in the world by combined revenues.

Constellation Lyra Featured Star Vega

Vega is a blue-white star 25 light years from earth. It is one of the brightest stars in the night sky and is often mistaken for the pole star. The light you see tonight in the sky left Vega in 1987.

“ Globalisation is, to a certain degree, driving international tax harmonisation, with transfer pricing a key area of focus as more businesses go global. ”

Globalisation and the Need for Synchronised Regulation

The world is getting smaller. Companies are now born global and doing business abroad is no longer confined to large companies – both small- and medium-sized enterprises (SMEs) and start-ups are looking to broaden their horizons. Growth in emerging market and developing economies (EMDEs) accelerated in the mid-2000s, leading to talk of their decoupling from advanced economies. Even though EMDEs were not spared during the global downturn – most experienced negative growth in 2009 – many have recovered and are growing at or above pre-crisis rates, despite a continued weakness in advanced economies. As a result, EMDEs now account for almost all global growth.

Against this backdrop the need for a synchronised regulatory environment in today's global economy is clearer than ever – to ensure the smooth flow of capital around the world, protect investors and ultimately drive economic growth.

The fallout from the global financial crisis has driven an unprecedented amount of regulatory reform in all sectors and across all geographies. This has been particularly evident in the tax sphere where there is, of course, a perennial tension between governments looking to raise revenue and businesses looking to improve their bottom line.

Globalisation is, to a certain degree, driving international tax harmonisation, with transfer pricing a key area of focus as more businesses go global. In today's sluggish economy, the income tax line in client financial statements represents a significant cost and minimising the tax burden is seen as an opportunity to improve net income. However, overly

aggressive tax planning is also a serious threat to a company's reputation and brand, as has been seen recently in the UK.

Audit regulation has also been very much in the headlines with tough questions being asked: What goes on behind closed doors? Does auditor independence need strengthening? Can or should the statutory audit scope be extended to provide broader levels of assurance and more meaningful audit reports? What can be done about auditor concentration and choice in the audit market? This is a debate that should not pass by any ambitious business, wherever they are headquartered. After all, in order to continue to attract investment, companies everywhere need to demonstrate transparency in financial reporting and sound corporate governance. The role of audit is crucial in delivering an independent opinion to shareholders on the truth and fairness of the financial statements, and whether they have been prepared in accordance with local and international regulations.

The underlying objective of any reform to the audit market must be to improve the quality of the audit and make it fit for purpose in today's changing world and thus mitigate risk and restore public confidence. Efforts are underway around the world in an attempt to address this.

For example, there has been much attention on the Barnier proposals in Europe, but, unfortunately, the risk that the proposals are likely to end up significantly watered down would be a missed opportunity. We had a once-in-a-lifetime “perfect storm for change” – a tough commissioner committed to change, coupled with a strong swell of support from across the financial markets.

This is not an issue solely affecting developed markets. Recently passed regulation demonstrates that the Chinese authorities are keen to avoid the problems of audit market concentration that exist in Europe, the US and elsewhere. Governments of all emerging economies could adopt a similar focus and, indeed, many already have.

But possibly the single most significant regulatory development of the past two and a half decades has been the adoption of, or convergence towards, International Financial Reporting Standards (IFRS) in many countries around the world. IFRS serve as a framework for financial reporting in cross-border offerings and benefit investors everywhere. The obvious exception is the US, but while the pace of convergence of US GAAP with IFRS is not moving as swiftly as some would like, significant progress has been made.

In July 2012 the US Securities and Exchange Commission (SEC) published its latest staff report on the work plan related to global accounting standards – a positive step forward, in what has been a sensible, methodical and careful process to move towards a single international set of accounting standards.

No jurisdiction has adopted IFRS without due consultation and it is inevitable there will be hurdles that need to be overcome. In the case of the US, it is easy to underestimate the scale of the task ahead. This is the world's largest and arguably most complex capital market, comprising myriad stakeholders. Changes to the way financial reports are prepared and interpreted involves a seismic shift and there are no short cuts. This is not a case of getting to the end point with maximum speed and sitting back to consider what could have been done differently, or better. The result needs

to be the right one for everyone – companies, auditors, regulators and investors – and right first time.

Ultimately it is not a question of if the US moves to adopt IFRS, but when. The concept of global standards is well supported in the US and the American Institute of CPAs supports the SEC's approach. Although we don't yet know exactly when the US will get there, it certainly will, to the benefit of financial markets worldwide.

**Paul
Ginman**

**Chief Operating Officer and Technical
Director, Baker Tilly International**

Paul is Chief Operating Officer and Technical Director for the network. He was a member of the Institute of Chartered Accountants in England & Wales' working party on financial reporting for smaller companies and the task force on raising the audit threshold. He was also a member of the Institute's Technical Advisory Committee and a member of the Forum of Firms' executive committee from 2001 to 2009. Within Baker Tilly International, Paul led the development of the Audit Framework Manual as well as standards for referred work and the quality control programme, which is the basis for the Baker Tilly International Quality Assurance Programme.

Independent Regulation of the Accounting Profession

The accounting profession itself has undergone profound change in the last 25 years. At the beginning of this century, a spate of high-profile scandals at companies such as Enron and WorldCom shook the capital markets to their foundations.

In reviewing the causes of these corporate failures, the US Congress concluded that all involved systemic and undetected financial and accounting fraud. This, they said, demonstrated that the long established system of auditor quality oversight by the auditing profession itself, known as peer review, was irretrievably broken.

Its response resulted in legislative change that ushered in independent oversight of the accounting profession in the US – the first country to take such a step.

The Public Company Accounting Oversight Board (PCAOB) was created and given the mission to “protect the interest of investors and further the public interest in the preparation of informative, accurate, and independent audit reports” for US public companies. The PCAOB was assigned four principal functions:

1. To oversee and maintain the registration of all auditing firms that file audit reports with the US SEC
2. To inspect periodically registered firms that file or participate in the preparation of audit reports of public companies and securities brokers and dealers
3. To set auditing and other professional standards
4. To conduct investigations and enforcement proceedings.

Initially, the PCAOB was seen by many as an effort to address something that was strictly an American problem. However, shortly afterwards, a series of major accounting failures were uncovered at non-US companies, such as Parmalat, Ahold and China Aviation.

As a result, many other countries began to adopt independent audit supervisory regimes. Today, just a decade on, most advanced or emerging market countries have an independent audit regulator, although co-operation between them is not always easily achieved. For example, the PCAOB currently is prevented from carrying out inspections in China, although this is by no means the only country where this is the case. In certain European countries there are also obstacles to inspection, primarily centring on the requirement to satisfy the individual country's data protection requirements under EU law. As in the case of China, these are complex issues that take time to resolve.

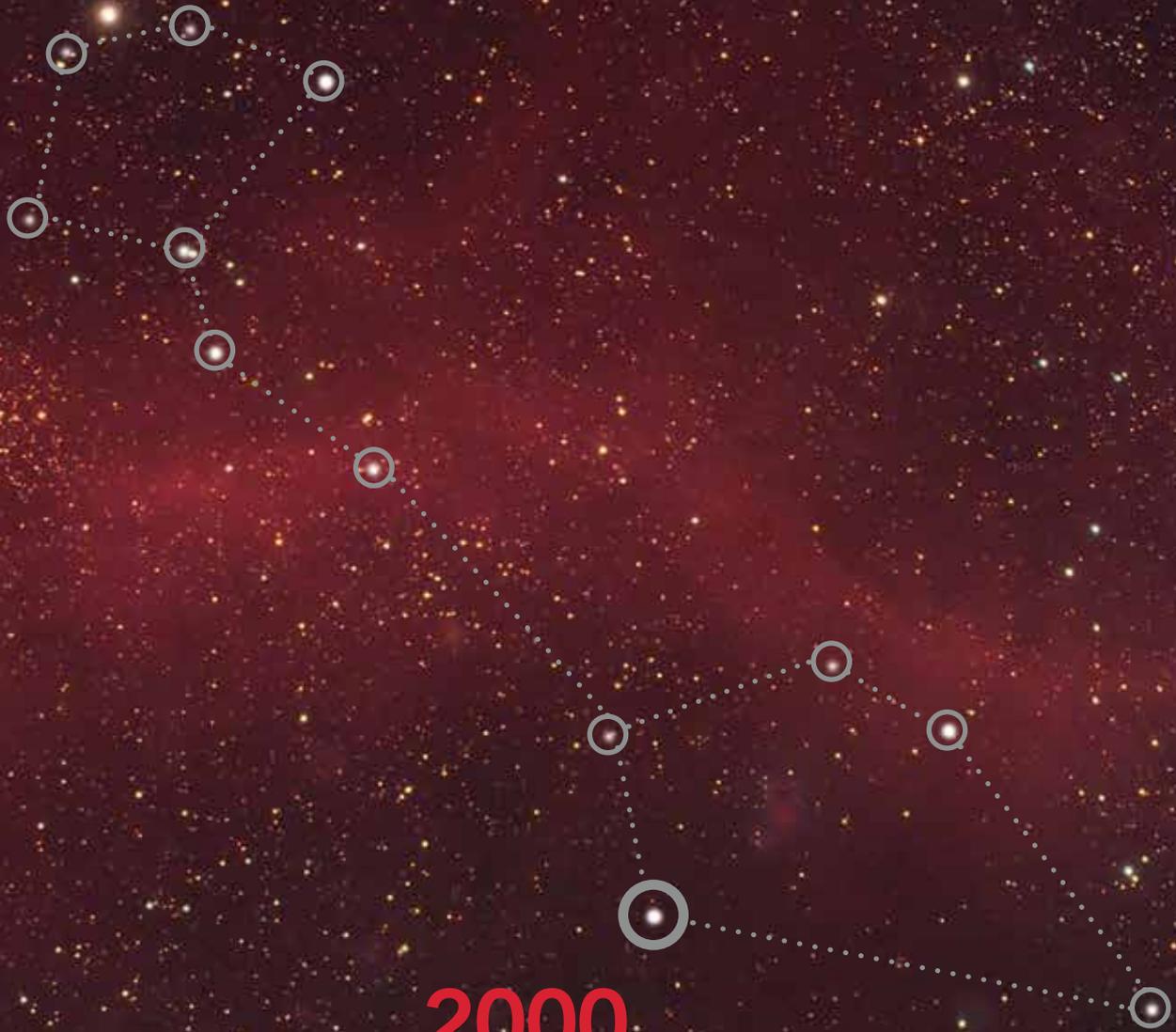
Progress is being made however, and the PCAOB now has co-operation agreements with several EU regulators while it continues to negotiate with others. It is vital that trust and co-operation continues to be built on this strong foundation. China is of particular importance due to its significance to the global economy, as well as the high number of Chinese enterprises listed overseas – nearly 5% of audit firms registered with the PCAOB are based either in Hong Kong or China, comprising the largest group in a jurisdiction outside the US.

It is easy to overlook, however, just how far and how fast the profession has developed in this regard. The phenomenon of independent regulation and cross-border co-operation as it becomes universally embraced will be to the benefit of all stakeholders in the capital markets.

James Castellano

**Chairman of the Board, RubinBrown LLP
Chairman of the Board of Directors,
Baker Tilly International**

James (Jim) joined RubinBrown (St. Louis, Missouri, US) in 1973 and has served at the helm since 1989. He was Chairman of the Board of Directors for the American Institute of Certified Public Accountants in 2002, representing more than 330,000 members, during one of the accounting profession's most challenging times. Enron took centre stage in the media and rocked America's confidence in financial reporting. Jim spent the majority of his term as Chair travelling the country discussing needed change. His testimonies before the House Subcommittee on Commerce, Trade and Consumer Protection, and the Senate Banking Committee contributed to the debate on professional and legislative reforms. Jim has been Chairman of Baker Tilly International's Board of Directors since 2001.



2000

The network breaks the US\$1bn mark in combined revenues of its member firms.

**Constellation Cetus
Featured Star Tau Ceti**

Tau Ceti is a star similar in size and colour to our own sun. It is thought to have at least five planets, one of which may be habitable. The light you see tonight in the sky left Tau Ceti in 2000.

The network rebrands to Baker Tilly International. In the same year, it breaks into the Top 10 of International Accounting Bulletin's World Survey based on the combined revenues of its member firms. This is also the year in which the network's Global Secondment Programme launches.

2002

Constellation Eridanus
Featured Star Epsilon Eridani

Epsilon Eridani is a relatively young star that, due to its proximity to the earth's equator, can be viewed from anywhere on the planet. The light you see tonight in the sky left Epsilon Eridani in 2002.

Saluting China's Progress

Of all the emerging markets, none has undergone a transformation on the scale of that witnessed in China.

Since economic reforms in 1992 the country has seen two decades of extraordinary growth. In the past ten years the economy has quadrupled in size in dollar terms. Against this backdrop high-quality financial reporting is of primary importance to deliver the accountability and transparency that underpin the confidence of investors and the efficient functioning of the capital markets. This is a fact of which the Chinese authorities are well aware and measures have been introduced over an extended period with this objective. This has placed the accounting profession in China on an accelerated upward trajectory, and by the end of the next decade, four or five of the country's largest audit firms could be international players.

Since 2005, the Chinese Institute of Certified Public Accountants (CICPA) has taken a number of steps to ensure that the accounting profession can better service the rapidly-growing Chinese economy. Most significantly, it has established accounting standards that are converged with international standards and are considered a model for emerging countries and countries in transition. This is helping Chinese accounting firms to meet international requirements, and boosting the international development of Chinese companies.

In other areas it has established auditing standards and a code of ethics that are equivalent with those of Hong Kong, and an audit supervision system that is comparable to the EU's. It has encouraged accountancy firms to become limited liability partnerships, helped strengthen accountancy firms' governance mechanisms, and promoted the expansion of services from traditional auditing to the tax and consulting areas.

Recent developments in China have built on this progress.

The Chinese government is keen to create domestic audit firms with sufficient scale to audit the country's huge state-owned enterprises and rapid growth businesses, especially as they increasingly look overseas for growth opportunities.

This message was reinforced by recent regulation, which mandates that audit firms in China are comprised of a minimum of 60% of partners qualified as CIPAs by 2014, rising to 80% by 2017.

This is a positive step forward that will bring China into line with global norms. The new regulation will encourage domestic firms to speed up the cultivation of talented Chinese professionals with the international vision, skills and experience that the market expects. It will help establish a level playing field for domestic firms and bring greater balance to the market, boosting auditor independence and audit quality. And it will go some way towards avoiding the issue of audit market concentration that has been seen in some developed markets.

Domestic firms have already enhanced their ability to compete with their global peers by poaching their top talent and there is now, in reality, very little difference between local and international firms in terms of skills and professionalism. The main area in which Chinese firms lag is brand image, but this will change as their businesses expand globally.

The rise of China and of its accounting profession is inexorable – the only questions that remain are around how much further and how quickly will it happen.

Geoff Barnes

**CEO and President,
Baker Tilly International**

Geoff has been CEO and President of Baker Tilly International for the past 12 years. Under his leadership the network has grown from global combined revenues of US\$900m and a presence in 59 countries worldwide to combined revenues of US\$3.3bn and member firms in 131 countries. He is currently Chairman of the International Advisory Panel (and a former member of Council) of the Institute of Chartered Accountants in England and Wales.

Our goal is clear: to be defined not only by size, but also by our talent, what we stand for and the experience clients can expect when working with us.

We recruit only the best people at all levels of the business. We place importance on teamwork. Our resources are second-to-none, thanks to our investment in the transference of global knowledge, skills and know-how.

More Than Just Accountants

Superior technical knowledge alone is not sufficient. Clients are looking for reassurance that their advisors are also commercially astute and understand their business and market sector. As they find themselves in unfamiliar situations and are faced with more complex risks to assess, clients inevitably ask more from their advisors and, in today's price sensitive market, challenge them to deliver "more for less".

Combining outstanding technical expertise with client and sector knowledge is at the heart of everything that we do. This involves bringing together the highest quality teams with the right mix of skills and experience from across the world to bring unique insights to the opportunities and challenges our clients face.

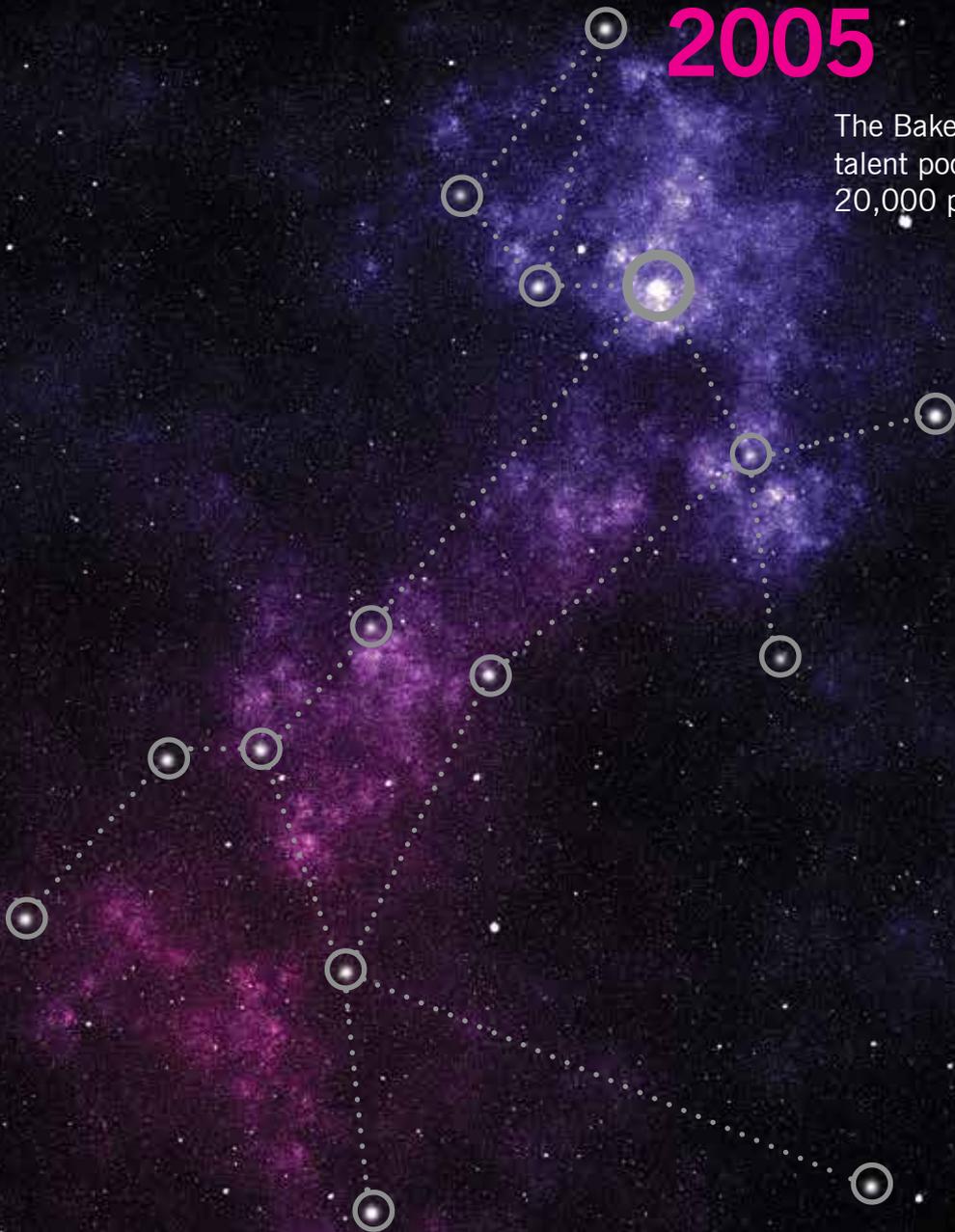
Continuous Investment

We are an ambitious business, driven by entrepreneurial people. The quality of our people and how we develop them are crucial to our success.

Clients want to know that every one of our member firms can deliver strong local knowledge, coupled with international perspectives and the very best advice. Our centralised people development initiatives bring together experts from across the network and from across different practice areas to share their own regional perspectives and knowledge, build relationships, and capitalise on new ideas and approaches.

Now in its tenth year, our Global Secondment Programme moves talent around the network on short and long-term international assignments. For many of our member firms, the programme is a strategic tool and a solution to meeting market-cycle demands and helps to ensure that their clients work with people who have exactly the right level of skills and experience for their business. The cultural and work experiences that participants gain from the programme generate fresh perspectives and ensure our people maintain and expand their international outlook.

PEOPLE



2005

The Baker Tilly International talent pool worldwide exceeds 20,000 people.

**Constellation Canis Major
Featured Star Sirius**

Sirius is the brightest star in the night sky and, if you use binoculars or a telescope, you will see that it is, in fact, a binary star system. The light you see tonight left Sirius in 2005.

Developing Future Leaders

The skills necessary to lead a successful firm in today's global business environment are complex; it is no longer enough for a firm's leaders simply to be aware of the local market in which they operate. Today's successful leaders combine commercial awareness and understanding with the ability to leverage new perspectives to address complex situations.

The aim of the Baker Tilly International leadership development programme (Leaders in Collaboration (LinC)), designed and run in conjunction with The University of Chicago Booth School of Business, is to develop strong, globally-minded leaders and equip them with the skills and capabilities necessary to lead their firms. Held in Chicago Booth's state of the art campuses in Chicago, London and Singapore, the programme provides an environment for delegates to work in multicultural teams to learn new and innovative approaches to leadership and forge relationships, strengthening our ability to deliver high-performance global teams.

Online Learning Solutions

We continue to make our training more accessible to everyone across the network through technology-based learning. While much of our training is organised and delivered locally, bringing invaluable in-person networking opportunities, computer based e-learning modules and webinars allow us to disseminate information on international accounting regulations and developments and global initiatives faster and more widely across the international network.

Our partnership with EF Corporate Language Training gives our members for whom English is not their first language access to the world's largest online language school for improving business English.

The Need for a New Talent Management Model

Accelerating globalisation is being accompanied by unprecedented demographic shifts that will impact companies in every sector, from aviation to agri-business to accounting. Employers around the world face the challenge that an ageing population means that they will soon have to recruit from a shrinking workforce. Despite the total number of people growing globally, the availability of skilled workers is actually contracting, and this is no longer restricted to technologically advanced, developed economies such as the UK, Japan and Italy.

Already some emerging markets, such as China and Russia, are starting to feel a demographic pinch; others should at least be bracing themselves for one in the near future. Data suggests that this is only the beginning. A "demographic divide" will soon arise between countries with younger skilled workers and those that face an aging, shrinking workforce. The war for talent will become increasingly acute in certain sectors, especially those requiring high skill levels.

This growing mismatch between the skills employers need and the talent available means that the market is increasingly global and mobile; employees have more bargaining power, and often a very different mindset and expectations to those of their employers. Ensuring that businesses are attuned to these changes and able to respond to them is vital.

Indeed, over the past 25 years employees have been gaining the upper hand as the ties between employer and employee have weakened. Traditional workplace relationships were based on the expectation of decades of service with a single company – this is no longer the case. Today's employees want a better understanding of their employment options and a greater say in how work is assigned, assessed and rewarded.

Increasingly, it is employees' priorities and preferences that take precedence. They will no longer tolerate a "my way or the highway" style of leadership and expect to feel valued as a member of the team, have access to important information about the business, have their voices heard and their ideas given respect. They also expect learning to be rewarded; mistakes to be seen as opportunities to learn; and to understand how their work supports the goals of the organisation.

This comes down to sound business sense. True collaboration is impossible when there is a lack of trust or people are afraid or discouraged from speaking up to voice their opinions. Solving problems requires that team members be confident to ask questions or propose answers which may be "wrong". In an uncertain economic environment, leaders must solicit diverse viewpoints, remain open to new approaches and be willing to accept harsh realities.

The network's global footprint extends to 100 countries.

2007



“

Today's employees want a better understanding of their employment options and a greater say in how work is assigned, assessed and rewarded.

”

**Constellation Ophiuchus
Featured Star Barnard's Star**

Barnard's Star is a red dwarf star that is moving through space at around 140km/s relative to our sun. The light you see tonight through a telescope left Barnard in 2007.

PERFORMANCE

Combined global revenues of our member firms for the year ended 30 June 2012 increased 3% to US\$3.3bn. Globally, the network increased its headcount by 5% to 25,667.

In 2012 – as in 2011 – emerging markets were the story. Asia Pacific led the way, reporting a 30% rise in revenues. Driving this increase was impressive growth from Baker Tilly China as they maximised the support from the Chinese Government to accounting firms in expanding their businesses. The firm saw a large increase in the provision of audit-related services in response to the growth of the Chinese capital markets.

Although some of the heat has gone from certain Latin American economies, our Latin America revenues increased 14%, with impressive growth in Brazil, Colombia and Mexico. Demand remained strong for a range of services from both ambitious domestic businesses and international companies looking for opportunities across the region.

Modest growth of 8% was recorded across Europe, Middle East & Africa. Despite on-going uncertainty and volatility in some markets, especially within the Eurozone, Europe performed well with growth across a spread of countries. We are also excited by the potential in Africa, and continued development in the Middle East. We welcomed five new member firms to the network from these areas during the 12 months ended 30 June 2012. Increased investment – particularly in Africa – is very much on our agenda as we look to the coming year.

In North America, results were heavily impacted by the on-going economic woes and fee pressure within the United States.

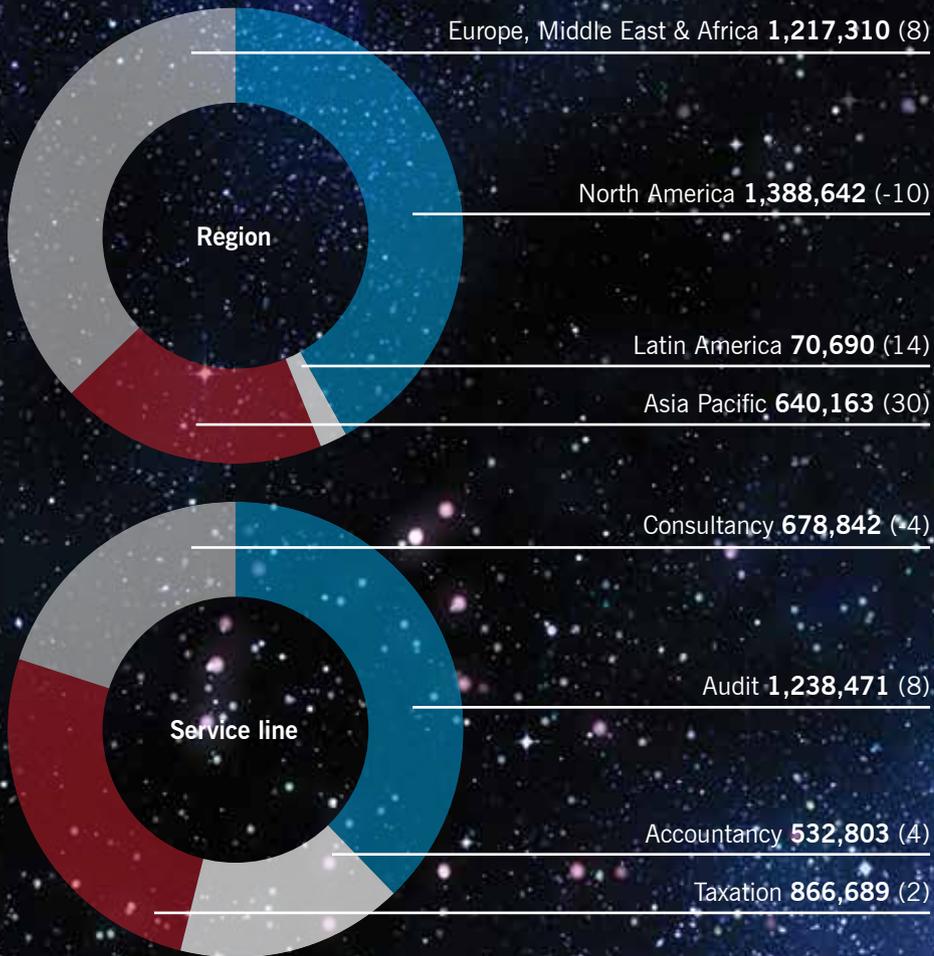
We have seen solid growth across our three core service lines: audit is up 8%, accountancy 4%, and taxation 2%. We continue to see strong demand from clients looking to become more efficient in terms of how they manage their supply chains and control cash flows.

We welcomed 18 new member firms to the network during 2012, while many of our existing member firms also opened new offices and expanded in new locations through a combination of start-ups and mergers and acquisitions. This gives us exciting capabilities in locations of strategic importance to the future of our business.

Background to the Financial Information

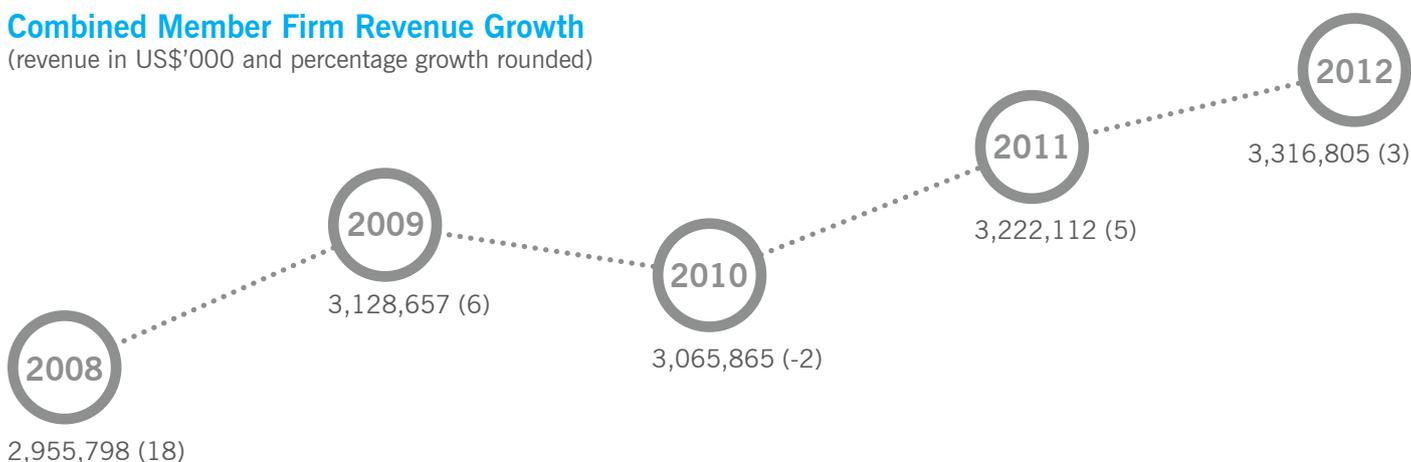
1. Each Baker Tilly International member firm is an independent entity. Members do not report revenues on a combined basis.
2. Statistics presented represent the combined figures of the independent member firms.
3. Each member firm reports its figures for its accounting year ending in the 12 months to 30 June.
4. All revenue is reported in US\$.

FY2012 Revenue Results (US\$'000 and percentage growth rounded)



Combined Member Firm Revenue Growth

(revenue in US\$'000 and percentage growth rounded)



Combined Member Firm Revenue by Region

(revenue in US\$'000 and percentage growth rounded)

Year	North America	Latin America	Asia Pacific	Europe, Middle East & Africa
2012	1,388,642 (-10)	70,670 (14)	640,163 (30)	1,217,310 (8)
2011	1,542,534 (1)	61,739 (24)	493,416 (40)	1,124,423 (-1)
2010	1,530,571 (-10)	49,976 (27)	351,421 (25)	1,133,891 (3)
2009	1,708,660 (11)	39,263 (12)	281,787 (5)	1,098,948 (-2)
2008	1,534,275 (15)	35,198 (54)	269,345 (29)	1,116,980 (20)

Combined Member Firm Revenue by Service Line

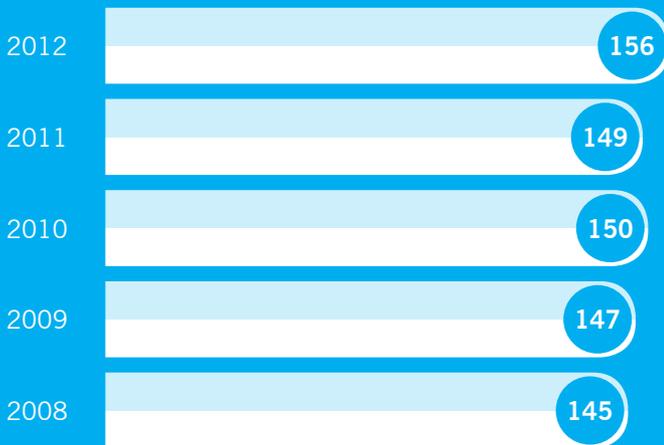
(revenue in US\$'000 and percentage growth rounded)

Year	Audit	Accountancy	Taxation	Consultancy
2012	1,238,471 (8)	532,803 (4)	866,689 (2)	678,843 (-4)
2011	1,147,072 (-7)	513,899 (15)	851,739 (7)	709,402 (21)
2010	1,233,020 (11)	445,976 (-2)	799,061 (2)	587,808 (-25)
2009	1,110,664 (10)	453,665 (-5)	782,165 (10)	782,164 (3)
2008	1,013,106 (12)	476,006 (32)	710,158 (15)	756,528 (23)

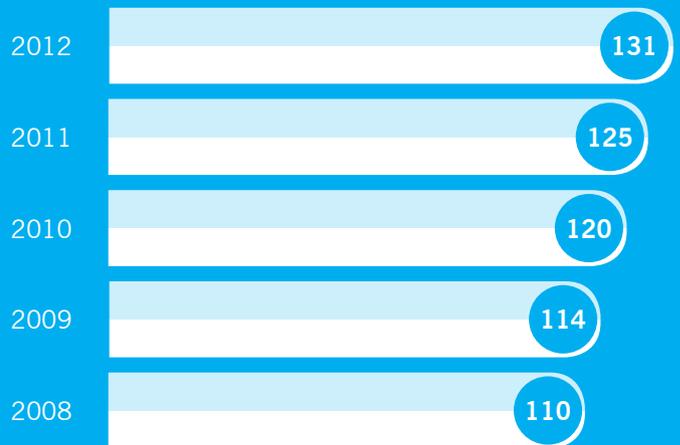
People Worldwide



Number of Member Firms



Number of Countries/Locations



STRUCTURE AND GOVERNANCE

Baker Tilly International is structured as a global network of independent firms owned and operated locally in countries worldwide. This model provides a platform that allows members to share knowledge, skills and resources to deliver global services of a consistently high standard to international and local clients, whilst maintaining the personal attention and partner involvement upon which we pride ourselves.

Baker Tilly International Limited

Baker Tilly International Limited (Baker Tilly International) is a private company limited by guarantee, incorporated in England and Wales. It is owned by its members, all of whom hold an equal interest in the legal entity. Client services are delivered regionally and nationally by the members of Baker Tilly International, each of which is a locally owned and managed independent firm. Each governs itself and handles its administrative matters locally, and is responsible for its own liabilities.

As a member services organisation, Baker Tilly International's role is to enhance the international capability of its member firms through the co-ordination and strengthening of communications and skill sharing, promoting the Baker Tilly brand, working towards the consistent application of quality standards by member firms worldwide, including compliance with independence policies, and identifying market opportunities and developing associated strategies.

In securing our long-term future, we believe a robust approach to governance is as important as a clear strategy. Our structure centres on leading by example, acting in a way that epitomises what we expect from all of our member firms and our people.

Board of Directors

The Board of Directors has ultimate responsibility for upholding the values, standards and procedures of Baker Tilly International. Its responsibilities include approving the global strategic direction and policies of the network as recommended by the CEO and President and authorising membership changes. Board members are senior partners drawn from member firms across the network and are elected by members worldwide for a three-year term.

The role of the Chair of the Board is ensuring that the Board functions as a co-ordinated group focused on the network's strategic global development. The current Chair, James Castellano, was initially appointed in 2001. He was re-elected during 2012 for an additional three-year term.

2008

aud-IT launches,
a non-mandatory, common
global audit methodology,
with supporting
state-of-the-art software.

Constellation Centaurus
Featured Star Proxima Centauri

*Proxima Centauri is a red dwarf star
invisible to the naked eye. It is one of our
nearest neighbours and is a likely target for
any interstellar space travel. The light from
this star began its journey to earth in 2008.*

Global Office

Led by the CEO and President, the Global Office is responsible for the day-to-day leadership and management of Baker Tilly International, recommending the policies and regulations to govern and manage the network, and ensuring alignment in the execution of the strategy set by the Board of Directors.

The office operates through three sub-teams focusing on global technical support and quality assurance, learning and development, and marketing and business development.

Regional Advisory Councils

The network operates geographically through four regions: North America; Latin America; Europe, Middle East & Africa; and Asia Pacific. Each region has a Chair, appointed by the CEO and President, who leads an advisory council made up of partners from regional members. The Chair's role includes the co-ordination and development of business between members, the recruitment of new firms as necessary and the implementation of the regional strategy.

Member Firms

Only the highest quality firms become part of our network. Firms are recruited based on their commitment to deliver world class services and their ability to apply exceptional technical skills.

We are proud of our strict membership criteria and extensive due diligence process for applicants and our rigorous and ongoing quality assurance programme for members. We believe this gives clients peace of mind that each of the network's member firms

is capable of dealing with the most complex issues and delivering solutions worldwide.

Baker Tilly International Quality Standard

We require, as a condition of membership, that members deliver professional services in accordance with the Baker Tilly International Quality Standard and other relevant technical and regulatory standards. The Baker Tilly International Quality Standard requires members to conduct all aspects of their business to the highest professional standards, to maintain integrity and to keep in good standing in their local business community.

Each member should comply with all national standards applicable to all aspects of their work. These include auditing, independence and any other standards issued in a member's country which have an impact on their work.

They are also expected to comply with the IFAC's International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and to carry out audits to standards no lower than those contained in IFAC's International Standards on Auditing.

Member firms are also required to maintain a centrally-held list of companies considered "restricted" as a result of an audit relationship.

Baker Tilly International and its member firms are full members of the Forum of Firms having met international quality and ethics requirements. The objective of the Forum is to promote consistent and high quality standards of financial and auditing practices worldwide. Members in the Forum have

confirmed that they have policies and methodologies with respect to transnational audits that are based, to the extent practicable, on International Standards on Auditing and conform to the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and national codes of ethics and that they maintain appropriate quality control standards in accordance with International Standards on Quality Control in addition to relevant national standards. Members of the Forum have also confirmed that they conduct, to the extent not prohibited by national regulation, regular, globally co-ordinated internal quality assurance reviews.

Quality Assurance

Our code of conduct and shared values set the tone of Baker Tilly International, providing us with a clear set of standards that influence everything we do.

Member firms are subject to continuous monitoring via the annual submission of information relating to their practice.

Member firms conduct their business within the framework of their internal policies which comply with applicable professional standards, laws and regulations. Each member is responsible for its risk and quality performance and, where necessary, for driving change and improvement.

The Baker Tilly International Quality Assurance Review Programme is part of the overall quality assurance procedures of Baker Tilly International. Under this programme, member firm reviews are carried out under a risk-based cyclical programme, more frequently should the structure and focus of a firm's business materially change.

Led by a full-time centralised team, the review programme is intended to:

- Provide assurance that a member's audits are carried out to standards no lower than those contained in the International Federation of Accountants' (IFAC) International Standards on Auditing (ISAs)
- Evaluate a member's own quality assurance procedures to assess whether these are equivalent to the requirements of IFAC's International Standard on Quality Control (ISQC) 1. While the focus of ISQC 1 is on the provision of assurance services, it also addresses certain requirements for each member firm's governance and oversight that are relevant to all service lines
- Confirm a member's compliance with the Baker Tilly International Quality Standard, including the obligations on independence
- Review a member's policies and procedures for the acceptance and continuance of clients and engagements
- Review a member's human resource management to provide assurance it has personnel with the appropriate skills and experience required to service clients.

Member firms design and implement action plans as they deem appropriate based on the results of the review. These are reviewed by Baker Tilly International and, depending on the circumstances, may result in a further review of all or part of a member firm's procedures. Failure to comply with the Baker Tilly International Quality Assurance Programme may result in a member's dismissal from the network.

Working with Regulators

The impact of regulation has never been greater, and the importance of maintaining relationships with regulators nationally, regionally and globally and playing an active part in shaping our profession is a responsibility that our people take seriously. Many hold positions on national and international advisory groups, technical committees and task forces concerned with standard setting and quality control in financial reporting and audit services.

Our membership in the Forum of Firms demonstrates our commitment to satisfying the high-quality assurance and ethics standards necessary to serve the public interest and to help raise the standards of the international practice of auditing.

“

Our code of conduct and shared values set the tone of Baker Tilly International, providing us with a clear set of standards that influence everything we do. ”



The Board has ultimate responsibility for upholding the values, standards and procedures of Baker Tilly International.



Leadership

Members of the Board of Directors

James Castellano, Chair	US
Christian Alibay	France
Claus-Michael Allmendinger	Germany
Yong Hong (Howard) Chen	China
Tim Christen	US
Robert Ciaruffoli	US
Daw Ching Foong	Singapore
Lionel Goldman	Canada
Eyal Horowitz	Israel
Howard Kies	US
W M (Mack) Lawhon	US
Laurence Longe	UK
Oswaldo Nieto	Brazil
Eduardo Ojeda López Aguado	Mexico
John Smiley	Canada
Ted Verkade	Netherlands

Regional Chairs

Robert Ciaruffoli	North America
Daw Ching Foong	Asia Pacific
Eyal Horowitz	Europe, Middle East & Africa
Oswaldo Nieto	Latin America

Other Global Leaders

Geoff Barnes	CEO and President
Paul Ginman	Chief Operating Officer and Technical Director



2009

The network's leadership development programme launches. Designed and run in conjunction with The University of Chicago Booth School of Business, this bespoke programme is designed to develop strong, globally-minded leaders and equip them with the skills and strengths necessary to lead their firms.

**Constellation Centaurus
Featured Star Alpha Centauri**

Alpha Centauri is one of the brightest stars in the southern hemisphere. If you look back at our sun from Alpha Centauri, it would be a bright yellow-white star in the constellation Cassiopeia. The light you see tonight in the sky began its journey to Earth in 2009.

ABOUT US

Baker Tilly International is one of the world's leading networks of independently owned and managed accounting and business advisory firms united by a commitment to provide exceptional client service.

Every day, around 26,000 people in 131 countries worldwide help privately held businesses and public interest entities meet challenges, proactively respond to opportunities and stay competitive. International capability and global consistency of service are central to the way we work.

For more information, visit www.bakertillyinternational.com

This is our seventh annual review, covering the period 1 January to 31 December 2012. Financial information provided is for the 12 months ending 30 June 2012.

In this document, *Baker Tilly International*, *we*, and *our* refer to the network of member firms of Baker Tilly International Limited, each of which is a separate and independent legal entity. Baker Tilly International does not provide professional services to clients but acts as a member services organisation. Client services are delivered by the independent members of Baker Tilly International. Each member firm governs itself and handles its administrative matters locally, and is responsible for its own liabilities. Member firms are not members of an international partnership or legal partners with each other. No single member is responsible for the services or actions of another. Although many members adopt the Baker Tilly name, they are not owned by Baker Tilly International.

The document is designed to help our many stakeholders understand our global organisation – our governance and management structure, and how we deliver high quality client services throughout the world. The articles shared herein are of a general nature and are not intended to address the specific circumstances of any individual or entity; in specific circumstances the services of a professional should be sought.

Contact us:

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Learn more:

www.bakertillyinternationalannualreview.com

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2010

Recognising the importance of China in the world's economy, Baker Tilly International adopts a Chinese name. 天职国际 means independence, objectivity, fairness and social responsibility, combined with an international vision.



Ikaros Space Probe

Ikaros is a Japan Aerospace Exploration Agency (JAXA) experimental spacecraft designed to travel faster and further into space than any other probe before it. It represents the new frontier for human exploration of the unknown. The spacecraft was launched on 21 May 2010.

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