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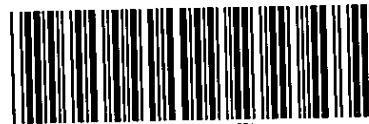
COMPANIES HOUSE

ANNUAL REPORT

THE GADA® GROUP

31 DECEMBER 2012

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COMPANIES HOUSE

FINANCIAL STATEMENTS

THE GADA GROUP

31 DECEMBER 2012

1 Officers and Professional Advisors:

The Board of Directors

D. Ciattoni
A. De Marinis
A. Pellegrinelli
A. Gualtieri
G. Watts (resigned on 31 January 2013)
M. Danby (resigned on 31 January 2013)
A. Lawley (resigned on 31 January 2013)
S G. Albonetti (resigned on 28 March 2013)

Registered Office

Grosvenor Gardens House
35-37 Grosvenor Gardens
LONDON
SW1W 0BS

Auditor

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
New Bridge Street House
30-34 New Bridge Street
LONDON
EC4V 6BJ

Bankers

HSBC Bank plc	BARCLAYS BANK Plc
18a Curzon Street	1 Churchill Place,
Mayfair	LONDON, E14 5HP,
LONDON	United Kingdom.
W1J 7LA	
United Kingdom	

2 THE DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activities

The principal activity of the Company is investment holding and strategic and operational management of its subsidiaries

The principal activity of the Group is sales, marketing and distribution of medical devices and the provision of specialised health services with particular reference to the following market segments: Dialysis, Laboratory and Transfusion, Cardiovascular, Perfusion, Radiology & Imaging, Integrated services, Technical Assistance and General Hospital.

The group operates in Italy, Romania and Turkey.

Results for 2012

In 2012, the Group successfully accomplished the entry of an institutional investor, RBS Special Opportunities Fund managed by RBS Equity Finance (RBEF), as the Group's 6th shareholder starting from 1 January 2012.

The results for the year ended 31 December 2012 are as follows;

	Group €000	Company €000
Profit/(Loss) net of tax	167	(5,039)

Dividends

During the year, no dividend was paid by the Company to its shareholders.

Directors

The names of the directors of the Company in office at the date of this report are

D. Ciattoni
 A. De Marinis
 A. Pellegrinelli
 A. Gualtieri
 G. Watts (resigned on 31 January 2013)
 M. Danby (resigned on 31 January 2013)
 A. Lawley (resigned on 31 January 2013)
 S.G. Albonetti (resigned on 28 March 2013)

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties subject to conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approval of the Directors' Report

Key Performance Indicators

	2012	2011
Profit from operations*	7.2%	5.6%
Debt to equity ratio	4.09	4.72
ROTA - return on total asset	6.4%	4.9%
ROE - return on equity (pre-tax)	8.2%	7.0%

*Profit from operation has been calculated as a % on total turnover

PRINCIPAL RISKS AND UNCERTAINTIES

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value

Credit Risks The Group's principal financial assets are bank balances and cash, trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The amounts shown in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment

The credit risk on liquid funds is limited because the counterparties are banks with high credit-

ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity Risk

The liquidity risk is the risk that the financial resources available to the Group may not be sufficient to meet financial obligations arising from operating and investment activities in accordance with stipulated terms and deadlines. The Group's policy is to achieve a balance between average maturity and flexibility and diversification of financial sources. Because the Parent Company manages directly the Group's financial resources (centralized management of liquidity and bank borrowings, negotiation of adequate credit lines and monitoring of future liquidity needs consistent with the corporate planning process), this goal is generally pursued by securing access to overdraft facilities, medium- and long-term financing, finance leases, securitization/factoring of trade receivables and, lastly, maintaining a minimum required level of liquidity.

Directors' review of the business

The financial statements at 31 December 2012 were prepared on a going concern basis. Specifically, the Directors concluded that, despite the current challenging economic and financial environment, there are no material uncertainties as to the Group's and Company's ability to continue as a going concern, owing in part to the actions already taken or capable of being taken to address perceived risks and adapt the Group's operating and financial structure to the new economic environment.

Events after the balance sheet date

On 30 October 2013, the group disposed of its entire shareholding in Gada Turkey A S. for consideration of approximately €3 39mln

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the *group's and the company's transactions and disclose, with reasonable accuracy, at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.*

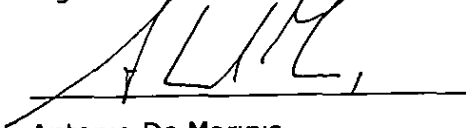
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, MHA MacIntyre Hudson, is deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



Antonio De Marinis

Director

Approved by the directors on 16th December 2013

Registered Office:

Grosvenor Gardens House

35-37 Grosvenor Gardens

LONDON

SW1W 0BS



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE GADA GROUP LIMITED

YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements for The Gada Group Limited for the year ended 31 December 2012 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive income, the Group and Parent Company Statements of Cash Flow, the Group and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 6 to 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion

- the financial statements give a true and fair view of state of the group and company's affairs as at 31 December 2012 and of its group profit for the year then ended,
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the requirements of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE GADA
GROUP LIMITED**

YEAR ENDED 31 DECEMBER 2012

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

19 December 2013



CHRISTOPHER SUTTON FCA
(Senior Statutory Auditor)

For and on behalf of
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

3 Consolidated Statement of Comprehensive Income - Year ended 31 December 2012

Amounts is €/000	Notes	Year ended 2012	Year ended 2011
Continuing Operations			
Revenue	23	82,435	84,908
Cost of sales		(50,743)	(53,129)
Gross profit		31,692	31,779
Other operating income		524	1,966
Distribution costs		(12,124)	(10,654)
Administrative expenses		(8,727)	(10,091)
Other operating expenses		(5,407)	(8,241)
Operating profit	24	5,958	4,759
Finance income	26	1,096	1,076
Finance costs	26	(5,554)	(4,636)
Profit before tax		1,500	1,199
Corporation tax expense	27	(1,333)	(2,588)
Profit/(loss) for the year from continuing operations		167	(1,389)
Attributable to:			
Equity holders of the parent		113	(1,533)
Non-controlling interests		54	144
Other comprehensive income		-	-
Exchange movements on overseas investments		52	(35)
Total comprehensive income for the year		219	(1,424)
Attributable to:			
Equity holders of the parent		165	(1,568)
Non-controlling interests		54	144
Basic and diluted earnings per share	16	0.01	(0.18)

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Income Statement.

4 Consolidated Group Balance Sheet at 31 December 2012

Amounts in €/000	Notes	Year ended 2012	Year ended 2011
Non-current assets			
Goodwill	7	6,125	6,643
Other intangible assets	6	238	292
Property, plant and equipment	5	4,530	5,352
Deferred tax asset	18	560	902
		11,453	13,189
Current assets			
Inventories	10	15,642	14,300
Current tax asset	18	1,591	640
Trade and other receivables	9	63,452	66,411
Cash and cash equivalents	11	951	3,037
Prepaid expenses		240	328
		81,876	84,716
Total assets		93,329	97,905
Non-current liabilities			
Bank loans	12	188	1,140
Retirement benefit obligation	20	1,778	1,438
Deferred tax liabilities	18	575	461
Long term provisions	21	417	240
Obligations under finance leases	19	1,387	1,829
		4,345	5,108
Current liabilities			
Bank overdrafts and loans	12	31,582	34,494
Trade and other payables	17	31,587	34,191
Current income tax liabilities	18	6,848	6,364
Obligations under finance leases	19	643	644
		70,660	75,693
Total liabilities		75,005	80,801
Net assets		18,324	17,104
EQUITY			
Share capital	14	8,357	7,714
Share premium	15	357	-
Retained earnings		8,904	10,384
Profit and loss account		113	(1,533)
		17,731	16,565
Equity attributable to equity holders of the parent		17,731	16,565
Non-controlling interests		593	539
Total equity		18,324	17,104

The financial statements were approved by the board of directors and authorised for issue on the 16.12.2013 and are signed on their behalf by A. De Marinis, Director

The notes on pages 14 to 51 and 55 to 60 form an integral part of these financial statements

5 Consolidated Statement of Cash Flows for the year ended 31 December 2012

Amounts in €/000	Notes	2012	2011
Net Cash (used in)/generated from operating activities	28	2,110	(2,850)
<u>Investing activities</u>			
Acquisition of subsidiary		-	(744)
Purchases of property, plant and equipment		(949)	(1,992)
Disposal of property, plant and equipment		193	165
Purchases of patents and trademarks		(132)	(264)
<i>Net cash used in investing activities</i>		<i>(888)</i>	<i>(2,835)</i>
<u>Financing activities</u>			
Dividends paid		-	(1,613)
Share Capital increase		1,000	-
Net increase/(decrease) in finance leases		(443)	(822)
Net increase/(decrease) in equity loan notes		(1,000)	3,200
Net increase/(decrease) in bank loans		(2,809)	(1,950)
Net increase/(decrease) in bank overdrafts		(56)	3,747
<i>Net cash generated from financing activities</i>		<i>(3,308)</i>	<i>2,562</i>
Net increase/(decrease) in cash and cash equivalents		(2,086)	(3,123)
Cash and cash equivalents at the beginning of the year		3,037	6,160
Cash and cash equivalents at the end of the year		951	3,037

6 Consolidated Statement of changes in equity

	Share Capital	Share Premium	Retained earnings	Profit/ (loss) for the period	TOTAL	Non- controlling interests	TOTAL GROUP
Amounts in €/000							
As of 31 December 2010	7,714	-	7,779	4,138	19,631	510	20,141
Profit/(loss) for the year	-	-	-	(1,533)	(1,533)	144	(1,389)
Total other comprehensive income	-	-	(35)	-	(35)	-	(35)
<i>Total comprehensive income for the year</i>	-	-	(35)	(1,533)	(1,568)	144	(1,424)
Profit brought forward	-	-	4,138	(4,138)	-	-	-
Transactions with owners of the Company, recognised in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Dividend distribution	-	-	(1,500)	-	(1,500)	(113)	(1,613)
Other	-	-	2	-	2	(2)	-
Total transactions with owners of the Company	-	-	(1,498)	-	(1,498)	(115)	(1,613)
As of 31 December 2011	7,714	-	10,384	(1,533)	16,565	539	17,104
Profit/(loss) for the year	-	-	-	113	113	54	167
Total other comprehensive income	-	-	53	-	53	-	53
<i>Total comprehensive income for the year</i>	-	-	53	113	166	54	220
Increase in share capital	643	357	-	-	1,000	-	1,000
Profit brought forward	-	-	(1,533)	1,533	-	-	-
As of 31 December 2012	8,357	357	8,904	113	17,731	593	18,324

7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The GADA Group Limited ("the company") is a company incorporated in the United Kingdom on the 8 November 2004 under the UK Companies Act. The company commenced to trade on 20 December 2004. The principal activities of the company and its subsidiaries (together "the group") are sales, marketing and distribution of medical devices and the provision of specialised health services.

Basis of accounting

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

The accounting principles used for these financial statements are those that were in effect at 31 December 2012 and are consistent with those used for the financial statements at 31 December 2011, except for the information provided below with regard to revisions and new accounting principles and interpretations issued by the IASB and applicable as of 1 January 2012.

IAS 12 – Deferred Tax: Recovery of Underlying Assets

This amendment clarifies the determination of deferred taxes on investment property measured at fair value. The amendment introduces the rebuttable presumption that a deferred tax asset from investment property, valued using the fair value model provided in IAS 40, should be determined presuming that the carrying amount will be recovered on a sale basis. It also requires that a deferred tax asset from non-depreciable assets valued using the revaluation model provided by IAS 16 must always be valued on a sale basis. The effective date of this amendment is for reporting years beginning on or after January 1, 2012. This amendment had no impact on the Group's financial position, results and disclosures.

IFRS 7 – Financial Instruments – Disclosures

The IASB published an amendment to IFRS 7 that improves financial instrument disclosures. The disclosure refers to transfers of assets (as defined in IAS 19). If the transferred assets are not fully derecognized, the company is required to provide information that can enable users of the financial statements to understand the relationship the assets that were not derecognized and the liabilities associated with them. If the assets are fully derecognized but the company retains a residual

involvement, a disclosure must be provided to enable users of the financial statements to assess the nature of the company's residual involvement in the derecognized assets and the risks associated with it. The effective date of this amendment is for reporting years beginning on or after January 1, 2012 and a comparative disclosure is not required.

This amendment had no impact on the Group's financial position, results and disclosures.

2. Significant accounting policies

The main valuation criteria and accounting policies applied by The Gada Group are reviewed below:

Basis of consolidation

From 1 January 2010

The consolidated financial statements comprise the financial statements of the group and its subsidiaries at 31 December 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Prior to 1 January 2010

Above mentioned requirements were applied on a prospective basis. The following differences however are carried forward from previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to 1 January 2010 were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

Going concern

As a result of the increased focus on working capital, the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current financing. After making enquiries, the directors have reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements

Company Income Statement

The group reported a profit of €167k (2011 loss: €1,389k) The company reported a loss of €5,039k (2011 loss: €285k).

The company has taken advantage of Section 408 of the Companies Act 2006 not to publish its own Income Statement.

Business combinations and goodwillFrom 1 January 2010

Business combinations are accounted for using the acquisitions method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within

that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied: Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interests (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Geographical reporting

Geographical segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The major exchange rates used for the conversion of the assets as at 31 December 2012 are Euro/Turkish Lira 2 3689, Euro/Romanian LEI 4 4287 and Euro/GBP 0 8179.

Gains and losses arising on re-translation are included in the statement of comprehensive income for the period.

(c) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and any recognised impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows.

- Buildings 3%
- Fixtures and equipment 10%-30%
- Leasehold improvements 3%
- Leasehold equipment 20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Patents, trademarks and licenses

Separately acquired patents, trademarks and licenses are shown at historical cost. Patents, trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Patents, trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents, trademarks and licenses over their estimated useful lives.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (5 years).

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use,
- management intends to complete the software product and use or sell it,
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an

expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives (5 years).

All amortisation on intangible assets is charged to "other operating expenses" in the Consolidated Statement of Comprehensive Income

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

All impairment losses on intangible assets are charged to "other operating expenses" in the Consolidated Statement of Comprehensive Income

Financial Assets

Classification

The group classifies all of its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet

Recognition and measurement

Financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within bank overdrafts and loans in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are not interest bearing and are stated at their nominal value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income

statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred

income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

Employee benefits

Pension obligations

Payments made to the state-managed retirement benefit schemes when an employee resigns are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. The Group's continuing obligation for current employees under the state-managed retirement benefit scheme are as defined benefit schemes

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets

Termination benefits

The group provides termination benefits to some of its employees. Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on formulae that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions

Provisions are recognised by the Group when a present legal or constructive obligation exists as a result of past events, it is probable that an out flow of resources embodying benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Key management estimates and critical accounting judgements

Management has made a number of judgements, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS as adopted by the EU. The resulting accounting estimates will by definition seldom equal the related actual results.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following notes:

- Goodwill – Note 7

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each cash generating unit to which the goodwill relates. Where the goodwill carrying value exceeds the recoverable amount of the cash generating unit, an impairment loss is recognised. Impairment losses cannot be reversed in future periods.

- Other intangible assets – Note 6

Management determine the useful economic life of other intangible assets based on the period management expect to receive the economic benefit. A review of the carrying value is made at each reporting date and when circumstances indicate that the carrying value may be impaired.

- Property, plant and equipment - Note 5

Management determine the useful economic life of property, plant and equipment based on the period management expect to receive economic benefit. A review of the carrying value is made at each reporting date and when circumstances indicate that the carrying value may be impaired.

- Trade and other receivables - Note 9

Management review the carrying value of trade receivables annually at 31 December and consider if there is any evidence that a trade receivable or group of trade receivables is impaired. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a "loss event") and the loss event has an impact on future cash flows.

- Retirement benefit obligation – Note 20

The value of the future pensions liability is estimated using the Projected Unit Credit Method, with actuarial valuations carried out annually at 31 December.

- Provisions – Note 21

Management value provisions based on the present value of the future outflow of economic benefit expected to be required to settle the obligations. Provisions are changed when more relevant information is available that may increase or decrease the value of the future outflow of economic benefit.

Revenue recognition

Sale of goods and services

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Sales of goods are recognised when goods are delivered and title has passed to the buyer. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Service revenues are recognized based on the progress made in providing the services and the amount of the revenues can be determined reliably.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest

rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Lease of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are paid.

Factoring of Receivables

Accounts receivable assigned without recourse are deleted from the asset side of the statement of financial position when the assignment transaction transfers substantially all risks and benefits inherent in the ownership of the receivables, as required by IAS 39. In all other cases of assignments without recourse or assignments with recourse, the receivables stay on the statement of financial position and the advance received from the factor is recognised as a financial liability.

3. Financial Risk Management

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables.

The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

4. Geographical Information

Management has determined the geographical locations based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operations are located in Italy, Turkey and Romania.

Geographical information about the business is presented below:

Year ended 2012

REVENUE	ITALY	ROMANIA	TURKEY	TOTAL
Amounts in €/000				
Total revenue	62,880	14,547	5,008	82,435
% on total	76.3%	17.6%	6.1%	
Gross Profit	25,220	4,816	1,656	31,692
% on turnover	40.1%	33.1%	33.1%	38.4%

Year ended 2011

REVENUE	ITALY	ROMANIA	TURKEY	TOTAL
Amounts in €/000				
Total revenue	63,017	18,784	3,107	84,908
% on total	74.2%	22.1%	3.7%	
Gross Profit	26,036	4,978	765	31,779
% on turnover	41.3%	26.5%	24.6%	37.4%

Year ended 2012

BALANCE SHEET	ITALY	ROMANIA	TURKEY	UK	TOTAL	ELIMINATION	TOTAL
Amounts in €/000							
Non-current assets	4,490	1,924	2,876	10,718	20,008	(8,555)	11,453
Current assets	69,615	11,718	6,518	1,997	89,848	(7,972)	81,876
Total assets	74,105	13,642	9,394	12,715	109,856	(16,527)	93,329
Current liabilities	(53,651)	(10,807)	(5,590)	(8,588)	(78,636)	7,976	(70,660)
Non-current liabilities	(2,746)	(927)	(569)	(103)	(4,345)		(4,345)
Net assets	17,708	1,908	3,235	4,024	26,875	(8,551)	18,324

Year ended 2011

BALANCE SHEET	ITALY	ROMANIA	TURKEY	UK	TOTAL	ELIMINATION	TOTAL
Amounts in €/000							
Non-current assets	4,771	2,295	2,932	14,491	24,489	(11,299)	13,190
Current assets	69,580	13,432	6,135	2,864	92,011	(7,295)	84,716
Total assets	74,351	15,727	9,067	17,355	116,500	(18,594)	97,906
Current liabilities	(55,514)	(12,850)	(5,225)	(9,010)	(82,599)	6,906	(75,693)
Non-current liabilities	(3,196)	(1,127)	(669)	(116)	(5,109)	0	(5,109)
Net assets	15,641	1,750	3,173	8,229	28,792	(11,688)	17,104

4. Geographical Information – continued

Italy performed in line with the previous year at both sales and margin level.

Romania registered a reduction in the turnover compared to previous year due to a delay in a couple of integrated services projects, this has however significantly increased the overall margin.

Turkey registered an increase in the sales of over 60% compared to previous year. The shift of sales from a sub-dealer model to direct sales and the reduction of the investments in free of charge equipment and materials to customers has also brought to an increase in the overall margin from 24.6% to 33.1%.

5. Property, plant and equipment

The carrying amount of the Group's fixtures and equipment includes an amount of €1,802,000 (2011: €2,327,000) in respect of assets held under finance leases.

Year ended 2012 Amounts in €/000	Land and buildings	Leasehold improvements	Fixtures and equipment	Leasehold equipment	TOTAL
COST OR VALUATION					
At 1 January 2012	217	219	6,407	4,407	11,250
Additions	-	16	872	61	949
Foreign exchange variance	-	-	4	(16)	(12)
Disposals	-	-	(803)	-	(803)
At 31 December 2012	217	235	6,480	4,452	11,384
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2012	(49)	(51)	(3,718)	(2,080)	(5,898)
Charge for the period	(9)	(23)	(1,013)	(588)	(1,633)
Eliminated on disposals	-	-	654	-	654
Reclassification	-	-	-	-	-
Foreign exchange variance	-	-	5	18	23
At 31 December 2012	(58)	(74)	(4,072)	(2,650)	(6,854)
CARRYING AMOUNT					
At 1 January 2012	168	168	2,689	2,327	5,352
At 31 December 2012	159	161	2,408	1,802	4,530

5. Property, plant and equipment – continued

Year ended 2011 Amounts in €/000	Land and buildings	Leasehold improvements	Fixtures and equipment	Leasehold equipment	TOTAL
COST OR VALUATION					
At 1 January 2011	217	195	5,754	4,511	10,677
Additions	-	24	1,636	332	1,992
Foreign Exch. variance	-	-	(46)	(136)	(182)
Write-off	-	-	(48)	(559)	(607)
Reclassification	-	-	(331)	331	-
Disposals	-	-	(558)	(72)	(630)
At 31 December 2011	217	219	6,407	4,407	11,250
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2011	(45)	(31)	(3,624)	(1,291)	(4,991)
Charge for the period	(4)	(20)	(787)	(603)	(1,414)
Eliminated on disposals	-	-	489	3	492
Reclassification	-	-	195	(195)	-
Foreign Exch. Variance	-	-	9	6	15
At 31 December 2011	(49)	(51)	(3,718)	(2,080)	(5,898)
CARRYING AMOUNT					
At 1 January 2011	172	164	2,130	3,220	5,686
At 31 December 2011	168	168	2,689	2,327	5,352

The property, plant & equipment mainly refer to medical equipments used to support the sales

6. Other intangible assets

Amounts in €/000	2012	2011
COST		
At 1 January	618	354
Additions	132	264
Write-off	(81)	-
At 31 December	669	618
AMORTISATION		
At 1 January	(326)	(240)
Charge for the period	(105)	(86)
At 31 December	(431)	(326)
CARRYING AMOUNT		
At 1 January	292	114
At 31 December	238	292

7. Goodwill

COST Amounts in €/000

At 1 January 2012	8,530
Addition for the period	-
At 31 December 2012	8,530

ACCUMULATED IMPAIRMENT LOSSES

At 1 January 2012	(1,887)
Impairment losses for the period	(518)
At 31 December 2012	(2,405)

CARRYING AMOUNT

At 1 January 2012	6,643
At 31 December 2012	6,125

Following the year end, the group disposed of its entire shareholding in Gada Turkey A.S. The consideration received, less costs to sell, was lower than the carrying value in the consolidated accounts and an impairment loss has therefore been recognised in the period.

The group is also at an advanced stage in negotiations to dispose of its 70% holding in Gada Romania and Gada Healthcare Solutions. The proposed consideration, less costs to sell, is lower than the carrying value in the consolidated accounts and an impairment loss has been recognised in the period.

8. Group Subsidiaries

The Group subsidiaries' details are shown in the following table

Name of subsidiary	Ownership		Place of registry and operation	Book value	Net equity	Goodwill
	2012	2011				
Amounts in €/000						
Gadagroup Italia Srl	100,0%	100,0%	Italy	7,128	17,708	2,364
Pedigree Investments Ltd	100,0%	100,0%	United Kingdom	526	526	-
Gada Turkey A.S.	99,99%	99,99%	Turkey	1,831	3,235	1,340
Gada Romania	70,0%	70,0%	Romania	1,652	409	2,421
Gada Healthcare Solutions	70,0%	70,0%	Romania	-	1,407	-
				11,137	23,285	6,125

The Group holds ordinary share capital in all of its subsidiaries

During the year, no changes to the Group structure were realized. All of the above subsidiaries have been included in the consolidation

The nature of business for each subsidiary is as follows:

- Gadagroup Italia Srl – is the Italian sub-holding company of the Group that has investments in 6 other operative companies that are active in the distribution of medical devices in the following business lines: laboratory & transfusion, dialysis, interventional cardiology, interventional radiology, cardiac surgery, general hospital, technical assistance and perfusion services.
- Gada Turkey A S – is the Turkish company of the Group that is active in the distribution of medical devices in the laboratory & transfusion field
- Gadagroup Romania Srl – is the Romanian company which is specialized in the distribution of medical supplies and equipment in the following business lines: imaging system, cardiovascular, medical infrastructure, general hospital, technical assistance
- Pedigree Investments Ltd – UK based company which sole purpose is provision of finance to sub-holding companies.
- Gadahealthcare Solutions Srl – Romania based operative company which specialises in project management and integrated services

9. Trade and other receivables

Trade and other receivables are comprised as follows:

Amounts in €/000	2012	2011
Trade receivables	60,666	64,663
Other receivables	2,786	1,748
TOTAL	63,452	66,411

and have the following geographical composition:

Amounts in €/000	2012	2011
Italy	50,258	53,539
Romania	7,094	7,818
Turkey	6,076	4,914
UK	24	140
TOTAL	63,452	66,411

At the balance sheet date, trade and other receivables mainly include amounts receivable from the sale of goods of €60,666,000 of which €33,687,000 are overdue.

The Italian market continues to be characterized by a high DSO (Days of Sales Outstanding) in the public sector. The average market DSO reached over 300 days in

9. Trade and other receivables – continued

2012, while the average DSO obtained by GADA was of 241 days (2011: 261 days). Turkey and Romania still have a high seasonality, with turnover concentrated in the last quarter of the year that leaves a higher amount of receivables in December.

An allowance has been made for estimated irrecoverable amounts of €697,000. This allowance has been determined by reference to past default experience and has moved during the year as shown in the table below:

Amounts in €/000	2012	2011
At 1 January	777	524
Additions of the year	333	253
Reductions in the year	(160)	-
At 31 December	697	777

The bad debt provision as a percentage of total receivables overdue is low but this is mainly related to the fact that the receivables balances are with the public sector in Italy and that the DSO with these customers is very high.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

All receivables are issued to the local customers, therefore in Italy they are expressed in Euro, in Romania in Lei and in Turkey in Turkish Lira.

10. Inventories

Amounts in €/000	2012	2011
Inventories	11,985	11,092
Inventories at the customers' premises	3,874	3,428
Adjustment to net realisable value	(217)	(220)
Finished goods	15,642	14,300

This amount includes medical devices, medical equipment and supply at the Group's warehouses and at customers' premises.

The table below shows the movement of the stock provision:

Amounts in €/000	2012	2011
At 1 January	220	156
Additions in the year	191	155
Reductions in the year	(194)	(91)
At 31 December	217	220

This provision is related to all products that have expired and that are therefore 100% accrued for. Almost all inventory that has passed its expiry date is disposed of on an annual basis generating the reduction in the provision.

The split of the inventory by country is shown in the table below.

10. Inventories - continued

Amounts in €/000	2012	2011
Italy	11,232	10,320
Romania	4,057	3,252
Turkey	353	728
TOTAL	15,642	14,300

11. Cash and cash equivalents

This comprises cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Credit Risks

The Group's principal financial assets are bank balances and cash, trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

12. Bank overdrafts and loans

Amounts in €/000	2012	2011
Bank overdrafts	27,234	27,579
Equity loan notes	2,490	3,200
Bank loans	2,046	4,855
	31,770	35,634

The borrowings are repayable as follows.

On demand or within one year	31,582	34,494
In the second year	188	952
In the third to fifth years inclusive	-	188
After five years		
	31,770	35,634

12. Bank overdrafts and loans - continued

Bank overdrafts

The bank overdraft balance mainly includes overdraft facilities, invoice discounting and other short term facilities. All agreements are on a short-term basis and renewed annually. The geographical composition of the balance is shown below:

Amounts in €/000	2012	2011
Italy	25,061	25,474
Turkey	1,673	1,842
Romania	500	263
	27,234	27,579

In Italy, the facilities are all issued in Euro, in Turkey they are issued in Turkish Lira, in Romania they are issued in multi-currency Euro/RON. The weighted average interest rates differ from one country to another, with Italy and Romania around 7% and Turkey around 13%.

Bank loans

Bank loans of €2,046,000 (2011: €4,855,000) are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. A summary of the bank loans and conditions is shown in the table below, all amounts are expressed in Euro/000:

Bank	Country	Amount	Outstanding	Start	End	Interest rate
BNL	Italy	1,300	67	23/04/2009	31/03/2013	Euribor 3m + 2,5% Euribor 6M +
BNL	Italy	1,500	563	20/07/2010	31/05/2014	2,055%
Intesa Credito Bergamasco	Italy	2,000	167	26/03/2010	26/03/2013	Euribor 3M + 2,20%
Intesa	Italy	1,000	344	07/10/2010	31/12/2013	Euribor 3M + 2,25%
	Italy	1,200	905	24/09/2012	24/09/2013	4 5%
		7,000	2,046			

Equity loan notes

On the 17th October 2011, after the signature of the deal with RBS Equity Finance, a first loan note of €3,200,000 was issued to cover the due diligence expenses incurred. The loan notes bear interest at 10% and will be redeemable on the earlier of a sale or IPO of the Company, the sale of RBS Equity Finance's entire investment in the Company, or 30th November 2015. On the 1st January 2012, The Gada Group Ltd issued 2,571,419 class A ordinary shares with a unit value of €0.25 per share. These have been subscribed by RBS Equity Finance against a reduction in the loan note balance by €1mn. As at 31 December 2012 the outstanding value of the loan notes was of €2,490,000

13. Derivative financial instruments*Interest Rate Swaps and Caps*

The Group uses interest rate swaps and Caps to hedge the risk of the impact of fluctuations in interest rates in the medium and long term borrowings by converting variable rate borrowings into fixed rate facilities. The nominal value of these contracts is of €973,564 (2011: €8,143,000)

The fair value of the derivatives entered into at 31 December 2012 is estimated as negative €2,612 (2011: negative €21,000). These amounts are based on market values of equivalent instruments at the balance sheet date.

All derivatives are qualified for hedge accounting and consequently the hedge accounting treatment has been applied.

14. Share capital

	Authorised 2012	Allotted, called up and fully paid 2012	Authorised 2011	Allotted, called up and fully paid 2011
	€	€	€	€
Class A	642,855	642,855	0	0
Class V	9,635,208	7,349,463	9,635,208	7,349,463
Class E	364,792	364,792	364,792	364,792
	11,000,000	8,714,255	10,000,000	7,714,255

Ordinary Class V shares have a nominal value of €1 and rank "*pari passu*" with no right to fixed income

Ordinary Class E shares, have a nominal value of €1 and rank "*pari passu*" with no right to fixed income however carry no voting rights.

As disclosed in note 12 (above), 2,571,419 Ordinary Class A shares were issued to RBS

Equity Finance in the year. These shares have a nominal value of €0.25 and represent 25% of the voting rights, with no right to fixed income
As at 31 December 2012, the existing share capital is held by the shareholders as shown in the table below:

14. Share capital - continued

Company/Individual	Class A shares	Class V shares	Class E shares (no power to vote)
RB Investments 1 Limited	2,571,419		
Cormed Srl		2,787,953	
Gamma International Srl		2,781,018	164,156
FEEL Srl		686,586	200,636
Biocor Srl		679,651	
Octavian Netcu		414,255	
	2,571,419	7,349,463	364,792

15. Share premium

	2012
	€000
Balance brought forward	-
Share premium on shares issued in the year	357
Balance carried forward	357

16. Earnings per share from continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

Amounts in €/000	2012	2011
Earnings for the purposes of basic earnings per share being net profit/(losses) attributable to equity holders of the parent	113	(1,533)
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,357	8,357
Net profit/(loss) attributable to equity holders of the parent	€0.01	€(0.18)

The reconciliation of the consolidated earnings to the profit/loss of the parent entity is shown in the table below:

Amounts in €/000	2012	2011
Parent company profit/(loss)	(5,039)	(216)
Subsidiaries' results	2,000	2,347
Impairment reversal	3,206	0
Intercompany dividends	0	(3,520)
Minority interests	(54)	(144)
Consolidated profit/(loss)	113	(1,533)

17. Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 90 days. Other current obligations and liabilities do not accrue interest. They consist mainly of amounts owed to pension and social security institutions and to employees and include the accrued portion of employee payrolls. The directors consider that the carrying amount of trade payables approximates to their fair value.

Trade and other payables are composed as follows:

Amounts in €/'000	2012	2011
Trade payables	26,979	31,196
Other payables	4,608	2,995
TOTAL	31,587	34,191

And have the following geographical split

Amounts in €/'000	2012	2011
Italy	20,346	20,953
Romania	8,906	10,781
Turkey	1,986	1,914
UK	349	543
	31,587	34,191

Since most of the Romanian and Turkish suppliers are based in Europe the main currency of the suppliers is Euro. A breakdown of the balance by currency is shown in the table below

Amounts in €/'000	2012	2011
Euro	27,289	26,797
Romanian LEI	3,250	6,440
Turkish Lira	375	223
GBP	423	458
USD	249	273
TOTAL	31,587	34,191

18. Tax assets and liabilities

The following are the major tax assets and liabilities recognised by the Group during the current reporting period.

Amounts in €/000	Items temporarily deductible/taxable	
	Deferred tax liabilities	Tax asset
At 1 January 2011	(372)	904
Credit/(charge) to profit or loss	(89)	638
At 31 December 2011	(461)	1,542
Credit/(charge) to profit or loss	(114)	609
At 31 December 2012	(575)	2,151

TAX ASSET

Amounts in €/000	2012	2011
Current tax asset	1,591	640
Deferred tax asset	560	902
TOTAL	2,151	1,542

Current tax asset include receivables on corporate tax and VAT receivable, while the deferred tax asset include assets on the following temporary differences at 31 December, a deferred asset is considered appropriate as the directors anticipate that there will be sufficient future profits for relief.

Deferred tax asset

Amounts in €/000	2012	2011
Termination benefit provision	117	116
Depreciation	110	90
Losses carried forward	666	492
Financial expenses	385	51
Stock impairment provision	61	58
Bad debt provision	33	31
Other provisions	38	15
Deferred taxes on audit fees	16	18
Timing difference on unpaid salaries	9	19
Other	12	12
Total	1,447	902

Below is the composition of the Deferred Tax Liabilities at 31 December

Deferred tax liabilities

Amounts in €/000	2012	2011
Goodwill amortisation	306	225
Provisions	24	94
Bad debt provision	51	51
Depreciation	1	25
Finance expenses	181	46
Leasing costs	12	20
Total	575	461

19. Obligations under finance leases

A breakdown by period of future payments due under finance leases executed by the Group is as follows

Year ended December 2012 Amounts in €/000	Minimum lease payments	Present value of minimum lease payments
Amounts payable under finance lease:		
Within one year	768	643
In the second to the fifth years inclusive	1,504	1,387
After five years	0	0
Less: Future finance charges	(241)	0
Present value of lease obligations	2,030	2,030

Year ended December 2011 Amounts in €/000	Minimum lease payments	Present value of minimum lease payments
Amounts payable under finance lease:		
Within one year	797	644
In the second to the fifth years inclusive	2,033	1,829
After five years	0	0
Less: Future finance charges	(357)	0
Present value of lease obligations	2,473	2,473

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3-5 years. For the year ended 31 December 2012, the average effective borrowing rate was from a minimum of 0.25 per cent to a maximum of 0.41 per cent. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates to their carrying amount. The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

20. Retirement benefit obligations

Amounts in €/000	2012	2011
Director's termination benefit	285	347
Defined benefit scheme	1,493	1,091
	1,778	1,438

Defined Benefit schemes

The Group operates defined benefit schemes for qualifying employees of its subsidiaries in Italy. Under the schemes, the employees are entitled to retirement benefits of approximately 6.91% of salary annually received on resignation. No other post-retirement benefits are provided. The schemes are funded schemes.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligation were carried out at 31 December 2012 by Managers and Partners S.p.A. - Fellows of the Italian Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions used:

	2012	2011
Discount rate	2.70%	4.75%
Expected return on scheme assets	2.00%	2.00%
Expected rate of salary increases	1.00%	1.00%
Future pension increases	3.00%	3.00%

Movements in the present value of the defined benefit obligations in the current period were as follows

Amounts in €/000	2012	2011
At 1 January	1,091	920
Service cost	265	217
Interest cost	50	39
Actuarial gains and losses	227	(25)
Benefits paid	(112)	(60)
As 31 December	1,493	1,091

Of the charge for the year, €88,000 (2011: €36,000) has been included in cost of sales, €230,000 (2011: €106,000) has been included in administrative costs and the remaining amount, €117,000 (2011: €66,000) has been included in distribution costs. The best estimate of contributions expected to be accrued in the next financial period are of €200,000.

21. Long term provisions

Provisions are all related to the Italian activities and include.

Amounts in €/000	2012	2011
Provisions for litigation	136	53
Provisions for sale staff indemnities	281	187
	417	240

Provisions for litigation have been accrued on the basis of an estimate of the potential loss for proceedings arising from complaints and actions filed against Group Companies by employees for which the company had terminated their contracts. The provision movements in the year are as follows and the expectation of the outflows are of 1 to 2 years:

Amounts in €/000	2012	2011
Opening balance	53	-
Used in the year	17	-
Accrued in the year	100	53
	136	53

The provision for sales staff leaving indemnities represent the amounts payable to sales staff upon termination of their contract under the provisions of Italian Law. The most recent actuarial valuation of this amount was carried out at 31 December 2012 by Managers and Partners S.p.A. - Fellows of the Italian Institute of Actuaries

Main key assumptions used are shown in the table below.

	2012	2011
Discount rate	2.05%	4.75%
Mortality	RG48	RG48
Voluntary leaving average rate	1.0%	1.0%
Not voluntary leaving average rate	5.0%	5.0%

Movements in the present value of the defined benefit obligations in the current period were as follows:

Amounts in €/000	2012	2011
At 01 January	187	148
Additions in the period	151	91
Disposals in the period	(96)	(24)
Actuarial gains and losses (IAS37)	39	(28)
At 31 December	281	187

22. Guarantees provided and contingent liabilities

Guarantees provided

The group has contingent liabilities in respect of guarantees issued by banks to the Group's suppliers. The total amount of suppliers' guarantees issued by the banks at the end of the year was €2,834,000 (2011: €3,089,000). The banks charge on average 1.8% p.a. commission on issued amounts.

Litigation and contingent liabilities

Some Group subsidiaries are involved in legal proceedings and an amount corresponding to an estimate of the loss arising from these proceedings has been added to the provisions for litigation (Note 21). These proceedings, which do not involve significant amounts, arose from complaints and actions filed against Group Companies by employees for which the company had terminated the contract.

23. Revenue

An analysis of the Group's revenue is as follows:

Amounts in €/000	2012	2011
Sales of goods/service	77,516	71,159
Sales on turnkey projects	3,874	12,982
Equipment rental income	1,045	767
<i>Revenue line on the income statement</i>	<i>82,435</i>	<i>84,908</i>
Other operating income	524	1,966
Finance income	1,096	1,076
Total revenue as defined in IAS 18	84,055	87,950

Turnover is generated by the distribution of a wide range of medical equipment and supplies across a range of specialist therapeutic areas together with general hospital supplies. In some countries, Gada also offers selected services as perfusion and turn-key services to hospital.

Other operating income includes commission received on sale of goods.

Finance income includes late payment penalties received from customers and exchange rate income.

24. Profit from operations

The following table shows the main costs charged to the distribution costs, administrative expenses and other operating expenses leading to the profit from operations.

Amounts in €/000	2012	2011
Staff costs	12,042	11,119
Marketing and other commercial costs	2,773	3,141
Directors' remuneration	1,947	2,199
Impairment losses	511	1,871
Operating lease costs	830	842
Depreciation of property, plant and equipment	1,633	1,414
Depreciation of other intangible assets	105	86
Parent auditor's remuneration	29	26
Subsidiaries auditors' remuneration	145	145
Fund raising project	0	2,663

Staff costs include both employee costs as detailed in note 25 below, costs for commissions paid to agents and other costs, such as travel expenses.

25. Employee costs

The average monthly number of employees was 187 (2011: 172). Their aggregate remuneration comprised:

Amounts in €/000	2012	2011
Wages and salaries	8,496	7,628
Social security costs	1,978	1,791
Other pension costs	486	263
Total	10,960	9,682

The following is a breakdown of staff at 31 December by reference to their duties:

Staff	2012	2011
Logistic	11	11
Sales Force	60	41
Clinical Services	53	40
Support Services	75	81
Total	199	173

26. Finance income and expenses

Below is a breakdown of the composition of the finance income and expenses:

FINANCE INCOME	2012	2011
Amounts in €/000		
Interest on bank deposits	11	15
Gains on exchange rate differences	1,010	551
Late penalties on trade receivables	75	510
	1,096	1,076

FINANCE COSTS	2012	2011
Amounts in €/000		
Interest on obligations under finance leases	152	194
Interest on bank overdrafts	2,073	1,504
Interest on loans	970	775
<i>Total borrowing costs</i>	<i>3,196</i>	<i>2,473</i>
Bank guarantee fees	60	51
Interest on retirement benefit obligations	50	39
Factoring fees	1,090	626
Loss on exchange rate differences	1,157	1,447
	5,554	4,636

Managing Financial Risks

The Group uses a number of tools to finance its operations, such as medium and long term financing facilities provided by credit institutions or other lenders, finance leases, short-term bank borrowings and advances on trade receivables assigned in factoring transactions.

Because of the nature of its business operations, the Group is exposed to the following financial risks:

- Credit risk, which is related to a high level of trade receivables rather than to the potential insolvency of customers, reflective of DSO (Days Sales Outstanding) averages that, in some geographic regions, are quite high. Trade receivables amount to €60,666,000 (in 2011 €64,663,000)
- Liquidity risk, which reflects the need to meet financial obligations arising from operating and investing activities in accordance with stipulated terms and deadlines. Financial leases amounted to €2,030,000 (in 2011 €2,473,000) while bank loans and facilities amount to €31,770,000 (in 2011 €35,634,000).
- Market risk, which includes both the foreign exchange risk and the interest rate risk

To address these risks the holding company has taken the following actions

- Through corporate-level departments, it constantly monitors risk exposure levels

- It uses derivatives exclusively for non-speculative purposes
- It manages the Group's financial resources through a centralized cash management system, obtaining adequate credit lines and monitoring liquidity projections, consistent with the corporate planning process.
- It appropriately balances the average maturity, flexibility and diversification of funding sources

27. Income Tax

Amounts in €/000	2012	2011
UK Corporate tax	-	(4)
Italy Corporate tax	1,228	2,618
Romania Corporate tax	107	307
Turkey Corporate tax	(2)	(333)
	1,333	2,588

UK Corporation tax in respect of the company is calculated at 24.5% (2011. 26.5%) of the estimated assessable profit for the year.

Taxation for the subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

- Italy equal to 27.5% (IRES Tax) and 3.9% (IRAP Tax),
- Turkey equal to 20%
- Romania equal to 16%

Year ended 2012	UK	Italy	Turkey	Romania	TOT
Amounts in €/000					
Accounting profit/(loss)	(1,550)	3,717	(13)	287	2,441
Dividends received/(paid)	-	-	-	-	-
Timing difference	-	1,151	(238)	-	913
Disallowed expenses	-	(274)	4	382	112
Taxable profit	(1,550)	4,594	(24)	669	3,467
Tax rate	24.5%	27.5%	20.0%	16.0%	
Income tax expense	-	1,459	-	107	1,566
IRAP Tax	-	188	-	-	188
Deferred Tax expense	-	(419)	(2)	-	(421)
Total income tax expense	-	1,228	(2)	107	1,333

27. Income Tax - continued

Year ended 2011	UK	Italy	Turkey	Romania	TOT
Amounts in €/000					
Accounting profit	(289)	6,222	(1,967)	785	4,751
Dividends received/(paid)	(3,520)	0	0	0	(3,520)
Timing difference	17	(604)	(289)	847	(29)
Disallowed expenses	305	1,289	225	556	2,375
Taxable profit	(3,487)	6,907	(2,031)	2,188	3,578
Tax rate	26.5%	27.5%	20.0%	16.0%	
Income tax expense	0	1,899	14	442	2,356
IRAP Tax	0	676	0	0	676
Deferred Tax expense	(4)	43	(347)	(135)	(443)
Total income tax expense	(4)	2,618	(333)	307	2,588

28. Notes to the cash flow statement

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank.

As shown in the table below, the Group has generated a negative cash flow. This is mainly related to the net result that has been negatively impacted by the due diligence costs incurred for the RBS private equity deal

Amounts in €/000	2012	2011
Profit from operations	167	(1,389)
Adjustments for:		
Depreciation and write off for property, plant and equipment	1,633	2,021
Amortisation of intangible assets	105	86
Impairment losses	600	1,871
Gain on disposals	(43)	(27)
Foreign exchange on foreign investments	41	132
Increase in provisions	517	97
Operating cash flow before movements in working capital	3,020	2,791
Increase in inventories	(1,342)	(4,069)
Increase in receivables	2,438	(11,701)
Increase in payables	(2,006)	10,129
Net Cash (used in)/generated from operating activities	2,110	(2,850)

29. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Trading Transactions

At 31 December 2012, the group companies present the following amounts with related parties who are not members of the Group:

Year ended December 2012	Receivables	Payables	Revenue	Cost
Amounts in €/000				
Cormed Srl		11		173
FEEL Srl				32
Gamma International Srl	10	34	6	295
NetMed Srl	3			96

Year ended December 2011	Receivables	Payables	Revenue	Cost
Amounts in €/000				
Cormed Srl		6		173
FEEL Srl				52
Gamma International Srl	4	10	6	298
NetMed Srl		7		97

These companies are related parties of the Group because they are the shareholders of the holding company. The main transactions refer to leases of the offices in Italy.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The Directors consider there to be no ultimate controlling party.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each category specified in IAS 24 - Related party disclosure.

Year ended 2012	Remuneration	Termination
Amounts in €/000		benefits
S G Albonetti	400	30
D Ciattoni	190	30
A.Gualtieri	190	30
A Pellegrinelli	190	30
O.Netcu	135	0

Year ended 2011	Remuneration	Termination
Amounts in €/000		benefits
S G Albonetti	400	30
D.Ciattoni	190	30
A.Gualtieri	190	30
A.Pellegrinelli	190	30
O.Netcu	135	0

The Company's policy on Directors' remuneration is to ensure that the Directors are competitively rewarded on a basis that is comparable with similar companies, taking into account the need to attract, motivate and retain Directors of an appropriate calibre to achieve the Company's objectives, without making excessive payments. Directors' basic salaries and benefits are reviewed annually, taking into account individual performance, the recommendations of the Group Managing Director and published remuneration information.

30. Events after the balance sheet date

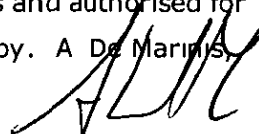
On 30 October 2013, the group sold its entire shareholding in Gada Turkey A S for consideration of approximately €3,39 million

THE GADA GROUP LIMITED
Financial statements
31 December 2012

COMPANY BALANCE SHEET

Amounts in €/000	Notes	2012		2011	
Assets					
Non-current assets					
Property, plant and equipment	2	12		43	
Other intangible assets	3	96		165	
Deferred tax asset		-		18	
Investments	4	11,133		14,856	
Loans		-	11,241	-	15,082
Current assets					
Other current assets	5	2,027		2,832	
Cash and cash equivalents	6	5	2,032	33	2,865
Total assets		13,273		17,947	
Equity and liabilities					
Equity					
Share capital	7	8,357		7,714	
Share premium	8	357			
Retained earnings		(4,689)	4,025	350	8,064
Non-current liabilities					
Provisions		103		115	
Long-term borrowings	9	2,490	2,593	2,200	2,315
Current liabilities					
Trade and other payables	10	2,659		3,032	
Current portion of long-term borrowings	9	3,996		4,549	
Current tax payable		-	6,655	(13)	7,568
Total liabilities		9,248		9,883	
Total equity and liabilities		13,273		17,947	

The financial statements were approved by the board of directors and authorised for issue on the 16th December 2013 and are signed on their behalf by. A De Marinis,
 Director



The notes on pages 55 to 60 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
31 DECEMBER 2012

Amounts in €/000	Share Capital	Share Premium	Accumulated Profits	Total
Balance at 31 December 2010	7,714	-	2,066	9,780
Total comprehensive profit for the year	-	-	(216)	(216)
Issue of share capital	-	-	(1,500)	(1,500)
Dividends paid	-	-	(1,500)	(1,500)
Balance at 31 December 2011	7,714	-	350	8,064
Total comprehensive profit/(loss) for the year	-	-	(5,039)	(5,039)
Issue of share capital	643	357		1,000
Balance at 31 December 2012	8,357	357	(4,689)	4,025

The notes on pages 55 to 60 form an integral part of these financial statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED

31 DECEMBER 2012

Amounts in €/000	2012	2011
Profit/(Loss) for the year	(5,039)	(216)
Depreciation	54	33
Impairment losses	3,861	1,871
Increase in provisions	(12)	44
(increase)/decrease in receivables	823	(1,241)
Increase/(decrease) in payables	(2,361)	3,764
<i>Net cash generated from operating activities</i>	<i>2,674</i>	<i>4,255</i>
<i>Investing activities</i>		
Purchase/Disposal of fixed assets	(92)	(191)
Acquisitions of investments	-	(4,590)
<i>Net cash used in investing activities</i>	<i>(92)</i>	<i>(4,781)</i>
<i>Financing activities</i>		
Dividends paid	-	(1,500)
Increase in share capital	1,000	-
Bank loans raised/(repaid)	1,738	1,932
<i>Net cash (used in)/generated from financing activities</i>	<i>2,738</i>	<i>432</i>
Net increase/(decrease) in cash	(28)	(94)
Cash at the beginning of the year	33	127
Cash at the end of the year	5	33

The notes on pages 55 to 60 form an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2012

1. Accounting Policies

The Company's accounting policies are as for the Group as detailed on pages 15 to 28

2. Property, plant and equipment

	Fixtures & equipment €000	Total €000
Cost or valuation		
At 1 January 2011	65	65
Additions	10	10
Disposals	-	-
At 31 December 2011	75	75
Additions	3	3
Disposals	45	45
At 31 December 2012	33	33
Accumulated depreciation		
At 1 January 2011	16	16
Charge for the year	16	16
At 31 December 2011	32	32
Charge for the year	17	17
Elimination on disposal	28	28
At 31 December 2012	21	21
Carrying amount		
At 31 December 2011	43	43
At 31 December 2012	12	12

3. Other intangible assets

	Trademarks, Logos & Other €000	Total €000
Cost		
At 1 January 2011	5	5
Additions	182	182
At 31 December 2011	187	187
Additions	106	106
Write-off	138	138
At 31 December 2012	155	155
Amortisation		
At 1 January 2011	5	5
Charge for the year	17	17
At 31 December 2011	22	22
Charge for the year	37	37
At 31 December 2012	59	59
Carrying amount		
At 31 December 2011	165	165
At 31 December 2012	96	96

4. Investments

	2012 €000	2011 €000
Cost of investment as at 1 January	14,856	12,137
Additions	-	4,590
Impairment	(3,723)	(1,871)
Cost of investment as at 31 December	11,133	14,856

All investments relate to the Company's subsidiaries.

Impairment losses recognised in the year relate to the Turkish and Romanian subsidiaries, as disclosed in note 7 of the consolidated financial statements. The values of the investments have been adjusted to reflect the recoverable amounts.

Further details of these subsidiaries can be found in note 8 of the consolidated financial statements.

5. Other current assets

	2012	2011
	€000	€000
Prepayments and accrued interest	37	67
Financing loan debtor	1,384	1,542
Trade receivables	581	1,107
Vat refundable	10	39
Advance payment	15	20
Withholding Tax Asset	-	57
	<hr/>	<hr/>
	2,027	2,832
	<hr/>	<hr/>

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits held by the company treasury function. The carrying amount of these assets approximates their fair value.

7. Share capital	<i>2012</i>	<i>2012</i>	<i>2011</i>	<i>2011</i>
	<i>Number/</i>	<i>€000</i>	<i>Number/</i>	<i>€000</i>
	<i>000</i>		<i>000</i>	
Authorised:				
Ordinary class V shares	9,635	9,635	9,635	9,635
Ordinary class E shares	365	365	365	365
Ordinary class A shares	<u>2,571</u>	<u>643</u>	<u>-</u>	<u>-</u>
	12,571	10,643	10,000	10,000

Issued and fully paid:

Ordinary class V shares	7,349	7,349	7,349	7,349
Ordinary class E shares	365	365	365	365
Ordinary class A shares	<u>2,571</u>	<u>643</u>	<u>-</u>	<u>-</u>
	10,285	8,357	7,714	7,714

Ordinary Class V shares have a nominal value of €1 and rank "pari passu" with no right to fixed income

Ordinary Class E shares have a nominal value of €1 and rank "pari passu" with no right to fixed income however carry no voting rights.

During the year, 2,571,419 Ordinary Class A shares were issued to RBS Equity Finance

8. Share premium

	<i>2012</i>
	<i>€000</i>
Balance brought forward	-
Share premium on shares issued in the year	357
Balance carried forward	<u>357</u>

9. Long term borrowings

	2012	2011
	€000	€000
Bank Loans	2,490	4,188
Intercompany loans	3,996	2,561
	<u>6,486</u>	<u>6,749</u>

The borrowings are repayable as follows:

On demand or within one year	3,996	4,549
In the second year	-	-
In the third and final year	2,490	2,200
	<u>6,486</u>	<u>6,749</u>
Less: amount due for settlement within 12 months (shown under current liabilities)	<u>(3,996)</u>	<u>(4,549)</u>
Amounts due for settlement after 12 months	<u>2,490</u>	<u>2,200</u>

In August 2012, the Company has completed the repayment of the loan of a total amount of Euro 3,750,000 received from Barclays Bank PLC on the 14th August 2010.

On the 20th October 2011 the Company received a Loan Note from Mace Acquisitions S.à.r.l. for a total amount of Euro 3,200,000. In January 2012, the loan has been reduced of Euro 1,000,000 following an equivalent increase in the share capital.

The intercompany loans relate to financing arrangements with Pedigree Investments Limited. All intercompany loans with Pedigree Investments Ltd are for 12 months and bear interest at 8% p.a.

10. Trade and other payables

	2012	2011
	€000	€000
Trade payables	211	338
Intercompany Payables	2,316	2,483
Other Payables and Accruals	132	211
	<u>2,659</u>	<u>3,032</u>

The directors consider that the carrying amounts of trade payables and credit card approximate to their fair value.

11. Related parties

There are no further related party disclosures in addition to note 29 on page 50

12. Events after the balance sheet date

On 30 October 2013, the group sold its entire shareholding in Gada Turkey A S for consideration of approximately €3,39 million.