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OS AA01

Statement of details of parent law and other
information for an overseas company

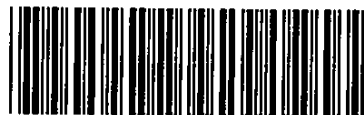


Companies House

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Part 1 Corporate company name

Corporate name of overseas company ¹ SPICERS ADMINISTRACION Y SERVICIOS SL

UK establishment number B R 0 1 5 7 5 9

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

¹ This is the name of the company in
its home state

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

Legislation ² Spain

² This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ **No** Go to Section A3

☒ **Yes** Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3

Name of organisation or body ³ General Accounting Plan approved by Royal Decree 1514/2007

³ Please insert the name of the
appropriate accounting organisation
or body

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box

☐ **No** Go to Section A5

☒ **Yes** Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4

Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box <input type="checkbox"/> No Go to Part 3 'Signature' <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'	1 Please insert the name of the appropriate accounting organisation or body
Name of organisation or body 1	Ernst & Young S L	


A5

Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box <input type="checkbox"/> No <input type="checkbox"/> Yes	
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Part 3

Signature

I am signing this form on behalf of the overseas company		
Signature	<div>Signature</div> <div>X  X</div>	
This form may be signed by Director, Secretary, Permanent representative		

OS AA01

Statement of details of parent law and other information for an overseas company



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Company name

Intertrust (UK) Limited

Address

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Post town

London

Country/Region

United Kingdom

Postcode

E C 2 R 8 D U

Country

United Kingdom

DX

Telephone

0207 776 9700



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- ☐ You have completed all sections of the form, if appropriate
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100048/20

Auditors' report

ADVEO ADMINISTRACIÓN Y SERVICIOS, S L (sole-shareholder company), formerly Spicers Administración y Servicios S L (sole-shareholder company)
Annual Accounts and Management Report
corresponding to the financial year ended
31 December 2012

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EY

Building a better
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Torre Picasso
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AUDITORS' REPORT ON THE ANNUAL ACCOUNTS

To the Sole Shareholder of Adveo Administración y Servicios S L (sole-shareholder company), formerly Spicers Administración y Servicios S L (sole-shareholder company)

We have audited the annual accounts of Adveo Administración y Servicios S L (sole-shareholder company), which include the balance sheet as at 31 December 2012, the profit and loss account, the statement of changes to net assets, the cash flow statement and the report corresponding to the financial year ended on the said date. The Sole Director is responsible for the preparation of the Company's annual accounts, in accordance with the regulatory framework of financial information applicable to the company (which is identified in Note 2 of the attached report) and, in particular, with the accounting principles and criteria contained in the same. Our responsibility is to express an opinion on the cited annual accounts as a whole, based on the work carried out in accordance with the legislation regulating the account auditing activity currently in force in Spain, which requires the examination, by carrying out selective tests, of the supporting evidence of the annual accounts and an assessment of whether their presentation, the accounting principles and criteria applied and the estimates made comply with the applicable regulatory framework of financial information.

In our opinion, the attached annual accounts for the 2012 financial year give, in all significant aspects, a faithful image of the assets and of the financial situation of Adveo Administración y Servicios S L (sole-shareholder company) as at 31 December 2012, and of the results of its operations and of its cash flow corresponding to the financial year ended on said date, in accordance with the applicable regulatory framework of financial information and, in particular, with the accounting principles and criteria contained in the same.

The attached management report on the 2012 financial year contains the explanations which the Sole Director deems fitting concerning the Company's situation, the changes to its business and other matters, and does not form an integral part of the annual accounts. We have checked that the accounting information contained in the cited management report corresponds to that in the annual accounts for the 2012 financial year. Our task as auditors is confined to checking the management report within the scope mentioned in this paragraph and does not include a revision of information other than that obtained from the Company's accounts records.

ERNST & YOUNG, S L
(registered in the Official Register of
Auditors with no. S0530)
[signature]
Enrique Quijada Casillas

15 November 2013

INSTITUTO DE
CENSORES JURADOS
DE CUENTAS DE ESPAÑA
[Spanish Institute of Auditors]

Practising member
ERNST & YOUNG, S L

Year 2013 No. 01/13/15822
ASSOCIATION FEE €96.00
This report is liable to the applicable
rate set out in
Law 44/2002 of 22 November

Registered office: Pl. Pablo Ruiz Picasso, 1, 28020 Madrid – Entered in the Companies Register for Madrid in Volume 12749, Book O, Folio 215, Section 8, Page M-23123, Registration 116. Tax ID code: B-78970506

A member firm of Ernst & Young Global Limited

ADVEO ADMINISTRACIÓN Y SERVICIOS S.L.
(sole-shareholder company), formerly Spicers
Administración y Servicios, SLU)

Annual Accounts and Management Report
corresponding to the financial year ended
31 December 2012

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ANNUAL ACCOUNTS AND MANAGEMENT REPORT

- Balance sheet as at 31 December 2012
- Profit and loss account corresponding to the financial year ended 31 December 2012
- Statement of changes in net assets corresponding to the financial year ended 31 December 2012
- Cash flow statement corresponding to the financial year ended 31 December 2012
- Report corresponding to the financial year ended 31 December 2012
- Management report corresponding to the financial year ended 31 December 2012

PREPARATION OF THE ANNUAL ACCOUNTS AND MANAGEMENT REPORT

ADVEO ADMINISTRACIÓN Y SERVICIOS S L. (sole-shareholder company)
Balance sheet as at 31 December 2012
(Expressed in Euros)

ASSETS

ASSETS	Notes	2012	2011 Re-expressed
NON-CURRENT ASSETS		17 738 137	19 903 663
Intangible fixed assets	5	13 885 435	13 599 505
Goodwill		5 711 840	5 711 840
Client portfolio		6 860 873	7 600 000
Brands		200 000	200 000
IT applications		136 293	57 729
Intangible fixed assets pending		913 853	-
Other intangible fixed assets		62 576	29 936
Tangible fixed assets	6	552 053	776 853
Land and buildings		1 727	2 917
Technical installations and other tangible fixed assets		550 326	773 936
Long-term investments in intra-group companies and associated enterprises	7	2 744 725	4 766 806
Equity instruments		2744 725	4 766 806
Long-term financial investments		7 962	-
Other financial assets		7 962	-
Deferred tax assets		547 962	760 499
CURRENT ASSETS		34 410 985	23 008 409
Stocks	9	5 794 252	4 866 008
Goods		5 770 015	4 840 542
Advance payments to suppliers		24 237	25 465
Commercial debtors and other accounts receivable		19 504 793	14 696 869
Clients corresponding to sales and service-provision	8	15 812 051	14 556 408
Clients, intra-group companies and associated enterprises	8	1 643 699	-
Sundry debtors	8	229 485	137 511
Other credits with Public Authorities	14	1 819 558	2 950
Short-term investments in intra-group companies and associated enterprises	16	3 715 582	-
Other financial assets		3 715 582	-
Short-term accruals		120 757	74 611
Cash and other equivalent liquid assets	10	5 275 601	3 370 921
Liquid assets		5 275 601	3 370 921
ASSETS TOTAL		52 149 122	42 912 072

ADVEO ADMINISTRACIÓN Y SERVICIOS S.L. (sole-shareholder company)
Balance sheet as at 31 December 2012
(Expressed in Euros)

NET ASSETS AND LIABILITIES	Notes	2012	2011 Re-expressed
NET ASSETS		26 329 048	22 611 106
EQUITY CAPITAL		26 329 048	22 611 106
Share capital	11.1	2 265 566	2 265 566
Subscribed capital		2 265 566	2 265 566
Issue premium	11.2	20 363 009	20 363 009
Figure for financial year	3	3 717 942	(956)
Surplus	11.2	(17 469)	(16 513)
Surplus		(16 513)	(16 513)
Retained losses		(956)	-
NON-CURRENT LIABILITIES		2 234 001	2 709 016
Long-term obligations for benefits to personnel	12.1	115 739	112 491
Provision for long-term remunerations to personnel		115 739	112 491
Long-term provisions	12.2	-	256 525
Provisions for other responsibilities		-	256 525
Deferred tax liabilities	14	2 118 262	2 340 000
CURRENT LIABILITIES		23 586 073	17 591 950
Debts with intra-group companies and associated enterprises	13.1	5 320 736	1 500 000
Loans with intra-group companies		5 320 736	1 500 000
Commercial creditors and other accounts payable		18 265 337	16 091 950
Suppliers	13	13 602 034	13 988 405
Sundry creditors	13	913 978	13 988 405
Sundry creditors	13	532 933	555 714
Personal (remunerations pending payment)	14	2 190 184	302 098
Current tax liabilities	14	1 026 208	917 183
Other debts with Public Authorities			328 550
NET ASSETS AND LIABILITIES TOTAL		52 149 122	42 912 072

ADVEO ADMINISTRACIÓN Y SERVICIOS S.L. (sole-shareholder company)
Profit and loss account corresponding to the financial year ended 31 December 2012
(Expressed in Euros)

	Notes	2012	2011
CONTINUED OPERATIONS			
Net turnover	15.1	62 691 866	-
Sales		57 605 896	-
Service-provision		5 085 970	-
Work carried out by company for its assets	5	710 493	-
Supplies	15.2	(38 494 858)	-
Other operating income		75 720	-
Personnel costs		(6 991 492)	-
Wages, salaries and similar		(5 235 228)	-
Social security contributions	15 3	(1 756 264)	-
Other operating expenses		(10 474 310)	(956)
External services	15 4	(10 448 223)	(956)
Taxes		(21 007)	-
Loss, impairment and variation in provisions for commercial operations	8	(5 080)	-
Amortisation of fixed assets	5 and 6	(1 056 774)	-
OPERATING FIGURE		6 460 643	(956)
Interest income	15 5	46 921	-
Corresponding to credit with intra-group companies and associated enterprises		46 921	-
Interest expense			
Corresponding to debts with intra-group companies and associated enterprises	15.6	(14 458)	-
Foreign exchange differences		(14 458)	-
Impairment and figure due to disposals of financial instruments	15 7	(72 100)	-
Impairment and losses	7	(522 081)	-
		(522 081)	-
FINANCIAL RESULT		(561 718)	-
PRE-TAX FIGURE		5 898 925	(956)
Tax on profits	14 1	(2 180 983)	-
FIGURE FOR FINANCIAL YEAR FROM CONTINUED		3 717 942	(956)
FIGURE FOR FINANCIAL YEAR	3	3 717 924	(956)

ADVEO ADMINISTRACIÓN Y SERVICIOS S.L. (sole-shareholder company)

Statement of changes in net assets corresponding to the financial year ended 31 December 2012
(Expressed in Euros)

A) Statement of recognised income and expenses corresponding to the financial year ended 31 December 2012

	Notes	2012	2011
FIGURE FROM PROFIT AND LOSS ACCOUNT	3	3 717 942	(956)
TOTAL INCOME AND EXPENSES ALLOCATED DIRECTLY TO NET ASSETS		-	-
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT		-	-
TOTAL RECOGNISED INCOME AND EXPENSES		3 717 942	(956)

ADVEO ADMINISTRACIÓN Y SERVICIOS S.L. (sole-shareholder company)**Statement of changes in net assets corresponding to the financial year ended 31 December 2012****(Expressed in Euros)****B) Total statement of changes in net assets corresponding to the financial year ended 31 December 2012**

	Subscribed capital (Note 11 1)	Issue premium (Note 11 2)	Surplus (Note 11 2)	Sustained losses (Note 11 3)	Figure for financial year (Note 3)	TOTAL
BALANCE, START OF 2011	3 010	-	-	-	-	3 010
Total recognised income and expenses	-	-	-	-	(956)	(956)
Operations with shareholders or owners	-	-	-	-	-	-
Business combinations (Notes 1, 5 1 and 7)	2 262 556	20 363 009	(16 513)	-	-	22 609 052
Other variations in net assets	-	-	-	-	-	-
Application of figure from previous financial year	-	-	-	-	-	-
BALANCE, END OF 2011	2 262 566	20 363 009	(16 513)	-	(956)	22 611 106
Total recognised income and expenses	-	-	-	-	3 717 942	3 717 942
Other variations in net assets	-	-	-	(956)	956	-
Application of figure from previous financial year	-	-	-	-	-	-
BALANCE, END OF 2012	2 265 566	20 363 009	(16 513)	(956)	3 717 942	26 329 048

ADVEO ADMINISTRACIÓN Y SERVICIOS S.L. (sole-shareholder company)
Cash flow statement corresponding to the financial year ended 31 December 2012
(Expressed in Euros)

	Notes	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES			
Figure for financial year, pre-tax		5 898 925	(956)
Adjustments to figure		1 871 769	-
Amortisation of fixed assets	5 and 6	1 056 774	-
Dividends and interest income	15 7	(46 921)	-
Interest expense	15 8	86 558	-
Movement in provisions	12	253 277	-
Impairment loss	7	522 081	-
Changes to current capital		(9 206 001)	956
Stocks		(928 244)	-
Debtors and other accounts receivable		(4 812 905)	-
Other current assets		(3 761 728)	-
Creditors and other accounts payable		296 876	956
Other cash flow from operating activities		(884 720)	-
Interest payments		(14 458)	-
Interest collections		46 921	-
Collections (payments) corresponding to tax on profits		(917 183)	-
CASH FLOW FROM OPERATING ACTIVITIES		(2 320 027)	-
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments corresponding to investments		(1 125 965)	-
Intangible fixed assets	5	(1 082 412)	-
Tangible fixed assets		(35 591)	-
Other financial assets		(7 962)	-
Income from divestiture and business combinations		29 936	3 367 911
Intangible fixed assets		29 936	-
Net cash income corresponding to business combinations	5	-	3 367 911
CASH FLOW FROM INVESTMENT ACTIVITIES		(1 096 029)	3 367 911
CASH FLOW FROM FINANCING ACTIVITIES			
Income and expenses corresponding to financial liabilities instruments			-
Issue			-
Debts with intra-group companies and associated enterprises		5 320 736	-
CASH FLOW FROM FINANCING ACTIVITIES		5 320 736	-
INCREASE/NET REDUCTION IN CASH FLOW OR EQUIVALENTS		1 903 680	3 367 911
Cash or equivalents at start of financial year	10	3 370 921	3 010
Cash or equivalents at end of financial year	10	5 275 601	3 370 921

1. THE COMPANY'S ACTIVITY

ADVEO ADMINISTRACIÓN Y SERVICIOS SLU (hereinafter the Company), is a limited company with its registered office at Avenida de los Artesanos, 28, Tres Cantos (Madrid) The Company has its address for tax purposes at 11 Old Jewry, London, United Kingdom.

The Company was incorporated in Madrid, with the original name of Peak Gold, SLU on 22 November 2010, under the control of a Sole Shareholder in Spain, and sold to the English company Spicers Limited on 3 October 2011, then changing its name to SPICERS ADMINISTRACION Y SERVICIOS, SLU.

On 2 December 2011, there was an increase in capital by means of a contribution of non-financial assets, for a total of 326,674 Euros, with an issue premium of 2,940,062 Euros The equivalent value for the new company shares taken on by Spicers Limited as Sole Shareholder consisted of the non-financial contribution of a business division, consisting of a set of assets and liabilities dedicated to the sale, importation and exportation of writing products, stationery and office equipment, located in Spain

On the same day, the said set of assets and the commercial activity in Spain was split off and contributed at a fair value to the company SPICERS ESPAÑA S L. (sole-shareholder company), previously acquired by the Company for a total of 3,000 Euros, SPICERS ADMINISTRACION Y SERVICIOS, SLU taking 100% of its company shares for a total of 3,266,736 Euros (Note 7).

On 12 December 2011, a second increase in capital was realised, by means of a contribution of non-financial assets, for a total of 1,935,882 Euros, with an issue premium of 17,422,947 Euros (Note 5 1) The equivalent value of the new company shares taken on by the Sole Shareholder consisted of the non-financial contribution of a business division, consisting of a set of assets and liabilities dedicated to the sale, importation and exportation of writing products, stationery and office equipment, located in Italy, operating under a subsidiary arrangement (permanent business establishment in Italy) called SPICERS ITALIA

Subsequently, on 29 December 2011, the Company was sold by Spicers Limited to ADVEO GROUP INTERNATIONAL SA (formerly UNIPAPEL SA), in the context of a sale transaction between ADVEO GROUP INTERNATIONAL SA as buyer and DS Smith as seller, by which ADVEO GROUP INTERNATIONAL SA acquired 100% of Spicers' Continental European business.

On 31 December 2012, the Company's name was changed to "Adveo Administración y Servicios, SLU"

On 28 February 2013, effective in the accounts on 1st January 2013, the subsidiary in Italy was split off and given as a non-financial contribution to the company Adimpo Italia, SRL for its net book value at 31 December 2012. Adveo Administración y Servicios S.L. subscribed 100% of the increase in capital realised by Adimpo Italia SRL. At the same time, Adimpo Italia realised a merger by absorption on the shares of Spicers Italia, giving rise to the company Adveo Italia SRL, in which Adveo Administración y Servicios owns 95% of the share capital, the other minority Shareholder, owning 5%, being Adveo Digital Systems, SA, former shareholder of Adimpo Italia SRL.

The Company also owns 50% of the share capital of the English company NEW INCCO 1136 Ltd. The said company was set up by the Company along with the other Shareholder owning 50% of that company, Spicers Ltd, in December 2011 with share capital of £100, the investment by the Company therefore being 70 Euros (Note 7). Its company activity is information technology support to the Spicers Group in Continental Europe and the United Kingdom.

Currently, the Company's activity consists of holding the shares of Spicers España SAU and of New Inccoe 1136 Ltd, the 100% holding in the business of its subsidiary Adveo Italia SRL and purchasing management and relations with suppliers of the whole Spicers Group in Continental Europe.

The Company is integrated into the group of companies headed up by ADVEO GROUP INTERNATIONAL SA (Adveo Group), with its registered office at Tres Cantos (Madrid). In accordance with the provisions of Article 43 of the Commercial Code, the Company is exempt from the obligation to prepare consolidated annual accounts, satisfying the requirements provided for in the aforementioned article.

2. BASES OF PRESENTATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with the General Accounting Plan approved by Royal Decree 1514/2007 of 16 November, amended by Royal Decree 1159/2011 of 17 September, and with the rest of the commercial legislation currently in force

The annual accounts have been prepared by the Company's Sole Director for their submission for approval by the Sole Shareholder, it being considered that they shall be approved without any modification

The figures included in the annual accounts are expressed in Euros, unless specified otherwise.

a) Faithful image

The annual accounts have been prepared based on the Company's sub-ledger accounts, the statutory provisions currently in force in accounting matters having been applied, in order to give a faithful image of the Company's assets, financial situation and figures. The cash flow statement has been prepared in order to give genuine information on the origin and use of the monetary assets representing the Company's cash and other equivalent liquid assets

b) Comparison of information

In accordance with commercial legislation, with each item on the balance sheet, the profit and loss account, the statement of changes in net assets and the cash flow statement, in addition to the figures for the 2012 financial year, those corresponding to the previous financial year are given, for the purposes of comparison. The report also includes quantitative information for the previous financial year, except when an accounting rule specifically establishes that this is not necessary

Given that the businesses in Spain and Italy were acquired by the Sole Shareholder on 29 December 2011, no operating activity or financing was realised in the 2011 financial year, the only transactions being those corresponding to increases in capital by means of the non-financial contribution corresponding to the company holding in SPICERS ESPAÑA SLU and by means of the contribution of the business division of Spicers Italia, set out in Note 1 above. Comparing the figures corresponding to the 2012 financial year included in these annual accounts with those corresponding to the 2011 financial year, this situation must be taken into account

As set out in Note 5.1 of this report, posted permanently in the 2012 financial year was the acquisition of the business of Spicers Italia after its provisional posting, as allowed by current accounting rules, on closure of the 2011 financial year. The effects of this permanent posting, corresponding to the re-expression of some items on the Company's balance sheet as at 31 December 2011, are set out in the aforementioned Note 5.1

c) Critical aspects of assessment and estimate of uncertainty

In the preparation of the Company's annual accounts, the Sole Director has made estimates in order to determine the book value of some of the assets, liabilities, income and expenses and on the breakdowns of the contingent liabilities. These estimates have been realised on the basis of the best information available on closure of the financial year. However, given the uncertainty inherent therein, future events may arise which make it necessary to change them in subsequent financial years, which would be realised, where applicable, prospectively.

The key assumptions regarding the future and other relevant data on the estimated uncertainty on the financial year end date, which entail a significant risk of assuming significant changes to the value of the assets or liabilities in the next financial year, are as follows:

Impairment of the value of non-current assets

Valuation of non-current assets requires the carrying out of estimates in order to determine their fair value, for the purposes of assessing possible impairment. In order to determine this fair value, the Company's Sole Director estimates, where necessary, the future cash flow expected from the assets or from the cash generating units of which they form part and uses an appropriate discount rate in order to calculate the actual value of this cash flow. Note 5.2 contains an analysis of the hypotheses applied in the impairment test on the Cash Generating Unit representing the distribution business of Spicers Italia.

For investments in intra-group companies and associated enterprises, when the cash flow discount is not considered appropriate, the recoverable value of the same shall be determined based on the net assets of the companies in which an interest is held, adjusted, where applicable, for the deferred capital gains existing on the valuation date. Note 7 contains an analysis of the hypotheses used in assessment of the impairment in the financial investment in Spicers España SLU.

As at 31 December 2012 and 2011, impairment in non-current assets has not been identified.

Valuation of customers through sales and service-provision

Due to the general economic situation worldwide, the subsidiary in Italy has intensified its procedures for collection from its customers. Based on the analysis carried out on the date of these annual accounts, the total amount broken down in Note 8.1 of the report has been determined as bad debt, taking account of the fact that the remaining balance pending collection is recoverable for the sums posted.

Valuation of stocks

In order to determine the realisable value of stocks, the subsidiary in Italy has conducted an individualised analysis, by reference, of obsolete or slow-moving products, based on which the valuation adjustment set out in Note 9 of the report has been calculated, considering that the remainder of the stocks shall be recovered on the basis of amounts greater than their costs

Taxation

According to the provisions of current tax legislation applicable to the Company (Note 14), taxes may not be regarded as permanently settled until the declarations submitted have been verified by the tax authorities, or until the period of limitation has expired. In the opinion of the Company's Sole Director, there are no contingencies which would result in additional liabilities in respect of those posted on the enclosed balance sheet.

3. APPLICATION OF PROFIT/LOSS

The proposal for distribution of the figure for the 2012 financial year, submitted by the Sole Director, and which shall hopefully be approved by the Sole Shareholder, is as follows

	2012
Allocation base	
Balance of profit and loss account (profits)	3,717,942
Total	3,717,942
Application	
To statutory reserve	371,794
To reserve for goodwill	185,897
For voluntary reserves	3,160,251
Total	3,717,942

3.1 Limitations for distribution of dividends

The Company is required to allocate 10% of the profits for the financial year to constitution of the statutory reserve, until this reaches at least 20% of the share capital. This reserve, whilst it does not exceed the limit of 20% of the share capital, may not be distributed to the Sole Shareholder (Note 11.2)

Once the distributions provided for by Law or the articles of association have been covered, dividends against the profits for the financial year or against unrestricted reserves may only be distributed if the value of net assets is not or, as a result of the distribution, does not prove to be less than the share capital. To this end, profits charged directly against net assets may not form the subject of direct or indirect distribution. Should there be any losses from previous financial years which mean that this value of the Company's net assets is less than the figure of the share capital, the profit shall be used to offset these losses.

In any case, an unavailable reserve equivalent to the goodwill featuring in the assets on the balance sheet must be funded, this being covered by a figure of the profit representing at least five per cent of the total of the aforementioned goodwill. If there are no profits, or if these are insufficient, unrestricted reserves shall be used. As at 31 December 2012 and 2011, the Company had in its assets goodwill of a total of 6,429,199 Euros.

4. RULES FOR POSTING AND VALUATION

The main posting and valuation criteria applied by the Company in the preparation of these annual accounts are as follows:

4.1 Intangible fixed assets

Intangible fixed assets are initially valued at their cost, whether this is the purchase price or production cost.

After initial recognition, intangible fixed assets are valued at their cost minus accumulated amortisation and, where applicable, the accumulated total of impairment loss recorded.

For each intangible asset, the accounts analyse and determine whether useful life is identifiable or indefinite.

Intangible assets which have an identifiable useful life are amortised systematically on a straight-line basis depending on the estimated useful life of the assets and their residual value. The amortisation methods and periods are revised at each financial year end, and where appropriate, adjusted prospectively. At least by financial year end, the existence of

signs of impairment is assessed, in which case, the recoverable amounts are estimated, the relevant impairment losses being made.

Intangible assets with an indefinite useful life are not amortised and, at least annually, are subject to analysis of their possible impairment. The equivalent value of indefinite useful life of these assets is revised annually.

Goodwill

Goodwill is valued initially, at the time of purchase, at cost, this being the surplus of the cost of the business combination with regard to the fair value of the identifiable assets acquired minus that of liabilities taken on.

Goodwill is not amortised. Instead, the cash generating units or groups of units to which the goodwill has been allocated on the date of acquisition are subject, at least annually, to verification of their potential impairment, the corresponding impairment loss being entered where applicable.

Impairment losses in terms of goodwill may not form the subject of reversal in subsequent financial years.

Client portfolio

The fair value of client portfolios acquired as a result of the business combination set out in Note 5.1 of the report is valued using the Multi-Period Excess Earnings method which is based on calculation of the discount of cash flow from future economic profits which may be attributable to the client base, once the tax costs entailed in their generation have been eliminated. In order to estimate the remaining useful life of the client base, the average duration of relations with said clients has been analysed. This term has been estimated at between 8 and 15 years.

Brands

The fair value of brands acquired as a result of the business combination set out in Note 5.1 of the report is valued based on the relief-from-royalty method. According to this method, the value of the asset is determined by capitalising the royalties which are saved due to owning intellectual property. The royalties saving is determined by application of a market royalty rate (expressed as a percentage of income) to the future income expected with the sale of the product associated with the intangible asset. For brands acquired in the business combination set out in Note 5.1 of the report, this percentage varies between 0.5 and 1%.

An indefinite useful life was considered; therefore, these assets are not amortised. Instead, the Cash Generating Unit to which these assets were allocated on the acquisition date is subject, at least

annually, to verification of their possible impairment in value, the corresponding impairment loss being entered

IT applications

This entry includes the costs incurred in connection with the IT applications developed by the Company itself, which satisfy the conditions set out above for activation of development costs, along with the costs of those acquired from third parties. Their amortisation is on a straight-line basis throughout their useful life, estimated at 10 years

Expenses relating to the personnel who have worked in the development of the IT applications are included as an increased cost of the same, with payment under the "Work carried out by the company for its assets" item of the profit and loss account.

Repairs which do not represent an increase in useful life and maintenance costs are charged to the profit and loss account in the financial year in which they occur

4.2 Tangible fixed assets

Tangible fixed assets are valued initially at their cost, whether this is the purchase price or the production cost

After initial recognition, tangible fixed assets are valued at their cost, minus the accumulated amortisation and, where appropriate, the accumulated total of the impairment loss entered

Repairs which do not represent an increase in useful life and maintenance costs are charged to the profit and loss account in the financial year in which they occur. Costs of renewal, extension or improvement which give rise to an increase in productive capacity or to an extension of useful life of assets are incorporated into the assets as an increased cost of the same, the book value of the substituted elements being removed from the books, where applicable

Tangible fixed assets elements are amortised from the moment at which they are available for use, on a straight-line basis during their estimated useful life.

The years of estimated useful life of the various elements of the intangible fixed assets are as follows

	Years of useful life
Buildings	33
Technical installations and other tangible fixed assets	10

At each financial year end, the Company revises the residual values, useful lives and methods of amortisation of tangible fixed assets and, where appropriate, these are adjusted prospectively

At least at each financial year end, the Company assesses whether there are any indications of possible impairment of any tangible fixed assets. If there are such signs, their recoverable amount is estimated. The recoverable amount is the fair value minus sale costs or the value in use, whichever is greater. When the book value is greater than the recoverable amount, an impairment loss occurs. The value in use is the actual value of the future cash flows expected, using market interest rates without risk, adjusted by the specific risks associated with the asset.

Impairment losses and their reversal are entered in the accounts in the profit and loss account. Impairment losses are reversed when the circumstances which caused them cease to exist, except those corresponding to goodwill. The limit of reversal of the impairment loss is the book value of the assets which would feature if the corresponding impairment loss had not been recognised previously.

4.2 Leases

Contracts are described as financial leases when from their financial terms and conditions, it is inferred that all the risks and benefits inherent in ownership of the asset object of the contract are transferred substantially to the lessee. If not, contracts are described as operational leases.

Company as lessee

Payments for operational leases are entered as costs in the profit and loss account when they fall due.

4.4 Financial assets

Classification and valuation

Loans and entries receivable

This category includes credit corresponding to commercial and non-commercial operations, which include financial assets of which collections are of an amount which is determined or can be determined, which are not traded on an active market and for which recovery is expected of the whole disbursement made by the Company except, where applicable, for reasons attributable to the debtor's solvency.

In their initial recognition on the balance sheet, they are entered for their fair value which, barring evidence to the contrary is the price of the transaction, which is the equivalent of the fair value of the equivalent value remitted plus the transaction costs which are directly attributable thereto.

After their initial recognition, these financial assets are valued at their amortised costs.

However, credit corresponding to commercial operations with maturity of not more than one year and which do not have a contractual interest rate, along with advance payments and credit to personnel, dividends receivable and disbursements required on equity instruments, receipt of which is expected in the short-term, are valued initially and subsequently at their nominal value, when the effect of not discounting cash flow is not significant.

Investments in assets of intra-group companies, multi-group companies and associated enterprises

These include investments in the assets of companies over which it has control (intra-group companies), over which it has joint control under an agreement in the articles of association or contractually with one or more shareholders (multi-group companies), or over which it exercises significant influence (associated enterprises).

In their initial recognition on the balance sheet, they are entered at their fair value which, barring evidence to the contrary is the price of the transaction, which is the equivalent of the fair value of the equivalent value remitted plus the costs of the transaction which are directly attributable thereto.

In the case of investments in intra-group companies, where applicable, consideration is taken of the criteria included in the rule relating to operations between intra-group companies (Note 4.14) and the criteria for determining the cost of the combination established in the rule on business combinations (Note 4.13).

When an investment is described as an intra-group company, a multi-group company or an associated enterprise, the costs of the said investment shall be regarded as the book value it should have immediately before the company applies this description. Where applicable, the previous impairment losses associated with the said investment entered directly in the net assets shall be kept under heading until the said investment is sold or impaired.

The initial value includes the total for those preferential rights of subscription and similar which have been acquired.

After their initial recognition, these financial assets are valued at their cost minus, where applicable, the accumulated total of impairment losses.

In the event of sale of preferential subscription rights and similar or segregation of the same in order to exercise them, the total of the cost of the rights shall reduce the book value of the respective assets.

Cancellation

Financial assets are removed from the Company's balance sheet on expiry of the contractual rights on the cash flow from the financial assets or when they are transferred, as long as, in said transfer, the risks and benefits inherent in ownership thereof are substantially transferred.

If the Company has not substantially assigned or retained the risks and benefits of the financial asset, this is removed from the books when control is not retained. If the Company maintains control of the asset, it continues to be recognised for the total to which it is exposed due to variations in the value of the asset assigned, that is, for its continued input, recognising the associated liability.

The difference between the equivalent value received, net of chargeable transaction costs, considering any new asset obtained minus any liability taken on, and the book value of the financial asset transferred, plus any accumulated sum which has been recognised directly in the net assets, determines the profit or loss arising on removal of the financial asset from the books and forms part of the figure for the financial year in which this occurs.

Interest and dividends received from financial assets

Interest and dividends from financial assets maturing after acquisition are recognised as income in the profit and loss account. Interest is recognised using the effective interest rate method and dividends, when entitlement to receipt thereof is declared.

To this end, the initial valuation of the financial assets includes, independently, in relation to maturity, the total of explicit interest paid and not due at that time, along with the total of the dividends granted by the competent body until the moment of acquisition. Explicit interest is understood as that which is obtained by applying the contractual interest rate for the financial instrument.

Similarly, when the dividends distributed unequivocally originate from results generated prior to the date of acquisition because amounts higher than the profits generated by the company in which an interest is held since acquisition have been distributed, they are not recognised as income and reduce the book value of the investment.

4.5 Impairment of financial assets

The book value of the financial assets is adjusted by the Company against the profit and loss account when there is objective evidence that an impairment loss has occurred.

To determine losses due to impairment of the financial assets, the Company values the possible losses both from individual assets and from groups of assets with similar risk characteristics.

Debt instruments

There is objective evidence of impairment of debt instruments, understood as accounts receivable, credit and securities representing debt, when, after their initial recognition, there occurs an event which entails a negative impact on their estimated future cash flow.

The Company regards as impaired assets (doubtful assets) those debt instruments for which there is objective evidence of impairment, which fundamentally allude to the existence of unpaid items, failures to fulfil obligations, refinancing and the existence of data demonstrating the possibility of not recovering the entirety of the agreed future cash flow or that there is a delay in collection thereof.

In the case of financial assets valued at their amortised cost, the total of impairment losses is equal to the difference between their book value and the actual value of future cash flow which they are expected to generate, discounted at the effective interest rate existing at the time of initial recognition of the asset. For financial assets at a variable interest rate, the effective interest rate on the date of closure of the annual accounts is applied. For commercial debtors and other accounts receivable, the Company regards as doubtful assets those balances with some items maturing at more than six months, for which there is no security of recovery and balances of companies which have requested an arrangement with creditors.

Reversal of impairment is recognised as income on the profit and loss account and has as its limit the book value of the financial assets which would be entered on the reversal date if the impairment had not been entered

Equity instruments

There is objective evidence that equity instruments have been impaired when, after their initial recognition, there is an event or a combination of events which means that it is not going to be possible to recover their book value due to an extended or significant reduction in their fair value

In the case of equity instruments valued at cost, such as investments in the assets of intra-group companies, multi-group companies and associated enterprises, the impairment loss is calculated as the difference between their book value and the recoverable total, which is the fair value minus sale costs or the actual value of the future cash flow derived from the investment, whichever is greater. Barring any stronger evidence, in estimating the impairment, consideration is taken of the net assets of the company in which an interest is held, adjusted by the deferred capital gains existing on the date of valuation

Reversal of impairment losses is entered in the profit and loss account, with the limit of the book value which the investment would have on the reversal date if the impairment had not been entered, for investments in the assets of intra-group companies, multi-group companies and associated enterprises

4.6 Financial liabilities

Classification and valuation

Debits and items payable

These include financial liabilities generated by the purchase of goods and services for the Company's business operations and debits for non-commercial operations which are not derivative instruments

In their initial recognition on the balance sheet, they are entered at their fair value which, barring evidence to the contrary, is the price of the transaction, which is the equivalent of the fair value of the equivalent value received adjusted by the transaction costs which are directly chargeable thereto.

After their initial recognition, these financial liabilities are valued at their amortised cost. Interest due is entered in the profit and loss account, applying the effective interest rate method

However, debits due to commercial operations with maturity of not more than one year and which do not have a contractual interest rate, along with disbursements required by third parties on holdings, the total of which are expected to be paid in the short-term, are valued at their nominal value, when the effect of not discounting the cash flow is not significant

Cancellation

The Company removes a financial liability from the books when the obligation has been extinguished

When an exchange of debt instruments with a borrower occurs, as long as these have substantially different conditions, the original financial liability is recorded and the resulting new financial liability is recognised. In the same way, a substantial change to the current conditions of a financial liability is entered

The difference between the book value of the financial liability, or of the part thereof which has been removed, and the equivalent value paid, including chargeable transaction costs, and which also include any assigned asset other than the asset or the liability taken on, is recognised in the profit and loss account for the financial year in which it occurs

When there is an exchange of debt instruments which do not have substantially different conditions, the original financial liability is not removed from the balance sheet, the total of commission paid being recorded as an adjustment of its book value. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is that equivalent to the book value of the financial liability on the date of change with the cash flow payable under the new conditions.

To this end, it is considered that the conditions of contracts are substantially different when the borrower is the same party which granted the initial loan and the current value of the cash flow from the new financial liability, including net commission, differs by at least 10% from the current value of the cash flow pending payment from the original financial liability, both discounted at the effective interest rate of the original liability

4.7 Cash and other equivalent liquid assets

This item includes cash on hand, current accounts with banks and deposits and temporary acquisitions of assets which satisfy all of the following requirements

- They are convertible to cash
- At the time of their acquisition, their maturity was not more than three months

- They are not subject to a significant change in value
- They form part of the Company's usual cash management policy

4 8 Provisions and contingencies

Liabilities which prove undetermined with regard to their total or the date on which they shall be cancelled, are recognised on the balance sheet as provisions when the Company has the actual obligation (either under a statutory provision, contractual provision or an implicit or tacit obligation), arising as a consequence of past events, which is considered likely to entail disbursement of resources for settlement and which is quantifiable

Provisions are valued at the actual value of the best estimate of the amount necessary to cancel the obligation or transfer it to a third party, adjustments arising due to discounting of the provision being entered as a conforming financial cost as they fall due. When this entails provisions with maturity of less than or equal to one year, and the financial effect is not significant, no type of discount shall be realised

Provisions are revised on the closure date of each balance sheet and are adjusted with a view to reflecting the best actual estimate of the corresponding liability on each occasion

Offsetting receivable from a third party on settlement of provisions are recognised as an asset, without reducing the total of the provision, as long as there are no doubts that the said reimbursement will be received, and without exceeding the total of the obligation entered. When there is a statutory or contractual link of disclosure of the risk, by virtue of which the Company is not required to answer for the same, the total of said offsetting is inferred from the total of the provision

4 9 Tax on profits

The expense corresponding to tax on profits for the financial year is calculated by adding the current tax, which is the result of applying the corresponding tax rate to the taxable base for the financial year minus existing bonuses and deductions, to the variations occurred during said financial year in the tax deferred assets and liabilities entered. It is recognised in the profit and loss account, except when it corresponds to transactions which are directly entered in the net assets, in which case the corresponding tax is also entered in the net assets, and in the initial entry into accounts of the business combinations in which it is entered as other asset elements of the acquired business

Deferred tax is entered for the temporary differences existing on the date of the balance sheet between the tax base of the assets and liabilities and their book values. The tax base of an asset element is regarded as the total attributed to the same for tax purposes

The tax effect of temporary differences is included in the corresponding entries "Deferred tax assets" and "Deferred tax liabilities" on the balance sheet

The Company recognises tax deferred liabilities for all taxable temporary differences, except where applicable, for those exceptions provided for in the current legislation.

The Company recognises tax deferred assets for all deductible temporary differences, unused tax credits and negative taxable bases pending offsetting, insofar as it is likely that the Company shall have future tax gains which will allow application of these assets except, where applicable, for those exceptions provided for in the current legislation.

In the case of business combinations in which tax deferred assets were not recognised separately in the initial accounting, since they did not satisfy the criteria for recognition, tax deferred assets which are recognised within the valuation period and which originate from new information on facts and circumstances which existed on the date of acquisition, shall entail an adjustment to the total of the related goodwill. After the cited valuation period, or if originating in facts and circumstances which did not exist on the date of acquisition, they shall be recorded against the gain or loss or, if legislation requires this, directly in net assets

On the end date of each financial year, the Company values recognised assets corresponding to deferred tax and those which have not been recognised previously. Based on that valuation, the Company removes an asset recognised previously if its recovery is not likely, or it enters any tax deferred assets not recognised previously as long as it is likely that the Company shall have future tax gains which allow its application

Tax deferred assets liabilities are valued at the tax rates expected at the time of their reversal, according to approved legislation in force, and in accordance with the form in which, reasonably, the deferred tax asset or liability is expected to be recovered or paid

Tax deferred assets liabilities are not discounted and are categorised as non-current assets and liabilities, irrespective of the expected date of realisation or settlement.

4 10 Categorisation of assets and liabilities as current or non-current

Assets and liabilities are presented on the balance sheet categorised as current and non-current. To this end, assets and liabilities are categorised as current when they are linked to the normal cycle of operation of the Company and are expected to be sold, consumed, realised or settled in the course of the Company's business, they are different to previous assets and liabilities and their maturity, transfer or realisation is expected to take place within one year at the most, they are maintained for trading purposes or refer to cash and other equivalent liquid assets, use of which is not restricted for a period of more than one year. Otherwise, they are categorised as non-current assets and liabilities.

4 11 Interest and expenses

In accordance with the principle of accrual, income and expenses are entered when they occur, irrespective of the date of their collection or payment.

Income from sales and service-provision

Income is recognised when it is likely that the Company will receive the economic profits or returns arising from the transaction and the total of the income and the expenses incurred or yet to be incurred can be valued reliably. Income is valued at the reasonable value of the equivalent value received or yet to be received, deducting discounts, reductions in price and other similar items which the Company may grant, and, where applicable, interest incorporated into the nominal value of credit. Indirect taxes charged on operations and which can be passed onto third parties do not form part of income.

In addition, the following conditions must be met:

- The risks and benefits inherent in ownership of the assets have been transferred to the purchaser
- The Company does not continue management or retain effective control of the same

Financial contributions received from suppliers for the promotion of publicity campaigns are entered as income when the said actions are completed. In this sense, in the 2012 financial year, the Company received contributions from clients for a total of 1,326,000 Euros which corresponds in its entirety to measures taken before the end of the financial year (0 Euros in the 2011 financial year).

4.12 Transactions in foreign currency

The Company's functional currency and currency of presentation is the euro.

Transactions in foreign currency are converted at their initial valuation at the cash exchange rate in force on the date of the transaction

Monetary assets and liabilities expressed in a foreign currency are converted at the cash exchange rate in force on the balance sheet date. Exchange rate adjustments, both positive and negative, which arise from this process, and those which arise on settlement of said asset elements, are recognised in the profit and loss account for the financial year in which they occur

Non-monetary items valued at historic cost are valued by applying the exchange rate on the transaction date.

4.13 Business combinations

Business combinations in which the Company acquires control of one or more businesses by means of the merger or demerger of several companies or on account of the acquisition of all assets of a company or of a part which constitutes one or more businesses, are entered using the acquisition method, which entails entering in the accounts, on the acquisition date, the assets acquired and the liabilities taken on at their fair value, as long as this can be assessed reliably

The difference between the cost of the business combination and the value of identifiable acquired assets minus the cost of liabilities taken on is entered as goodwill if it is positive or as income on the profit and loss account if it is negative

Business combinations for which, by the financial year end date, the valuation process necessary in order to apply the acquisition method has not been completed, are entered into the accounts using provisional values. These values must be adjusted within one year at the most of the acquisition date. Adjustments which are recognised in order to complete the initial entry into accounts are realised retroactively, so that the resulting values are those which would have arisen if said information had been taken into account initially, the comparative figures therefore being adjusted

4.14 Transactions with related parties

Transactions with related parties are entered into the accounts in accordance with the valuation rules detailed above, except for the following transactions.

- Non-monetary contributions from a business to a company in the group are valued, generally, at the book value of the asset elements remitted in the consolidated annual accounts on the date on which the operation is realised.
- In operations relating to the merger and demerger of a business, the elements acquired are valued, generally, at the amount corresponding to the same, once the operation is completed, in the consolidated annual accounts. The resulting differences are entered in reserves

The prices of operations realised with related parties are appropriately borne; therefore the Company's Sole Director considers that there are no risks which might generate significant tax liabilities

4 15 Integration of subsidiaries

In accordance with accounting regulations in force in Spain, the assets, liabilities, income and expenses of the subsidiary Spicers Italia (Note 1) are included on the Company's balance sheet and profit and loss account

4 16 Severance pays

Under current employment legislation, the Company is required to make payments to those employees with whom, under specified conditions, it breaks its employment relationship. Severance pay which can be fairly quantified is entered as an expense for the financial years in which there is a valid expectation created by the Company in respect of the third parties concerned

5. INTANGIBLE FIXED ASSETS

The breakdown and movements of the items making up intangible fixed assets are as follows

2012 financial year (Euros)	Initial balance (Re-expressed)	Inclusions	Final balance
Cost			
Goodwill	5 711 840	-	5 711 840
Client portfolio	7 600 000	-	7 600 000
Brands	200 000	-	200 000
IT applications	600 755	134 086	734 841
Intangible fixed assets pending	-	913 853	913 853
Other tangible fixed assets	29 936	34 374	64 310
Total expense	14 142 531	1 082 313	15 224 844
Accumulated amortisation			
Client portfolio	-	(739 127)	(739 127)
IT applications	(543 026)	(55 522)	(598 548)
Patents, licences, brands and similar	-	(1 734)	(1 734)
Accumulated amortisation total	(543 026)	(796 383)	(1 339 409)
Net book value	13 599 505		13 885 435

Inclusions for the 2012 financial year in IT applications correspond to new licences acquired for the company's IT systems in Spain and Italy

Inclusions in the 2012 financial year in intangible fixed assets pending correspond essentially to the costs of the Company's own personnel in Spain and Italy in connection with new IT applications developed by the Adveo Group to which the Company belongs, for a total of 710,493 Euros and to the costs of purchasing licences for these new applications, for a total of 203,360 Euros

2011 financial year (Euros)	Initial balance (Re-expressed)	Business combination (Note 5 1)	Final Balance Re-expressed
Cost			
Goodwill	-	5 711 840	5 711 840
Client portfolio	-	7 600 000	7 600 000
Brands	-	200 000	200 000
IT applications	-	600 755	600 755
Other tangible fixed assets	-	29,936	29 936
Total expense	-	14 142 531	14 142 531
Accumulated amortisation			
IT applications	-	(543 026)	(543 026)
Accumulated amortisation total	-	(543 026)	(543 026)
Net book value	-		13 599 505

Inclusions for business combinations for the 2011 financial year correspond in full to the contribution to the Company in December 2011 of the business Spicers in Italy, set out in Note 1 of the report. See Note 5 1 below

5 1 Business combination

As set out in Note 1 of the report, on 12 December 2011, a non-monetary contribution was made of a business division, consisting of a set of assets and liabilities dedicated to the sale, importation and exportation of writing products, stationery and office equipment, situated in Italy, operated under subsidiary arrangements, named Spicers Italia. Subsequently, on 29 December 2011, the Company was sold by its Sole Shareholder Spicers Limited to Adveo Group International SA (formerly Unipapel SA) within the context of a sale operation between Adveo Group International SA as buyer and DS Smith as seller, by means of which Adveo Group International SA acquired 100% of Spicers' Continental European business.

In accordance with accounting regulation in force in Spain, this business combination was entered at a fair value based on the report of an independent expert, this being an operation between related parties immediately prior to a sale to third parties.

During the 2012 financial year, the permanent entry into the accounts of the business combination was completed, as authorised by current accounting legislation.

The most significant changes with regard to provisional entry into the accounts were the following

- Inclusion of a deferred tax asset for a total of 760,499 Euros in connection with negative taxable bases (162,544 Euros) and temporary differences (597,955 Euros) to be recovered in future financial years
- Reduction of liability for commercial creditors and other accounts payable for a total of 718,314 Euros in connection with certain provisions for invoices pending receipt, for which payment has not, in the end, been made.

The table below shows the book value and the fair value of the identifiable assets acquired and liabilities taken on in this operation, according to their permanent entry into accounts (in Euros)

ASSETS	Book value on acquisition date	Fair value on acquisition date – Temporary entry into accounts	Fair value on acquisition date – Permanent entry into accounts
NON-CURRENT ASSETS			
Intangible assets – client portfolio	-	7 600 000	7 600 000
Intangible assets – brands	-	200 000	200 000
Intangible assets – IT applications	57 729	57 729	57 729
Other intangible assets	29 936	292 936	29 936
Tangible fixed assets– land and buildings	2 917	2 917	2 917
Tangible fixed assets – technical installations and machinery	773 936	773 936	773 936
Deferred tax assets	-	-	760 499
CURRENT ASSETS			
Stocks	4 866 008	4 866 008	4 866 008
Commercial debtors and other accounts receivable	14 737 128	14 737 128	14 693 988
Short-term accruals	74 611	74 611	74 611
Cash and other equivalent liquid assets	3 367 911	3 367 911	3 367 911
ASSETS TOTAL	23 910 176	31 710 176	32 427 535

LIABILITIES	Book value on acquisition date	Fair value on acquisition date – Temporary entry into accounts	Fair value on acquisition date – Permanent entry into accounts
NON-CURRENT LIABILITIES			
Long-term provisions	369 016	369 016	369 016
Tax deferred liabilities	-	2 340 000	2 340 000
CURRENT LIABILITIES			
Commercial debtors and other accounts payable	16 789 844	16 789 844	16 071 530
LIABILITIES TOTAL	17 158 860	19 498 860	18 780 546
NET ASSETS TOTAL	6 751 316	12 211 316	13 646 989
Increases in capital at fair value (Notes 1 and 11)		19 358 829	19 358 829
GOODWILL		7 147 513	5 711 840

Therefore, the corresponding comparative figures on the 31 December 2011 balance sheet have been re-expressed, without any impact on gain or loss, net assets or cash flow for the 2012 financial year.

In the process of valuation of the assets of the business of Spicers Italia, stocks were not revalued, given that it was considered that the market value of these stocks minus the sale costs and minus the fair margin in relation to the commercial effort entailed in the sale of these stocks after the acquisition date by Spicers as a business forming part of the Adveo group is not substantially different from the net book value of said stocks in Spicers' books at the time of acquisition

Goodwill includes the value of expected synergies arising from the acquisition. Goodwill was assigned in its entirety to the Business of Spicers Italia as a Cash Generating Unit.

No contingent liabilities have been recognised.

5.2 Impairment test on the business in Italy

As at 31 December 2012 and 2011, impairment tests were carried out on all net assets of the Italy Cash Generating Unit, to which the subsidiary in Italy belongs, along with another subsidiary which the Adveo Group has in that country, Adimpo Italia, and to which the Goodwill, Client Portfolio and brands set out in Note 5.1 above have been allocated

Calculation of the recoverable value of the Cash Generating Unit was based on the 5-year Strategic Plan of the Adveo Group to which the Company belongs, approved by the Board of Directors of Adveo Group International SA, which is undertaking a 5-year period. From the fifth year onwards, projections applying a perpetual growth rate of 1.5% were used.

As a result of the impairment tests carried out, as at 31 December 2012 and 2011, no loss corresponding to impairment on all net assets of the Italy Cash Generating Unit was recorded.

Main hypotheses used in calculations of recoverable value

Estimated EBITDA

- Growth of client bases, taking advantage of integration of the client bases of the businesses of Adimpo and Spicers in Italy. Given that, on 1st March 2013, the distribution businesses of Adimpo and Spicers in Italy were merged, as set out in the Note on Subsequent Events in this Report, the joint cash flow of both businesses were taken into account.
- Higher operational margins due to cost savings due to synergies as a consequence of improved integration of the Group's businesses in Italy.

Estimated investments

The Distribution businesses do not require a significant investment structure. Efforts in relevant investments in IT applications within the group integration process have however been considered.

Long-term growth rate

Calculations of value in use were based on five-year estimates. The perpetuity growth rate was 1.0% for the 2012 financial year and 1.7% for 2011.

Discount rate

The discount rate applied, after tax, was 10.37% for the 2012 financial year and 15% for 2011.

The discount rate applied to free cash flow is based on the risk-free rate of 15-year bonds in Italy, adjusted by a country risk premium. At the time of making this adjustment, the variables are the market risk premium and the adjustment for risk, the beta coefficient, which is applied in order to reflect the risk of a specified company in relation to the whole of the stock market.

As with any future projection, the company's estimates are subject to risk and uncertainties, such as changes in competence and development of the market

Based on the impairment tests carried out, as at 31 December 2012 and 2011, the recoverable values calculated for the Italy Cash Generating Unit are higher than the total of net assets chargeable to that Unit

The key variables used in the impairment test are long-term growth rates and cash flow discount rates. The increase or reduction of 0.5% of these variables, on its own, does not entail impairment of all the cited net assets.

5.3 Other information about the intangible fixed assets

a) Assets not allocated to operation

All of the elements making up the intangible fixed assets in 2012 were allocated directly to operation

b) Assets allocated to guarantees and reversal

No element of the intangible fixed assets is allocated to guarantees, or to reversal, as at 31 December 2012

c) Purchase commitments

At the end of the 2012 financial year, there are no firm commitments to purchase elements for the intangible fixed assets

d) Other substantive information

It is the Company's policy to take out the insurance policies that it deems necessary to cover the possible risks which might affect the elements of the intangible fixed assets

The Company and its subsidiary in Italy are not involved in any dispute which might affect the intangible assets described in this Note.

The Company and its subsidiary in Italy do not have any elements of intangible fixed assets in use which are amortised in full at the end of the 2012 financial year

As at 31 December 2012, the Company and its subsidiary in Italy do not have any elements of intangible fixed assets acquired from intra-group companies

All of the elements of intangible fixed assets as at 31 December 2012 are situated in Italy, outside Spanish territory

6. TANGIBLE FIXED ASSETS

The breakdown and movements for the entry making up tangible fixed assets are as follows

2012 financial year (Euros)	Initial balance	Inclusions and allocations	Final balance
Cost			
Buildings	11 900	-	11 900
Other installations, tools and movables	2 789 206	35 591	2 824 797
Total cost	2 801 106	35 591	2 836 697
Accumulated amortisation			
Buildings	(8 983)	(1 189)	(10 172)
Other installations, tools and movables	(2 015 270)	(259 202)	(2 274 472)
Amortisation total	(2 024 253)	(260 391)	(2 284 644)
Net book value	776 853		552 053

2011 financial year (Euros)	Initial balance	Business combination (Note 5.1)	Final balance
Cost			
Buildings	-	11 900	11 900
Other installations, tools and movables	-	2 789 206	2 789 206
Total cost	-	2 801 106	2 801 106
Accumulated amortisation			
Buildings	-	(8 983)	(8 983)
Other installations, tools and movables	-	(2 015 270)	(2 015 270)
Amortisation total	-	(2 024 253)	(2 024 253)
Net book value	-		776 853

6.1 Description of main movements

Inclusions for the 2012 financial year mainly correspond to renewal of warehouse machinery in Italy. During the 2011 financial year, there were no inclusions, removals or transfers other than those resulting from the business combination set out in Note 5.1 of this report.

6.2 Other information about the tangible fixed assets

a) Assets not allocated to operation

All of the elements making up the tangible assets in 2012 and 2011 of the Company and its subsidiary in Italy were allocated directly to operation.

b) Assets allocated to guarantees and reversal

There are no elements of tangible fixed assets which are allocated to guarantees or reversal as at 31 December 2012 and 2011.

c) Purchase commitments

At the end of the 2012 and 2011 financial years, there are no firm commitments for significant purchases of elements for the tangible fixed assets

d) Operational leasing

The subsidiary in Italy manages its central offices and warehouses under leasing arrangements

The future minimum payments on the lease agreement which are non-cancellable as at 31 December 2012 and 2011 are as follows

Euros	2012	2011
Up to one year	874 434	874 434
Between one and five years	2 245 208	3 119 642
More than five years	-	-
Total	3 119 642	3 994 076

e) Other substantial information

It is the policy of the Company and its subsidiary to Italy to take out the insurance policies that they deem necessary to cover the possible risks which might affect the elements of tangible fixed assets

The Company and its subsidiary in Italy are not involved in any dispute which might affect the intangible assets described in this Note

The Company and its subsidiary in Italy do not have any elements of intangible fixed assets in use which are amortised at the end of the 2012 and 2011 financial years

As at 31 December 2012 and 2011, the Company and its subsidiary in Italy do not have any elements of intangible fixed assets acquired from intra-group companies

All of the elements of intangible fixed assets as at 31 December 2012 are situated in Italy, outside Spanish territory

7. LONG-TERM INVESTMENTS IN INTRA-GROUP COMPANIES AND ASSOCIATED ENTERPRISES

The breakdown and movements of the various items which make up this entry during 2012 and 2011 are as follows:

2012 financial year (Euros)	Initial balance	Inclusions/ allocations	Removals (Note 7 1)	Final balance
Long-term equity instruments	4 766 806	-	(1 500 000)	3 266 806
Impairment	-	(522 081)	-	(522 081)
Net book value total	4 766 806	(522 081)	(1 500 000)	2 744 725

2011 financial year (Euros)	Initial balance	Inclusions/ allocations	Removals (Note 7 1)	Final balance
Long-term equity instruments	-	3 266 806	1 500 070	4 766 806
Net book value total	-	3 266 806	1 500 070	4 766 806

7 1 Description of main movements

Acquisition of holding in Spicers España SLU

As set out in Note 1 of this report, on 2 December 2011, an increase in capital was realised, by the contribution of non-monetary assets, for a total of 326,674 Euros, with an issue premium of 2,940,062 Euros. The equivalent value of the new company stocks taken on by Spicers Limited as Sole Shareholder consisted of the non-monetary contribution of a sector of business, consisting of a set of assets and liabilities dedicated to the sale, importation and exportation of writing products, stationery and office equipment, located in Spain. On the same day, the said set of assets and the commercial activity in Spain were split off and contributed to Spicers España SL (Sole Shareholder Company), previously acquired by the Company for a total of 3,000 Euros, Spicers Administración y Servicios SLU taking 100% of its company shares for a total of 3,266,736 Euros.

Shareholders' contribution

In addition, on 31 December 2011, Spicers Administración y Servicios SLU carried out a shareholders' contribution, pending payment as at 31 December 2011 (Note 13), for a total of 1,500,000 Euros in favour of its subsidiary Spicers España SLU. The amount to deal with this contribution is intended to cover payments under the employment termination plan approved by the

Adveo Group at the end of the 2011 financial year, in the proportion which corresponds to Spicers España SLU

However, given that in the end, Spicers España SLU made these payments during the 2012 financial year using its own funds, it was considered in December 2012 that this contribution, still pending payment, was without effect, therefore this asset was removed and the corresponding account payable to Spicers España SLU is without effect in the company's Net Assets or profit and loss account for the 2012 financial year.

Investment in joint business

As set out in Note 1 of this report, the Company owns 50% of the share capital of the English company New Incco 1136 Ltd. Said company was set up by the Company along with the other Shareholder owning 50% of that company, Spicers Ltd, in December 2011 with share capital of £100, the investment by the Company therefore being 70 Euros. The company activity is information technology support to the Spicers Group in Continental Europe and the United Kingdom.

7.2 Information about intra-group companies

The information relating to holdings in intra-group companies is as follows:

Euros 2012							
Name	% holding	Share capital and issue premium	Reserves	Figure for financial year	Equity fund total	Operating figure	Dividends distributed
Spicers España S L	100%	2,969,736	725,903	(34,333)	2,774,655	387,116	-
New Incc 1136 Ltd	50%	100	-	117,474	117,574	117,474	-

Euros 2011							
Name	% holding	Share capital and issue premium	Reserves	Figure for financial year	Equity fund total	Operating figure	Dividends distributed
Spicers España S L	100%	2,969,736	2,225,904	(1,186,652)	4,308,988	(1,695,217)	-
New Incc 1136 Ltd	50%	100	-	-	100	-	-

Spicers España S L. is a Company with its registered office at Edificio Madison, Carretera Nacional 340, 122-A, San Just Desvern, Barcelona. Its company activity is the sale of any kind of item for offices, stationery, office equipment, electronic office supplies and computer consumables.

As Spicers España SLU has sustained losses after taxes in the 2012 financial year of 34,333 Euros, the possibility that the book value of the investment was not recoverable has been examined. In this sense, consideration has been taken of the fact that on the date of preparation of these annual accounts, a plan is being drawn up by which the Company shall split off its investment in Spicers España SLU in favour of another company in the Adveo group, Adveo España SA, and at the same time, Spicers España SLU shall be merged as the acquired company with Adveo España as the acquiring company. It is considered that this merger will be approved by the Shareholders of these companies and completed before 31 December 2013 and shall be carried out with retroactive accounting effect from 1st January 2013, as authorised by legislation in force. The spin-off shall be carried out for the net book value of the investment at 31 December 2012 in accordance with current accounting legislation, therefore the Sole Director has considered entering a write-down on this investment of a total of 522,081 Euros up to a net book value of 2,755,655 Euros, which corresponds to the value of the Net Assets of Spicers España SLU at 31 December 2012.

New Incco 1136 Ltd is a company with its registered office in the United Kingdom. Its company activity is information technology support to the Spicers Group in Continental Europe and the United Kingdom.

None of the above intra-group companies are quoted on the stock market.

The figures of the intra-group companies shown in the table above correspond in their entirety to continued operations.

7.3 Compliance with the provisions of Article 155 LSC

All companies in which over 10% is held, directly or indirectly, are aware of this situation, having been expressly notified by Adveo Administración y Servicios SLU.

7.4 Other relevant information about investments in the assets of intra-group companies

On 29 December 2011, Adveo Group International SA (then Unipapel SA) entered into a guarantee contract with other financial companies which granted it the syndicated loan intended for the acquisition of Spicers in Continental Europe, in the business combination through which Spicers Administración y Servicios SLU was acquired along with other Intra-Group Companies.

The guarantees relating to the syndicated loan received by Unipapel SA include the security on the share capital of the "Material Subsidiaries" which, due to a legal impediment substantiated to the satisfaction of all lender companies, did not sign the contract as guarantors.

In this sense, "Material Subsidiaries" are defined as those subsidiaries which, at any time during the period of validity of the financing contract, satisfy any one of the following requirements:

- that the assets of that subsidiary represent at least 5% of the total assets, or
- that the EBITDA of that subsidiary represents at least 5% of the consolidated EBITDA, or
- that the income of that subsidiary represents at least 5% of the consolidated income, and
- any member of the Group that is a parent company of a material subsidiary

Adveo Administración y Servicios SLU and its subsidiary Spicers España SLU are material subsidiaries subject to security

Also subject to security are the credit entitlements arising from the contracts relating to the acquisition of Spicers.

8. FINANCIAL ASSETS

Financial assets as at 31 December 2012 and 2011 correspond in full to borrowing and items receivable with their corresponding breakdown on the balance sheet on that date

The fair value of these financial assets does not differ from the book value.

Impairment losses

The balance of the item "Clients corresponding to sales and service-provision" is presented net of any impairment losses. Movements made in said impairment losses were as follows (in Euros)

	2012	2011
Initial balance	1,402,416	-
Business combinations	-	1,402,416
Impairment losses	5,080	-
Bad debts	(84,237)	-
Total	1,323,259	1,402,416

The entirety of the balances corresponding to commercial operations and debtors originate from operations realised in Italy. Stocks in 2011 were contributed to the Company in the increase in capital by non-monetary contributions, via which the business of Spicers in Italy was integrated.

8.1 Other relevant information

- a) There are no transferable securities, loans granted, or other similar financial investments allocated to guarantees as at 31 December 2012 and 2011.
- b) As at 31 December 2012 and 2011, all commercial debts are expressed in Euros, therefore, there is no foreign exchange adjustment risk.
- c) As at 31 December 2012 and 2011, there are no firm commitments to buy financial investments or other negotiable securities, as in the 2011 financial year.

9. STOCKS

As at 31 December 2012 and 2011, this item presents the following breakdown (in thousands of Euros)

	2012	2011
Commercial stocks	6,146,615	5,327,703
Advance payments to suppliers	24,237	25,465
Impairment losses	(376,600)	(487,160)
Total	5,794,252	4,866,008

There is no kind of limitation as regards availability of the elements included in this item, since the necessary insurance policies exist to cover the possible risk which might affect them

Movements in impairment losses during the 2012 and 2011 financial years are as follows (in Euros)

	2012	2011
Initial balance	487,160	-
Net allocations / (reversals) for financial year	(110,560)	-
Business combination	-	487,160
Final balance	376,600	487,160

The entirety of the commercial stocks originate from operations realised in Italy, and stocks as at 31 December 2011 were contributed to the Company in the business combination set out in Note 5 1 of this report

10. CASH AND OTHER EQUIVALENT LIQUID ASSETS

The breakdown of this item as at 31 December is as follows

Thousands of Euros	2012	2011
Cash	1,996	5,644
Instant access current accounts	5,273,605	3,365,277
Total	5,275,601	3,370,921

Instant access current accounts earn interest at the market interest rate for this kind of account in 2012 and 2011.

There are no restrictions on availability of these balances

11. NET ASSETS

11.1 Subscribed capital

The entirety of the share capital is represented by 2,265,566 company shares with a nominal value of 1.00 euro each.

The Company's Sole Shareholder is Adveo Group International SA.

As set out in Note 1 of this report, during the 2011 financial year, two increases in capital were realised, by means of a non-monetary contribution, contributing the holding in Spicers España S.L. and the set of assets and liabilities of Spicers Italia (subsidiary in Italy), for totals of 326,674 and 1,935,882 Euros respectively

11.2 Issue premium and surplus

As set out in Note 1 of this Report, during the 2011 financial year, two increases in capital were realised, by means of a non-monetary contribution, contributing the holding in Spicers España S L and the set of assets and liabilities of Spicers Italia (subsidiary in Italy) The situation as at 31 December 2012 corresponds to the following breakdown

	Euros
Initial balance	-
Contribution of the holding in Spicers España S L	2,940,062
Contribution of net assets and liabilities of Spicers Italia (subsidiary)	17,422,947
Final balance	20,346,496

The costs of these increases in capital, 16,513 Euros, were entered as Surplus

11.3 Reserves / Figures from previous financial years

On closure of the financial year ended 31 December 2012, the Company did not have any reserves set up, since the figure for the previous financial year, the first financial year of operation for the Company was negative, by 956 Euros

Reserve for goodwill

This reserve shall be unavailable whilst the goodwill set out in Note 5 is entered on the Company's balance sheet Application of the figure for the 2012 financial year to the 2013 financial year shall be the first allocation to this reserve

12. PROVISIONS AND CONTINGENCIES

12.1 Obligations corresponding to long-term benefits to personnel

The provision for long-term payments, taken on by the Company as part of the business combination set out in Note 5.1 of this report, originates from the collective agreement currently in force in Italy, under which the Italian subsidiary is required to pay specified sums on termination of the employment relationship with each employee. The total of the premium payable depends on the employee's length of service at the time of his departure. These payments are not externalised. The allocation in the 2012 financial year totals 3,248 Euros.

12.2 Provisions for other liabilities

This provision, taken on by the Company as part of the business combination set out in Note 5.1 of this report, corresponded mainly to a provision for possible tax contingencies in Italy, originating in previous financial years, under the control of the previous shareholder of the Italian subsidiary, on which the Company's Directors consider probable a future disbursement of resources. In the 2012 financial year, the risk was reassessed, as remote, releasing the entirety of the provision.

13. FINANCIAL LIABILITIES

Financial liabilities as at 31 December 2012 and 2011 correspond in full to borrowing and items payable, with their corresponding breakdown on the balance sheet on said date.

As at 31 December 2012 and 2011, the fair value of these financial liabilities does not differ significantly from their book value.

13.1 Information about deferments of payments to suppliers in commercial operations

In connection with Law 15/2011 of 5 July, amending Law 3/2004 of 29 December 2011, establishing means of combating arrears in commercial operations, shown below is a breakdown with the total amount of payments made to suppliers in Spain during the financial year, distinguishing those which exceeded the statutory deferment limits, the weighted average term overrun for payments and the total of the outstanding balance due to suppliers which, at the end of the financial year, accumulates deferment of more than the statutory payment term.

Payments made and pending payment on the end date
of the balance sheet

	2012		2011	
	Amount	%	Amount	%
Within the statutory maximum term	514,101	100%	-	
Remainder	-	-	-	
Total payments for the financial year	514,101	100%	-	
Weighted average term (days) past due date	1		-	
Deferments which, at the closure date, exceed the statutory maximum term	-		-	

Payments made in Spain during the 2012 financial year are exclusively credit insurance direct debits, paid on the first day of each month. In the 2011 financial year, no payment to suppliers in Spain was made.

14. TAX SITUATION

As set out in Note 1 of this report, the company has its address for tax purposes in the United Kingdom, paying tax in that country on the figures the company itself realises, without taking into account the figures of its subsidiary in Italy, which pays tax independently in that country.

The breakdown of balances relating to tax assets and tax liabilities as at 31 December 2012 and 2011 is as follows:

Euros (2012)	United Kingdom	Italy	Total
Deferred tax assets	-	547 962	547 962
Non-current assets	-	547 962	547 962
Other credit with Public Authorities	463 837	1 355 721	1 819 558
Non-current assets total	463 837	1 355 721	1 819 558
Deferred tax liabilities (Note 5)	-	2 118 262	2 118 262
Long-term liabilities total	-	2 118 262	2 118 262
Current tax liabilities (Note 14 1)	720 000	1 470 184	2 190 184
Other debts with Public Authorities			
VAT	262 230	435 198	697 428
Personal income tax	2 468	122 746	125 214
Social Security	-	203 566	203 566
	264 698	761 510	1 026 208
Short-term liabilities total	984 698	2 231 694	3 216 392

Euros (2011) – re-expressed	United Kingdom	Italy	Total
Deferred tax assets	-	760 499	760 499
Non-current assets	-	760 499	760 499
Other credit with Public Authorities VAT	2 950	-	2 950
Assets total	2 950	-	2 950
Deferred tax liabilities (Note 5)	-	2 340 000	2 340 000
Long-term liabilities total	-	2 340 000	2 340 000
Current tax liabilities		917 183	917 183
Other debts with Public Authorities VAT	-	75 908	75 908
Personal income tax	2 459	112 900	115 359
Social Security	-	137 283	137 283
	2 459	1 243 274	1 245 733
Short-term liabilities total	2 459	2 160 457	2 162 916

In accordance with the statutory provisions currently in force, payments of tax may not be regarded as final until they have been verified by the Tax Authority or until the four-year period of limitation has expired. Adveo Administración y Servicios S.L. makes available for inspection all taxes to which it has been liable since its incorporation in November 2010.

Spicers Italia (the subsidiary in Italy) makes available for inspection all taxes to which it has been liable for the past four financial years.

The Company's Sole Director considers that these years available for inspection shall not give rise to liabilities of a contingent nature which prove significant for the annual accounts as a whole.

14.1 Calculation of Corporation Tax

Liabilities entered as at 31 December 2012 for Corporation Tax correspond to the liquid sum payable in the United Kingdom by the company itself in its business of processing European rebates and by the Italian subsidiary as a consequence of its marketing activity in Italy, in both cases for the figures generated in the twelve-month period between 1st January and 31 December 2012.

The effective corporation tax rates in Italy for the 2012 financial year were 27.5% (State tax) and 3.9% (regional tax which is calculated on a different base) and 24% in the United Kingdom. Reconciliation before the pre-tax book figure and the taxable base in each country is as follows

	United Kingdom	Italy	Total
Pre-tax book figure	2 566 980	3 331 945	5 898 925
Permanent differences	469 218	338 366	807 584
Temporary differences	-	1 125 116	1 125 116
Application of negative tax bases	-	(591 070)	(591 070)
Taxable base (tax figure)	3 036 198	4 204 356	7 240 555

The permanent differences correspond to specified costs which are not deductible in the corresponding countries under their tax legislation, the permanent difference attributable to the United Kingdom being the impairment loss on the financial investment in Spicers España SLU for an amount of 522,081 Euros (Note 7)

Italy's temporary differences correspond, for amount of 385,989, to temporary differences under the corresponding local tax legislation for an amount of 739,127 Euros to amortisation of the client portfolio (note 5)

Reconciliation between the cost for tax on profits and the figure reached by multiplying the effective tax rates applicable in each country (United Kingdom: 24%, Italy 35%) to the pre-tax figure entered in the profit and loss account is as follows for the 2012 financial year (in Euros):

Profit and Loss Account – 2012

	United Kingdom	Italy	Total
Pre-tax balance	2 566 980	3 331 945	5 898 925
Theoretical tax burden	616 075	1 207 856	1 940 543
Permanent differences	(102 925)	90 583	77 896
Application of negative tax bases	-	162 544	162 544
Effective tax expense/ (income)	720 000	1 460 983	2 180 983

The breakdown of the corporation tax cost is as follows

Profit and Loss Account – 2012

	United Kingdom	Italy	Total
Current tax	720 000	1 470 184	2 190 184
Deferred tax variation			
Taxable bases pending offsetting	-	162 544	162 544
Temporary differences – amortisation customer relationship	-	(221 738)	(221 738)
Other temporary differences	-	49 993	49 993
	-	(9 201)	(9 201)
Effective tax expense/ (income)	720 000	1 460 983	2 180 983

The breakdown of corporation tax payable as at 31 December 2012 in each country is as follows (in Euros):

Euros	United Kingdom	Italy	Total
Current tax	720 000	1 470 184	2 190 184
Deductions and payments on account	-	-	-
Corporation tax payable	720 000	1 470 184	2 190 184

Liabilities entered as at 31 December 2011 for Corporation Tax correspond to the amount payable by the Italian subsidiary for figures generated in the eight-month period from 1st April to 31 December 2011, under the control of its previous shareholder. Said liabilities were settled during the 2012 financial year.

The corporation tax rate in Italy for the 2011 financial year was 27.5%. Given that the Company has not recorded any operations since the Adveo Group took control (effective date 29 December 2011), there is no corporation tax expense or income calculated for the 2011 financial year.

14 2 Deferred tax liabilities

The breakdown and movements of the various items making up the deferred tax liabilities are as follows

Euros – 2012 Financial year	Initial balance Re-expressed (Note 5 1)	Variations in profit and loss account	Final balance
Deferred tax assets			
Negative tax bases	162 544	(162 544)	
Temporary differences	597 955	49 993	547 962
	760 499	(212 537)	547 962
Deferred tax liabilities	(2 340 000)	221 738	(2 118 262)
Temporary differences	(2 340 000)	221 738	(2 118 262)
Total	(1 579 501)	9 201	(1 570 300)

As at 31 December 2012, in the United Kingdom and Italy there are no negative taxable bases pending offsetting (591,070 Euros as at 31 December 2011 in Italy).

15. INCOME AND EXPENSES

15 1 Net turnover

The breakdown of this item as at 31 December is as follows

Euros	2012	2011
Sale of goods	57 605 896	-
Service-provision	5 085 970	-
Total	62 691 866	-

15 2 Supplies

The breakdown of this item as at 31 December is as follows:

Euros	2012	2011
Consumption of goods	38 605 418	-
Impairment of goods	(110 560)	-
Total	38 494 858	-

15 3 Social security contributions

The breakdown of this item as at 31 December is as follows:

Euros	2012	2011
Social security payable by the company	1 367 852	-
Other social security costs	388 412	-
Total	1 756 264	-

15 4 External services

The breakdown of this item as at 31 December is as follows

Euros	2012	2011
Leases and rents	239 800	-
Repairs and upkeep	197 684	-
Services of independent professionals	4 074 614	956
Transport	3 336 956	-
Insurance premiums	752 236	-
Bank services and similar	28 875	-
Supplies	219 189	-
Other services	1 598 869	-
Total	10 448 223	956

The costs of services of independent professionals correspond basically to management support services by various related companies (Note 16).

15 5 Interest income

The breakdown of this item as at 31 December is as follows

Euros	2012	2011
From transferable securities and other financial instruments	46 921	-
From intra-group companies and associated enterprises	46 921	-
Total	46 921	-

15.6 Interest expense

The breakdown of this item as at 31 December is as follows

Euros	2012	2011
For debts with intra-group companies and associated enterprises	14 458	-
Debt interest, intra-group companies	14 458	-
Total	14 458	-

15.7 Foreign exchange adjustments

The breakdown of this item as at 31 December is as follows

Euros	2012	2011
Positive foreign exchange adjustments	88 098	-
Negative foreign exchange adjustments	(160 198)	-
Total	72 100	-

16. OPERATIONS WITH RELATED PARTIES

Parties related to the Company and the nature of this relationship are as follows:

Name	Financial year of relationship	Nature of relationship
Adveo Group International SA	2012 and 2011	Sole Shareholder
Spicers España S L	2012	Dependent company
Other companies in the Spicer Group	2012 and 2011	Related companies
	2012 and 2011	Company director
Sole Director		

The balances maintained with related companies as at 31 December 2012 are as follows

2012 financial year	Long-term credit, inter-group companies and associated enterprises (Note 7)	Clients inter-group companies and associated enterprises (Note 8 2)	Short-term debts, inter-group companies and associated enterprises (Note 12)
Adveo Group International SA	2 707 144	-	(1 833 711)
Adveo France SAS	-	1 645 099	(188 620)
Adveo España SA	-	-	(508 898)
Spicers España SLU	310 755	-	(2 919)
Adveo Digital Systems España SA	-	-	(2 779 432)
Spicers Deutschland GmbH	692 362	-	(7 156)
Spicers Belgium NV	5 301	(1 400)	-
Total	3 715 582	1 643 699	(5 320 736)

The income and expenses arising from transactions realised with related companies are as follows

Income (expenses) (thousands of Euros)

2012 financial year	Purchases of goods	Services rendered, management support	Services received, management support	Allocation of central rebates	Interest expense	Interest income
Adveo Group International SA	-	-	(503 000)	-	(14 458)	46 921
Adveo France SAS	(13 500)	1 895 139	-	946 883	-	-
Adveo España SA	-	-	(379 000)	-	-	-
Spicers España SLU	-	529 482	-	219 084	-	-
Adveo Digital Systems España SA	(7 101 717)	-	-	-	-	-
Spicers Deutschland GmbH	-	1 115 157	-	372 051	-	-
Spicers Belgium NV	-	404 021	-	216 467	-	-
New Incco 1136, Ltd	-	-	(2 606 854)	-	-	-
Total	(7 115 217)	3 943 799	(3 488 854)	1 754 485	(14 458)	46 921

No transactions with related parties were realised in the 2011 financial year and there were no balances with related parties as at 31 December 2011, other than the payment pending for the amount of 1,500,00 Euros for the shareholder's contribution to Spicers España SLU, which is described in Notes 7 1 and 13 1 of this report

16 1 Directors and senior management

The position of Sole Director is not remunerated

The Company considers senior management to be those persons who carry out duties relating to the Company's general objectives, such as planning, management and control of activities, carrying out their duties autonomously and with full responsibility, limited only by the criteria and instructions of the Company's statutory

incumbent officers or the organs of government and administration which represent said incumbent officers
Given that strategic decisions and business operations are defined and

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controlled by the Adveo Group, the Company does not keep on its workforce any employee who might be regarded as senior management according to the definition set out above.

As at 31 December 2012 and 2011, there were no loans or advance payments made to the Sole Director

There is no undertaking or obligation contracted by the Company as at 31 December 2012 and 2011 with the Sole Director in matters of pensions or guarantees.

In accordance with Articles 229 and 230 of the Law on Capital Companies, the Director has not notified the Company of any situations of conflict with the Company's interests.

17. GUARANTEES UNDERTAKEN WITH THIRD PARTIES

As at 31 December 2012, the Company has operational securities granted by specified financial entities in Italy vis-à-vis clients for an amount of 2,725,000 Euros (2011 547,000 Euros).

18. INFORMATION ON THE NATURE AND LEVEL OF RISK ORIGINATING FROM FINANCIAL INSTRUMENTS

The Company's risk management policies are established by the Audit Committee of Adveo Group International SA as Sole Shareholder of the same, having been approved by the Board of Directors of Adveo Group International SA. Based on these policies, the Financial Department and the Management Control Department of Adveo Group International SA have established a series of procedures and controls which make it possible to identify, assess and manage the risks arising from activity with financial instruments

The activity with financial instruments exposes the Company to credit, market and liquidity risks

18.1 Credit risk

The credit risk arises due to the possible loss caused by the failure to fulfil contractual obligations by those third parties with whom the Company enters into a contract, that is, due to the possibility of not recovering the financial assets for the amount entered in the accounts and within the established deadline.

Maximum exposure to the credit risk as at 31 December is as follows

Thousands of Euros	2012	2011
Commercial debts and other accounts receivable	19 504 694	14 696 869
Cash and other equivalent liquid assets	5 275 601	3 370 921
Total	25 780 295	18 067 790

The Company covers the risk of its commercial operations in Italy with credit insurance and securities on the majority of its commercial portfolio

18.2 Market risk

The market risk arises due to the possible loss caused by variations in the fair value or in the future cash flow of a financial instrument due to changes in market prices. The market risk includes the interest rate, the exchange rate risk and other price risks.

Interest rate risk

The interest rate risk arises due to the possible loss caused by variations in the fair value or in the future cash flow of a financial instrument due to changes in the market interest rate.

There is no such risk within the Company, since it does not have any line of credit.

Exchange rate risk and other price risks

The Sole Director considers that the Company is not subject to other exchange rate risks and other price risks because it does not realise significant transactions in currencies other than the euro and the Company does not have holdings in listed Shares, or in financial products subject to high price volatility.

18.3 Liquidity risk

The liquidity risk arises due to the possibility that the Company is unable to dispose of liquid funds or to access these in sufficient quantity and at the appropriate cost, in order to deal at any time with its payment obligations. The Company's objective is to maintain the available liquid assets necessary. The Company's policy establishes the following minimum limit of liquidity which must be maintained at any time:

- An amount of more than 10% of the current liabilities must be maintained in "Cash and other equivalent liquid assets"

The percentages existing as at 31 December are as follows

Euros	2012	2011
Commercial creditors and other accounts payable	18 265 337	16 091 950
Cash and other equivalent liquid assets	5 275 601	3 370 921
	29%	21%

Where necessary, the Company relies on the financial support of other intra-group companies, in which Adveo Group International SA is the dominant Company.

19. OTHER INFORMATION

19 1 Personnel structure

The average workforce employed by the Company, divided into categories, is as follows:

2012 financial year	Men	Women	Total
Senior management	2	-	2
Administrative personnel	40	44	84
Total	42	44	86
2011 financial year	Men	Women	Total
Senior management	2	-	2
Administrative personnel	43	48	91
Total	45	48	93

19 2 Audit fees

Fees paid for services rendered by the auditors are as follows:

Euros	2012	2011
Audit services		
Spain	15 000	8 000
Italy	18 000	15 000
United Kingdom	6 000	-
Total	39 000	23 000

19.3 Information on the environment

There are no significant systems, equipment or installations incorporated into the tangible fixed assets in 2012 and 2011 with the purpose of minimization of the environmental impact, or the protection or improvement of the environment.

The Company has not incurred any significant expenses in 2012 and 2011 in connection with the protection or improvement of the environment.

The Sole Director considers that there are no significant contingencies relating to the protection and improvement of the environment, and does not consider it necessary to enter any provision to this end in 2012 and 2011.

20. EVENTS SUBSEQUENT TO CLOSURE OF THE ACCOUNTS

During the 2013 financial year, the Company transferred the assets and liabilities of its subsidiary in Italy for its value in pounds as at 31 December 2012 to the company in the group Adimpo Italia, SRL, which acquired said assets and liabilities by means of an increase in capital by a contribution of non-monetary assets. Said increase in capital was subscribed in full by Adveo Administración y Servicios, SLU, which took a 95% holding of the shareholding of Adimpo Italia, SRL.

At the same time, the businesses in Italy of Spicers and Adimpo were merged. The resulting company was named Adveo Italia, SRL.

As set out in Note 7 of this report, on the date of preparation of these annual accounts, a project is being developed by means of which the Company shall split off its investment in Spicers España SLU in favour of another company in the Adveo Group, Adveo España SA and at the same time, Spicers España SLU shall be merged as the acquired company with Adveo España as the acquiring company. It is considered that this merger will be approved by the Shareholders of those companies and completed before 31 December 2013 and shall be realised with retroactive accounting effect from 1st January 2013, as authorised by the legislation currently in force.

ADVEO ADMINISTRACIÓN Y SERVICIOS SLU

Management Report on the 2012 Financial Year

The Company was officially incorporated and integrated into the Adveo Group in December 2011, heading up Spicers' businesses in Italy and Spain.

The situation of the markets on which we carry out our business continues to be difficult, within an overall context of a very unfavourable reduction in consumption. Despite this and thanks to a commercial policy focused on the specific needs of clients, we have adapted our distribution activity, optimizing purchase management, by centralization, and the relationship with our international suppliers.

The objective of Adveo Administración y Servicios SLU is to improve the leadership of the Adveo Group, placing an emphasis on commercial efficiency and operational efficiency, through optimization of purchase management. Improving centralization of purchase contracts, flexibility to adapt to the requirements of clients and controlling costs are some of the mainstays behind ending the 2012 financial year satisfactorily.

The Company did not carry out any research and development activities during the 2012 financial year.

As set out in Notes 7 and 20 of the report, on the date of preparation of these annual accounts, a project is being developed by means of which the Company will spin off its investment in Spicers España SLU in favour of another company in the Adveo Group, Adveo España SA and at the same time, Spicers España SLU will be merged as the acquired company, with Adveo España as the acquiring company. It is considered that this merger will be approved by the shareholders of those companies and completed before 31 December 2013 and shall be realised with retroactive accounting effect from 1st January 2013, as authorised by the legislation currently in force.

And finally, we would like to mention the excellent management and support provided by the management team, along with the personal contribution made by all employees in the process of integrating Spicers into the Adveo Group.

ADVEO ADMINISTRACIÓN Y SERVICIOS SLU

Preparation of the Annual Accounts and the Management Report

The above annual accounts for the 2012 financial year of Adveo Administración y Servicios SLU, included on the previous pages numbers 1 to 54 and the management report on the 2012 financial year, included on the previous page, have been prepared by the Company's Sole Director on 27 June 2013.

[signature]

Daniel Jaffe
Sole Director