

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Ilsanta, UAB:

Report on the Financial Statements

We have audited the accompanying financial statements of Ilsanta, UAB (hereafter – the Company) (pages from 5 to 28), which comprise the statement of financial position as at 31 December 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and legal regulations on accounting and financial reporting of the Republic of Lithuania.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the Annual Report for the year ended 31 December 2012 (page 4) and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2012.

Deloitte Lietuva UAB
Audit Company License No 001275


Jekaterina Jocienė
Lithuanian Certified Auditor
License No. 000436

Vilnius, Republic of Lithuania
13 March 2013

ILSANTA UAB

Company code: 110498671, Company's address: A. Goštauto 40A, Vilnius

ANNUAL REPORT**FOR THE YEAR ENDED 31 DECEMBER 2012**

ANNUAL REPORT FOR 2012

The annual report of Ilsanta UAB (hereinafter „the Company”), legal entity code 110498671, registered office at A. Goštauto 40A, Vilnius, for the financial year 2012 has been prepared by the Management of the Company, following Article 25 of the Law of the Republic of Lithuania on financial statements of Entities.

The main activity of the Company is wholesale of medical goods and equipment.

In 2012 the Company continued its operations as distributor of Boston Scientific Corporation, Stryker, Acist and Maquet products in the Baltics, remained one of the major medical device products distributor in Lithuania and continued as distributor of TRUMPF and other medical equipment.

In 2012 the total revenues of the Company was LTL'000 48,479 which is a decrease of 8% compared to 2011. The commercial profitability ratios remained similar to the previous year's level.

In 2012 the Company earned a net profit of LTL'000 2,458.

As of 31 December 2012 the authorized capital of the Company was LTL'000 8,179. Albatross ehf., an Icelandic company, holds 94 percent of shares of the Company.

Total assets of the Company as of 31 December 2012 amounted to LTL'000 34,921.

After analysis of sales and potential of medical device sales, the board decided to increase stock of medical device goods and accelerate sales in Latvia and Estonia. Subsequently the inventory balance increased by 17% and reached LTL'000 5,186 as of 31 December 2012.

Trade receivables decreased by 29% in comparison with the year 2011. Trade receivables as of 31 December 2012 were LTL'000 12,447.

As a result of this decrease in trade receivables the cash and cash equivalents increased to LTL'000 6,274 and total borrowings decreased by 34%.

As of 31 December 2012 payables and accrued expenses remained at a similar level to previous years and were LTL'000 10,034.

On 31 December 2012, the Company had 25 employees (31 December 2011 – 21).

During the financial year, the Company has not acquired any shareholdings in any other companies.

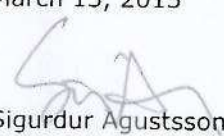
The Company has branches in Latvia and Estonia. The Company has no representative offices.

Financial risk management is disclosed in Note 19 of the Company's financial statements for the year ended 31 December 2012.

There were no important events after the balance sheet date, which could have a material effect on the financial position and financial results of the Company for 2012.

In 2013 the Company plans to focus further its attention on its main activities, to maintain market share in the Baltic countries and to continue the optimization of its operations.

March 13, 2013



Sigurdur Agustsson
General Director


**STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2012**

	Notes	2012 LTL	2011 LTL
ASSETS			
Non-current assets:			
Property, plant and equipment	4	503,508	388,638
Goodwill	5	9,775,586	9,775,586
Other intangible assets	5	2,823	9,123
Total non-current assets		10,281,917	10,173,347
Current assets:			
Inventories	6	5,185,853	4,432,932
Trade receivables	7	12,447,403	17,651,602
Prepayments and deferred charges		365,401	425,993
Prepaid income tax		366,215	-
Cash and cash equivalents	8	6,274,310	4,327,714
Total current assets		24,639,182	26,838,241
TOTAL ASSETS		34,921,099	37,011,588
EQUITY AND LIABILITIES			
Capital and reserves:			
Share capital	9	8,179,200	8,179,200
Currency translation reserve		17,139	54,200
Legal reserve		227,539	86,293
Retained earnings		7,563,718	5,246,765
Total equity		15,987,596	13,566,458
Non-current liabilities:			
Borrowings	10	6,507,163	10,443,355
Finance lease liabilities	11	133,317	-
Total non-current liabilities		6,640,480	10,443,355
Current liabilities:			
Payables and accrued expenses	12	10,034,384	9,930,255
Borrowings	10	2,232,095	2,882,627
Finance lease liabilities	11	26,544	3,213
Income tax liabilities		-	185,680
Total current liabilities		12,293,023	13,001,775
Total liabilities		18,933,503	23,445,130
TOTAL EQUITY AND LIABILITIES		34,921,099	37,011,588

The accompanying explanatory notes are an integral part of these financial statements.

These financial statements were approved and authorized for issue on 13 March 2013.


Sigurdur Agustsson
General Director


Kristina Noreikiene
Chief Accountant

ILSANTA UAB

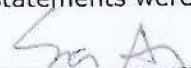
Company code: 110498671, Company's address: A. Goštauto 40A, Vilnius


**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 LTL	2011 LTL
Sales	13	48,478,638	52,694,521
Cost of sales	14	(35,469,469)	(38,692,396)
Gross profit		13,009,169	14,002,125
Operating expenses	15	(9,793,994)	(9,781,204)
Net gain (loss) on sale of property, plant and equipment		16,962	(173)
Operating profit		3,232,137	4,220,748
Net foreign exchange profit (loss)		126,989	(155,835)
Finance income		1,422	1,781
Finance cost	16	(582,422)	(714,264)
Profit before income tax		2,778,126	3,352,430
Income tax expense	17	(319,927)	(527,504)
Net profit for the year		2,458,199	2,824,926
Other comprehensive income:			
Currency exchange differences		(37,061)	194,255
Total comprehensive income for the year		2,421,138	3,019,181

The accompanying explanatory notes are an integral part of these financial statements.

These financial statements were approved and authorized for issue on 13 March 2013.



Sigurdur Agustsson
General Director

Kristina Noreikienė
Chief Accountant

ILSANTA UAB


Company code: 110498671, Company's address: A. Goštauto 40A, Vilnius

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

	Share capital LTL	Legal reserve LTL	Currency translation reserve LTL	Retained earnings LTL	Total LTL
As of 1 January 2011	8,179,200	29,581	(140,055)	2,478,551	10,547,277
Net profit for the year	-	-	-	2,824,926	2,824,926
Transfer to reserves	-	56,712	-	(56,712)	-
Other comprehensive income	-	-	194,255	-	194,255
As of 31 December 2011	8,179,200	86,293	54,200	5,246,765	13,566,458
Net profit for the year	-	-	-	2,458,199	2,458,199
Transfer to reserves	-	141,246	-	(141,246)	-
Other comprehensive income	-	-	(37,061)	-	(37,061)
As of 31 December 2012	8,179,200	227,539	17,139	7,563,718	15,987,596

The accompanying explanatory notes are an integral part of these financial statements.

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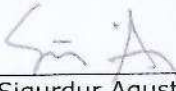

Sigurdur Agustsson
General Director
Kristina Noreikienė
Chief Accountant


**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 LTL	2011 LTL
OPERATING ACTIVITIES		
Profit before income tax	2,778,126	3,352,430
Elimination of non-cash items:		
Depreciation	215,737	277,174
Amortization	6,300	6,891
Finance income	(1,422)	(1,781)
Interest cost	512,186	654,208
Other finance cost	70,236	60,056
Net foreign exchange (profit) loss	(126,989)	155,835
Net (gain) loss on disposal of fixed assets	(16,962)	173
Change in allowance for inventory net realizable value	18,599	(130,506)
Change in allowance for doubtful receivables	(385,413)	1,241
Reclassification of other property, plant and equipment	71,742	-
Operating cash flows before movements in working capital	3,142,140	4,375,721
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivable	5,589,612	(7,042,708)
Decrease (increase) in prepayments and deferred charges	114,050	(124,913)
(Increase) in inventories	(771,520)	(513,089)
Increase in payables and accrued expenses	104,128	442,155
Cash flows from operations	8,178,410	(2,862,834)
Interest (paid)	(524,386)	(630,983)
Income tax (paid)	(871,822)	(154,213)
Net cash flow from (used in) operating activities	6,782,202	(3,648,030)
INVESTING ACTIVITIES		
Purchases of property, plant, equipment and intangible assets	(242,327)	(171,126)
Proceeds on sale of property, plant, equipment and intangible assets	34,319	8,000
Interest received	1,422	1,781
Net cash flow (used in) investing activities	(206,586)	(161,345)
FINANCING ACTIVITIES		
Proceeds from borrowings	-	10,827
Proceeds from finance lease	(20,309)	(37,355)
Repayments of borrowings	(4,574,523)	(1,899,040)
Other financial expenses paid	(34,188)	(41,270)
Cash flow (used in) financing activities	(4,629,020)	(1,966,838)
Net (decrease) increase in cash and cash equivalents	1,946,596	(5,776,213)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,327,714	10,103,927
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6,274,310	4,327,714

The accompanying explanatory notes are an integral part of these financial statements.

These financial statements were approved and authorized for issue on 13 March 2013.


Sigurdur Agustsson
General Director


Kristina Noreikienė
Chief Accountant

Müügitulu jaotus tegevusalade lõikes

Tegevusala	EMTAK kood	Müügitulu (EUR)	Müügitulu %	Põhitegevusala
Muude kindlate kaupade vahendamine	46181	14040488	100.00%	Jah

Sidevahendid

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