

2013
**ANNUAL
REPORT**



gmv[®]
INNOVATING SOLUTIONS

GMV business group believes that behind each new need, behind every new problem, there is a challenge and a chance to innovate. Technology is not an end in itself; it is the means to make something new or to make something old better. In GMV we draw on our existing range of products and services or, if need be, we develop completely new ones to meet the particular needs of each client, providing bespoke innovation and technology. We take on our clients' challenges as our own, spurring us on to new heights of innovation.

GMV goes beyond its clients' brief, exploring their real needs with a total readiness to find solutions. This allows us to come up with the right response, often imaginative, sometimes unique and always honest.

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LETTER FROM THE PRESIDENT

MÓNICA MARTÍNEZ

Word is the worst is over. Spain officially climbed out of recession in October 2013 so from now on, in theory, the only way is up. Since then there have indeed been signs of a slow recovery. I am therefore going to be optimistic and, assuming there is no more to come, cast a look back at how GMV has weathered the storm.

GMV closed 2008, the year the downturn hit, with a turnover of €91.5 million, an EBITDA of €10 million and a net profit of €4.2 million. By way of comparison we closed 2013 with a turnover of €109 million, an EBITDA of €9.1 million and a net profit of €3.5 million. Profit has therefore fallen by 17% and EBITDA by 9%. At the same time we have increased turnover by 19% and our staff has grown by 8% to a total of 1112.

Business profitability has therefore dipped but, despite the downturn, GMV has managed to boost its turnover considerably and increase its human capital and knowledge pool, even generating new jobs.

In Spain all the sectors we trade in have been broadsided by the slump. Even so, we are still working with many of our longstanding clients, who, despite paring their investment budgets to the bone, are still contracting us for their flagship projects. We have also been able to offset the fall in demand, particularly from the public sector, by increasing our client base in the private sector, convincing new clients of the profitability of investing in our products and services. Profit margins have shrunk, due to the crisis-driven fall in demand; this obviously has a knock-on effect on our operating results. It is only the huge cost-cutting and efficiency- and productivity-boosting efforts made by the whole GMV team that have forestalled any bigger fall in margins.

We have also continued to seek out new business outlets in different markets, especially abroad where there are more opportunities. By the end of 2008 we already had some sort of business establishment, including commercial offices, in 6 different countries. During the five-year slump we have set up new subsidiaries in Poland, Germany, Romania, India and France, with two more being added on last year in Malaysia and Colombia. This brings our subsidiary count up to 10 in different countries and there are more in the pipeline for the year now underway. This is already boosting our turnover but the heavy start-up costs are bound to affect our short-term profitability.

Much the same goes for our many R&D projects, where our investment has never flagged during the slump. The marketing of these new, groundbreaking products is logically more difficult in times of crisis, lengthening the breakeven and return periods. Even so it is crucial to continue investing at the same rate to avoid slipping back in the technology race. Moreover, our clients' most trailblazing projects often give us the chance and stimulus to bring groundbreaking innovations into our own range of products and services. This is the case in every sector we trade in but especially in space. The 2012 ESA ministerial conference resulted in a very limited contribution by Spain to ESA's optional programs. This has prevented us from bidding in tenders of great strategic importance where we had already put in a lot of expensive spadework and had good chances of winning the contract. Things will hopefully get back on an even keel in the next ministerial conference scheduled for late 2014.

All in all, GMV's progress during the downturn is heartening. The improvement in the economy from here on should enable us to recover our traditional clients as their budgets are brought into line with their new needs, created by the backlog of postponed projects in the past and the new projects to be generated as

the economy picks up. Project margins are also likely to improve as demand recovers. We therefore find ourselves not only with a bigger turnover than before the downturn but also with the potential of additional growth as old clients are recovered, our present clients' investment budgets become more ambitious and new opportunities are created by our internationalization and R&D projects carried out during these tough years of crisis. In addition, we start into this brighter future with improved productivity and efficiency.

"Without a crisis, any wind becomes a tender touch" (Albert Einstein). My thanks to our clients, collaborators and the whole GMV team for weathering the storm so successfully.

Cordial greetings,
Mónica Martínez



LETTER FROM THE CEO

JESÚS B. SERRANO

My letter in the annual report of 2012 ended up by saying that the following year we would no doubt still be speaking about internationalization but, for sure, more about the positive aspects (new markets, new contracts, new clients) than the inherent negative factors (investments, reduction in margins and profit levels). This has turned out to be true. The year we are closing shows the expected upturn: total revenue and EBITDA are close to 2012 levels while net profit has improved significantly.

The improvement in profits, however, is small, not yet recouping pre-downturn levels. At the end of 2008 we had an EBITDA/turnover ratio of 10.9% and a net-profit/turnover ratio of 4.6%, closing 2013 with ratios of 8.3% and 3.2% respectively.

Nonetheless, the leading indicators of the various business lines reflect the results of the huge effort made in this period of time. By the end of the year the order book was worth 0.97 of turnover and the equivalent 2008 figure was 0.57.

Back in 2008, moreover, 54% of the turnover came from Spanish clients; by the end of 2013 this share had fallen to 38%. This shows the effort made in the internationalization drive and the creation of new subsidiaries in other countries (our number of overseas subsidiaries had risen from three to ten by the end of 2013), leading to a significant change in GMV's client portfolio. In 2008 we were trading in four continents, Europe dominating the company's total sales figure with 95% (including activities for Spanish clients). By the end of 2013 we were trading on all five continents. Europe's share had fallen falling considerably while Asia chipped in with 10% of GMV's total turnover.

During this six-year period GMV has continued with its long-term internationalization strategy while also developing technologies and products to boost its supply range and taking on new staff, plowing back profits into new R&D and innovation. Despite the difficulties and thanks to the confidence of our clients and the effort and dedication of our staff, collaborators and partners, this strategy is now bearing fruit.

But the abovementioned positive results were forged not only during this six-year period. Looking further back, we should remember that GMV put in the spadework before 2008. This was based on three main thrusts: firstly, the development of new products and services to meet new client needs; secondly, economizing measures to invest the savings in new inhouse developments; and, finally, the internationalization strategy that has now produced GMV's first subsidiaries and commercial offices outside Spain.

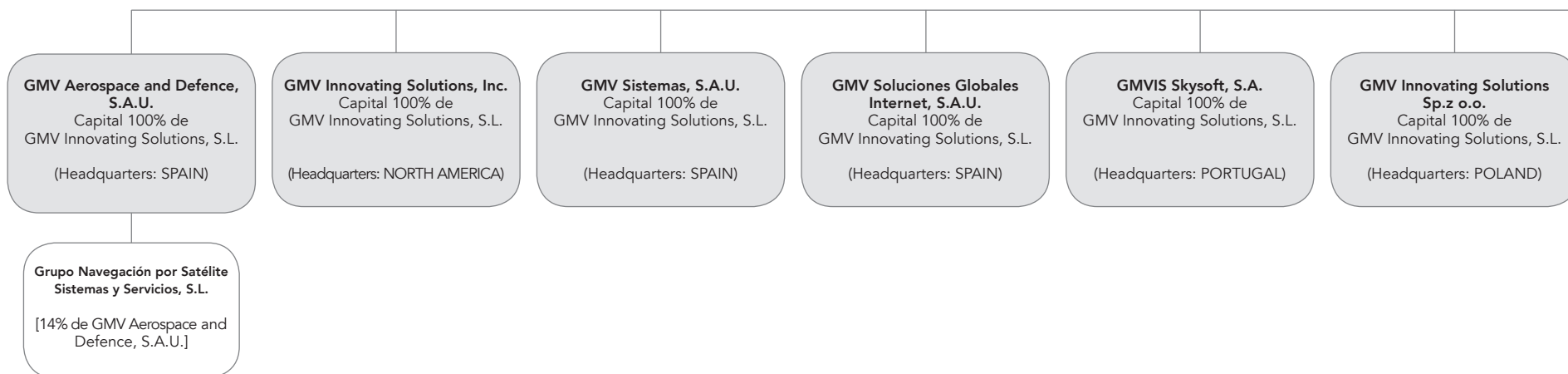
We at GMV thrive on challenges and we are already thinking about those that lie ahead in the next period: increasing business levels in those continents that currently contribute least to our sales figures; increasing profit levels as internationalization efforts come good; progressing in the value chain of the various markets and segments to continue with the company's sustainable growth and promoting the centers of excellence in the various subsidiaries on a global level.

Finally, I do not wish to pass up this chance of referring to the achievements of the year in our various markets and segments, some completely new, others building on past achievements: we continue to be the world's number one supplier of satellite control centers for telecommunications operators, doing

business on all five continents; we retain a considerable share in Galileo's navigation satellites program; we are moving up the field within the world's top five suppliers of public transport control systems, with important new client references such as the Medina-Mecca high-speed train; we continue to deploy our cybersecurity products and services, not only in banking and telecommunications but also in utilities; we are continuing to develop avionics systems with integrated modular architecture (IMA) and also using our products for preliminary analysis for future satellite based augmentation systems (SBAS); last but not least, we are beginning operational deployment of the Eurosur network within the European Commission's border surveillance system. All this business will help to consolidate and reinforce our presence in the company's various target sectors while boosting future prospects in line with all the abovementioned challenges.

Jesús B. Serrano

CORPORATE STRUCTURE



Grupo Tecnológico e Industrial GMV, S.A.

GMV Innovating Solutions, S.L.

GMV Seguridad Integral, S.A.U.
Capital 100% de GMV Innovating Solutions, S.L.

(Headquarters: SPAIN)

GMV GmbH
Capital 100% de GMV Innovating Solutions, S.L.

(Headquarters: GERMANY)

GMV Innovating Solutions S.R.L.
Capital 100% de GMV Innovating Solutions, S.L.

(Headquarters: ROMANIA)

GMV Innovating Solutions Pvt. Ltd.
Capital 95% de GMV Innovating Solutions, S.L.
5% de GMV Sistemas, S.A.U.

(Headquarters: INDIA)

GMV Innovating Solutions SARL
Capital 100% de GMV Innovating Solutions, S.L.

(Headquarters: FRANCE)

GMV Innovating Solutions Sdn. Bhd.
Capital 100% de GMV Innovating Solutions, S.L.

(Headquarters: MALAYSIA)

GMV Innovating Solutions, S.A.S.
Capital 100% de GMV Innovating Solutions, S.L.

(Headquarters: COLOMBIA)

GOVERNING BODIES



BOARD OF ADMINISTRATORS CORPORATE MANAGEMENT



5



6



7



8



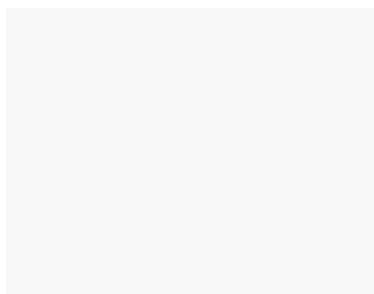
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14



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1. **MÓNICA MARTÍNEZ WALTER**
Board President
2. **JESÚS B. SERRANO MARTÍNEZ**
Member of the Board
Chief Executive Officer
3. **JAVIER LÓPEZ ESPAÑA**
Director
4. **SUSANA MARTÍNEZ WALTER**
Member of the Board
5. **ENRIQUE REVILLA PEDREIRA**
Secretary
General Secretary
6. **MIGUEL ÁNGEL MARTÍNEZ OLAGÜE**
Member of the Board
Chief Business Development & Marketing Officer
7. **MANUEL PÉREZ CORTÉS**
Member of the Board
General Manager Homeland Security & Defense
8. **FCO. JAVIER MARTÍNEZ CENDEJAS**
Chief Financial Officer
9. **IGNACIO RAMOS GOROSTIOLA**
Chief Human Resources & Infrastructure Officer
10. **JORGE POTTI CUERVO**
General Manager Aerospace
11. **LUIS FERNANDO ÁLVAREZ-GASCÓN PÉREZ**
General Manager Secure e-Solutions
12. **JUAN A. MARCH GARCÍA**
General Manager Transport & Mobility
13. **RICARDO TÓRRON DURÁN**
Member of the Board (GMV Aerospace and Defence, S.A.U.)
14. **ALBERTO DE PEDRO CRESPO**
Managing Director GMV Portugal
15. **PEDRO J. SCHOCH**
President GMV NA

COMPANY

HISTORY



GMV was born in 1984 from the business initiative of Professor Dr. Juan José Martínez García. At first GMV centered on the space and defense sector, taking its first steps in fields like mission analysis, flight dynamics, control centers, satellite navigation or simulation, all areas in which GMV is nowadays a leading light worldwide. It started out with a small group of engineers who won a contract for ESA's European Space Operations Centre (ESOC) in an open international tender. GMV then went from strength to strength, growing into a solid firm boasting a 100-strong staff by the late eighties. It participated actively in ESA's first space missions and provided highly specialized services for the major international satellite manufacturers and operators.

In a few short years the sheer quality of its work won GMV a cast-iron reputation in the European space sector. In 1988 it was declared to be a Center of Excellence in Orbital Mechanics by the European Space Agency.

In the early nineties GMV decided to branch out into other sectors by way of technology transfer. This gave rise to new business lines in the transport and telecommunication sectors and in the application of information technologies for

the public and private sector. By breaking into these new markets GMV became a trailblazer in fields like internet or satellite-navigation applications, still in their infancy in those days. In the transport field GMV became a pioneer in intelligent transportation systems with the development of the first GPS-based fleet tracking and management systems. The company thus began to transfer to other markets the knowhow and expertise built up in the space sector in terms of control centers, geographic information systems (GIS), satellite navigation, telecommunications and data networks. It was also during the nineties that GMV consolidated its position in the defense market, especially in the fields of command and control systems, military applications of satellite navigation systems and simulation.

By the end of the nineties GMV's diversification process had been successfully negotiated and its staff had built up to almost 300. The turnover now topped 20 million euros, of which about 50% came from sectors like transport, telecommunications and information technologies.

In 2001 the founder and president of GMV, Professor Juan José Martínez García, passed away. This led to a change in the executive structure of

the business group GMV; the post of CEO was created while the presidency of the group was taken on by Dr. Mónica Martínez Walter.

In these years GMV entered upon a new stage with a twofold objective: firstly to maintain its business independence and secondly to develop a future plan that would guarantee ongoing profitable growth both in its traditional areas and in other new ones. A big investment was therefore made in the development of new products and solutions in space, defense, transport and information technologies; the decision was also taken to break into new sectors and an ambitious program was unfurled for internationalizing the long-standing business lines.

As a result of this international expansion policy GMV took a crucial step forward in 2004 with the creation of its US-based subsidiary, thus becoming a company trading in two continents. The new subsidiary focused on the US aerospace market with the aim of becoming a tried and trusted supplier in this sector.

In May 2005 the business group GMV reaffirmed its strategy of international growth and development by buying a 58% stake in Skysoft,

a Portuguese firm with very similar business lines and target markets to GMV's. In 2007 the operation was completed with the purchase of 100% of Skysoft, its operations then being knitted seamlessly into the rest of the business group.

GMV's new corporate identity was officially launched in September 2006, to bring it into line with the actual situation of the multinational technology group GMV. The group had by now broken into many new sectors and expanded its business internationally. To make sure the corporate brand did not lag behind this new situation we decided to carry out a thoroughgoing overhaul of the group's identity, unifying all the corporate brands under a single denomination. As a result, all the subsidiaries took on the new GMV brand as a single corporate identity.

In June 2007, GMV purchased a 66% stake in Masisconvi, S.A., a company specializing in the design, development, manufacturing and marketing of ticket-vending and fare collection systems, using cutting-edge technology. This operation allowed GMV to round out its range of passenger transport telematics, previously focusing on advanced passenger-information and fleet-management systems. In early 2011 GMV

completed the 100% purchase of Masisconvi, S.A. and in 2012 it was wholly integrated into the group structure by means of a merger-based takeover.

In late 2007, giving a new kick to its worldwide expansion drive, GMV decided to internationalize those business lines that had been built up to number-one status within national borders, such as the intelligent transportation business. This soon came good, the company winning its first contracts in Asia and Central-Eastern Europe by 2009. Since then this process has gone from strength to strength, important new contracts being won in India, Indonesia, Malaysia and Poland, etc.

As a result of this international expansion process initiated back in 2004 with the creation of the US subsidiary, by the end of 2013 GMV was running subsidiaries in Germany, Colombia, France, USA, India, Malaysia, Poland, Portugal and Romania.

Over these 29 years GMV has evolved from a tiny three-person engineering firm working almost exclusively in the space sector into a 1000-strong business group established in Europe, the USA and Asia, trading in several hi-tech sectors with a

swelling client portfolio in all five continents. With this 29-year track record behind it GMV still looks to the future with undimmed zest and enthusiasm, maintaining its original aim of building up a strong knowledge-based company whose main resource is still the talent, far-sightedness and effort of its personnel.



GMV
IN 2013
MAIN FIGURES

Total Income: **109.17 M€**
EBITDA: **9.06 M€**
Net profit: **3.52 M€**
Number of employees: **1,112**

ACTIVITY SECTORS

GMV provides solutions, integrated systems, specialized hi-tech products and services. Its activities take in the whole life cycle of the system, ranging from consultancy and engineering services up to the development of software and hardware, the integration of turnkey systems right through to operational support. These products and services are supplied through its various subsidiaries to eight different sectors: aeronautics, defense and security, space, healthcare, information security, information technologies for the public and private sector, telecommunications and transport.

ACTIVITIES 2013

AERONAUTICS

GMV is a tried-and-tested supplier of products and services for leading aeronautical manufacturers such as EADS and for providers of air navigation services, and aviation organizations such as ICAO and Eurocontrol. GMV provides engineering services and develops state-of-the-art aeronautical systems and software while adhering to the highest quality standards. GMV has spearheaded the development of aeronautical approach and landing systems based on satellite navigation and is one of the few European companies with comprehensive knowledge of modern avionics architectures, testing systems and their associated regulations. The most important areas of activity within the aeronautics sector are the following:

- Flight physics (aerodynamic characterization, aeronautics control laws)
- Development of safety critical software (DO-178B/C)
- Avionics and equipment design
- Integrated Modular Avionics (IMA)
- Remote Pilot Aircraft Systems (RPAs)
- Flight-training and engineering simulators
- Electronic-device test benches
- Mission planning systems
- Approach and landing systems
- Aeronautical communications
- Precision approach operations
- Performance based navigation
- Air traffic management (ATM) research and development





Image courtesy of cassidian

ACTIVITIES AND ASSESSMENT 2013

Within the first of GMV's two main business lines in this sector, i.e., the supply of technical satellite navigation (GNSS) assistance and systems to air navigation and airport authorities and operators, GMV's products and its recognized skillset made further headway abroad in the field of GNSS systems and especially regional augmentations in support of air navigation, known as Satellite Based Augmentation Systems (SBAS). The success of the European SBAS called EGNOS, with GMV playing a key role throughout its whole development, is now enabling GMV to export its SBAS technology to new clients. During 2013 a big marketing and sales effort was made for products like **magicSBAS**, which enables air-navigation authorities to make a quick, reliable and economical rollout of SBAS on an experimental basis. This has sparked off keen interest and looks sure to win us new contracts throughout 2014.

Within the second main business line, the development of onboard systems and integrated modular avionics (IMA), GMV is now playing an increasingly important role in the promising market of unmanned aerial vehicles or UAVs (popularly known as drones). A case in point is the UAV ATLANTE, whose development is being led by Airbus Defence & Space. Within this project GMV is responsible for the Flight Control Computer (FCC), which sees to the aircraft's navigation, guidance and control. In 2013 it came through all the maiden flight tests with flying colors. The FCC is crucial for these flight tests, successfully negotiating the completely autonomous landing of the aircraft. Throughout 2013 GMV also continued to increase its business activity in the development of onboard systems for the major manufacturers of the sector like Airbus, Eurocopter and Augusta Westland.

In February 2013 Rozas aerodrome, in Lugo, successfully hosts the maiden flight of the unmanned aerial vehicle (UAV) ATLANTE. GMV is responsible for the Flight Control Computer (FCC), which sees to the aircraft's guidance, navigation and control, and also for the automatic takeoff and landing system (ATOL), built into the Ground Control Station (GCS).

AERONAUTICS. MAIN MILESTONES

1



1. GMV forms part of the consortium that is carrying out AEROCEPTOR, an international research project co-funded by the European Commission. The project sets out to develop new and innovative operational concepts to remotely and safely control, slow and stop non-cooperative vehicles in both land and sea scenarios, doing so by means of a Remotely Piloted Aerial System (RPAS).

3



3. In the first half of 2013 the first Eastern-European flight trials are held of the European Commission's EEGS2 project. The main objective of the project is to demonstrate through flight trials the benefits of the European Geostationary Navigation Overlay Service (EGNOS) in areas of Eastern Europe. Under the leadership of GMV, and after the first flight trials in Spain, further flights were successfully carried out in Moldova, Romania, Ukraine and Poland, using GMV's inhouse **magicSBAS** solution.

5



5. Within the framework of a collaboration project between Europe and Africa, TREGA (Training EGNOS GNSS in Africa) GMV collaborates throughout 2013 with the International Center of Theoretical Physics (ICTP) in an attempt to increase the technological navigation capability in sub-Saharan Africa. This project includes provision of various products from GMV's **magicGNSS** suite plus training activities for operators, support and maintenance.

2

2. In February 2013 Rozas aerodrome, in Lugo, successfully hosts the maiden flight of the unmanned aerial vehicle (UAV) ATLANTE. GMV is responsible for the Flight Control Computer (FCC), which sees to the aircraft's guidance, navigation and control, and also for the automatic takeoff and landing system (ATOL), built into the Ground Control Station (GCS).



4

4. September sees the final meeting of the SATSA project (SBAS Awareness and Training for South Africa) an FP7-funded European Commission project led by the European Commission itself in tandem with the South African National Space Agency (SANSA). Its remit is to build South Africa's satellite navigation capacity ahead of the rollout of EGNOS (European Geostationary Navigation Overlay Service) in South Africa in the near future.



6

6. During this year the company continues to go from strength to strength in the Integrated Modular Avionics (IMA) business line with the development of diverse products and tools in several up-and-running projects (IMA4Brazil, MultiMa, among others) and also winning new contracts such as in the ASHLEY consortium (Avionics Systems Hosted on a distributed modular electronics Large scale dEmonstrator for multiple tYpes of aircraft), spurring the company's international sales of SIMA products.

7. At the end of the year the European Space Agency (ESA) awards GMV the MULCOBA project (Multi Constellation GNSS Operational Benefits for Aviation) within the second invitation to tender of the "Romanian Industry Incentive Scheme". This GMV-led project aims to develop a web-browser-accessed simulation platform to analyze the operational advantages for air navigation of the deployment of future satellite navigation systems.

7



9



9. The European Commission's DORATHEA (Development Of a Risk Assessment methodology to Enhance security Awareness in ATM) project is brought to a successful conclusion. Its remit was to develop a risk analysis method for protection of safety-critical air traffic management infrastructure like control towers and radar facilities. The project will complement the work carried out in Eurocontrol 's SESAR (Single European Sky ATM Research) program.

11



11. During 2013 GMV steps up a gear in the provision of engineering services for Airbus Defence & Space. Collaboration increases in the tankers program, where GMV is taking part in many aspects of the flight refueling system (control laws, system simulators, onboard control software, etc.), and a start is made on new engineering services associated with the FITS systems (Fully Integrated Tactical System). These activities are rounded out by ongoing work on the A400M plus diverse collaborations in the Eurofighter project.

8. GMV is participating in Portugal's unmanned aircraft program, PAIC Imperio UAS, being run by PEMAS, the Portuguese Aerospace Industry Association. GMV has been involved in the study to implement onboard IMA technology, which will be implemented in a second program development spiral. The main aim of the project is to develop an unmanned aerial vehicle (UAV) system with the overarching mission of forest and agricultural monitoring and forest fire combat support as well as surveillance and support for maritime operations.

8



10. Over recent years the company has built up great expertise in Precision Approach and Landing Systems (PALS) from participation in diverse projects such as the demonstrator for a Relative-GPS-Based Naval Landing Approach System (called SAGRAN from its Spanish initials), the support system for helicopter-operation positioning services HeliCity or, more recently, the automatic landing system of the UAV ATLANTE. In 2013 this expertise received further recognition with GMV's active participation in diverse working groups of NATO (NIAG SG-175) and EDA (CAPTECH GMV4) related to precision approach operations and systems.

10



12

12. The State Meteorology Agency (Agencia Estatal de Meteorología: AEMET), Spain's only meteorological service provider, turns to GMV for setting up a new system for receiving, generating, storing and distributing aeronautical meteorology products through the Secure SADIS FTP service operated by MetOffice, including operational meteorological (OPMET) data.

ACTIVITIES 2013

SPACE

GMV is one of the world's top suppliers of equipment for international space organizations and agencies and also of the main satellite constructors and operators. With over 28 years of experience behind it GMV has now become the world's number one independent supplier of satellite control centers for commercial telecommunications operators. GMV is also one of ESA's main contractors in this field, playing a key role in the development of most of its space missions. GMV is Europe's top supplier of safety-critical components for the ground segment of satellite navigation systems.

Working with world-beating technology, GMV's range in the space sector includes all the following:

- Flight Segment:

- System-engineering and mission analysis
- Guidance, navigation and control (GNC) systems
- Autonomy and robotics
- Satellite and mission simulators
- Ground validation and test beds
- Onboard software and independent validation
- Prototypes of data simulators and processors for earth observation instruments

- Navigation:

- Engineering and algorithms of satellite navigation systems
- Major global satellite navigation signal generation and processing systems
- Precise positioning solutions and augmentation systems

- Ground Segment:

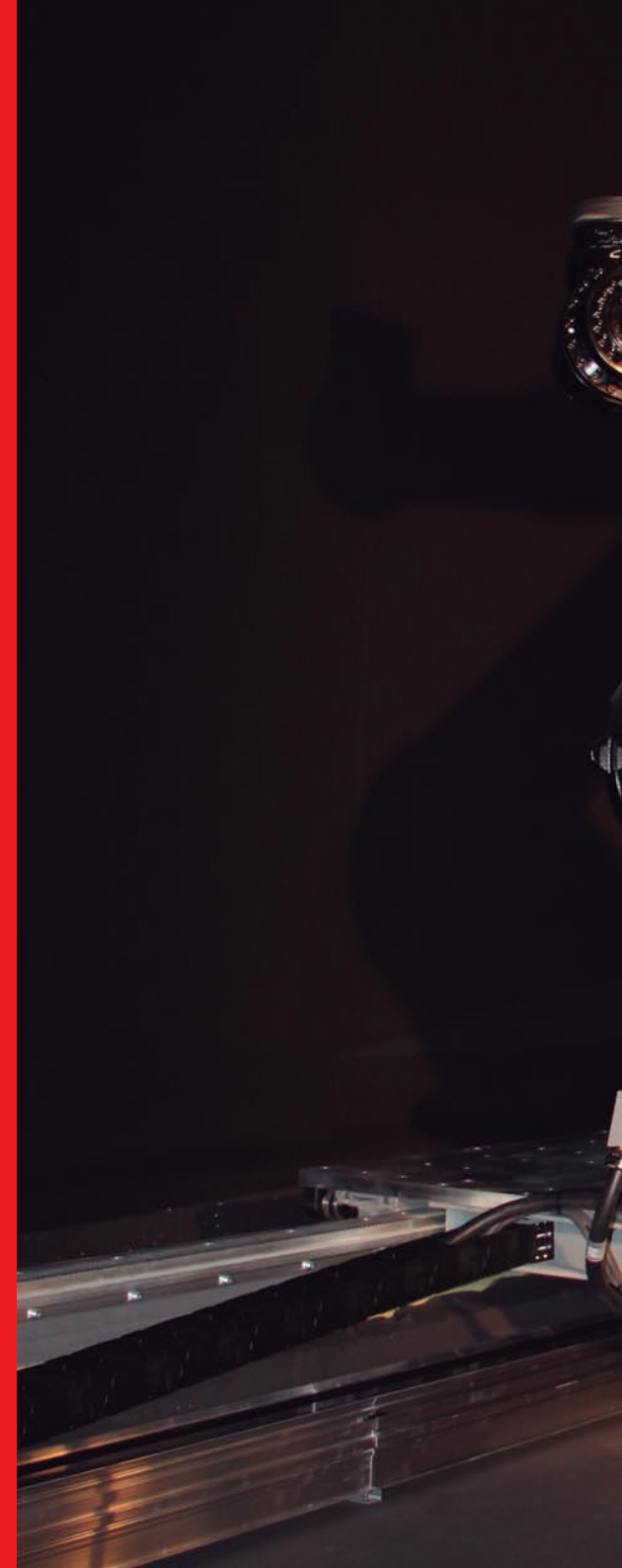
- Design and integration of complete ground systems
- Satellite control centers and monitoring stations
- Science-mission operations centers
- Flight dynamics systems
- Mission planning systems
- Payload management centers for telecommunications missions

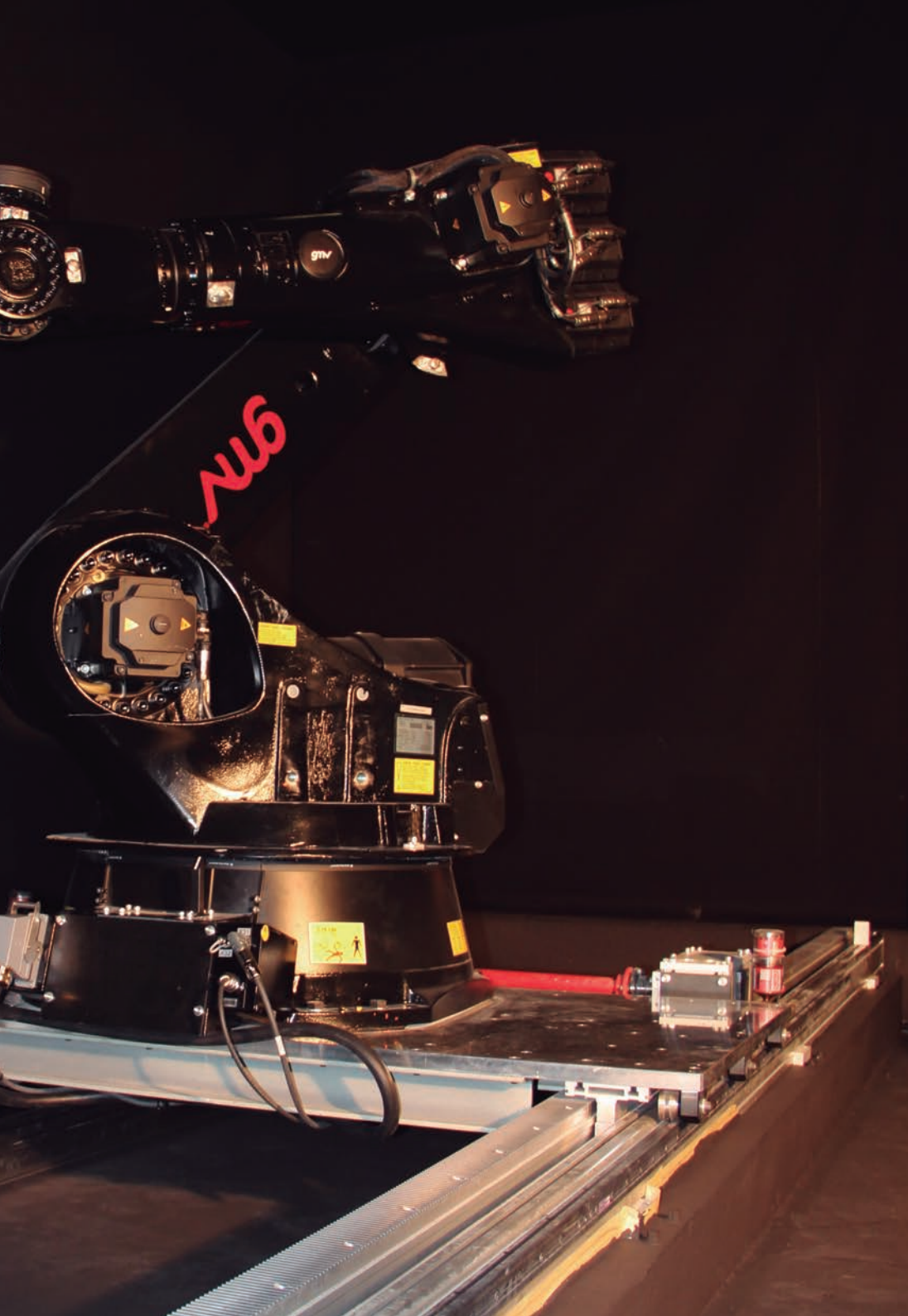
- Data Processing:

- Instrument processors for earth-observation and science missions
- Quality-control and calibration systems

- Space mission operational support

- Space applications





ACTIVITIES AND ASSESSMENT 2013

2013 was yet another brilliant year for GMV in the space sector despite the dire worldwide economic context and Spain's low-key participation in the European Space Agency's programs.

For the fourth year running GMV retained its status as the world's top independent supplier of ground control systems for commercial telecommunications satellite operators. Forty two percent of the commercial telecommunications satellites launched between 2010 and 2013 carried GMV technology onboard. In 2013 this number-one status was cemented by the delivery of control systems for operators like Hispasat, Turksat and O3b. At the end of 2013, GMV's client portfolio included all the major international space agencies and operators; its systems are now up and running in 26 countries throughout the Americas, Africa, Asia, Europe and Oceania.

The bright prospects promised in 2012 by the development of Galileo, Europe's satellite navigation program, came good in 2013 with the signing of marquee contracts. In 2013, fighting off fierce competition from Europe's major contractors, GMV won the contract for rolling out the TGVF land system, one of the critical terrestrial components for proper functioning of the Galileo system. This contract was followed by others of no less importance, such as the Galileo commercial service developer or the development of Galileo's service center.

In 2013 GMV also consolidated its position as a leading integrator of complete Guidance Navigation and Control (GNC) systems by setting up the **platform-art**[®] testbed in its Tres Cantos site in Madrid. This testbed, unique in Europe, carries out pre-launch GNC testing and validation, giving GMV capabilities and validation services that help it to stand out from the rest within the fiercely competitive GNC market.

Also worthy of mention this year is fruition of the company's strategy of setting up subsidiaries in Germany, France, Poland and Romania. This hefty outlay in previous years is now standing the company in very good stead for increasing its market share within Europe's space business.

*On 4 October GMV inaugurates **platform-art**[®], Europe's first ever advanced robotic testbed especially designed for ground testing of space missions and systems related to space-debris capture, exploring the surface of other planets, moon landings and formation flying.*

SPACE. MAIN MILESTONES

1. GMV consolidates its position as the world's number-one supplier of control centers for commercial telecommunications satellites. GMV's 2013 business in this field includes all the following projects: it provides OHB with various payload management tools and the flight dynamics system for the satellite Hispasat AG1; it provides the complete ground control system of Azerbaijan's first satellite, Azerspace/Africastat-1a; it supplies the control center of the satellite Amazonas 3 of the Spanish satellite operator Hispasat; it supplies the flight dynamics system for the entire satellite constellation of O3b, whose first satellites are launched in the year; it develops the flight dynamics system and control and monitoring system of the satellite Thaicom 6; and participates in the first system validation test (SVT) of the satellite Turksat 4A, in which GMV is responsible for setting up the satellite control center.

3

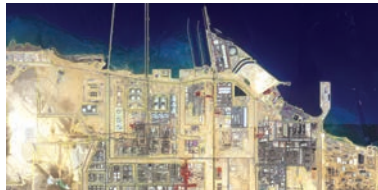


3. GMV wins several contracts in the Copernicus program (previously known as Global Monitoring for Environment and Security: GMES), whose first satellite is to be launched in 2014. In 2013 GMV is chosen by ESA to head a consortium that will provide Precise Orbit Determination (POD) solutions for the missions Sentinel-1, -2 y -3. Also, after the Factory Acceptance Tests, GMV begins the development phase of the mission planning system to be used by ESA for the launch of the first of these satellites, Sentinel-1A, due for blast-off in 2014.

5. September sees the event to celebrate termination of the integration of the Spanish earth observation satellite PAZ, which, together with INGENIO, forms part of the National Earth Observation Program (Programa Nacional de Observación de la Tierra: PNOT). GMV, world number one in the design and implementation of ground control systems, is developing the mission control center for both satellites. PAZ and INGENIO will facilitate global observation of the national territory, making Spain Europe's first country to possess a dual observation system (optical and radar) with a twofold use, civil and military. Once operative, these satellites will lend themselves to a whole host of applications.



2



2. GMV spearheads the use of advanced earth observation technology. In 2013, GMV forms part of an international consortium that wins from the Abu Dhabi Environmental Agency a contract for drawing up various land and marine maps of the Emirate of Abu Dhabi and also works with the Spanish Meteorology Agency AEMET to improve weather forecasting performance by publishing and distributing the new version of the SAF MSG package, supporting Nowcasting and Very Short Range Forecasting.

4

4. GMV continues to play a crucial role in developing the orbital mechanics system of the first ATVs. Still a member of the orbital mechanics operations team, GMV is also responsible for the orbital mechanics database for operational deployment of flight dynamics and for pre-flight system qualification tests. In 2013 GMV remains responsible for system maintenance and updating to bring it into line with vehicle changes with respect to its forerunners, winning a new orbital mechanics system-maintenance and -updating contract for ATV-4 and ATV-5.

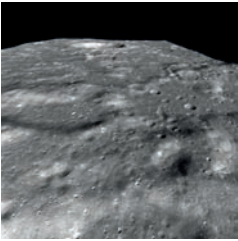


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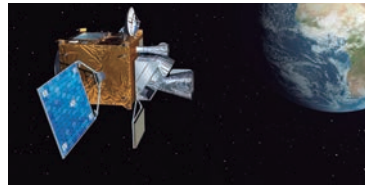
6. On 4 October GMV inaugurates platform-art®, Europe's first ever advanced robotic testbed for pre-launch testing of guidance, navigation and control (GNC) systems. The testbed, unique in Europe in terms of performance features, has been specially designed for ground testing of space missions and systems related to space-debris capture, exploring the surface of other planets, moon landings and formation flying.

7



7. Guidance, navigation and control (GNC) systems have always formed part of GMV's core skillset. As of today, GMV is one of Europe's biggest and most prestigious companies in this field. In 2013 GMV continues its activity in the second phase of the "GNC for NEO" project; this involves the development of enabling technology for carrying out sample return missions from asteroids like Marco Polo-R (ESA) or Osiris-Rex (NASA); it also participates in design and validation tasks of the VEGA vehicle, successfully launched in 2013, and begins working on the VisOne project for precision moon landing.

9



9. In competition with Europe's main space companies, a GMV-led consortium wins the contract for designing the Mission Operations Facility (MOF) of the Meteosat Third Generation (MTG) program of the European Organization for the Exploitation of Meteorological Satellites (EUMETSAT). GMV is running the whole project, with special stress on system design and engineering; it is also responsible for developing the mission-control and flight dynamics subsystems. The MOF is the first operational system delivered to EUMETSAT and GMV is responsible not only for delivering the subsystem but also for integration and validation of the entire mission-operation system.

11

11. GMV plays an outstanding role during 2013 in Europe's satellite navigation system Galileo. Firstly it wins a contract for implementing the Timing and Geodetic Validation Facility (TGVF), which will be key for achieving Galileo's Full Operational Capability. This is the biggest contract yet won by GMV in this field. Secondly, the European Commission awards to a GMV-led consortium the contract for developing Galileo's Commercial Service Demonstrator, and GMV is co-leading the project that will develop the infrastructure of the Galileo Service Center. Lastly, in the satellite navigation area, the European Commission has declared operational the new services of the EGNOS Data Access Services (EDAS), for which GMV has been developing services since 2006.

8

8. Within the space industry GMV is one of the main providers of services related to space debris and dealing with the threat this problem poses. During 2013 it continues to collaborate with the French Space Agency (Centre National d'Études Spatiales: CNES) in the surveillance and monitoring of objects in space as part of the European Space Situational Awareness (SSA) program. GMV's proven experience and expertise in this field also wins it two new ESA contracts in 2013, one for supervising the definition tasks ahead of ESA's future space debris monitoring system, and another for developing the operational system for detection and analysis of space-object fragments (FAS).



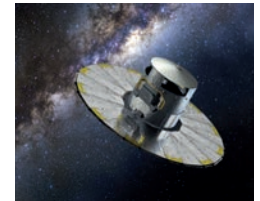
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10. In 2013 the SWARM mission is launched, with GMV playing a leading role. Besides participating in mission definition studies it has also developed a system-performance simulator plus the operational instrumental data processors for all three satellites. GMV has also been responsible for developing the control center and orbit control system. In 2013 GMV also participates in other ESA Earth Explorer missions, such as Carbonsat, where it is responsible for mission analysis and the whole ground segment, and SMOS, which, in 2013, gave an international presentation of the results of its three years of operations. In this mission GMV plays a key role in the development of main components of the ground control segment and is also involved in the whole data-processing chain of the MIRAS (Microwave Imaging Radiometer using Aperture Synthesis) instrument.



12

12. At the end of the year ESA's Gaia mission is launched. Gaia's main goal is to draw up a 3D map from a representative sample of the stars making up our Milky Way, giving new insights into their composition, formation and evolution. GMV has contributed to the GAIA mission from the word go, starting with the initial GAIA Data Access and Analysis Study (GDAAS). It then developed the Science Operations Centre (SOC) in ESAC, took part in verification and validation tasks, coordinated software testing activities, formed part of the team in charge of carrying out Initial Data Treatment (IDT) as the first step in the data processing chain and was also responsible for the Central Check Out System (CCS).



ACTIVITIES 2013

DEFENSE & SECURITY

GMV is a tried-and-tested supplier of international defense and security organizations and armed forces. Its activities in this field take in the engineering, design, development, integration and maintenance of defense and security systems covering their whole life cycle.

The products and services provided in the defense and security area cater for the most demanding needs and are developed under strict quality standards. They cover the following areas:

DEFENSE

- Engineering, development and integration of C4I systems
- Processing of data and signals, intelligence systems
- Training, operational research and R&D simulators
- Development of military systems based on GPS, EGNOS and Galileo
- Onboard equipment, military avionics software and test-beds
- Logistic and maintenance services for systems and software
- Military space applications
- Physical and logical security systems and engineering

SECURITY

- Perimeter-surveillance and access-control systems
- Border protection and surveillance systems
- Advanced security systems incorporating new technologies
- Emergency and crisis management systems, 112, SOS centers
- Monitoring and management systems for vehicles and personnel of security forces and emergency organizations
- Onboard security and video-surveillance systems
- Inspection and surveillance systems for fishery and merchant ships in international waters





ACTIVITIES AND ASSESSMENT 2013

GMV's national C4ISTAR business is going from strength to strength, especially its TALOS command and control system for fire support operations and the intelligence, surveillance and reconnaissance (ISR) systems developed for the Directorate General of Armaments and Material (*Dirección General de Armamento y Material*: DGAM) as part of NATO's MAJICC2 program, giving GMV a leading role in this area. Another notable feature of the national market was GMV's entry into the border surveillance market of the Integrated Exterior Surveillance System (Sistema Integrado de Vigilancia Exterior: SIVE), winning from the Guardia Civil a contract for the supply and installation of the Regional Maritime Surveillance Center (Centro Regional para Vigilancia Marítima: CRVM) of the Mediterranean in Valencia. Also in the national market, but this time in the security-systems and access-control business in sensitive buildings and sites, GMV won an important contract for supplying and installing the security and access-control system of the Spanish Constitutional Court (Tribunal Constitucional).

In the international arena special mention must go to the award of the EUROSUR contract to a GMV-led consortium. This 12-million-euro contract will be carried out in Poland for the next few years. GMV also increased its activity in NATO exercises and maneuvers during the year while also winning several contracts from the European Defence Agency (EDA), the European Commission and the European Maritime Safety Agency (EMSA), all bearing witness to GMV's growing expertise and widespread recognition in the defense and security field.

GMV primes the contract for transition of the EUROSUR network from pilot project to operational status. The European Commission's European Border Surveillance System (EUROSUR) establishes a cooperation and information-swapping mechanism to help member states in border control and surveillance tasks.

DEFENSE & SECURITY. MAIN MILESTONES



1

1. The Directorate General of the Spanish Guardia Civil awards GMV the contract for the supply and installation of the Regional Maritime Surveillance Center (Centro Regional para Vigilancia Marítima: CRVM) of the Mediterranean in Valencia. This new center will provide real time information on the various systems used by the Guardia Civil in its maritime surveillance of the coasts and borders of Spain. It will also phase in information from other international scenarios in which the Guardia Civil participates as part of its border protection missions.

3. Several contract awards in 2013 strengthen GMV's longstanding relationship with the Europe Defence Agency (EDA). GMV, for example, participates in EOMOD, a study for optimizing the use of electro-optical sensors to improve identification, surveillance and recognition (ISR) capabilities. A GMV-led consortium wins a groundbreaking research and innovation project for the development of future Fire Control Systems (FCS). GMV is also awarded a contract for development of the ISARD project (Improved Situation Awareness Roadmap and Technical Demonstration), whose remit is to achieve a distributed European test-bed for developing SA capability.

3



5

5. In collaboration with the Spanish Ministry of Defense, GMV



is granted INFOSEC accreditation at RESERVED INFORMATION level (equivalent to NATO SECRET) for a communication and information system (CIS) developed by the company for the Spanish armed forces. This accreditation gives GMV an excellent calling card for the development and implementation of CISs for other NATO member states.

2



2. The European Maritime Safety Agency awards GMV a study to assess the future evolution of SafeSeaNet, Europe's integral maritime monitoring and information system. The aim is to help the Common Sharing Information Environment (CISE) network and other user communities to build up an integrated approach to the management and governance of oceans, seas and coastline, and promote interaction and liaison between all the EU's maritime policies.

4



4. In October, on the San Gregorio maneuvers camp in Zaragoza, GMV takes part in the acceptance tests of the last four units of the light-vehicle-mounted mortars. The system is fitted with GMV's inhouse C41 system TALOS, for unified control of artillery and mortar fire support.



7

7. The Spanish Constitutional Court (Tribunal Constitucional) turns to GMV for designing a new access and presence control system blending robustness and dependability with innovation. Both the visit-control and vehicle-access-control systems are structured and unified in the design of a tailor-made IT application that solves all the court's needs, this application being grafted onto existing databases with due enlargements to cater for the new devices.

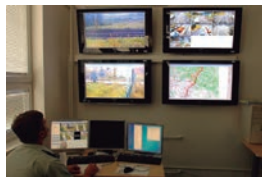


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9. As part of NATO's MAJICC2 program (Multi-Intelligence All-Source Joint Intelligence Surveillance And Reconnaissance Interoperability Coalition) the Directorate General of Armaments and Material (Dirección General de Armamento y Material: DGAM) awards GMV the ADIVO project for building national, interoperable Intelligence Surveillance and Reconnaissance (ISR) capabilities to bring them into line with the Joint ISR (JISR). One of the main feats of the MAJICC2 project will be installation and testing of the Coalition Shared Data Servers (CSDs), developed by GMV, in the Intelligence Center of the Armed Forces.

6. GMV primes the contract for transition of the EUROSUR network from pilot project to operational status. The European Commission's European Border Surveillance System (EUROSUR) establishes a cooperation and information-swapping mechanism to help member states in border control and surveillance tasks.

6



8



8. In 2013 GMV takes part in two key projects using remote-sensing techniques and earth-observation data to gain a better understanding of fire behavior. The European Union's ArcFUEL project will draw up forest fuel maps for the whole Mediterranean region of Europe. The INCFIRE project, for its part, under a contract with Portugal's Nature Conservation Institute, will give a more in-depth knowledge of the impact of fires in recent years.

10

10. In 2013 several demonstrations of the TASS project (Total Airport Security System) are held. TASS is an FP7 European Commission project being carried out with GMV's participation. The success of the demonstrations in Heathrow airport (London, England), Faro airport (Portugal) and Athens airport (Greece) favor the establishment of new integrated security concepts in the airport industry by providing airport authorities with real-time, accurate situational awareness of all airport facilities.



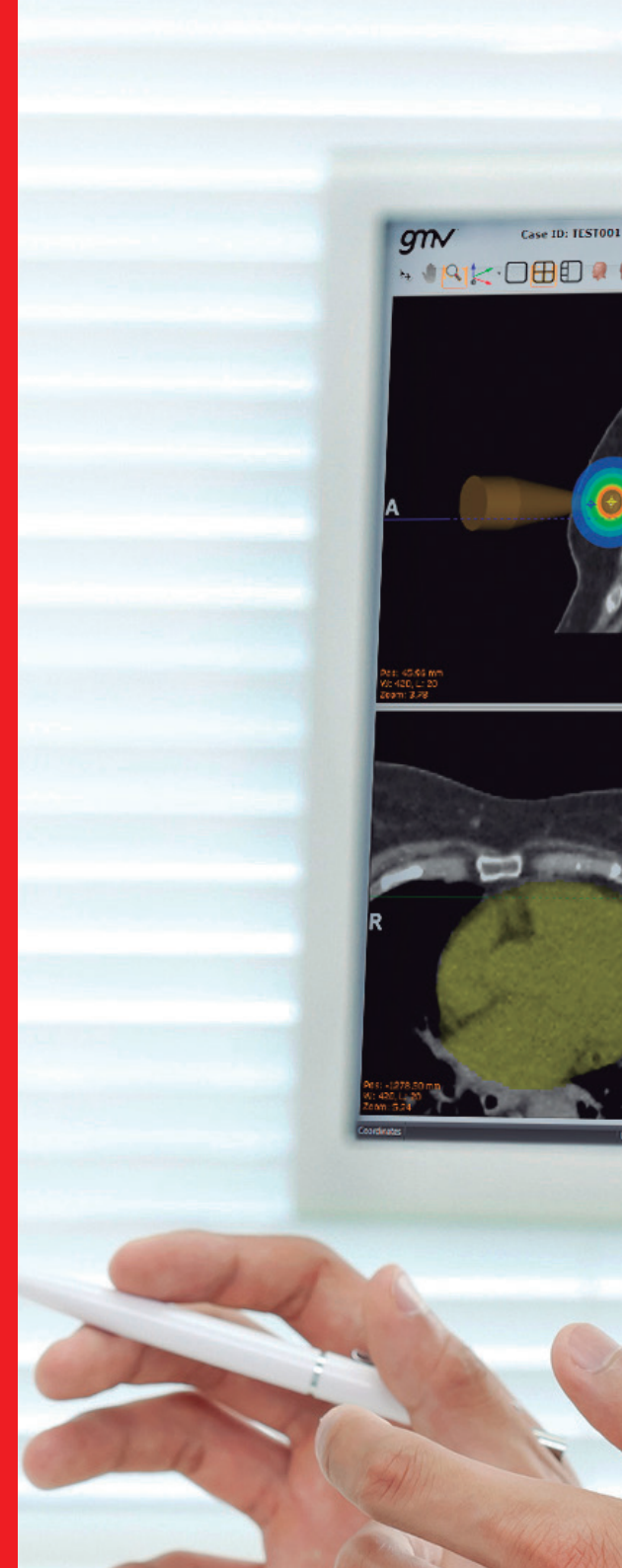
ACTIVITIES 2013

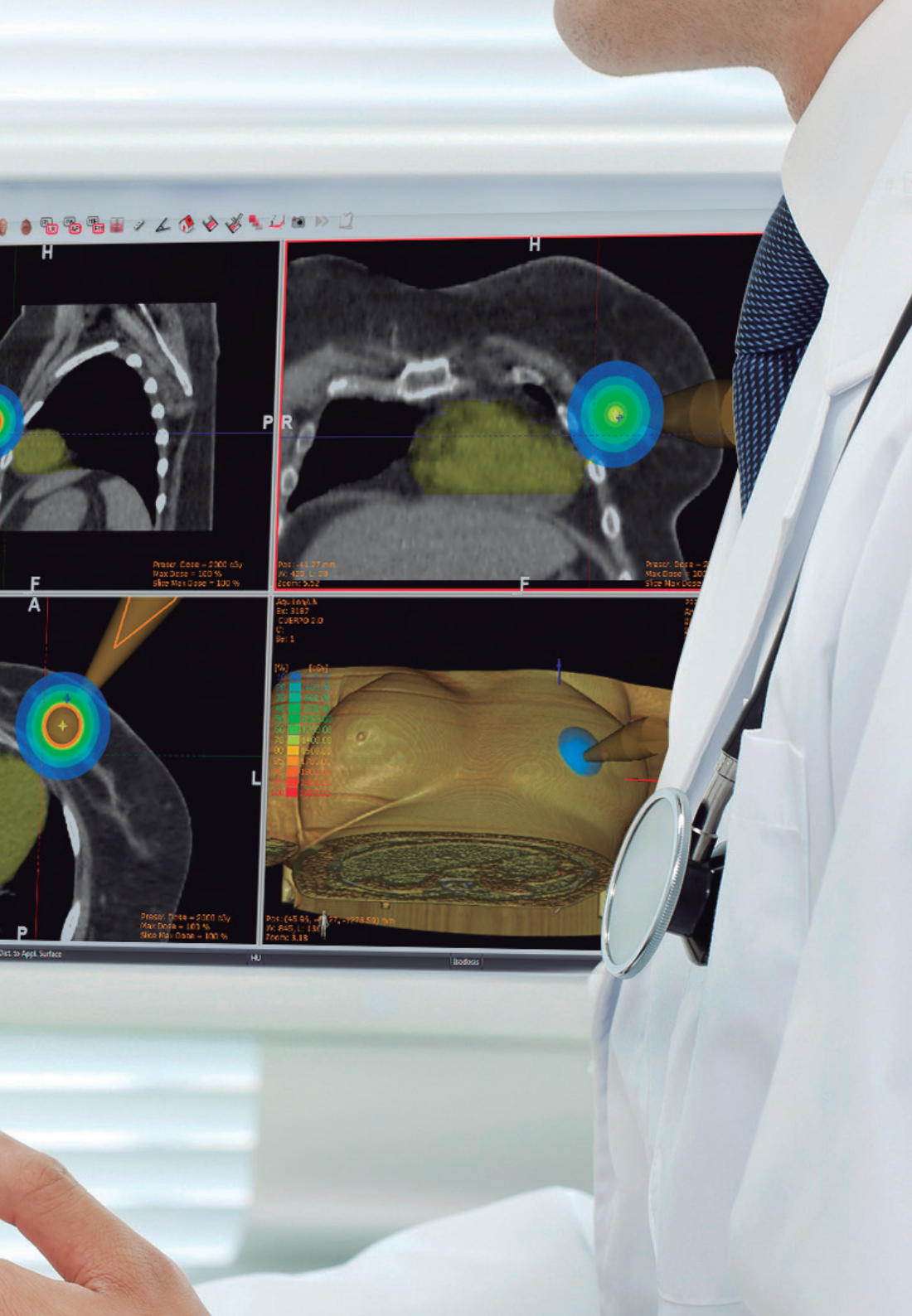
HEALTHCARE

Information and telecommunication technologies, virtual-reality simulation and digital-image processing are all new arrows in the quiver of healthcare professionals, giving them a whole new set of techniques and resources to work with.

GMV draws on the technologies developed for the defense and aerospace sectors to create groundbreaking healthcare products:

- Telemedicine, tediagnosis and teleassistance systems
- Planning/simulation systems in aid of diagnosis and treatment
- Mobility and emergency-management systems
- Aid systems for disabled people
- Humanitarian aid and emergency infrastructure based on satellite technology
- Secure healthcare information systems based on the monitoring of standards and compliance with the Spanish data protection act





ACTIVITIES AND ASSESSMENT 2013

GMV's healthcare business continues to thrive, concentrating on two areas with the brightest prospects of growth at world level. Firstly, its range of intraoperative radiotherapy products, where **radiance**, the world's first and only intraoperative radiotherapy planning system, has chalked up new sales worldwide to add to those already achieved in Spain and Europe in previous years. In 2013 it also put the finishing touches to a far-reaching distribution agreement that is bound to boost international sales of this product in upcoming years. Within this same field GMV continues to invest in the development of unique technology to facilitate application of this groundbreaking cancer treatment. Enter the PRECISION project, which, as its name suggests, allows high-precision 3D location by the surgical team.

GMV's other main healthcare business line at the moment, where it is also investing heavily, is the development of eHealth platforms integrating telemedicine as a standout feature. The **antari** platform combines cutting-edge IT technologies with the latest tele-diagnosis and tele-consultation solutions. In 2013 the **antari** eHealth platform was used for launching in Spain a trailblazing telepediatrics service called KidsCare, an in-school telemedicine pediatrics network for both primary and secondary schools.

*GMV makes the first sale of its intraoperative radiation therapy planner outside Europe. The Saudi Arabia hospitals King Fahad Specialist Hospital in Dammam and King Fahad Medical City in Riyadh both buy **radiance**. The takeup of **radiance** will make these two hospitals the best equipped in the whole area, boasting today's most advanced oncology technology and catering for procedures such as intraoperative radiotherapy, whose advantages are now vouched for by top-level scientific studies.*

HEALTHCARE. MAIN MILESTONES

1



1. As part of the PRECISION project of the Ministry of Economics and Competitiveness (Ministerio de Economía y Competitividad), GMV completes the integration trials and proof-of-concept of the surgical navigation systems for intraoperative radiotherapy of Hospital General Universitario Gregorio Marañón. This system will ensure millimetric 3D positioning of surgical and radiotherapy instruments within the operating theater, enabling the treatment to be planned beforehand and recorded afterwards at a great level of detail.

3

3. GMV attends the twelfth Biennial Congress of the European Society for Therapeutic Radiology and Oncology (ESTRO) and the annual meeting of the American Society for Radiation Oncology (ASTRO), showcasing in both the latest advances in **radiance**, GMV's intraoperative radiotherapy (IORT) planning system. These new upgrades involve incorporation of a Monte Carlo radiation-dose calculation model, which works quickly and without needing to know beforehand the geometry of the machine. The second innovation is a new linear accelerator modeling module, ensuring efficient configuration and validation of a linear accelerator for use with **radiance**.



5



5. In 2013 the GMV-led Rehabilita project, laying down the scientific and technological bases for C21st rehabilitation, is brought to completion. The Rehabilita project has been carried out by a consortium of ten firms with a proven track record in technological innovation and eleven research centers. Its research focused on three fields: physical rehabilitation, cardiorespiratory rehabilitation and cognitive rehabilitation, addressing the 8 pathologies with the greatest worldwide impact and the 10 first among developed regions.

2



2. GMV and EVER SALUD set up KidsCare, an in-school telemedicine pediatrics service for primary and secondary schools. The system sets up teleconference interconnections between three crucial consultation points: firstly, the children's school, where they are treated and accompanied at all times by teaching staff; secondly, the specialist medical team of EVER SALUD, in this case the pediatrician; and lastly the children's parents, who can if they wish form part of the tele-consultation process by remote connection. The telemedicine platform lying behind this groundbreaking service is **antari Primary Care**, an innovative telemedicine system developed by GMV.

4

4. The Galician Health Service (Servicio Gallego de Salud: SERGAS) awards GMV the COVADONGA project, which sets out to calculate clinical and epidemiological data for the purposes of clinical evidence. This is a far-reaching project using Big Data for the first time ever in the healthcare area at national level.



7. GMV hands over the international prize for the “Best healthcare innovation, technology and science project” to the School of Medicine of the University of Cartagena, Colombia, for its e-health work applied to social cohesion and development called: “Technological strategies for improving the management of the healthcare service and institutions in the Department of Bolivar, Republic of Colombia”.

7



9

9. In 2013, as part the Oficina 2.0 project of the Conselleria de Sanitat Valenciana (Valencia Regional Health Ministry), GMV develops and implements this organization’s new website, based on a Liferay platform. The new website will ensure better communications and collaboration and is open to the use of social networking sites and web 2.0 portals as working tools. GMV also collaborates in implementation of the new intranet, which now gives Conselleria employees the chance of checking their payroll and income-tax situation at any moment online.

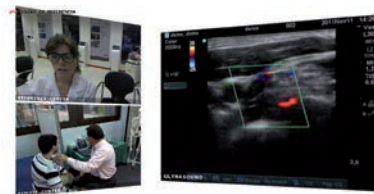


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6. In September GMV pulls off the first sale of its intraoperative radiation therapy planner outside Europe. The Saudi Arabian hospitals King Fahad Specialist Hospital in Dammam and King Fahad Medical City in Riyadh both buy **radiance**. The takeup of **radiance** will make these two hospitals the best equipped in the whole area, boasting today’s most advanced oncology technology and catering for procedures such as intraoperative radiotherapy, whose advantages are now vouched for by top-level scientific studies.

8

8. GMV is chosen from among Spain’s healthcare technology firms to travel to Brazil for the Spain-Brazil Business Cooperation and Investment Forum (Foro de Inversiones y Cooperación Empresarial España-Brasil), an event organized by the Foreign Trade Institute (Instituto de Comercio Exterior: ICEX), CEOE (Spanish Confederation of Entrepreneurial Organizations) and the Spanish Ministry of Industry. GMV showcases its antari telemedicine platform, which was enthusiastically received by the representatives of Brazil.



10

10. In 2013 GMV continues to work on ESA’s SASPEX (Study on Assisted Surgery for Space Exploration) project, awarded to a GMV-led consortium and aiming to provide the first guidelines to the future technology for assisted surgery in space missions. As well as the private firms, the consortium includes the Katholieke Universiteit of Leuven (Belgium), MEDES (France) and also incorporates expert opinion from the many disciplines involved in the study.

ACTIVITIES 2013

INFORMATION SECURITY

GMV has been Spanish leader in the development of network security services and technologies and information systems for over 18 years now. GMV provides engineering products and integrated solutions for security, intelligence centers, emergency management and crisis management:

- Engineering, security services and solutions for information networks and systems
- Security auditing
- Security planning
- Unified user management
- Implementation of security management systems
- Security hardening of platforms, networks and services
- Security services (monitoring, detection of vulnerabilities, etc.)
- Backup centers
- National Security Scheme compliance plans
- Protection of critical infrastructure





ACTIVITIES AND ASSESSMENT 2013

Ever since GMV began its logical-security activity over eighteen years ago, its strategy has revolved around the most innovative R&D to keep it ahead of the pack. On the strength of this strategy GMV has developed products and technologies protected by worldwide patents, such as **codelogin** for secure online-banking and ATM authentication or the document-encryption product **arkano**.

In 2013 there has been a surge in organized ATM fraud with the appearance of new, specifically-designed, ATM-hacking malware. The market has therefore pricked up its ears at GMV's ATM cybersecurity product **checker ATM Security**[®], which has been duly updated and upgraded to fend off these threats with new performance features such as hard-disc encryption. To boost the worldwide distribution of **checker ATM Security**[®] GMV signed an agreement with Eurotechzam in 2013, opening up distribution outlets in more than ten new countries.

GMV's proven expertise in security diagnoses, audits and consultancy also came up trumps in 2013. The company carried out important projects for institutions and bodies that wish to be safeguarded from any attack, cutting down the risk of their systems being hacked into. These included such notable client references as BBVA, ESA, INTECO and the *Confederación Hidrográfica del Duero* (Duero Water Board).

In 2013 GMV also worked hard on upgrades and fine-tuning of its main security products and services in order to be able to offer its various clients custom-built solutions to meet their new security needs. By now, for example, GMV has built up a high degree of maturity and experience in security services and solutions for the banking and insurance sector. This proven expertise won it several contracts this year from various banks, BBVA to the fore.

In 2013, in short, GMV managed to reinforce its position as a leading supplier on various security fronts. As a result its longstanding clients turn back to GMV time and time again with new projects while it is also continually winning new clients who also see in GMV the best custodian of their information security needs.

GMV and BBVA develop and set up the Faro Corporativo (Corporate Lighthouse) platform, whose main purpose is to record and monitor all security incidents that may crop up in BBVA group's head offices and banks. Faro Corporativo has been designed as a multi-country platform, making it possible to manage from a single application the security of all the banks and buildings of the various countries BBVA trades in.

INFORMATION SECURITY. MAIN MILESTONES



1. The National Information Technology Institute (Instituto Nacional de Tecnologías de la Información: INTECO) turns to GMV for the development of a new platform for collecting, analyzing and correlating security information and events. The platform developed by GMV offers an integrated solution serving as control center for managing threats in real time, drawing up legislation compliance reports and providing a set of highly specialized tools that can be fine-tuned to meet the particular needs of each organization.

3. GMV and EuroTechZam (member of the Sphere Alliance corporation) sign an agreement for the distribution of **checker ATM Security**, GMV's product specially designed to manage ATM security and give centralized, real-time information on any security incidents. As part of this collaboration arrangement Europe's leading supplier of banking solutions, Auriga, is to implement **checker ATM Security** together with its own WWS (WinWebServer) platform, with the aim of solving operating-system hardening problems.



5. GMV and BBVA develop and set up the Faro Corporativo (Corporate Lighthouse) platform, whose main purpose is to record and monitor all security incidents that may crop up in BBVA group's head offices and banks. Faro Corporativo has been designed as a multi-country platform, making it possible to manage from a single application the security of all the banks and buildings of the various countries BBVA trades in.



2. GMV is one of the keynote firms at the Spanish Information Security Congress (Congreso Nacional de Seguridad de la Información: Securmatica 2013), organized by the trade review SIC. This year's congress is addressing security issues from the cybersecurity point of view. GMV and Grupo BBVA present a joint project they are carrying out to investigate the application of groundbreaking artificial intelligence technology.



4. GMV is chosen by the European Space Agency (ESA) to conduct an analysis of cybersecurity risks and systematically set up a series of control recommendations for the different types of space missions. This project will be using GMV's inhouse digital surveillance solution atalaya, based on the compiling of company information from many different sources (search engines, blogs, social networking sites, forums, P2P networks, anonymous networks, etc.)



7

7. In any ATM security product it is vital to strike the right balance between security and availability. In 2013, therefore, GMV incorporates Full Hard Disk Encryption (FHDE) into its **checker ATM Security®** product. This FHDE solution uses Smart Environment Detection and also offers additional functions such as remote encryption command, ATM availability during the encryption process, (zero ATM downtime) key recovery procedures for emergencies or forensic analysis, and factory encryption.

9



9. GMV and CA Technologies sign a collaboration agreement in the identity-management and access security area, making GMV an Advanced Partner of CA Technologies. This alliance blends the cutting edge identity-management and access range of CA Technologies with the experience of GMV, a national benchmark in the security and availability sector.



6

6. GMV helps the Industrial Cybersecurity Center (Centro de Ciberseguridad Industrial: CCI) to draw up Spain's Cybersecurity Roadmap (Mapa de Ruta de la Ciberseguridad en España) 2013-2018. The roadmap has been drawn up from the knowledge and experience of the private and public stakeholders of Spain's information security sector, seeking maximum consensus and representativeness among them all.

8



8. 2013 sees termination of the CISIM project, the continuation of the previous CRICTISIM (Critical ICT Infrastructure Simulation of Interdependency Models) project, also led by GMV under the CIPS program of the European Commission's Directorate General of Home Affairs. The aim of the project was to create a methodology for calculating the dependability (reliability, availability and maintainability) of all ICT infrastructure.

10



10. GMV is chosen by the Duero and Guadalquivir Water Boards (Confederaciones Hidrográficas) to draw up a plan for bringing all their systems into line with the National Security Scheme (Esquema Nacional de Seguridad: ENS) and also set up an auditing process under the Spanish Data Protection Act (Ley Orgánica de Protección de Datos Personales: LOPD).

ACTIVITIES 2013

TRANSPORT

GMV has consolidated its position as a leading and trailblazing firm in designing, developing, manufacturing and installing Intelligent Transportation Systems based on GPS technology. Starting off in the traditional market of advanced passenger-information and fleet-management systems, it has now branched out with new spinoff developments for the maritime sector (AIS systems) and the railway sector (railway fleet management systems: **SAE-R**[®]). GMV's solutions in this field are designed to streamline operations and increase service quality:

- Advanced fleet-management systems for passenger transport
- Ticket vending and fare collection systems
- Ticket window management and self-service ticket dispenser platform
- Support systems for the management of passenger transport-on-demand schemes
- State-of-the-art passenger information systems
- Advanced fleet-management systems for railway transport
- Transport services planning systems
- Passenger transport video surveillance systems
- Specialist fleet-management products and services; municipal services, emergencies, etc.
- Advanced car telematics units
- Electronic tolling systems
- Street parking management systems
- AIS/VTS systems for maritime transport and port management
- DGPS coastal systems for navigational aid





ACTIVITIES AND ASSESSMENT 2013

As in previous years, on the strength of its growing international business, GMV once more posted a healthy growth rate in this sector throughout 2013. In this year, in fact, GMV won the biggest number of contracts in its history, especially in the business lines of technology applied to metropolitan public transport and railways.

In 2013 GMV made great strides towards its goal of becoming one of the world's top suppliers of advanced fleet-management and passenger-information systems. GMV held onto its leadership position in Spain, Poland, Indonesia and Malaysia, won epoch-making contracts like the one for Szczecin in Poland and Rapid Kuantan in Malaysia and inaugurated the passenger information system of Warsaw tramlines.

Fleet management and passenger information systems for the railway sector, which GMV has been setting up for the whole fleet of Spain's national railway operator, RENFE, and the railway line of Mallorca, really took off abroad this year. Talgo, for example, awarded GMV the contracts for diverse systems of the iconic Medina-Mecca high-speed railway line, while CAF awarded it the fleet management system for the tramline of Kaohsiung (Taiwan). The national railway operator of Morocco, ONCF, also chose GMV for supplying its fleet management system.

Finally, another notable and ongoing success story this year was the growth of its business in supplying groundbreaking telematic systems for the automobile sector, involving implementation of the European eCall system, GNSS-based roadtoll systems and new, more sustainable mobility models. Special mention here must go to the setting up by ALD Automotive of the corporate car-sharing system developed and implemented by GMV.

Within the framework of the Medina-Mecca high speed railway, the train manufacturer Talgo awards GMV the contract for supplying several systems to equip the trains running on the newly-built line linking the cities of Mecca and Medina in Saudi Arabia.

TRANSPORT. MAIN MILESTONES

1



1. January 21 sees inauguration of the transport-on-demand system for the Medio Tejo region in Portugal. This GMV-developed system, catering for about 4000 people, is similar to the system developed by GMV for the Region of Castilla y León, i.e., a flexible and groundbreaking system allowing connections on request to be made between far-flung built-up areas in the country.

3. GMV wins the contract for second-phase implementation of the advanced fleet-management system with control center for the entire public transport fleet of the Polish city of Szczecin. The project includes a GPRS-based fleet management system for the whole public transport fleet; a complete passenger information system involving bus-stop panels plus systems for sending information by SMS, Internet and Bluetooth; a ridership counting system; a real-time CCTV and an electronic fare-collection system. The project also takes in a modern transport-on-demand system

3



and a management and fleet-tracking service for the city's snowplows.

5

5. In 2013 GMV's inhouse fleet management and tracking service, **Moviloc®**, was taken up by two important new customers. The Spanish road passenger transport company Autocares MILO awards GMV a contract for setting up an advanced fleet management and tracking system on all its buses to streamline the service and increase passenger safety. GMV also signs a contract with the Portuguese farming company Casa Barreira for the management and tracking of its farming machinery, to help farm personnel make better decisions in their daily operations and in the control of crops and livestock.



2

2. GMV successfully completes installation of the real-time advanced fleet management and passenger information system, with control center, for Warsaw's whole tram fleet in Poland. The advanced fleet management system includes GMV's inhouse railway system **SAE-R®** fitted onboard a total of 480 trams and the control center platform installed in the offices of Warsaw Tramlines. The passenger information system is especially adapted for the blind and visually handicapped and also includes the possibility of receiving real-time information on cell phones and from Warsaw trams' website.



4

4. Syarikat Prasarana Berhad, Malaysia's biggest public transport company, awards GMV two important contracts in 2013. Firstly, the turnkey project for developing the integral transport management system for the Malaysian operator Rapid Kuantan of the city of Kuantan, featuring a fare-collection system with ticket-vending and read/write units. Secondly, a contract for implementing a complete fleet management system for the new Bus Rapid Transit (BRT) line of Sunway, Kuala Lumpur, the first line of this type in the whole of Malaysia.

6



6. Within the framework of the Medina-Mecca high speed railway, the train manufacturer Talgo awards GMV the contract for supplying several systems to equip the trains running on the newly-built line linking the cities of Mecca and Medina in Saudi Arabia. The onboard public address system and passenger emergency intercom includes the onboard car-level public-address control units plus the intercoms for the crew to give warnings and notices to passengers and communicate with each other. The network-event-recording system, for its part, controls train diagnosis information. Lastly, GMV also supplies Talgo with a car-level diagnosis-control and display terminal.

7

7. GMV wins a contract for implementing an advanced fleet management system for Morocco's public railway operator ONCF (Office National des Chemins de Fer). This project, of great strategic importance for ONCF, will greatly improve its control over passenger- and freight-transport services and also over its auxiliary track-working machinery and the service vehicles used by ONCF's maintenance personnel and fieldwork groups.



9



9. CAF Signalling, a company that develops, designs, manufactures and maintains railway signaling systems, awards GMV the contract for the "Supply and installation of the advanced fleet management system" for the newly constructed tramline in the city of Kaohsiung (Taiwan). The system is based on GMV's inhouse fleet management system for railways and tramlines, already up and running with great success on the fleet of Spain's national railway operator, RENFE, Servicios Ferroviarios de Mallorca and the Warsaw and Zaragoza tramlines and is currently being rolled out for Morocco's national railway operator, ONCF.

11

11. At the end of the year GMV installs for the Spanish Seaports Authority (Puertos del Estado) a new open platform **ShipLocus® statGraph** for analyzing maritime traffic, designing aids to navigation and drawing up risk maps. **ShipLocus®**, the family of products developed by GMV, tracks and monitors all ships within the AIS network of Puertos del Estado, meeting the needs of harbor operators and authorities in different areas and services.



8

8. During 2013 GMV continues to collaborate in the public-private initiative called Valladolid and Palencia Smart City (Smart-City VyP), the main aim of which is to present joint projects focusing on aspects such as energy efficiency, sustainable and efficient mobility solutions and improving citizen attention by means of new technologies. GMV's collaboration within this initiative focuses on the rollout of intelligent and interconnected mobility solutions, including the development of ICT-driven, electromobility-favoring telematics services (electric vehicle services, including ridesharing schemes; intelligent telematic management of the recharging of these vehicles, etc.) plus the development of services based on the tarjeta ciudadana (citizen card).



10

10. At the end of the year ALD Automotive, the fleet-management and vehicle-renting company of Société Générale Group, sets in motion a corporate car-sharing system developed and implemented by GMV. GMV's system takes in all necessary technological components that will allow ALD Automotive to offer its clients a complete and modern solution for organizing and streamlining shared vehicle use among their employees. As well as cutting fleet costs this system will also help to improve city mobility and cut down pollution.

ACTIVITIES 2013

TELECOMMUNICATIONS AND INFORMATION TECHNOLOGIES

FOR THE PUBLIC SECTOR AND LARGE CORPORATIONS

TELECOMMUNICATIONS

GMV works closely with the main operators and providers of telecommunication and media services, offering tailor-made solutions to meet their needs:

- Platform reengineering and development consultancy
- SS7/IN voice services
- SIP/IMS convergence services
- High performance messaging services
- Detection of terminal capacity and service use
- Core-Network and services dashboard
- Developments on handhelds
- Solutions for monitoring compliance with the Spanish data protection act
- Fraud control solutions
- e-nmediato: management and control of data communication
- Integration solutions for mobile virtual network operators
- Capacity Planning
- Publicity-campaign management, monitoring and planning platform
- Satellite operator payload reconfiguration systems
- System consolidation and virtualization
- ITIL process support tools
- 24x7 support services

INFORMATION TECHNOLOGIES FOR THE PUBLIC AND PRIVATE SECTOR

GMV provides the most technologically advanced ICT products to improve the processes and innovation capacity of leading organizations.

Government authorities, major companies and banks all place their trust in GMV, sure in the knowledge of receiving secure solutions based on the experience of specialist professionals:

- Corporate email and agenda solutions and synchronization with mobile devices
- E-government solutions
- Email solutions
- Content management platforms
- Intranet, website portals, document management platforms
- Mobility and messaging solutions
- System and infrastructure architectures
- Process consultancy and technology consultancy
- Information networks and system security
- Open source software





ACTIVITIES AND ASSESSMENT 2013

According to sector reports, it is ICT investment that has been hardest hit by the downturn. Bucking this trend in 2013, just as in previous years, GMV managed to chalk up a solid growth in its ICT business. As demand shrinks, competition becomes ever stiffer, so this growth can be put down only to GMV's firm commitment to technological and market specialization. This has allowed it to undercut and outperform competitors and build up a solid portfolio of clients who continue to rely on GMV alone for the systems and infrastructure of their most critical services.

In this context special mention must be made of the continuity and growth of our business with long-standing clients like Vodafone, of whom GMV is a "Best Partner", or ONO, for whom GMV has completed development of its corporate internet and portal, recently hailed as one of the best in the world.

Despite the public-spending cuts, GMV also continued to build up its business in the public sector, carrying out flagship projects in the development and implementation of portals, content managers or email platforms for clients like the *Consejería de Sanidad de la Comunidad Valenciana* (Regional Health Ministry of Valencia Region), regional authorities like the *Junta de Extremadura* and the *Junta de Castilla y León*, the City Council of Lisbon, the Government of Extremadura and Valencia University.

ONO's new intranet, developed by GMV, wins worldwide recognition as one of the "world's 10 best intranets of 2013" in term of design and user-friendliness, in a list chosen by the company Nielsen Norman Group.

TELECOMMUNICATIONS AND INFORMATION TECHNOLOGIES. MAIN MILESTONES

1. ONO's new intranet, developed by GMV, is hailed as one of the "world's 10 best intranets of 2013" in term of design and user-friendliness, in a list chosen by the company Nielsen Norman Group. This new intranet is based on a corporate social networking site with the most advanced web 2.0 capabilities, driving a cultural change of collaboration and information-sharing in the company's internal processes.

1



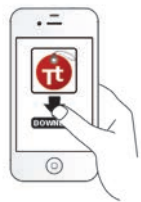
3

3. GMV helps the Regional Government (Junta) of Extremadura to ensure strict and across-the board compliance with the Spanish Data Protection Act (Ley Orgánica de Protección de Datos de Carácter Personal: LOPD).



5

5. In 2013, as part the Oficina 2.0 project of the Conselleria de Sanitat Valenciana (Valencia Regional Health Ministry), GMV develops and implements this organization's new website, based on a Liferay platform. The new website will ensure better communications and collaboration and is open to the use of social networking sites and web 2.0 portals as working tools. GMV also collaborates in implementation of the new intranet, which now gives Conselleria employees the chance of checking their payroll and income-tax situation at any moment online.



2

2. GMV develops *tipatag*, a free app allowing anyone to publish contents using personalized smart images to suit their own tastes and preferences. It works in a very similar way to a BIDI code but with the added advantage that *tipatags* are completely customizable with the image that each user chooses, adding color and unique personality to the smart images.



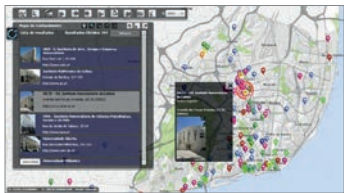
4

4. CHILI S.p.A. a private company that distributes multimedia content, contracts GMV to lead the setting up of a back-end system to improve Video-On-Demand's billing system and enhance the quality of its customer-attention procedures. GMV implements an overall system with easy management of information and resources, improving the clients' user experience while optimizing the company's management of its resources.



6

6. GMV develops two new web portals for Universitat de València, the portal "Universitat de València Digital UVD" (Digital Valencia University), taking in the university's digital services, and "Campus sostenible" (sustainable campus) pooling all the information on the university's sustainability programs. The two portals are set up by reusing the components already created by GMV for developing the university's Fatwire-based corporate website, fleshed out with several tailor-made developments.



7

7. Lisbon City Council awards GMV the MKISS project (Map of Knowledge and Innovation and Strategic Sectors). This project's main objective is to establish the Lisbon stakeholders contributing to Innovation and Knowledge or who are present in strategic sectors defined by the Council. The application, with two models based on the geographic platform Lisboa interactivo - LXI, developed by GMV, will power the identification, search and analysis of the different actors involved in the Map of Knowledge and Innovation and in the Strategic Sectors.

9



9. The public foundation Andalucía Emprende, belonging to the Regional Ministry of Economics, Innovation, Science and Entrepreneurship (Consejería de Economía, Innovación, Ciencia y Empresa) of the Regional Council of Andalusia (Junta de Andalucía) awards GMV a project for setting up a monitoring service to improve the performance of its applications, pinpointing problems in the applications before they impair systems and affect user operations.

11

11. In 2013 the Junta de Castilla y León's Open Government project wins the prize "Benchmark Open-Government and Citizen Participation Project (Proyecto referente en Participación y Gobiernos Abiertos en las Administraciones Públicas), awarded by the National Interoperability and Security Congress (Congreso Nacional de Interoperabilidad y Seguridad: CNIS) for 2013. GMV played a key role in technical aspects of the project, taking on responsibility for developing and maintaining the "open government" and "open data" portals, both on the multi-site Single Information Window platform, also developed by GMV.



8



8. The Portuguese mobile telecommunications operator Optimus awards GMV a contract for migrating SIGSonaecom to support the new 3.0 version of the Application Programming Interface (API) of Google Maps, with which SIGSonaecom is integrated. SIGSonaecom is an internal system of Optimus that supports the activity of various areas, ranging from network operation to commercial management.

10



10. GMV showcases its cell-phone apps **codelogin** and **tipatag** at Movilforum, a Telefónica España initiative that aims to offer its clients the best catalogue of available mobility services and products. At this annual event Telefónica brings together its best technology partners, giving them the opportunity to showcase the breakthroughs they can offer to the Spanish operator's clients.

12

12. GMV joins the Public-Private ICT Collaboration Forum, whose goal is to work towards the modernization of public authorities and the improvement of ICT infrastructure by means of groundbreaking procurement practices, including public-private collaboration.



SOCIAL RESPONSIBILITY

Mindful of its responsibility to the present and future society, GMV constantly strives to make a better use of its resources, improving its process efficiency by using state-of-the-art technology.

GMV's corporate social responsibility therefore includes a general set of long-term goals:

- Act in a responsible and ethical way in all our activities and ensure that our employees, clients and suppliers do likewise with their stakeholders.
- Reduce the environmental impact of our operations and carry out eco-friendly initiatives
- Contribute to the creation of a more sustainable society, providing groundbreaking solutions that improve the quality of life of persons, helping them to integrate into society and the working world, and also cut down CO2 emissions.



HUMAN CAPITAL

Right from the word go GMV has made its personnel policy one of the linchpins of its whole business project. In GMV we are convinced that a staff of top professionals is the best way to gain a competitive edge over the rest. GMV therefore aims to attract the best professionals and then ensure they stay with the company to pursue their careers and realize their full potential. GMV offers them a unique teamwork environment where their talent, imagination and mettle are continually challenged and stimulated.

In line with this overall policy GMV has been applying a human resources strategic plan based on three mainstays: a painstaking personnel-selection policy, a stable environment in which to pursue their careers and a continuous top-up training plan.

Attracting and nurturing top talent is a difficult and time-consuming process. We have therefore been determined to make good this investment by retaining our whole personnel. By dint of a long-sighted commitment to technology and innovation, diversification of the business into various sectors and breaking into new international markets, GMV

has indeed managed to ride out the crisis without shedding staff. This stands us in good stead for renewing our economic growth in the future. GMV closed the year with a staff of 1112; 84% are university graduates and the average age is about 35.

GMV has always pursued a painstaking personnel-selection procedure and has been equally determined to provide this pool of talent with a stable environment for developing their careers. On the strength of this policy, and despite the current economic circumstances, it has managed to maintain a high level of indefinite-term contracts, a rate of about 87% in 2013. To meet our commitment to our employees, we have set up personnel policies that guarantee equal treatment of all our staff, from the job-selection process and then throughout their whole careers in the company. In fact 23% of GMV's staff are women, who also represent 17% of senior management.

One of the main planks of the human resources policy is training, since the company's business lines call for specialist and bang-up-to-date knowledge of the most advanced technologies. To develop

the professional skills of its employees GMV works with an integrated training model to pinpoint its employees' knowledge and skills. In all about 429 training courses were held in 2013 on both an individual and group basis, adding up to a sum total of 15,597 training hours.

GMV liaises permanently with study centers and universities throughout the whole of Spain, either by way of temporary agreements, awarding grants to help university students join the job market, or more permanent project-based collaboration agreements. This habitual liaison with universities has been reinforced by an increasing participation of GMV in various employment forums, both at home and abroad.

In 2013 GMV continued with its training, research, development and innovation work, running courses, seminars and lectures. The main vehicle for this activity was the GMV Chair (Cátedra GMV), a joint academic initiative set up between the Polytechnic University of Madrid (Universidad Politécnica de Madrid: UPM) and the Higher Technical School of Aeronautical Engineers (Escuela Técnica Superior de Ingenieros Aeronáuticos: ETSIA). In

2013 this chair kept up a brisk activity, holding various seminars, courses and debates involving the participation of many professors and leading experts.

In 2013, ever keen to nurture budding technological talent, GMV carried out a series of activities to encourage an interest in engineering and technology among the youngest. Several groups of students and pupils of various ages visited GMV's site throughout the year to find out how knowledge can be brought to bear on such attractive and interesting projects, taking away with them a positive impression of the technology developed by the firm. In 2013 GMV was visited by a group of 25 aeronautical engineering students through the European Association of Aerospace Students EUROAVIA as well as several groups of high-school and baccalaureate students.

In 2013 GMV once again sponsored the First Lego League in Spain, an international robot-building competition for children, offspring of the FIRST and LEGO® alliance in 1988. Such has been the resounding success of this competition in previous years that the challenge set in 2013, "Nature's

Fury", attracted a turnout of nearly 900 teams and more than 6000 participants in knock-out rounds held in 20 different venues.

Finally, mention must also be made of GMV's sponsorship of the robotics workshop of the Miguel Hernández School, Complubot, a team of budding young technologists who develop and build their own robots. Among other activities this team takes part in diverse international competitions with excellent results.



QUALITY

The commitment of the firms of business group GMV to their clients, their concern for excellence, innovation and continual improvement are all reflected in GMV's various management processes.

The sheer technological complexity of all GMV's developments calls for the highest quality standards in all its processes. The various firms of GMV are therefore all in possession of the quality certificates to match their areas of activity and specialization.

Back in 2010 the subsidiary GMV Aerospace and Defence, S.A.U obtained level-5 maturity under the CMMI (Capability Maturity Model Integration) model, a prestigious international certificate granted by an independent body after the most thoroughgoing assessment. Level-5 maturity is the highest of this demanding quality-assurance model and only a handful of the world's firms possess it. In 2013 this subsidiary renewed CMMI level-5 accreditation and extended it to the subsidiaries of Portugal and Poland. GMV had already achieved level-3 maturity way back in 2005. This certification is to be added to the ISO 9001: 2008 certification, which it obtained in 1997, and also the additional specific certificates to cover its various areas of

activity, such as EN 9100:2010, based on ISO 9001:2008 and specifically designed for aerospace developments, and AQAP 2110 and 2210, specific certificates for defense activities.

2013 saw the annual audit of GMV Soluciones Globales Internet S.A.U's quality and IT services certifications: its Quality Management System abides by ISO 9001:2008 and its IT Services Management System by the new version of ISO 20000-1:2011.

GMV Soluciones Globales Internet S.A.U, since 2004, also boasts an information security management system (ISMS) certified under ISO 27001: 2005; it takes in the offices of Madrid, Seville, Barcelona, Boecillo and the East Coast. In 2010 this subsidiary certified its Business Continuity System (BCMS) under the international standard ISO 22301:2012 for its whole range of customer services from its Madrid office. GMV was Spain's second firm to certify its business continuity management and the third to certify its security management. In 2013 GMV Soluciones Globales Internet, S.A.U also successfully passed CMMI level 3 maturity assessment.

The subsidiary GMV Sistemas S.A.U. has likewise been certified under ISO 9001:2008, the standard guaranteeing that the subsidiary's Quality Assurance System conforms to the requirements of the standard UNE-EN ISO 9001:2008. This system covers all the following: the design, development, production and after-sales service of systems for the sectors of transport, remote control and satellite navigation, including the supply, installation and management of onboard equipment in trains and web-based fleet management and tracking services.

The quality management system of GMV's Portuguese subsidiary, GMVIS Skysoft, S.A. meets the requisites of the standard ISO 9001: 2008. During the year the subsidiary managed to attain CMMI maturity level 5.

In 2013 the subsidiary GMV Innovating Solutions Pvt.Ltd, likewise obtained CMMI maturity level 5.

GMV has undertaken to carry out its activity within the parameters of sustainable development, keeping a proper control over all the environmental aspects involved in its work.

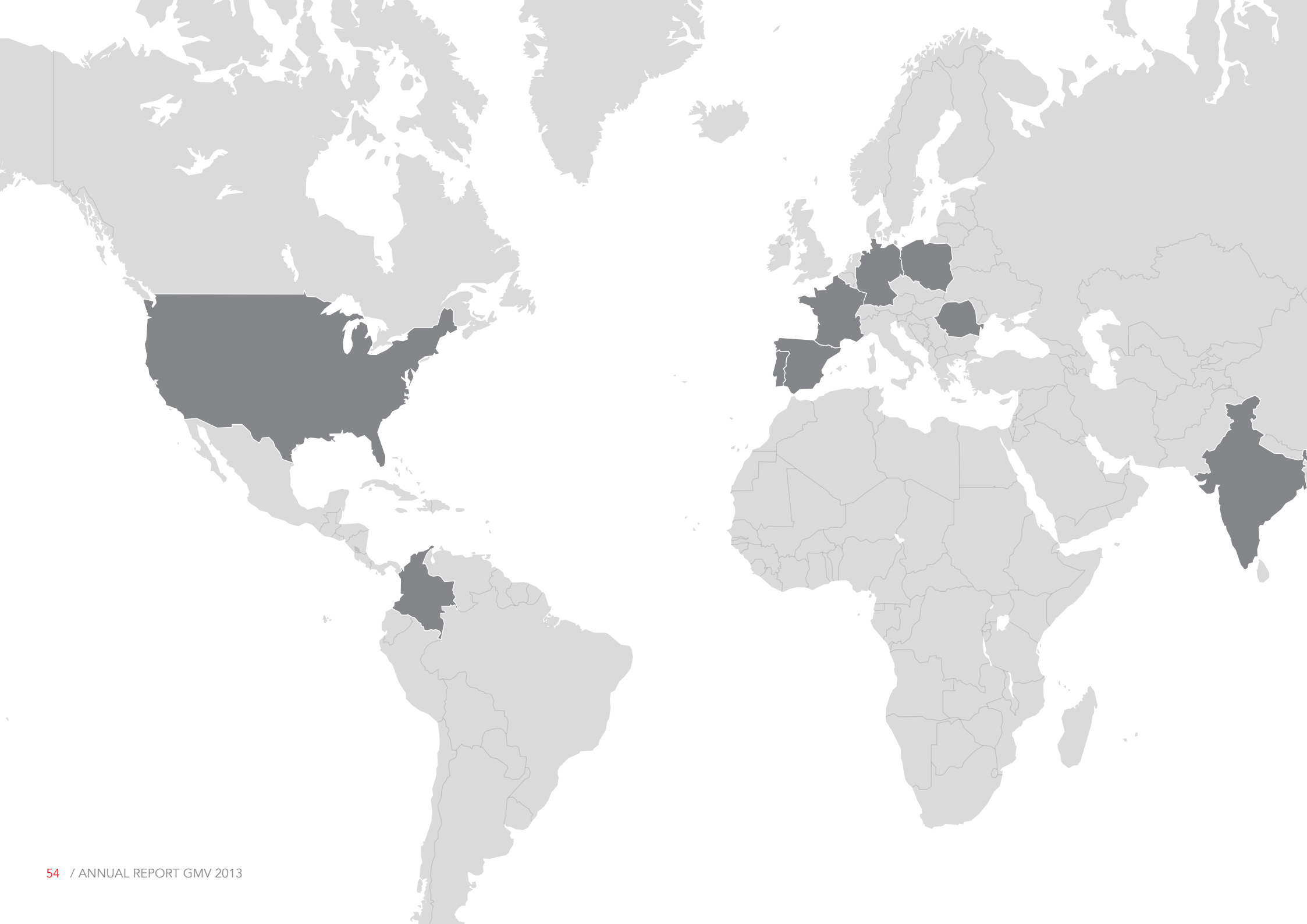
Hence the fact that the Environmental Management System, covering the activities in GMV's central Madrid site and the offices of Valladolid, Seville and Barcelona, conforms to the UNE-EN ISO14001: 2004 standard.

Lastly, Madrid Regional Authority awarded GMV the quality kitemark Madrid Excelente, which recognizes and certifies management excellence in companies.

GMV is acutely aware that quality assurance is not just a matter of obtaining a given certificate or title; it needs to pervade the daily work of the whole

personnel. The whole organization is pledged to the goal of achieving top quality in all its products and services. They often participate in the design of procedures and regularly attend all necessary courses so that they fully understand GMV's quality system and make sure it is enforced in all the work they do.







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ANALYSIS OF THE
**FINANCIAL
SITUATION**

THE COMPANY'S OVERALL FINANCIAL PERFORMANCE

GMV closed 2013 with a turnover topping 103 million euros and a post-tax profit of 3.5 million euros. Stockholders' equity increased at an annual rate of 4%, climbing above 39 million euros. As for its end-of-year valuation, GMV closed 2013 with a 10% ROE, a net profit-sales ratio of 3% and a 4% ROA.

GMV's average business margins fell slightly this year on historical levels, partly due to the new activities in emerging business abroad. Profit margins here are slimmer than in the group's long-standing business activities, since prices have to be kept low at first to build up an initial market share. Another reason for this slight fall is the general situation of fierce competition in target markets, putting further pressure on margins. Financing costs came down slightly but they still represent a large share of total operating costs. All these factors tend to bring down the mean operating margin.

The financial assessment conducted in 2013 shows that performance is still being kept within optimum values.

Use of outside resources is still low. Even in the current difficult juncture, GMV's financial structure therefore remains very solid.

GMV's net debt fell to 10.5 million euros by the end of 2013, keeping the net-debt-to-EBITDA ratio at about 1. Of this net debt figure, over half corresponds to non-banking financing of R&D activities. The ratio of pre-tax profit plus interest to the financial expenses over the period comes out at 3.22.

The company's financial trend is healthy. The ratio of current assets to current liabilities stands at 1.83, indicating a better coverage of enforceable liabilities by realizable assets. The solvency ratio of total assets to total liabilities stands at 2.19; the debt ratio, defined as equity over total liabilities, is 1; working capital over total assets held steady at 0.3, and the instant liquidity provided by current assets represents 1.3 times current liabilities. GMV's balance sheet thus presents an impeccable financial structure.

From the economic valuation point of view, EBIT over sales held steady at 5%, with a sales turnover of 1.2 over total assets employed, a 6% return on assets and a 10% return on equity.

These figures show that the company is operating within a process of moderate and positive growth. Certain changes in the financial structure, already evident in previous years, followed the same trend in 2013:

the average weighted cost of capital employed and the average yield of operating assets both posted acceptable figures. This means that the ratio of net profit to equity was also very sound. Economies of scale were enhanced by the growing size of the business.

Creditworthiness is therefore very solid. Insolvency risks are rock bottom and sensitivity to any interest-rate hikes is moderate.

The company is going through a business cycle of substantial and profitable growth on a more mature basis with normal working-capital financing needs. The recorded growth rate still falls within the sustainable growth rate limits marked by the rise in ROE and favors a controlled debt scenario and a better harnessing of investment opportunities in other business, which can be tapped into as quickly as market conditions allow. The net result of all the above is that the operational cash flow stands close to 7 million euros, and the consolidated EBITDA tops 9 million euros.

FINANCIAL STATEMENTS 2013

BALANCE SHEET

BALANCE SHEET		
	2012	2013
Fixed assets	29,884,262.97	29,119,973.35
Total fixed assets	29,884,262.97	29,119,973.35
Inventories	15,160,516.88	16,996,708.60
Accounts receivable	28,569,321.67	29,349,103.20
Trade debtors	33,946,385.03	37,311,971.94
Trade services on account	-4,752,409.92	-8,151,754.00
Other debtors	-624,653.44	188,885.26
Cash	8,931,004.60	12,502,837.04
Total current assets	52,660,843.15	58,848,648.84
Total assets	82,545,106.12	87,968,622.19
Working capital	24,261,295.33	26,618,481.13
Working capital/Equity	44.81%	47.76%

LIABILITIES		
	2012	2013
Stockholders' equity	38,047,159.87	39,612,698.28
Capital grants	874,267.71	769,123.92
Minority interests	4,282,290.58	5,190,586.00
Long-term funding	10,941,840.14	10,166,046.28
Interest free credits	5,595,310.68	5,822,686.05
Long term funding	5,346,529.46	4,343,360.23
Total Long-term Funding	54,145,558.30	55,738,454.48
Short term liabilities	25,504,983.10	30,009,344.08
Bank loans and overdrafts	11,423,151.61	12,874,613.02
Non-trade payables	14,081,831.49	17,134,731.06
Deferred payments	2,894,564.72	2,220,823.63
Total short term liabilities	28,399,547.82	32,230,167.71
Total liabilities	82,545,106.12	87,968,622.19
Working balance	24,261,295.33	26,618,481.13
Working balance/fixed asset	81.18%	91.41%

PROFIT AND LOSS ACCOUNT

EXPENSES		
	2012	2013
Purchase of goods	23,865,833.70	24,343,845.15
Ancillary Services	9,675,192.56	11,012,219.82
Taxes	105,013.11	145,131.61
Employee Costs	66,488,038.99	63,690,076.10
Financial Expenses	1,973,020.59	1,716,868.80
Extraordinary Expenses	148.74	13,201.92
Period Depreciation and Amortization	4,057,581.54	3,535,680.88
Appropriations, transfer to Provisions	272,568.74	906,847.80
Total Expenses	106,437,397.97	105,363,872.08
Corporate income tax	555,267.79	287,701.24

INCOME		
	2012	2013
Turnover	105,211,810.03	103,563,393.03
Own expenses capitalized	1,721,967.17	2,458,946.95
Operating grants	2,533,675.39	1,133,325.53
Financial Income	152,783.79	2,020,455.62
Extraordinary Income	55,433.51	14.73
Total income	109,675,669.89	109,176,135.86
Pre-tax profit	3,238,271.92	3,812,263.78
Post-tax profit	2,683,004.13	3,524,562.54

CASH FLOW STATEMENT

OPERATING ACTIVITIES

	2012	2013
Profit after tax	2,683,004.13	3,524,562.54
Depreciation and amortization	4,057,581.54	3,535,680.88
Operating Cash Flow	6,740,585.67	7,060,243.42
Net finance expense	1,973,020.59	1,716,868.80
Corporate income tax	555,267.79	287,701.24
EBITDA	9,268,874.05	9,064,813.46
(Increase) / decrease in trade and other receivables	12,655,401.45	-2,615,973.25
Increase / (decrease) in trade and other payables	-4,014,860.47	3,052,899.57
(Decrease) / increase in provisions	773,817.93	-673,741.09
Deferred income (capital grants)	-2,533,675.39	-1,133,325.53
Cash flow generated from operations	16,149,557.57	7,694,673.16
Tax paid	-555,267.79	-287,701.24
Net cash flow from operating activities	15,594,289.78	7,406,971.92

INVESTMENT ACTIVITIES

	2012	2013
Purchase of subsidiary undertaking (Goodwill)	-553,668.16	-425,290.72
Capital expenditure - plant and equipment	-1,551,898.48	-2,346,100.54
Capital expenditure - intangible assets	-2,105,566.64	-2,771,391.26
Net cash flow from investing activities		

FINANCING ACTIVITIES

	2012	2013
Net new debt (debt increase + debt repayments)	-14,259,257.85	675,667.55
Capital Grants and subsidies on capital	2,155,372.61	1,028,181.74
Interest paid	-1,973,020.59	-1,716,868.80
Dividends paid to equity shareholders	-693,274.16	-172,874.40
Paid-in capital / Adjustments to the equity value	250,670.96	-1,081,096.28
Minority Interests	263,200.62	908,295.42
Results attributable to the Minority Interests	-540,231.49	-705,053.45
Net cash flow from financing activities	-14,796,539.90	-1,063,748.22
(Decrease) / increase in cash and cash equivalents	-1,307,816.76	3,571,832.44
Cash and cash equivalents at beginning of year	10,238,821.36	8,931,004.60
Cash and cash equivalents at end of year	8,931,004.60	12,502,837.04

