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Prim, S.A.

Financial Statements and Directors' Report
for the year ended 31 December 2013

PRIM, S.A.

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BALANCE SHEET

2013 AND 2012

PRIM

PRIM, S.A.

BALANCE SHEETS *as of 31 December 2013 and 2012*

Expressed in euro

		31/12/2013	31/12/2012
Assets	Note	101.025.384,58	94.309.196,50
A. Non-current assets		35.914.452,63	23.973.690,44
I. Intangible assets	5	159.558,60	183.740,25
3. Patents, licences, brands and similar		27.603,00	33.099,00
5. Computer software		131.955,60	150.641,25
II. Property, plant & equipment	6	6.491.097,99	7.182.800,01
1. Land and structures		2.449.301,49	2.522.312,49
2. Technical installations and other property, plant and equipment		3.967.969,64	4.628.765,92
3. Construction in progress and advances		73.826,86	31.721,60
III. Investment property	7	3.348.470,14	3.429.000,58
1. Land		489.460,99	489.460,99
2. Buildings and other installations		2.859.009,15	2.939.539,59
IV. Long-term investment in group and associated undertakings	8	7.196.290,15	6.532.654,71
1. Equity instruments (group undertakings)		6.816.959,14	6.153.323,70
6. Equity instruments (associated undertakings)		379.331,01	379.331,01
V. Long-term financial assets	9	18.585.182,27	6.645.494,89
1. Equity instruments	9.1	4.191.575,08	4.113.453,23
2. Long-term debtors and other accounts receivable	9.2	2.756.174,90	2.262.412,72
4. Debt securities		11.502.868,75	100.000,00
6. Other financial assets	9.2	134.563,54	169.628,94
VI. Deferred tax assets	9.2.4	133.853,48	0,00
B. Current assets		65.110.931,95	70.335.506,06
II. Inventories	10	15.480.980,59	14.198.704,49
1. Commercial		11.708.985,84	12.193.690,14
2. Raw materials and other purchases		1.245.085,00	886.759,00
3. Products in process		792.768,00	256.020,00
4. Finished products		1.117.086,00	701.938,00
6. Supplier advances		617.055,75	160.297,35
III. Trade and other accounts receivable	9.2	47.922.471,36	39.093.977,05
1. Trade receivables for sales and services		46.927.231,75	38.748.064,86
2. Customer receivables – group and associated undertakings	18.1	137.281,00	243.184,00
3. Sundry debtors		769.432,09	11.826,44
4. Sundry debtors, group and associated undertakings	18.1	0,00	3.600,00
5. Personnel receivables		88.247,09	76.800,78
7. Other receivables from public authorities	15	279,43	10.500,97
IV. Short-term investment in group and associated undertakings	18	497.000,00	1.672.000,00
3. Loans to group and associated undertakings		497.000,00	1.672.000,00
V. Short-term financial assets	8.2	208.709,33	14.427.904,53
3. Debt securities		208.709,33	14.427.904,53
VII. Cash and cash equivalents		1.001.770,67	942.919,99
1. Cash	11	1.001.770,67	942.919,99

		31/12/2013	31/12/2012
EQUITY AND LIABILITIES		101.025.384,58	94.309.196,50
A. Equity		79.785.968,84	73.005.909,52
A.1. Shareholder's equity		79.703.828,02	73.005.909,52
I. Capital	12.1	4.336.781,00	4.336.781,00
1. Share capital		4.336.781,00	4.336.781,00
II. Share premium	12.2	1.227.059,19	1.227.059,19
III. Reserves	12.3	67.198.340,87	61.823.469,03
1. Legal and bylaw reserves		1.153.637,59	1.153.637,59
2. Revaluation reserve		578.507,47	578.507,47
3. Reserve for amortised capital		1.256.814,96	1.256.814,96
5. Other reserves		64.209.380,85	58.834.509,01
IV. (Own shares and equity instruments)	12.4	-2.017.689,96	-2.272.336,11
VII. Income for the year	3 & 7	9.826.693,12	8.758.292,61
VIII. (Interim dividend)		-867.356,20	-867.356,20
A.2. Value adjustments		82.140,82	0,00
I. Available-for-sale financial assets		82.140,82	0,00
B. Non-current liabilities	6.2	4.874.823,40	3.294.563,54
I. Long-term provisions		1.900.000,00	1.900.000,00
4. Other provisions	15.4	1.900.000,00	1.900.000,00
II. Long-term debt		2.811.614,80	1.208.186,74
2. Bank loans	14.1	2.713.489,60	1.092.225,54
5. Other financial liabilities	14.2	98.125,20	115.961,20
IV. Deferred tax liabilities	15.3	163.208,60	186.376,80
C. Current liabilities		16.364.592,34	18.008.723,44
III. Short-term debt		3.656.153,61	7.427.291,60
2. Bank loans	14.1	2.499.520,28	6.322.365,65
3. Due under finance leases	14.5	0,00	8.904,82
5. Other financial liabilities	14.2 14.3	1.156.633,33	1.096.021,13
IV. Short-term payable to group and associated undertakings	18.1	2.479.735,11	474.735,11
V. Trade and other accounts payable	14.4	10.228.703,62	10.106.696,73
1. Foreign suppliers		4.303.863,64	4.549.639,39
2. Supplier accounts payable – group and associated undertakings	18.1	64.293,00	55.517,00
3. Sundry creditors		1.215.834,19	1.297.745,73
4. Creditors – group and associated undertakings	18.1	0,00	3.600,00
5. Personnel (compensation payable)		2.238.997,89	2.246.001,44
6. Current tax liabilities	15	936.385,57	728.319,95
7. Other debt to public authorities	15	1.037.309,21	1.106.902,62
8. Customer advances		432.020,12	118.970,60

PRIM

STATEMENT OF INCOME

2013 AND 2012

PRIM, S.A.
***STATEMENTS OF INCOME** as of 31 December 2013 and 2012*

Expressed in euro

		31/12/2013	31/12/2012
1. Net sales		69.161.194,63	65.966.608,47
a. Sales	16	67.935.813,05	64.972.523,87
b. Sales to group and associated undertakings	18	839.242,00	588.154,00
c. Services provided		386.139,58	405.930,60
2. Change in finished goods and work-in-process inventories	16	940.287,00	-55.530,00
4. Procurements	16.2	-30.184.430,93	-26.628.347,33
a. Merchandise consumed		-26.073.755,07	-23.835.408,32
b. Merchandise consumed – group and associated undertakings		-583.774,00	-389.707,34
c. Raw materials and other consumables consumed		-3.235.298,68	-2.145.153,85
d. Work performed by other companies		-687.530,48	-192.977,82
e. Impairment of merchandise, raw materials and other procurements	10	395.927,30	-65.100,00
5. Other operating revenues	16	1.076.260,80	1.081.652,76
a. Sundry and other current revenues		357.994,28	238.422,81
b. Sundry and other current revenues, group and associated undertakings	18.1	620.791,00	737.541,00
c. Operating subsidies recognised in profit or loss		35.249,72	45.694,21
d. Other income. Extraordinary revenues		62.225,80	59.994,74
6. Personnel expenses		-19.509.504,22	-18.767.932,63
a. Wages, salaries and similar		-16.111.345,14	-15.675.811,74
b. Employee welfare expenses	16.3	-3.398.159,08	-3.092.120,89
7. Other operating expenses		-10.947.643,96	-8.962.950,24
a. Outside services	16.4	-9.954.243,89	-9.589.553,62
b. Outside services, group and associated undertakings	16.4	-205.656,47	-210.912,92
c. Taxes other than income tax		-210.464,43	-182.388,01
d. Losses, impairment and change in trade provisions	9.2.2	-162.554,02	1.253.388,77
e. Other current operating expenses		-219.643,17	-233.484,46
f. Other income. Exceptional expenses		-195.081,98	0,00
8. Depreciation and amortisation	5, 6 & 7	-1.484.164,78	-2.173.488,40
11. Impairment losses and income from disposal of assets		-15.914,99	10.023,80
b. Income from disposals, etc.		-15.914,99	10.023,80
A1. Operating income		9.036.083,55	10.470.036,43

		31/12/2013	31/12/2012
A1. Operating income		9.036.083,55	10.470.036,43
12. Financial revenues	16.5	2.102.071,87	2.076.680,92
a. Equity instruments		150.053,54	435.148,71
a1. Group and associated undertakings	18.1	110.653,84	403.830,99
a2. Third parties	18.1	39.399,70	31.317,72
b. Marketable securities and other financial instruments		1.952.018,33	1.641.532,21
b1. Group and associated undertakings	18	47.231,00	86.826,00
b2. Third parties		1.904.787,33	1.554.706,21
13. Financial expenses	16.6	-238.225,91	-824.682,19
a. On debts to group and associated undertakings	18.1	-30.932,79	-35.950,91
b. On debts to third parties		-207.293,12	-788.731,28
15. Exchange differences	17	280.905,00	327.254,90
a. Exchange gains		280.905,00	327.254,90
16. Impairment and gain/loss on disposal of financial instruments		651.957,47	-232.258,01
a. Impairments and losses	16.10	659.616,47	-232.258,01
b. Income from disposals, etc.	8.1	-7.659,00	0,00
A2. Financial income		2.796.708,43	1.346.995,62
A3. Income before tax		11.832.791,98	11.817.032,05
17. Corporate income tax	15	-3.413.699,88	-3.419.948,93
A4. Income from continuing operations		8.419.092,10	8.397.083,12
18. Income for the year from discontinued operations, net of taxes		1.407.601,02	361.209,49
A5. Income for the year	3	9.826.693,12	8.758.292,61

A)Statement of recognised revenues and expenses for the years ended 31 December 2013 and 2012 (Expressed in euro)

	Notes	2013	2012
A. Income for the year (from income statement)	3	9.826.693,12	8.758.292,61
B. Revenues and expenses recognised directly in equity:		82.140,82	-188.952,23
1. Valuation of financial instruments		82.140,82	-269.931,75
a. Available-for-sale financial assets	9.1.2	82.140,82	-269.931,75
b.Other revenues/(expenses)		0,00	0,00
2. Cash flow hedges		0,00	0,00
3. Subsidies, donations and bequests received		0,00	0,00
4. Actuarial gains and losses and other adjustments		0,00	0,00
5. Other revenues and expenses through equity		0,00	0,00
6. Tax effect		0,00	80.979,53
C. Transfers to profit or loss		0,00	188.952,23
1. Valuation of financial instruments		0,00	269.931,75
a. Available-for-sale financial assets		0,00	269.931,75
b.Other revenues/(expenses)		0,00	0,00
2. Cash flow hedges		0,00	0,00
3. Subsidies, donations and bequests received		0,00	0,00
4. Other revenues and expenses through equity		0,00	0,00
5. Tax effect		0,00	-80.979,53
TOTAL RECOGNISED REVENUES / (EXPENSES) (A+B+C)	3	9.908.833,94	8.758.292,61

B) Statement of total changes in equity for the year ended 31 December 2013 (Expressed in euro)

	Shareholder's equity							
	Capital	Share premium and reserves	Interim dividend	Own shares and equity instruments	Income for the year	Value adjustments	Subsidies, donations and bequests received	Total equity
NOTES	12	12	12	12	3	13		
Beginning balance 31/12/2012	4.336.781,00	63.050.528,22	-867.356,20	-2.272.336,11	8.758.292,61	0,00	0,00	73.005.909,52
Own shares and related reserves	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Beginning balance 01/01/2013	4.336.781,00	63.050.528,22	-867.356,20	-2.272.336,11	8.758.292,61	0,00	0,00	73.005.909,52
Adjustment for changes in accounting method	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Value adjustments	0,00	(*)	0,00	0,00	0,00	0,00	0,00	0,00
Adjusted beginning balance	4.336.781,00	63.050.528,22	-867.356,20	-2.272.336,11	8.758.292,61	0,00	0,00	73.005.909,52
I. Total recognised revenues/(expenses)	0,00	0,00	0,00	0,00	9.826.693,12	82.140,82	0,00	9.908.833,94
II. Transactions with shareholders or owners	0,00	-98.759,69	0,00	254.646,15	-3.300.000,00	0,00	0,00	-3.144.113,54
1. Capital increase/(reduction)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2. Conversion of financial liabilities into equity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3. Distribution of dividends	0,00	0,00	0,00	0,00	-3.300.000,00	0,00	0,00	-3.300.000,00
4. Transactions with own shares and equity instruments (net) (12.4)	0,00	-98.759,69	0,00	254.646,15	0,00	0,00	0,00	155.886,46
5. Increase/(decrease) due to business combinations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
6. Other transactions with shareholders or owners	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
III. Other changes in equity	0,00	5.473.631,53	0,00	0,00	-5.458.292,61	0,00	0,00	15.338,92
1. Payments based on equity instruments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2. Transfers between equity items	0,00	5.458.292,61	0,00	0,00	-5.458.292,61	0,00	0,00	0,00
3. Other changes	0,00	15.338,92	0,00	0,00	0,00	0,00	0,00	15.338,92
Ending balance 31/12/2013	4.336.781,00	68.425.400,06	-867.356,20	-2.017.689,96	9.826.693,12	82.140,82	0,00	79.785.968,84

PRIM

B) Statement of total changes in equity for the year ended 31 December 2012 (Expressed in euro)

	Shareholder's equity						Subsidies, donations and bequests received	
	Capital	Share premium and reserves	Interim dividend	Own shares and equity instruments	Income for the year	Value adjustments		Total equity
NOTES	12	12	12	12	3	13		
Beginning balance 31/12/2011	4.336.781,00	58.400.024,75	-867.356,20	-2.703.262,14	8.230.690,92	0,00	0,00	67.396.878,33
Own shares and related reserves	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Beginning balance 01/01/2012	4.336.781,00	58.400.024,75	-867.356,20	-2.703.262,14	8.230.690,92	0,00	0,00	67.396.878,33
Adjustment for changes in accounting method	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Value adjustments	0,00	(*)	0,00	0,00	0,00	0,00	0,00	0,00
Adjusted beginning balance	4.336.781,00	58.400.024,75	-867.356,20	-2.703.262,14	8.230.690,92	0,00	0,00	67.396.878,33
I. Total recognised revenues/(expenses)	0,00	0,00	0,00	0,00	8.758.292,61	0,00	0,00	8.758.292,61
II. Transactions with shareholders or owners	0,00	-280.187,45	0,00	430.926,03	-3.300.000,00	0,00	0,00	-3.149.261,42
1. Capital increase/(reduction)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2. Conversion of financial liabilities into equity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3. Distribution of dividends	0,00	0,00	0,00	0,00	-3.300.000,00	0,00	0,00	-3.300.000,00
4. Transactions with own shares and equity instruments (net) (12.4)	0,00	-280.187,45	0,00	430.926,03	0,00	0,00	0,00	150.738,58
5. Increase/(decrease) due to business combinations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
6. Other transactions with shareholders or owners	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
III. Other changes in equity	0,00	4.930.690,92	0,00	0,00	-4.930.690,92	0,00	0,00	0,00
1. Payments based on equity instruments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2. Transfers between equity items	0,00	4.930.690,92	0,00	0,00	-4.930.690,92	0,00	0,00	0,00
3. Other changes	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Ending balance 31/12/2012	4.336.781,00	63.050.528,22	-867.356,20	-2.272.336,11	8.758.292,61	0,00	0,00	73.005.909,52

(*) The full amount of the fair value changes in financial assets available for sale (212,697.69 euro) has been charged to equity and recognised in its entirety in the Income Statement, with a net effect of 0.00 euro in equity on the balance sheet.

Cash flow statements for the years ended 31 December 2013 and 2012 (Expressed in euro)

A. Operating cash flow	Notes	2.013	2.012
1. Income before taxes		**11.832.791,98**	**12.325.354,29**
2. Adjustments to income:		**-1.565.251,66**	**-417.514,00**
+a. Depreciation and amortisation	5, 6, 7	1.484.164,78	2.173.488,40
+/-b. Impairment	16.10	-395.927,30	65.100,00
+/-c. Variation in provisions		162.554,02	-1.253.388,77
+/-d. Allocation of subsidies		-35.249,72	-45.694,21
+/-e. Gain/loss on retirement and disposal of fixed assets		15.914,99	-10.023,80
+/-f. Gain/loss on retirement and disposal of financial instruments		-651.957,47	232.258,01
-g. Financial revenues		-2.102.071,87	-2.076.680,92
+h. Financial expenses		238.225,91	824.682,19
+/-i. Exchange differences		-280.905,00	-327.254,90
3. Changes in working capital		-2.685.936,62	28.153.527,24
+/-a. Inventories		-1.282.276,10	2.503.570,49
+/-b. Debtors and other accounts receivable		-8.954.047,80	15.860.985,07
+/-c. Other current assets		0,00	6.500,00
+/-d. Creditors and other accounts payable		350.716,23	-5.781,38
+/-e. Other current liabilities		2.069.051,66	1.272.998,27
+/-f. Other non-current assets and liabilities		5.130.619,39	8.515.254,79
4. Other operating cash flow		-1.921.945,32	-1.939.963,91
-a. Interest paid		-160.554,00	-416.813,33
+b. Dividends received	8.2, 8.4	150.053,54	435.148,71
+c. Interest received		1.771.481,31	1.510.555,40
+/-d. Corporate income tax received/(paid)		-3.682.923,17	-3.468.854,69
5. Operating cash flow		**5.659.658,38**	**38.121.403,62**
B. Investing cash flow			
6. Payments for investments -		-13.533.754,23	-15.397.144,53
b. Intangible assets		-72.865,44	-71.492,23
c. Property, plant & equipment		-2.083.848,35	-1.199.978,61
d. Investment property		0,00	-1.527,43
e. Other financial assets		-11.412.105,84	-14.158.784,53
g. Other assets		35.065,40	34.638,27
7. Received for divestments +		15.686.277,47	78.329,32
c. Property, plant & equipment		60.810,28	43.691,05
e. Other financial assets		15.590.401,79	0,00
g. Other assets		35.065,40	34.638,27
8. Investing cash flow		**2.152.523,24**	**-15.318.815,21**

C. Financing cash flow			
9. Receipts and payments via equity instruments		*155.886,46*	*152.082,00*
-c. Acquisition of own equity instruments	*12.4*	*-98.756,03*	*-277.147,05*
+d. Disposal of own equity instruments	*12.4*	*254.642,49*	*429.229,05*
10. Receipts and payments via financial liabilities		*-4.832.504,56*	*-19.351.955,95*
a. Issuance		*4.425.371,42*	*38.703,54*
+2. Bank loans		*2.382.424,90*	*5.504,92*
+3. Debts to group and associated undertakings		*2.005.000,00*	*0,00*
+4. Other debts		*37.946,52*	*33.198,62*
b. Repayment and amortisation of		*-9.257.875,98*	*-19.390.659,49*
-2. Bank loans		*-9.257.875,98*	*-18.856.565,09*
-3. Debts to group and associated undertakings		*0,00*	*-495.000,00*
-4. Other debts		*0,00*	*-39.094,40*
11. Dividend payments and remuneration of other equity instruments		*-3.300.000,00*	*-3.300.000,00*
-a. Dividends		*-3.300.000,00*	*-3.300.000,00*
12. Financing cash flow		***-7.976.618,10***	***-22.499.873,95***
D. Effect of exchange rate variations		*223.287,16*	*281.959,49*
E. Net increase/decrease in cash and cash equivalents		*58.850,68*	*584.673,95*
Beginning cash and cash equivalents		***942.919,99***	***358.246,04***
Ending cash and cash equivalents		***1.001.770,67***	***942.919,99***

PRIM

NOTES TO FINANCIAL STATEMENTS

2013

1. BUSINESS DESCRIPTION

PRIM, S.A. has its registered offices at Polígono Industrial 1, Calle F, 15, Móstoles, Madrid, and it has seven regional offices and a factory at the following locations:

Factory

Móstoles - Polígono Industrial nº 1; Calle C, nº 20

Regional offices

Barcelona - Nilo Fabra, 38

Bilbao - Avda. Madariaga, 1

La Coruña - Rey Abdullah, 7-9-11

Sevilla - Juan Ramón Jiménez, 5

Valencia - Maestro Rodrigo, 89-91

Las Palmas de Gran Canaria - Habana, 27

Palma de Mallorca – San Ignacio, 77

Although the company's business has been carried on since 1870, it was incorporated in 1966 by means of a public instrument executed before the Madrid notary Mr. José Luis Álvarez Álvarez, with number 3.480 of his protocol, and registered at the Madrid Mercantile Register on 9 January 1967 on sheet 11.844, folio 158, tome 2.075 general 1.456 of section 3 of the Companies Book.

The Articles of Association establish that the Company has indefinite duration and that its purpose is to engage in all types of legal transactions of commerce or industry relating to the manufacture, sale or distribution of orthopaedic, medical, surgical or similar material, and the construction, operation and management of retirement homes and any type of real estate transaction.

On 29 June 1992, before the Madrid notary Enrique Arauz Arauz, with number 1053 of his protocol, the Articles of Association were adapted to the New Corporations Law of 1989, and that adaptation was registered with the Madrid Mercantile Register in Tome 3652, Folio 1, Section 8, Sheet M-61451, Inscription 36, dated 7 October 1992.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

True and fair view

The financial statements were prepared in accordance with the accounting regulations established in Spanish law in order to present a true and fair view of the net worth, financial situation and results of the Company. The cash flow statement was prepared in order to provide an accurate picture of the source and application of the monetary flows representing the Company's cash and other liquid assets.

These financial statements were authorised by the Board of Directors to be submitted to the Shareholders' Meeting for approval; they are expected to be approved without changes.

Comparative information

The accompanying financial statements for 2013 are drawn up in accordance with the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, as amended by Royal Decree 1159/2007, of 17 September, and with other mercantile legislation in force.

The figures contained in these 2013 financial statements are presented with the corresponding 2012 figures for comparison purposes.

The Company disposed of the INFUSIÓN line of business in 2013.

The results of that disposal are reflected in the "Net income from discontinued operations" line item, as follows:

Figures in euro	2013
Proceeds from disposal of INFUSION business line	4.114.956,03
Net carrying amount of fixed assets disposed of in the line of business	-1.364.941,19
Value of inventories disposed of in the line of business	-990.872,57
Income before tax from discontinued operations	1.759.142,27
Corporate income tax expense attributable to discontinued operations	-351.541,25
Net income from continuing operations	1.407.601,02

With a view to standardising information for better comparison of data, the 2012 figures presented in these Financial Statements have been re-stated. To this end, "Net income from discontinued operations" reflects the revenues and expenses attributable to the INFUSIÓN business line in 2012, as follows:

Figures in euro	2012
Disposal of INFUSIÓN line of business	2.837.624,00
Personnel expenses attributable to the business line that was disposed of	-432.404,18
Other expenses attributable to the business line that was disposed of	-1.896.897,58
Income before tax from discontinued operations	508.322,24
Corporate income tax expense attributable to discontinued operations	-147.112,75
Net income from continuing operations	361.209,49

Critical aspects of measuring and estimating uncertainty

In preparing the Company's financial statements, the Directors made estimates based on past experience and other factors which are considered to be reasonable in the current circumstances and which constitute the basis for establishing the carrying amount of assets and liabilities whose value is not readily determinable by other means.

The Company constantly reviews its estimates but, given their inherent uncertainty, there is always a risk that significant adjustments to the value of those assets and liabilities may arise in the future in the event of a significant change in the assumptions, facts and circumstances upon which they are based.

The key assumptions about the future, and other relevant data about estimating the uncertainty at the year-end, which carry a risk of significant changes in the value of assets and liabilities in the next year are as follows:

Impairment of non-current assets

Non-current assets other than financial assets are measured on the basis of estimates to determine their fair value for the purposes of measuring impairment, particularly in the case of goodwill and intangible assets with an indefinite useful life.

To determine fair value, the Company's Directors estimate the future cash flows expected from the assets or the cash-generative units of which they form part, using an appropriate discount rate to calculate the present value of those cash flows.

Impairment of equity instruments

There is objective evidence of impairment of equity instruments when, after initial recognition, an event or combination of events occurs with the result that the carrying amount will not be recovered due to a prolonged or significant decline in fair value.

In the case of equity instruments categorised as "Financial assets available for sale", and of investments in the equity of group, multi-group and associated undertakings, the impairment loss is calculated as the difference between the carrying amount and the recoverable amount, which is the higher of the fair value less the cost of sale or the present value of the future cash flows arising from the investment. Except where there is better evidence, impairment is estimated taking account of the investee company's net equity corrected for any unrealised capital gains existing at the measurement date. These losses are recognised in the "Reserve for revaluation of unrealised assets and liabilities" in equity, until these investments are disposed of or impaired, at which time the accumulated balance of this account is recognised entirely in profit or loss. In the case of losses related to Investments held for sale and classified as "depreciated", the impairments are recognised directly in profit or loss without passing through equity.

Provisions and contingent liabilities

The Company recognised provisions for risks in line with the accounting policy set out in section 4.12 of these notes. The Company made judgements and estimates as to the probability that those risks will occur and the amount of those risks, and recognised a provision when the risk was considered to be probable, estimating the costs the Company would incur for such risks.

Monetary unit

The amounts contained in the documents comprising these financial statements are expressed in euro to two decimal places.

3. APPLICATION OF RESULTS

The Board of Directors of PRIM, S.A. has proposed the following distribution of income to the Shareholders' Meeting:

(euro)	***2013***	***2012***
Basis of distribution		
Balance of profit and loss (profit)	*9.826.693,12*	*8.758.292,61*
Application		
Legal reserve		
Voluntary reserves	*6.326.693,12*	*5.458.292,61*
Dividends	*3.500.000,00*	*3.300.000,00*

3.1. Interim dividends

A dividend of 867,356.20 euro charged to income for the year 2012 was declared in December 2012.

The provisional financial statement approved by the Directors in accordance with legal requirements (Article 277 of the Capital Companies Act) disclosing the existence of sufficient liquidity to distribute the interim dividend resolved upon by the Board of Directors on 20 December 2012, was as follows:

Assets		Liabilities	
Non-current assets	*23.904.156,44*	*Equity*	*72.630.427,52*
Current assets	*69.751.383,00*	*Non-current liabilities*	*3.294.563,54*
		Current liabilities	*17.730.548,38*
Total assets	***93.655.539,44***	***Total liabilities***	***93.655.539,44***

In view of the financial statement and undrawn credit lines, the Company estimated that, in declaring an interim dividend out of 2012 income, it had sufficient liquidity to make the payment on the date that dividend was approved.

A dividend of 867,356.20 euro charged to income for the year 2013 was declared in December 2013.

The provisional financial statement approved by the Directors in accordance with legal requirements (Article 277 of the Capital Companies Act) disclosing the existence of sufficient liquidity to distribute the interim dividend resolved upon by the Board of Directors on 11 December 2013 (November 2013 accounting close), was as follows:

Assets		Liabilities	
Non-current assets	*32.372.535*	*Equity*	*70.615.675*
Current assets	*71.602.310*	*Non-current liabilities*	*4.441.500*
		Current liabilities	*18.478.329*
Total assets	***103.974.845***	***Total liabilities***	***103.974.845***

In view of the financial statement and undrawn credit lines, the Company estimated that, in declaring an interim dividend out of 2013 income, it had sufficient liquidity to make the payment on the date that dividend was approved.

3.2. Limits on the distribution of dividends

The Company must transfer 10% of income for each year to the legal reserve until it represents at least 20% of capital stock. The reserve is restricted unless it exceeds 20% of capital stock.

Once the allocations required by law and the Articles of Association have been made, dividends may only be distributed out of income for the year or unrestricted reserves if net equity is not less than capital stock either before or after such a distribution.

For these purposes, income allocated directly to equity may not be distributed, either directly or indirectly. Where, as a result of prior years' losses, the Company's net equity is less than the amount of capital stock, the income will be allocated to offset those losses.

4. ACCOUNTING AND VALUATION STANDARDS

The financial statements were drafted in accordance with the accounting principles and standards established in mercantile law; in particular, the following valuation methods were applied:

4.1. Intangible assets

Concessions, patents, licenses, brands and similar are valued at the acquisition price. Where operating and distribution rights have a specific term, they are amortised on a straight-line basis over that period, which is 10 years. Other rights are amortised on a straight-line basis over five years.

Computer software is valued at acquisition cost and amortised on a straight-line basis over four years.

Repairs which do not extend the useful life and maintenance costs are charged to profit and loss in the year in which they are incurred.

Intangible assets with a definite useful life are amortised systematically on the basis of the estimated useful life of the asset and the residual value. The amortisation methods and periods are reviewed at year-end and adjusted prospectively where necessary.

At least at year-end, measurements are made to detect impairment and, if necessary, the recoverable value is estimated and the appropriate impairment adjustments are made.

4.2. *Property, plant & equipment*

Property, plant and equipment are valued at the acquisition or production cost, net of accumulated depreciation, and include the value of legal revaluations under Royal-Decree Law 7/1996. In addition to the amount invoiced by the supplier, the acquisition price includes any additional expenses incurred up until the asset comes into service.

Depreciation is calculated on a straight-line basis using constant percentages determined on the basis of the asset's estimated useful life.

The depreciation rates applied by the Group are as follows:

ASSETS	*Annual percentage*
Structures	*2% - 3%*
Machinery, installations and tools	*8% - 20%*
Vehicles	*16%*
Furniture and fittings	*8% - 10%*
Computer hardware	*25%*

Fixed asset maintenance and repair expenses are charged to income in the year in which they are incurred unless they entail an improvement or expansion, in which case they are capitalised

Capitalised in-house work on fixed assets includes the costs of material and personnel expenses incurred, calculated on the basis of hours directly used, which are valued at the Group's standard hourly rates.

At year-end, the Company reviews the residual values, useful lives and depreciation methods of the property, plant and equipment and makes any necessary adjustments prospectively.

4.3. Investment property

Investment property is carried at acquisition price less accumulated depreciation and any impairment. In addition to the amount invoiced by the supplier, the acquisition price includes any additional expenses incurred up until the asset comes into service. Since 1 January 2008, interest costs are capitalised in the year in which they are incurred provided that they accrue before the property was brought into service and more than one year is required for it to come into service.

Depreciation is taken using constant percentages determined on the basis of the asset's estimated useful life.

The depreciation rates applied by the Company are as follows:

	Annual percentage
Structures	*2%*
Installations	*8% - 12%*

Investment property maintenance and repair expenses are charged to income in the year in which they are incurred unless they entail an improvement or expansion, in which case they are capitalised.

4.4. *Impairment of non-financial assets*

At year-end at least, the Company evaluates whether there are any signs of impairment to a non-current asset or a cash-generative unit. If such signs are found, and in any event, in the case of goodwill and intangible assets with an indefinite useful life, the recoverable amount is estimated.

The recoverable amount is determined as the higher of an asset's fair value less the cost of sale or its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. The value in use is the present value of expected future effective cash flows, using risk-free market interest rates, adjusted for specific risks associated with the asset. For those assets that do not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generative units to which the assets belong.

Impairment loss and its reversion are recognised in profit and loss. An impairment loss is reversed if the circumstances giving rise to it have ceased to exist, except where it relates to goodwill. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset.

4.5. *Leases*

Leases are considered to be finance leases when, based on the economic terms of the arrangement, substantially all risks and rewards inherent to ownership of the leased item are transferred to the lessee. All other lease arrangements are classified as operating leases.

The Company as lessee

Assets acquired under financial lease arrangements are recognised, based on their nature, at the fair value of the leased item or, if lower, the present value at the commencement of the lease of the minimum lease payments. A financial liability is recorded for the same amount. Lease payments are apportioned between finance charges and reduction of the lease liability. These assets are depreciated, impaired, and derecognised using the same criteria applied to other assets of a similar nature.

Operating lease payments are recognised as expenses in profit and loss when accrued.

The Company's main operating leases relate to vehicles, structures and furniture.

4.6. Financial assets

a)Recognition and measurement

Loans and receivables

In this category, the Company recognises trade and non-trade receivables, which include financial assets with fixed or determinable payments not listed on active markets and for which the Company expects to recover the full initial investment, except in cases of debtor insolvency.

Upon initial recognition in the balance sheet, they are measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

After initial recognition, these financial assets are measured at amortised cost.

Nevertheless, trade receivables which mature within more than one year with no contractual interest rate, as well as advances and loans to personnel, dividends receivable and called-up payments on equity instruments, the amount of which is expected to be received in the short term, are carried at nominal value both at initial and subsequent measurements, if the effect of not discounting cash flows is non-material.

The difference between fair value and the amount of deposits paid for operating leases is recognised in profit and loss as an advance lease payment over the lease term, provided that the amount is material.

Investment in equity of group, multi-group and associated undertakings

This includes equity investments in companies in which the entity exercises control, joint control via by-laws or contractual arrangements, or has significant influence.

Upon initial recognition in the balance sheet, they are measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. In the case of non-monetary contributions to a group company for the purpose of a business, the investment is measured at the carrying amount of the assets constituting the business. The initial value includes the amount of any acquired pre-emptive subscription and similar rights.

Following initial measurement, these financial assets are stated at cost, less any accumulated impairment loss.

When an investment is classified as an investment in a group, multi-group or associated undertaking, cost value is deemed to be the asset's recognised carrying amount. Previously recognised value adjustments are then carried in equity until the investment is either sold or impaired.

In the case of the sale of pre-emptive subscription rights and similar or their segregation for exercise, the carrying amount of the respective assets will be reduced by the cost of the rights.

Available-for-sale financial assets

Includes debt securities and equity instruments not included in the preceding categories.

Upon initial recognition in the balance sheet, they are measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

The initial value of equity instruments includes the amount of any acquired pre-emptive subscription and similar rights.

Changes in fair value are recognised directly in equity until the financial asset is derecognised or impaired, at which time the amount recognised in equity is taken to profit and loss, in the second case. Nevertheless, exchange gains and losses on monetary financial instruments in foreign currency are recognised in profit and loss.

In the case of financial assets available for sale and classified as impaired, losses are recognised directly in profit or loss without passing through equity.

Equity instruments whose fair value cannot be measured reliably are carried at cost, less any accumulated impairment loss.

In the case of the sale of pre-emptive subscription rights and similar or their segregation for exercise, the carrying amount of the respective assets will be reduced by the cost of the rights.

<u>Investments held to maturity</u>

These are debt securities with a fixed maturity date that earn determined or determinable amounts, are traded on an active market, and which the Company intends or has the capacity to retain until maturity.

They are measured initially at fair value, which is equivalent to the fair value of the consideration delivered plus the directly attributable transactions costs.

They are subsequently measured at amortised cost. Accrued interest is recognised in profit and loss using the effective interest rate method.

At year-end, the necessary value adjustments are made if there is objective evidence that the asset value has been impaired. The impairment loss is the difference between the instrument's carrying amount and its market value.

b) Cancellation

Financial assets are derecognised when the contractual rights to the related cash flows have expired or when the assets are transferred, provided that substantially all the risks and rewards inherent to ownership are transferred.

If the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset, the financial asset is derecognised when it has not retained control of the asset. If the Company retains control of the asset, it continues to recognise the asset at the amount of its exposure to fair value changes; i.e. to the extent of its continuing involvement, and recognises the related liability.

When the financial asset is derecognised, the difference between the consideration received less directly attributable transaction costs, taking into account any new asset acquired less any liability assumed, and the carrying amount of the transferred financial asset plus any accumulated amounts recognised directly in equity determines the related gain or loss and is recognised in profit and loss.

The Company does not derecognise financial assets in transfers where it retains substantially all the risks and benefits inherent to ownership, such as discounted bills of exchange, factoring with recourse, sales of financial assets under repurchase agreements at a fixed price or at the selling price plus interest and securitisations of financial assets where the Company retains subordinated financing or other types of guarantees that absorb substantially all the expected losses. In these cases, the Company recognises a financial liability for the amount of consideration received.

c)<u>Interest and dividends received on financial assets</u>

Interest and dividends on financial assets accrued subsequent to acquisition are recognised as revenue in profit and loss. Interest is recognised using the effective interest rate method and dividends when the right to receive payment is established.

For these purposes, upon initial measurement of the related financial assets, the explicit and unmatured interest accrued at that time and the dividends declared by the competent body up to acquisition are recognised separately based on their maturity. Explicit interest refers to the contractual interest rate applied to the financial instrument.

When dividends paid are unequivocally from profits obtained prior to the acquisition date because they exceed profits generated by the investee since the acquisition, they are not recognised as income but, rather, are deducted from the carrying amount of the investment.

d)<u>Reclassification of financial assets</u>

When an investment in the equity of a group, multi-group or associated undertaking is no longer classified as such, the investment in that undertaking is measured according to the rules on financial assets available for sale.

4.7. Impairment of financial assets

The Company adjusts the carrying amount of financial assets against profit and loss when there is objective evidence of actual impairment.

To determine impairment loss, the Company assesses the potential loss of individual assets as well as groups of assets with similar risk characteristics.

Debt instruments

There is objective evidence of impairment of debt instruments (i.e. accounts receivable, debt claims and debt securities) when, after initial recognition, an event occurs with a negative impact on estimated future cash flows.

The Company classifies as impaired (doubtful) assets those debt instruments for which there is objective evidence of impairment, basically the existence of bad debts, default, breach, refinancing and the existence of evidence that the agreed future flows may not be collected in full or that there may be an unusual delay in collection.

In the case of "Financial assets available for sale", where there is objective evidence that a reduction in fair value is due to impairment, the unrealised capital loss recognised as "Impairment loss" in equity is transferred to profit and loss.

The reversal of impairment is recognised as revenue in profit and loss and is limited to the carrying amount that would have been recognised at the reversal date had no impairment loss been recognised for the asset.

Equity instruments

There is objective evidence of impairment of equity instruments when, after initial recognition, an event or combination of events occurs with the result that the carrying amount will not be recovered due to a prolonged or significant decline in fair value. For these purposes, the Company considers in any event that listed equity instruments are impaired when their value has decreased over 18 months and by 40% of their initial quoted price without having recovered their initial value.

In the case of equity instruments measured at cost and classified under "Financial assets available for sale", impairment loss is measured as the difference between acquisition cost and fair value less previously-recognised impairment losses.

Unrealised capital losses recognised directly as "Impairment losses" in equity are transferred immediately to profit and loss if it is determined that the decline in fair value is due to impairment. If part or all of the impairment losses are subsequently recovered, their amount is recognised as "Impairment" in equity.

In the case of equity instruments recognised at cost that are categorised as "Financial assets available for sale", and of investments in the equity of group, multi-group and associated undertakings, the impairment loss is calculated as the difference between the carrying amount and the recoverable amount, which is the higher of the fair value less the cost of sale and the present value of the future effective cash flows arising from the investment.

Except where there is better evidence, impairment is estimated taking account of the investee company's net equity corrected for any unrealised capital gains existing at the measurement date. Such losses are recognised in profit and loss as a direct decline in value of the equity instrument.

The reversal of impairment is recognised in profit and loss and is limited to the carrying amount that would have been recognised at the reversal date had no impairment loss been recognised for the asset; in the case of investments in group, multi-group and associated undertakings; impairment recognised in previous years on financial assets available for sale cannot be reversed.

4.8. Financial liabilities

a) Recognition and measurement

Debtors and accounts payable

This includes financial liabilities generated by the purchase of goods and services arising from trade transactions and from non-trade transactions that are not derivative instruments.

Upon initial recognition in the balance sheet, they are measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted for directly attributable transaction costs.

These financial liabilities are measured at amortised cost Interest is recognised in profit and loss using the effective interest rate method.

Nevertheless, trade payables maturing in less than one year without a contractual interest rate, as well as amounts due to third parties for capital calls expected to be paid in the short term, are measured at nominal value when the impact of not discounting cash flows is not material.

The difference between fair value and the amount of deposits received for operating leases is recognised in profit and loss as an advance lease payment over the lease term, provided that the amount is material. When assessing the fair value of security deposits, the period remaining to the end of the lease is determined based on the minimum term as per the current lease agreement.

b) <u>Cancellation</u>

Financial liabilities are retired when the related obligation is extinguished.

When a debt instrument is replaced by another on substantially different terms, the original liability is derecognised and the new financial liability is recognised. Substantial modifications in the terms of an existing financial liability are treated in the same way.

The difference between the carrying amount of the financial liability or the part of the financial liability that is derecognised and the amount paid, including attributable transaction costs and any asset transferred other than cash or assumed liability, is recognised in profit and loss in the year in which it occurs.

When a debt instrument is replaced by another and the terms are not substantially different, the original liability is not derecognised and any fees paid are recognised as an adjustment to its carrying amount. The new amortised cost of the financial liability is determined using the effective interest rate, i.e. the rate that matches the carrying amount of the financial liability at the date of modification with the cash flows payable under the new terms.

4.9. Own shares

Own shares are recognised in equity as a decrease in "Capital and reserves" when acquired. No loss or gain is recognised in profit or loss on sale or cancellation. Expenses incurred in connection with transactions with own shares are recognised directly in equity as a decrease in reserves.

4.10. Inventories

Inventories are measured at the average acquisition or production cost, or at market value (if lower). For these purposes, the acquisition cost of merchandise, raw materials and ancillary materials is taken to be that on the supplier invoice plus all additional expenses incurred until the goods are in the warehouse.

The production cost of finished and semi-finished products is the acquisition cost of the raw materials and other consumables plus the costs directly allocable to the product and the reasonably allocable part of indirect costs, insofar as such costs correspond to the manufacturing period.

The Company values inventories at weighted average cost.

When the net realisable value of inventories is lower than their acquisition or production cost, a value adjustment is recognised as an expense in profit or loss.

No value adjustments are made in the case of raw materials and other consumables in the production process if it is expected that the finished products into which they are incorporated will be sold at above cost.

Inventories are provisioned at the end of each year as a function of impairment experienced during that year. Broadly speaking, provisioned inventories are those products in which the company has been dealing for more than one year but which have not registered any purchases or sales in the last six months.

4.11. Cash and cash equivalents

"Cash and cash equivalents" includes cash, current accounts, short-term deposits and repos which meet all of the following criteria:
- They are convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is not material.
- They are part of the Company's standard cash management strategy.

In terms of the cash flow statement, occasional bank overdrafts used as part of the Company's cash management strategy are recognised as a decrease in cash and cash equivalents.

4.12. Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (derived from law, a contract, or an implicit or tacit commitment) as a result of past events and it is considered likely that a quantifiable outflow of resources will be required to settle the obligation.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation or transfer it to a third party, and adjustments arising due to updating the provision are recognised as a financial expense as they accrue.

Provisions falling due within one year that do not have a material financial effect are not discounted. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate of the related liability.

In authorising the financial statements, the Company's directors distinguish between:

- *Provisions: Accounts payable which cover current obligations for past events, the cancellation of which will likely lead to a cash outflow, but whose amounts and/or time of cancellation are undetermined.*

- *Contingent liabilities Possible obligations arising from past events whose future occurrence is conditional upon the occurrence of one or more future events outside the company's control.*

4.13. Corporate income tax

Income tax expense is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable income for the year, less any applicable rebates and tax credits, taking into account changes during the year in recognised deferred tax assets and liabilities.

The corresponding tax expense is recognised in profit or loss, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is likewise recognised in equity; in business combinations, it is recognised with a charge or credit to goodwill.

Deferred income tax is recognised on all timing differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of timing differences is included in “"Deferred tax assets” or “Deferred tax liabilities” in the balance sheet, as applicable.

The Company recognises deferred tax liabilities for all timing differences, except where disallowed by prevailing legislation.

The Company recognises deferred tax assets for all deductible timing differences, unused tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available against which these assets may be utilised, except where disallowed by prevailing legislation.

At each financial year end, the Company measures the deferred tax assets recognised and those that have not yet been recognised. On the basis of that measurement, the Company derecognises previously-recognised assets if they are no longer likely to be recovered, or recognises deferred tax assets not recognised previously where it is likely that future taxable profit will be available against which these assets may be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply at the time of the reversal based on prevailing laws and on the basis of reasonable expectations of recovering the deferred tax asset or settling the deferred tax liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities.

4.14. Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the balance sheet as current and non-current. Assets and liabilities are classified as current when they are associated with the Company's normal operating cycle and it is expected that they will be sold, consumed, realised or settled within the normal course of that cycle; if they differ from the aforementioned assets, and are expected to mature, or be sold or settled within one year; if they are held for trading or are cash and cash equivalents whose use is not restricted for more than one year.

The normal operating cycle for all activities is one year.

4.15. Revenues and expenses

Revenues and expenses are recognised in accordance with the accrual principle when they arise, regardless of when actual payment or receipt occurs.

Sales of goods and provision of services

Revenue is recognised when it is likely that the Company will collect the economic gains or yields from the transaction and the amount of the revenues and the costs incurred or to be incurred can be measured reliably. Revenues are recognised at the fair value of the related consideration received or receivable, less the amount of any discount, price reduction or similar granted by the Company, as well as any interest included in the nominal value of the debt claim. Indirect taxes levied on transactions that are chargeable to third parties do not form part of revenues.

Nevertheless, in accordance with the prudence principle, gains are only recognised at year-end whereas foreseeable risks and losses, including possible losses, are recognised as soon as they become known. Default interest arising by court order is recognised when the favourable court decision is received.

4.16. Transactions in foreign currency

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

Transactions in foreign currency are initially translated at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences, both positive and negative, originating in this process, and those arising from the settlement of those balance sheet items, are recognised in profit or loss in the year in which they arise.

Non-monetary items measured at historical cost are translated at the exchange rate prevailing on the date of the transaction.

Non-monetary items measured at fair value are translated at the exchange rate prevailing when the fair value is determined. Exchange differences are recognised directly in equity if the related non-monetary item is recognised in equity; otherwise, in profit or loss.

4.17. Environmental assets and liabilities

Environmental expenses correspond to the company's environmental activities and are recognised under "Other operating expenses" in the accompanying income statement in accordance with the accrual principle.

Environmental assets are recognised at acquisition price or production cost, and are depreciated over their useful lives.

4.18. Related-party transactions

Related-party transactions are measured as described above.

The prices of related-party transactions are properly documented; accordingly, the Company's directors do not consider it likely that significant tax liabilities will arise.

5. INTANGIBLE ASSETS

The variations in 2013 and 2012 were as follows:

(euro)	*Beginning balance*	*Recognitions and provisions*	*Derecognitions and reversal of impairment*	*Transfers*	*Ending balance*
2013					
Cost	***1.646.874,67***	***72.865,44***	***-4.825,00***	***0,00***	***1.714.915,11***
Patents, licences, brands and similar	*1.015.664,05*	*0,00*	*0,00*	*0,00*	*1.015.664,05*
Computer software	*631.210,62*	*72.865,44*	*-4.825,00*	*0,00*	*699.251,06*
Other intangible assets	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Accumulated amortisation	***-1.463.134,42***	***-92.354,78***	***132,69***	***0,00***	***-1.555.356,51***
Patents, licences, brands and similar	*-982.565,05*	*-5.496,00*	*0,00*	*0,00*	*-988.061,05*
Computer software	*-480.569,37*	*-86.858,78*	*132,69*	*0,00*	*-567.295,46*
Other intangible assets	*0,0*	*0,00*	*0,00*	*0,00*	*0,0*
Net carrying amount	***183.740,25***				***159.558,60***

(euro)	Beginning balance	Recognitions and provisions	Derecognitions and reversal of impairment	Transfers	Ending balance
2012					
Cost	**1.591.345,41**	**71.492,23**	**-15.962,97**	**0,00**	**1.646.874,67**
Patents, licences, brands and similar	1.015.664,05	0,00	0,00	0,00	1.015.664,05
Computer software	575.681,36	71.492,23	-15.962,97	0,00	631.210,62
Other intangible assets	0,00	0,00	0,00	0,00	0,00
Accumulated amortisation	**-1.382.674,35**	**-80.899,05**	**438,98**	**0,00**	**-1.463.134,42**
Patents, licences, brands and similar	-977.069,05	-5.496,00	0,00	0,00	-982.565,05
Computer software	-405.605,30	-75.403,05	438,98	0,00	-480.569,37
Other intangible assets	0,0	0,00	0,00	0,00	0,0
Net carrying amount	**208.671.06**				**183.740,25**

The fully amortised assets in use under this account amount to 1,308,457.57 euro as of 31 December 2013 and 1,280,802.10 euro as of 31 December 2012.

Description of main changes

The main change during the year was the derecognition of a computer application, which it was decided in 2012 to recognise as an expense since, after the application was implemented, the company determined that it did not meet the requirements for capitalisation.

The main change in 2013 was the acquisition of new software to improve the functioning of various areas of the organisation, particularly the Technical Service area.

6. PROPERTY, PLANT AND EQUIPMENT

The changes during 2013 and 2012 in the various property, plant and equipment accounts and in the related accumulated depreciation are as follows:

(euro)	Beginning balance	Recognitions and provisions	Derecognitions and reversal of impairment	Disposal of a line of business (*)	Ending balance
2013					
Cost	**26.453.970,95**	**2.098.307,16**	**-7.134.060,15**	**0,00**	**21.418.217,96**
Land and structures	4.197.432,67	0,00	0,00	0,00	4.197.432,67
Plant and machinery	1.076.704,14	148.116,15	0,00	0,00	1.224.820,29
Other installations, tools and furniture	19.670.156,53	1.773.947,53	-45.851,76	-6.988.298,71	14.409.953,59
Other assets	1.509.677,61	176.243,48	-99.909,68	0,00	1.586.011,41
Accumulated amortisation	**-19.271.170,94**	**-1.311.279,56**	**31.369,02**	**5.623.961,51**	**-14.927.119,97**
Structures	-1.675.120,18	-73.011,00	0,00	0,00	-1.748.131,18
Plant and machinery	-745.596,55	-59.127,67	0,00	0,00	-804.724,22
Other installations, tools and furniture	-15.751.486,32	-1.061.819,98	5.634.862,57	0,00	-11.178.443,73
Other assets	-1.098.667,89	-117.320,91	20.467,96	0,00	-1.195.520,84
Impairment losses					
Net carrying amount	**7.182.800,01**				**6.491.097,99**

(euro)	Beginning balance	Recognitions and provisions	Derecognitions and reversal of impairment	Transfers	Ending balance
2012					
Cost	**25.321.311,11**	**1.231.700,21**	**-99.040,37**	**0,00**	**26.453.970,95**
Land and structures	4.197.432,67	0,00	0,00	0,00	4.197.432,67
Plant and machinery	1.073.958,85	11.153,47	-8.408,18	0,00	1.076.704,14
Other installations, tools and furniture	18.630.974,44	1.089.598,20	-50.416,11	0,00	19.670.156,53
Other assets	1.418.945,15	130.948,54	-40.216,08	0,00	1.509.677,61
Accumulated amortisation	**-17.404.545,45**	**-1.944.305.99**	**77.680,50**	**0,00**	**-19.271.170,94**
Structures	-1.602.109,18	-73.011,00	0,00	0,00	-1.675.120,18
Plant and machinery	-699.895,01	-54.109,65	8.408,11	0,00	-745.596,55
Other installations, tools and furniture	-14.080.106,48	-1.700.436,19	29.056,35	0,00	-15.751.486,32
Other assets	-1.022.134,78	-116.749,15	40.216,04	0,00	-1.098.667,89
Impairment losses					
Net carrying amount	**7.916.765,66**				**7.182.800,01**

The additions in both years are due mainly to acquisition of new tools.

The derecognitions in both years refer entirely to items in disuse.

Disposal of INFUSIÓN line of business

(*) However, the Company booked extraordinary derecognitions as a result of the disposal of its "Infusión" business line.

This disposal included the sale of a large volume of property, plant & equipment, with a net carrying amount of 1,364,337.20 euro (a cost of 6,988,298.71 euro and accumulated depreciation amounting to 5,623,961.51 euro). These changes are listed in a separate column in the table at the beginning of this section.

Revaluation of property, plant and equipment

The Company availed itself of the asset revaluations allowed under Royal Decree-Law 7/1996, dated 7 June, and included the corresponding revaluation entries in the 1996 balance sheet.

The increase in value or net capital gain was calculated using the revaluation coefficients depending on the year of acquisition of the asset. Those coefficients were applied to both the cost and the accumulated depreciation, and the following values were obtained:

	(euro)
Revaluation of cost	*1.673.663*
Revaluation of depreciation	*(301.322)*
Net capital gain (before tax charge)	*1.372.241*

The undepreciated amount of the revaluation was 68,183.37 euro as of 31 December 2013 and 71,418.33 euro as of 31 December 2012.

The effect of the revaluation on the following year's depreciation is not material.

Fully depreciated assets

As of 31 December 2012, the Company had installations, machinery, tools and furniture with a cost of 13,524,779.87 euro which were fully depreciated and still in use. The corresponding amount as of 31 December 2013 was 10,865,047.98 euro.

This decline is broadly due to the fact that part of the property, plant & equipment disposed of in 2013 as part of the INFUSIÓN business line was fully depreciated. The cost of fully depreciated items that were disposed of as part of the INFUSIÓN business line amounted to 3,321,541.42 euro.

Finance leases

In 2011, the company signed a finance lease on motor vehicles. As required by Spanish General Accounting Plan, those vehicles are presented on the basis of their nature, under "Other property, plant and equipment" with the other items of transport equipment owned by the Company.

Consequently, future finance lease payments as of 31 December 2013 and 2012 were as follows:

	Under 1 year	1 to 5 years	Over 5 years	TOTAL
As of 31 December 2012	10.534,75	0,00	0,00	10.534,75
As of 31 December 2013	0,00	0.00	0,00	0,00

7. INVESTMENT PROPERTY

The variations in 2013 and 2012 were as follows:

(euro)	31/12/2012	Recognitions	Derecognition	Transfers	31/12/2013
Cost	**5.969.233,51**	**0,00**	**0,00**	**0,00**	**5.969.233,51**
Land	489.460,99	0,00	0,00	0,00	489.460,99
Structures	3.745.604,33	0,00	0,00	0,00	3.745.604,33
Installations	1.734.168,19	0,00	0,00	0,00	1.734.168,19
Accumulated amortisation	**- 2.540.232,93**	**-80.530,44**	**0,00**	**0,00**	**- 2.620.763,37**
Structures	-833.926,48	-75.688,56	0,00	0,00	-909.615,04
Installations	-1.706.306,45	-4.841,88	0,00	0,00	-1.711.148,33
Net carrying amount	**3.429.000,58**				**3.348.470,14**

(euro)	31/12/2011	Recognitions	Derecognition	Transfers	31/12/2012
Cost	**5.967.706,09**	**1.527,43**	**-0,01**	**0,00**	**5.969.233,51**
Land	489.461,00	0,00	-0,01	0,00	489.460,99
Structures	3.745.604,34	0,00	-0,01	0,00	3.745.604,33
Installations	1.732.640,75	1.527,43	0,01	0,00	1.734.168,19
Accumulated amortisation	**- 2.391.949,57**	**-148.283,36**	**0,00**	**0,00**	**- 2.540.232,93**
Structures	-758.237,92	-75.688,56	0,00	0,00	-833.926,48
Installations	-1.633.711,65	-72.594,80	0,00	0,00	-1.706.306,45
Net carrying amount	**3.575.756,52**				**3.429.000,58**

The Company's investment property corresponds to a building in Avenida de Llano Castellano nº 43 (Madrid) that is for lease to third parties.

The latest available appraisal valued that property at 20,133 thousand euro and there are no indications of any loss in value since that date.

In 2003, the Company arranged a mortgage loan for 12,020,240 euro using that property as collateral (see note 16).

General description of the leases

The leases refer to the building at Avenida del Llano Castellano, 43, in Madrid, which has a total gross lettable area of 7,329 square metres and 70 parking spaces.

In addition to the lettable area (which may not be used as dwelling space), the contracts generally include the lease of several parking spaces.

The contracts are governed by Act 29/1994, of 24 November on Urban Leases and, otherwise, by the applicable rules of the Civil Code and the Commercial Code.

Rent is adjusted each year in line with variations in the Consumer Price Index (for Spain as a whole), published by the Spanish National Statistics Institute (or any other body that takes its place) during the twelve months immediately preceding the date of the update or revision.

With regard to the duration of leases, two contracts are currently in effect:

- The first is for 2 years and was signed on 1 November 2013

- The second is for 1 year and was signed on 1 July 2013

Both contracts may be renewed by mutual agreement.

Analysis of impairment and fair value estimate at year-end

Investment property is measured and reported in the balance sheet at historical cost.

Potential impairments are analysed at the end of each year, by comparing the historical value recognised in the books with the recoverable value, i.e. the fair value less the cost of sale, and the value in use, whichever is higher.

We were not able to determine the fair value based on similar market transactions since the real estate market has experienced a notable decline in transaction volume and, as a result, the amount of market information available in 2013 has also declined.

Accordingly, potential impairments were calculated by comparing the historical cost, as recognised in the books, with the estimated value in use at year-end.

The value in use at year-end is determined by analysing the lease contracts in force at year-end, their estimated expiration and the projected future rental revenues. These assumptions yielded an estimated value in use using the revenue capitalisation approach.

At the end of 2013 and of 2012, the value in use exceeded the historical cost, with the result that no correction in value was required.

Methods and assumptions used to determine the fair value of investment property

The value in use is determined at the end of each year using the revenue capitalisation approach, based on the following assumptions:

- *The revenues to be capitalised are those collected as rent for leases, strictly speaking, i.e. excluding reimbursement of costs incurred by the lessor (surveillance, cleaning, etc.).*
- *All contracts in force at the end of the year were included.*
- *At year-end, an estimate is made for the next five years, and a perpetual rent is assumed thereafter.*

- *The lettable area is assumed to increase each year (by 20% of the available area, i.e. the area that is not leased at year-end, each year)*

- *Rent is assumed to increase in line with the inflation projected for the coming years (estimated at 2% year-on-year)*

- *A discount rate similar to WACC for the sector in which the company operates was used*

- *Using this assumption, a value in use of 9.1 million euro was calculated, confirming that there is no need to recognise any impairments by comparison with the carrying amount of the investment property*

Impact on the recoverable value of investment property of a plausible change in the key assumptions

In compliance with IAS 1.122, below is disclosed the impact on the investment property's value in use of a plausible change in the key assumptions:

Increase in lettable area (as % of the total available)	Discount rate (%)	CPI (%)	Estimated value in use (million euro)
20	11	2	9,1
20	11	4	9,9
10	11	2	7,4
10	11	4	8,1
20	8	2	13,2
20	8	4	14,5
10	8	2	10,7
10	8	4	11,7

Breakdown of operating costs from investment property

Operating costs associated with the property which generated rent revenues in 2013 totalled 158,900.42 euro (156,560.60 euro in 2012), and operating costs which did not generate rent revenues totalled 237,496.31 euro in 2013 (326,867.45 euro in 2012).

Operating costs which generate revenues are costs related to the specific property and, while they are originally borne by Prim, S.A., they are later passed on to tenants (security, cleaning, etc.).

Operating costs which do not generate revenues are those costs related to the specific property which are originally borne by Prim, S.A. and are not passed on to tenants; the most significant cost is depreciation of the property.

Recognition of accrued revenues from Investment property

The Company recognises rent revenues on a straight-line basis, in accordance with the rent amounts agreed with the tenants. Information related to the Company's operating leases is detailed in note 23.1 and 4.3 of these Consolidated Financial Statements.

8. INVESTMENT IN GROUP, MULTI-GROUP AND ASSOCIATED UNDERTAKINGS

The variations in 2013 and 2012 were as follows:

(euro)	31/12/2012	Recognitions	Derecognition	Transfers	31/12/2013
Equity instruments, group undertakings	6.153.323,70	663.635,44	0,00	0,00	6.816.959,14
Equity instruments, associated undertakings	379.331,01	0,00	0,00	0,00	379.331,01
	6.532.654,71	663.635,44	0,00	0,00	7.196.290,15

(euro)	*31/12/2011*	*Recognitions*	*Derecognition*	*Transfers*	*31/12/2012*
Equity instruments, group undertakings	*6.115.649,96*	*655.814,65*	*-618.140,91*	*0,00*	*6.153.323,70*
Equity instruments, associated undertakings	*379.331,01*	*0,00*	*0,00*	*0,00*	*379.331,01*
	6.494.980,97	*655.814,65*	*-618.140,91*	*0,00*	*6.532.654,71*

The holdings in the various companies were notified to them appropriately.

8.1. Description of main changes

The main changes in 2013 were as follows:

Equity instruments, group undertakings

1. *The value of the investment in Establecimientos Ortopédicos Prim, S.A. increased as the amount of the provision was reduced by 111,235.44 mainly as a result of improved income reported by that company in 2013.*

2. *The value of the investment in Luga Suministros Médicos, S.L. increased since the provision declined by 552,400.00 euro.*

The main changes in 2012 were as follows:

Equity instruments, group undertakings

1. *The value of the investment in Establecimientos Ortopédicos Prim, S.A. increased as the amount of the provision was reduced by 655,814.65 mainly as a result of improved results recognised by that company in 2012.*

2. *The value of the investment in Luga Suministros Médicos, S.L. was reduced since the provision was increased by 618,140.91 euro.*

8.2. *Description of investment in group, multi-group and associated undertakings*

The investment in group undertakings as of 31 December 2013 comprises the investment in the following unlisted companies.

(euro)	Net carrying amount	Direct stake	Capital	Reserves and share premium	Income (loss) for the year	Total capital and reserves	Operating income	Dividends received in 2013 (1)
2013								
Group companies	6.816.959,14							
Enraf Nonius Ibérica, S.A.	685.544,45	99,99	396.660,00	3.191.873,01	113.033,05	3.701.566,06	126.397,02	
Establecimientos Ortopédicos Prim SA	1.173.140,52	99,99	510.850,00	551.055,08	111.235,44	1.173.140,52	162.281,92	
Siditemedic, S.L.	3.035,06	100,00	3.035,05	13.696,95	28,99	16.760,99	-331,01	
Enraf Nonius Ibérica Portugal Lda	100,00	0,01	100.000,00	-47.725,96	-38.582,08	13.691,96	-38.616,73	
Inmobiliaria Catharsis SA	2.494.204,13	100,00	118.216,70	716.531,67	107.093,59	941.841,96	133.706,06	110.653,84
Luga Suministros Médicos S.L.	2.460.934,98	99,00	6.010,12	2.125.635,83	314.118,39	2.445.764,34	445.167,50	
Associated companies	379.331,01							
Network Medical Products Ltd	379.331,01	43,68	414.689,00	724.256,92	80.559,00	1.219.504,92	101.972,00	
	7.196.290,15							**110.653,84**

(1) The dividends received in the year are disclosed in note 18.1

The investment in group undertakings as of 31 December 2012 comprises the investment in the following unlisted companies.

(euro)	Net carrying amount	Direct stake	Capital	Reserves and share premium	Income (loss) for the year	Total capital and reserves	Operating income	Dividends received in 2012 (1)
2012								
Group companies	6.153.323,70							
Enraf Nonius Ibérica, S.A.	685.544,45	99,99	396.660,00	2.909.382,63	282.490,38	3.588.533,01	407.091,65	
Establecimientos Ortopédicos Prim SA	1.061.905,08	99,99	510.850,00	-104.759,57	655.814,65	1.061.905,08	746.618,39	
Siditemedic, S.L.	3.035,06	100,00	3.035,05	12.062,94	1.634,01	16.732,00	1.211,01	
Enraf Nonius Ibérica Portugal Lda	100,00	0,01	100.000,00	94.395,89	-132.353,00	62.042,89	-132.395,29	
Inmobiliaria Catharsis SA	2.494.204,13	100,00	118.216,70	716.531,67	110.653,84	945.402,21	131.374,15	106.830,99
Luga Suministros Médicos S.L.	1.908.534,98	99,00	6.010,12	1.668.856,88	456.778,95	2.131.645,95	661.141,35	297.000,00
Associated companies	379.331,01							
Network Medical Products Ltd	379.331,01	44,07	427.754,00	606.082,00	143.871,00	1.177.707,00	143.871,00	
	6.532.654,71							**403.830,99**

(1) The dividends received in the year are disclosed in note 18.1

8.3. Information about Group companies

The principal details of the aforementioned investees is as follows:

INMOBILIARIA CATHARSIS, S.A. (Sociedad Unipersonal)

As of 31 December 2013 and 2012, the Company owned 1,967 shares of INMOBILIARIA CATHARSIS, S.A., representing 100% of its capital.

Domiciled in Móstoles (Madrid), C/ F, Polígono industrial Nº 1, this company was constituted in 1964 and its corporate purpose is to engage in all types of real estate transactions involving the purchase and sale of rural and urban properties, exploiting properties, constructing, repairing and refurbishing buildings, construction of industrial buildings, and the sale of properties of all types.

Prim, S.A. collected 106,830.99 euro in dividends from Inmobiliaria Catharsis, S.A. in 2012, and 110,653.84 euro in 2013.

ENRAF NONIUS IBÉRICA, S.A.

As of 31 December 2013 and 2012, the Company owned 65,999 shares of ENRAF NONIUS IBÉRICA, S.A., representing 99.99% of its capital.

ENRAF NONIUS IBÉRICA, S.A. has its registered offices at Polígono Industrial 1, Calle F, 15, Móstoles, Madrid; its corporate purpose is the distribution, sale and installation of products in the field of physiotherapy, home medical care and rehabilitation.

No dividends were collected from this company in 2013 or 2012.

**** ESTABLECIMIENTOS ORTOPÉDICOS PRIM, S.A.***

The Company owned 16,999 shares of this company, representing 99.99% of its capital, as of 31 December 2013 and 2012.

ESTABLECIMIENTOS ORTOPÉDICOS PRIM, S.A. has its domicile in C/ F, número 15, Polígono Industrial nº 1, Móstoles and its corporate purpose is to engage in all types of transactions of commerce or industry relating to the manufacture, purchase, sale, import, export, adaptation, placement and distribution of medical, surgical and similar material.

No dividends were collected from this company in 2013 or 2012.

**** ENRAF NONIUS IBÉRICA PORTUGAL, LDA.***

The Company owned 0.01% of this company's capital stock as of 31 December 2013 and 2012.

ENRAF NONIUS IBÉRICA PORTUGAL, LDA has its registered offices in Rua Aquiles Machado – Lisbon (Portugal). Its corporate purpose is the distribution, sale and installation of products in the area of physiotherapy, home medical care and rehabilitation.

No dividends were collected from this company in 2013 or 2012.

****SIDITEMEDIC, S.L. (Sociedad Unipersonal).***

As of 31 December 2013 and 2012, the Company owned 101 shares of SIDITEMEDIC, S.L. (formerly MEDIPRIM, S.L.), representing 100% of its capital.

SIDITEMEDIC, S.L. has its registered offices at D. Ramón de la Cruz, 83 (Madrid); its corporate purpose is the distribution and sale of medical products.

No dividends were collected from this company in 2013 or 2012.

***LUGA SUMINISTROS MEDICOS, S.L.**

The registered offices of LUGA SUMINISTROS MÉDICOS, S.L. are at Polígono Industrial Monte Boyal, Avenida Constitución, parcela 221, Casarrubios del Monte (Toledo), and its corporate purpose is the sale, manufacture, packaging, packing, sealing, import and export of all types of medical and surgical instruments, orthopaedic devices, dressings, bandages, podology equipment and materials of therapy and hygiene, and podology chairs and instrumentation.

At the time of acquiring control, Prim, S.A. granted the sellers a put option on the other 40% of Luga Suministros Médicos, S.L. Under the conditions established in the share purchase agreement, the Company was obliged to buy those shares if the sellers exercised their put option within the established times and limits, which are as follows:

Period	**maximum % of capital that can be sold in the period**
From 1/1/2007 to 30/6/2007	10%
From 1/1/2008 to 30/6/2008	10%
From 1/1/2009 to 30/6/2009	10%
From 1/1/2010 to 30/6/2010	10%
Total	40%

The price at which the option can be exercised is determined by the previous year's income and the net asset position at year-end. Nevertheless, the initial purchase contract signed by Prim and Luga's minority shareholders established a minimum option strike price. To date, this minimum strike price or a very similar amount has been paid.

In 2010, the Group acquired 10% of the share capital of Luga Suministros Médicos, S.L. Prim, S.A. acquired a 9% stake in that company for 517,531.77 euro and its subsidiary, Inmobiliaria Catharsis, acquired a 1% stake for 57,503.53 euro.

Dividends amounting to 297,000.00 were collected from this company in 2012; no dividends were collected in 2013.

8.4. Holdings in associated undertakings.

**** NETWORK MEDICAL PRODUCTS LTD***

The registered offices of NETWORK MEDICAL PRODUCTS LIMITED are in England and its corporate purpose is the sale of medical products.

The Company owns 43.68% of NETWORK MEDICAL PRODUCTS LTD (44.07% in 2012), and its net carrying amount was 379,331.01 euro as of 2013 year-end (the same as one year earlier).

The company's key figures, used for recognition by the equity method, are as follows:

Figures in euro	Network Medical Products, Ltd
Assets	1.780.446,52
Liabilities	560.941,61
Income for the year	80.559,04
Revenues	4.720.068,70

and the figures for 2012 are as follows:

Figures in euro	Network Medical Products, Ltd
Assets	1.570.453,51
Liabilities	392.746,51
Income for the year	143.870,80
Revenues	4.244.734,60

8.5. Impairment tests of holdings in Group and associated undertakings

At year-end, an impairment test was performed on the holdings in group and associated undertakings where there might be indications of impairment or differences between the net carrying amount on the balance sheet of Prim, S.A. and the investee's equity, referring to Luga Suministros Médicos, S.L. in particular.

To determine the existence of impairment of holdings in group undertakings as of 31 December 2013, the net value of the investment was compared with the Company's best estimate of the value in use from cash flow projections based on the operating results and business projections of those companies for which projections were available.

At year-end, an impairment test of that holding was performed by estimating its value in use from projections of cash flow based on the operating results and business projections of Luga Suministros Médicos, S.L. Future operating cash flows were estimated for 2014-2018 assuming a scenario of moderate growth (1.00%). Those cash flows were discounted using the weighted average cost of capital (WACC), 11.90% (11.40% in 2012), based on market interest rates and the risk premium associated with the company's business.

The growth rate used to extrapolate projected cash flow beyond the period covered by the most recent budgets is 1.00%.

Estimates were based on projections for the coming years, in view of the current economic situation. The Management of Prim considers an adverse change in the assumptions that would reduce future cash flows to less than the carrying amount to be unlikely.

Impairment losses

As a result of applying these assumptions, it was considered reasonable to maintain some impairments recognised at the end of 2012 and increase others during 2013, as detailed in the table below, which shows the changes in the impairment loss accounts for assets carried at cost under "Investment in group and associated undertakings":

Impairment losses	*31/12/2012*	*Change*	*31/12/2013*
Equity instruments, group undertakings	**4.043.195,48**	**-663.635,44**	**3.379.560,04**
Luga Suministros Médicos, S.L.	3.783.071,91	-552.400,00	3.230.671,91
Establecimientos Ortopédicos Prim, S.A.	260.123,57	-111.235,44	148.888,13
Equity instruments, associated undertakings	**0,00**	**0,00**	**0,00**
Network Medical Products	0,00	0,00	0,00

Impairment losses	*31/12/2011*	*Change*	*31/12/2012*
Equity instruments, group undertakings	**4.080.869,22**	**-37.673,74**	**4.043.195,48**
Luga Suministros Médicos, S.L.	3.164.931,00	618.140,91	3.783.071,91
Establecimientos Ortopédicos Prim, S.A.	915.938,22	-655.814,65	260.123,57
Equity instruments, associated undertakings	**0,00**	**0,00**	**0,00**
Network Medical Products	0,00	0,00	0,00

Sensitivity to changes in assumptions

The Company estimated the impairment of its holding in Luga Suministros Médicos, S.L. using cash flow projections based on the worst-case scenario for the coming years, having regard to the current economic situation. Regarding the assumptions for calculating the value in use of Luga Suministros Médicos, S.L., Management considers that no reasonable or feasible change in any of those assumptions would have a significant impact on the net carrying amount of the holdings as of 31 December 2013.

As regards Establecimientos Ortopédicos Prim, S.A., the impairment estimate was calculated on the basis of equity as of 31 December 2013 since cash flow projections were not available.

9. FINANCIAL ASSETS (CURRENT AND NON-CURRENT)

The composition of financial assets, excluding investments in the equity of group, multi-group and associated undertakings (Note 8) as of 31 December 2013 and 2012 is as follows:

	Equity instruments	Loans, derivatives, etc.	Total
Figures as of 31 December 2013, in euro			
Long-term financial assets	**4.191.575,08**	**14.527.460,67**	**18.719.035,75**
Loans and receivables		2.890.738,44	2.890.738,44
Available-for-sale assets	4.191.575,08		4.191.575,08
Valued at cost			
Assets held to maturity		11.502.868,75	11.502.868,75
Deferred tax assets		133,853.48	133.853,48
Short-term financial assets		**48.628.180,69**	**48.628.180,69**
Loans and receivables		48.131.180.69	48.131.180,69
Loans to group undertakings		497.000,00	497.000,00
Assets held to maturity		0,00	0,00
	4.191.575,08	**63.155.641,36**	**67.347.216,44**

	Equity instruments	Loans, derivatives, etc.	Total
Figures as of 31 December 2012, in euro			
Long-term financial assets	**4.113.453,23**	**2.532.041,66**	**6.645.494,89**
Loans and receivables		2.432.041,66	2.432.041,66
Available-for-sale assets	4.113.453,23		4.113.453,23
Valued at cost			
Assets held to maturity		100.000,00	100.000,00
Short-term financial assets		**55.193.881,58**	**55.193.881,58**
Loans and receivables		53.521.881,58	53.521.881,58
Loans to group undertakings		1.672.000,00	1.672.000,00
Assets held to maturity		0,00	0,00
	4.113.453,23	**57.725.923,24**	**61.839.376,47**

Those amounts are broken down in the 2013 and 2012 balance sheets as follows:

Figures as of 31 December 2013, in euro	Equity instruments	Loans, derivatives, etc.	Total
Non-current financial assets			
Equity instruments (9.1)	4.191.575,08		4.191.575,08
Debtors and other accounts receivable (9.2)		2.756.174,90	2.756.174,90
Debt securities (9.3)		11.502.868,75	11.502.868,75
Other financial assets (9.2)		134.563,54	134.563,54
Deferred tax assets (9.2)		133.853,48	133.853,48
Current financial assets			
Trade and other accounts receivable (9.2.)		47.922.471,36	47.922.471,36
Loans to group undertakings (9.2)		497.000,00	497.000,00
Debt securities (9.3)		208.709,33	208.709,33
	4.191.575,08	**63.155.641,36**	**67.347.216,44**

Figures as of 31 December 2012, in euro	Equity instruments	Loans, derivatives, etc.	Total
Non-current financial assets			
Equity instruments (9.1)	4.113.453,23		4.113.453,23
Debtors and other accounts receivable (9.2)		2.262.412,72	2.262.412,72
Debt securities (9.3)		100.000,00	100.000,00
Other financial assets (9.2)		169.628,94	169.628,94
Current financial assets			
Trade and other accounts receivable		39.093.977,05	39.093.977,05
Loans to group undertakings (9.2)		1.672.000,00	1.672.000,00
Debt securities (9.3)		14.427.904,53	14.427.904,53
	4.113.453,23	**57.725.923,24**	**61.839.376,47**

9.1. Financial assets available for sale.

The acquisition cost and fair value of financial assets classified in this category as of 31 December 2013 and 2012 are as follows:

Non-current financial assets Equity instruments Company	As of 31 December 2013 Cost	Impairment	Dilution Saarema	Fair value
Esta Healthcare B.V.	7.500,00	0,00		7.500,00
Hesperis Chirurgical	600,00	-600,00		0,00
Sas Safe Tee Fixe	226.400,00	-226.400,00		0,00
Choice Therapeutics, Inc	305.250,31	-305.250,31		0,00
Alphatec Holdings Inc	1.999.998,04	-1.421.381,55		578.616,49
Tissuemed Limited	276.701,72	-235.304,76		41.396,96
Saarema	4.807.636,82	-115.116,77	-1.128.458,42	3.564.061,63
	7.624.086,89	-2.304.053,39	-1.128.458,42	4.191.575,08

Non-current financial assets Equity instruments Company	As of 31 December 2012 Cost	Impairment	Dilution Saarema	Fair value
Esta Healthcare B.V.	7.500,00	0,00		7.500,00
Hesperis Chirurgical	600,00	-600,00		0,00
Sas Safe Tee Fixe	226.400,00	-226.400,00		0,00
Choice Therapeutics, Inc	305.250,31	-304.283,80		966,51
Alphatec Holdings Inc	1.999.998,04	-1.503.522,37		496.475,67
Tissuemed Limited	276.701,72	-232.252,30		44.449,42
Saarema	4.807.636,82	-115.116,77	-1.128.458,42	3.564.061,63
	7.624.086,89	-2.382.175,24	-1.128.458,42	4.113.453,23

9.1.1. **Equity instruments**

On 22 September 2005, the company acquired one share of the company ESTA HEALTHCARE, which is carried on the balance sheet for its acquisition cost: 7,500.00 euro.

On 29 May 2007, the company acquired 3% of French company HESPERIS CHIRURGICAL. That investment cost 2,400.00 euro. In 2009, it recognised an impairment for the total amount of the investment with the result that the carrying amount at the end of the year was 0.00 euro, and the *company also wrote off a loan granted to that company amounting to 245,400.00 euro. There were no changes in the carrying amount of the stake in 2013 or 2012.*

On 23 October 2006, the company acquired 10% of French company SAS SAFE TEE FIXE. It acquired 830 shares at a cost of 166,000 euro. In 2009, it recognised an impairment of 148,984.00 euro; as a result, the carrying amount at year-end was 17,016.00 euro. In 2010, a provision was recognised for the net carrying amount at that time, with the result that at 2010 year-end its carrying amount was 0.00 euro; this amount was maintained in 2011. The company increased capital in 2012 and Prim, S.A. subscribed for 302 new shares at a cost of 200 euro per share, thereby increasing its stake by 60,400 euro. Those securities were provisioned as of 2012 year-end; consequently, the net carrying amount of this holding as of 31 December 2012 was 0.00 euro. That valuation is the same as at 2013 year-end.

On 15 March 2007, the company acquired 4.8% of US company CHOICE THERAPEUTICS, INC. It acquired 200,000 shares at a cost of 305,250.31 euro. In 2009, an impairment loss of 268,086.00 euro was recognised; as a result, the net carrying amount at year-end was 37,164.31 euro. In 2012, the provision was increased by 36,197.80 euro to 304,283.80 euro. Accordingly, the net carrying amount of the holding as of 2012 year-end was 966.51 euro. In 2013, an impairment of 966.51 euro was recognised; as a result, the net carrying amount at 2013 year-end was 0.00 euro.

On 31 July 2008, the CNMV was notified of the acquisition of 1.73% of French company SCIENT'X. A total of 233,372 shares were acquired at a cost of 1,999,998.04 euro. In 2009, an impairment loss of 528,402.87 euro was recognised; as a result, the carrying amount was 1,471,595.17 euro at the end of that year.

In 2010, Prim, S.A. participated in a share swap whereby it received shares of Alphatec Holding, Inc. in exchange for the shares of Scient'X. (The 233,372 shares of Scient'X owned by Prim, S.A. were replaced by 396,877 shares of Alphatec as a result of the acquisition of Scient'X by Alphatec on 26 March 2010).

Impairment was registered for that stake in 2010 amounting to 669,394.90 euro, and the resulting carrying amount was 802,200.27 euro at year-end. The impairment was calculated by using the company's share price on the NASDAQ as its fair value.

Another value adjustment was recognised as of 2011 year-end to adjust the carrying amount of our holding to the fair value (using the listed price on NASDAQ, once again). This value adjustment reduced the carrying amount by 274,462.42 euro, with the result that the carrying amount was 527,737.85 euro as of 2011 year-end.

Another value adjustment was recognised as of 2012 year-end to adjust the carrying amount of our holding to the fair value (using the listed price on NASDAQ, once again). This value adjustment reduced the carrying amount by 31,262.18 euro, with the result that the carrying amount was 496,475.67 euro as of 2012 year-end.

Another value adjustment was recognised as of 2013 year-end to adjust the carrying amount of the holding to the fair value (using the listed price on NASDAQ, once again). This value adjustment increased the carrying amount by 82,140.82 euro, with the result that the carrying amount was 578,616.49 euro as of 31 December 2013. Since this increase was in connection with an investment classified as "available for sale", it was recognised in equity as "Value adjustment of financial assets available for sale".

On 18 December 2008, 5,555,555 shares of the company TISSUEMED LTD. were acquired for 250,000 pounds sterling, equivalent to 276,701.72 euro. In 2009, the Company recognised an impairment of 255,704.00 euro; as a result, the carrying amount at year-end was 20,977.72 euro. That impairment was increased in 2010 by 9,558.03 euro; as a result, the stake was valued at 11,439.69 euro at year-end.

That impairment was reduced in 2011 by 40,382.21 euro; as a result, the carrying amount of the stake was 51,821.90 euro at year-end.

That impairment was increased in 2012 by 7,372.48 euro; as a result, the carrying amount of the stake was 44,449.42 as of 2012 year-end.

That impairment was increased in 2013 by 3,052.46 euro; as a result, the carrying amount of the stake was 41,396.96 as of 2013 year-end.

At the end of 2010, the stake in Residencial CDV-16, S.A. was reclassified under Long-term financial asset, since Prim's stake had been diluted to 10.98% and it had ceased to exert significant influence.

As of 2011 year-end, the net carrying amount was 3,698,760.92 euro (3,679,178.40 euro as of 2010 year-end).

The merger of CDV-16 into Saarema, Sociedad promotora de Centros Residenciales, S.L. was approved in 2012. As a result of this merger, Prim owns 11.34% of the surviving company.

Also, in 2012 an additional provision was recognised for the amount of 134,699.29 euro, with the result that the net carrying amount was 3,546,061.63 as of 2012 year-end. There were no changes in the valuation of this company in 2013, with the result that it had the same valuation at 2013 year-end as at 2012 year-end.

9.1.2. ***Impairment***

The balance of this balance sheet item increased by 695,968.93 euro in 2010, to a total amount of 3,028,004.22 euro as of 31 December 2010. (1,128,458.42 euro correspond to the dilution of the stake in CDV-16, S.A. in 2010 and 1,899,545.80 euro to other impairments).

The balance of impairments increased by 212,697.69 euro in 2011, to a total amount of 3,240,701.91 euro as of 31 December 2011(1,128,458.42 euro correspond to the dilution of the stake in CDV-16, S.A. in 2010 and 2,112,243.49 euro to other impairments).

The balance of impairments increased by 269,931.75 euro in 2012, to a total amount of 3,510,633.66 euro as of 31 December 2012 (see table at the beginning of this Note 9.1)(1,128,458.42 euro correspond to the dilution of the stake in Saarema Sociedad Promotora de Centros Residenciales, S.A., formerly CDV-16, S.A., in 2010 and 2,382,175.24 euro to other impairments).

The balance of impairments declined by 78,121.85 euro in 2013, to a total amount of 3,432,511.81 euro as of 31 December 2013 (see table at the beginning of this Note 9.1)(1,128,458.42 euro correspond to the dilution of the stake in Saarema Sociedad Promotora de Centros Residenciales, S.A., formerly CDV-16, S.A., in 2010 and 2,304,053.39 euro to other impairments).

Since cash flow projections for these investees are not available (except for Alphatec Holding Inc., whose fair value is available in the form of its market price since it is listed on an organised secondary market), the carrying amount of the stakes in PRIM's balance sheet was compared with the net equity value of the investees as of 31 December 2013 (and 2012) and the unrealised capital gains existing at the date of measurement.

The holdings in companies classified as equity instruments under "Long-term financial assets" are considered as available for sale for measurement purposes. PRIM, S.A. does not have control or a significant influence on these holdings, which were not acquired for control purposes but, rather, to own a stake so as to obtain commercialisation rights in Spain for their products.

9.2. Loans and receivables

The detail of the financial assets in this category as of 31 December 2013 and 2012 is as follows:

(euro)	31/12/2013	31/12/2012
Long-term financial assets		
Deposits and pre-payments (9.2.1.)	134.563,54	169.628,94
Trade and other accounts receivable (9.2.2.)	2.756.174,90	2.262.412,72
Deferred tax assets (9.2.4)	133.853,48	
	3.024.591,92	**2.432.041,66**
Short-term financial assets		
Trade and other accounts receivable (9.2.2.)	47.922.471,36	39.093.977,05
Loans to group and associated undertakings (9.2.3)	497.000,00	1.672.000.00
	48.419.471,36	**40.765.977,05**

9.2.1. Long-term deposits and guarantees provided

The balance of this item was reduced in 2012 since a deposit amounting to 20,913.00 euro for the lease of part of the building located at Avenida Llano Castellano in Madrid was returned. The other variations in 2012 relate to bonds posted and recovered vis-à-vis the Andorra Health Service for participation in public tenders organised by that body.

The balance of this item was reduced in 2013 since a deposit amounting to 35,890.40 euro for the lease of part of the building located at Avenida Llano Castellano in Madrid was returned. Other changes in 2013 correspond to new deposits for an non-material amount (825.00 euro).

9.2.2. Trade and other accounts receivable

The detail of this caption as of 31 December 2013 and 2012 is as follows:

(euro)	*31/12/2013*	*31/12/2012*
Non-current	***2.756.174,90***	***2.262.412,72***
Trade receivables for sales and services (9.2.2.1)	*2.021.529,44*	*2.262.412,72*
Long-term receivables from the disposal of a line of business (9.2.2.2)	*734.645,46*	*0,00*
Current	***47.922.471,36***	***39.093.977,05***
Trade receivables for sales and services (9.2.2.1)	*46.927.231,75*	*38.748.064,86*
Receivable from group and associated undertakings (Note 18.1)	*137.281,00*	*243.184,00*
Sundry debtors (9.2.2.2)	*769.432,09*	*11.826,44*
Sundry debtors, group and associated undertakings (Note 18.1)	*0,00*	*3.600,00*
Personnel receivables	*88.247,09*	*76.800,78*
Other receivables from public authorities	*279,43*	*10.500,97*
	50.678.646,26	***58.046.707,02***

9.2.2.1. Trade receivables for sales and services

The balance of long-term "Trade receivables for sales and services" corresponds to the Company's analysis of days' sales outstanding based on historical data and an estimate of that item's future performance. As a result, the Company concluded that it needed to reclassify part of its trade receivables as "long-term" since the days' sales outstanding exceeded 365 days.

This situation was evidenced in the case of several regional governments. However, only those balances that the Company did not include under the "Supplier Payment Plan" were so reclassified, since the outstanding customer balances included under the plan are expected to be paid in a period of less than 12 months as from year-end.

The company does not update (i.e. discount) long-term trade receivables since the effect would be offset if the default interest collected from public administrations as a result of late payment were capitalised. The company does not consider those two effects. Nevertheless, had it considered them, they would balance out and the outcome would not be material.

At year-end, the company analysed customer balances in order to determine the debt to provision according to the due date of each invoice and any problems inherent to each customer, only booking provisions in connection with private sector clients on the grounds that there are no doubts about the recoverability of accounts receivable from public sector customers.

Interest is claimed on the principal of those receivables whose average collection period exceeds the Company's standard terms.

Balances in foreign currency

The breakdown of "Trade receivables for sales and services" in foreign currency as of 31 December 2013 and 2012 is as follows:

(euro)	***2013***	
	US dollar	***Balance in euro***
Trade receivables for sales and services	*206.866,87*	*150.001,36*

(euro)	***2012***	
	US dollar	***Balance in euro***
Trade receivables for sales and services	*151.582,75*	*114.887,64*

Impairment

The balance of "Trade receivables for sales and services" is presented net of impairment. The variations in impairment in 2013 and 2012 are as follows:

(euro)	***2013***	***2012***
Beginning balance	***1.772.777,01***	***3.053.187,95***
Net provision	*146.225,45*	*0,00*
Provision released for purpose	*0,00*	*-1.280.410,94*
Ending balance	***1.919.002,46***	***1.772.777,01***

The amount of value adjustments was in line with the figure at 2012 year-end, since the change in 2013 was non-material.

Company policy is to recognise impairments in connection with private sector trade receivables. Such corrections are not recognised for public sector customers, since there are no doubts as to the recoverability of those balances.

9.2.2.2. Long- and short-term accounts receivable due to disposal of a business line

The Company disposed of its Infusión business line in 2013. The amount to be collected for that disposal is recognised both short- and long-term.

The long-term amount recognised under "Long-term accounts receivable due to disposal of business line" amounted to 734,645.46 euro and falls due in 2015.

The short-term amount is recognised under the "Sundry debtors" item in current assets. The amount corresponding to the disposal of the Infusión business line is 734,645.46 euro and falls due in 2014.

*9.2.3. **Loans to group and associated undertakings***

In 2009, the company granted a loan to subsidiary Establecimientos Ortopédicos Prim, S.A.; that loan has undergone multiple changes since that time (both increases and decreases)

A 250,000.00 euro loan was granted to, and repaid by, Enraf Nonius Ibérica, S.A. in 2013.

These loans accrue market interest.

Group undertaking	Balance as of 31/12/12	Increases	Decreases	Balance as of 31/12/13
Establecimientos Ortopédicos Prim, S.A.	1.672.000,00	150.000,00	-1.325.000,00	497.000,00
Enraf Nonius Ibérica, S.A.	0,00	250.000,00	-250.000,00	0,00
Total	1.672.000,00	400.000,00	-1.575.000,00	497.000,00

Group undertaking	Balance as of 31/12/11	Increases	Decreases	Balance as of 31/12/12
Establecimientos Ortopédicos Prim, S.A.	1.972.000,00	0,00	-300.000,00	1.672.000,00
Total	1.972.000,00	0,00	-300.000,00	1.672.000,00

*9.2.4. **Deferred tax assets***

Deferred tax assets correspond to elements to which unrestricted depreciation was taken as permitted under applicable tax legislation. This amount will gradually be written off as the asset items subject to unrestricted depreciation are depreciated.

9.3. Debt securities

In 2012, 100,000.00 euro were invested in long-term fixed-income securities and 14,427,904.53 in short-term fixed-income securities. Those amounts were the cash surpluses that arose in 2012 as a result of the "extraordinary" receipts collected in 2012 under the Supplier Payment Plan and, subsequently, the Regional Liquidity Fund.

In 2013, the company changed its policy on managing cash surpluses. The table below shows how the company switched from short-term to long-term fixed-income securities, enabling it to optimise the returns on cash surpluses.

Fixed-income securities	31/12/2012	Increases	Decreases	31/12/2013
Long term	100.000.00	11.402.868,75	0,00	11.502.868,75
Short term	14.427.904,53	0,00	-14.219.195,20	208.709,33

Fixed-income securities	31/12/2011	Increases	Decreases	31/12/2012
Long term	0,00	100.000,00	0,00	100.000,00
Short term	0,00	14.427.904,53	0,00	14.427.904,53

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10. INVENTORIES

The Company has arranged insurance policies to ensure recovery of the net carrying amount of inventories in the event of loss.

The balances as of 31 December 2013 and 31 December 2012 are as follows:

(euro)	2013	2012
Commercial	11.708.985,84	12.193.690,14
Raw materials and other supplies used	1.245.085,00	886.759,00
Products in process	792.768,00	256.020,00
Finished products	1.117.086,00	701.938,00
By-products, residues and recovered materials	0,00	0,00
Supplier advances	617.055,75	160.297,35
Total inventories	**15.480.980,59**	**14.198.704,49**

The variations in impairment in 2013 and 2012 were as follows:

(euro)	*2013*	*2012*
Beginning balance	*2.669.744,00*	*2.604.644,00*
Impairment	*-395.927,30*	*65.100,00*
Ending balance	***2.273.816,70***	***2.669.744,00***

Company policy is to recognise impairment for items on which there has not been movement (purchase or sale) in six months, provided that they are not newly-launched products.

11. CASH AND CASH EQUIVALENTS

The detail of this caption as of 31 December 2013 and 2012 is as follows:

(euro)	*31/12/2013*	*31/12/2012*
Cash	*14.768,67*	*18.564,73*
Bank current accounts	*987.002,00*	*924.355,26*
	1.001.770,67	***942.919,99***

The current accounts earn market interest for this type of account.

There are no restrictions on these balances.

For the purposes of the cash flow statement, "Cash and cash equivalents" includes the following items as of 31 December 2013 and 2012:

(euro)	*31/12/2013*	*31/12/2012*
Cash and cash equivalents	*1.001.770,67*	*942.919,99*
Current account overdrafts	-	-
	1.001.770,67	***942.919,99***

12. EQUITY

12.1. Capital stock

All the shares are listed on the Madrid Stock Exchange; they have also been listed on the Valencia Stock Exchange since 8 February 2005.

On 14 March 2005, the National Securities Market Commission (CNMV) notified PRIM, S.A. that it had decided that PRIM, S.A.'s shares would be traded by the fixing mechanism. The change of trading method took effect on 1 April 2005.

On 1 June 2005, PRIM, S.A.'s shares commenced trading on the electronic market.

As of 31 December 2013 and 2012, the capital stock of Prim, S.A. amounted to 4,336,781.00 euro, represented by 17,347,124 shares of 0.25 euro par value each, all of which were fully paid and had the same rights and obligations. The shares are represented by book entries.

There were no changes in capital stock in 2013 or 2012.

Resolutions by the Company's governing bodies in 2013 and 2012 that affected equity were as follows:

- *29 March 2012*

The Board of Directors

Authorised the financial statements, directors' report, and distribution of income for the Parent Company, as well as the financial statements and directors' report for the Consolidated Group, for 2011, and proposed to submit them to the General Meeting of Shareholders for approval.

Approved the full text of the Annual Corporate Governance Report for 2011.

- *23 June 2012*

The General Meeting of Shareholders

Approved the separate financial statements (balance sheet, income statement, statement of recognised revenues and expenses, statement of total changes in net equity, cash flow statement, and notes to financial statements) and the directors' report of the parent company, and the consolidated financial statements (consolidated statements of financial position, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes to net equity, consolidated cash flow statements and consolidated notes to financial statements) and the directors' report of Prim, S.A. and Dependent companies for the year 2011, the Annual Corporate Governance Report, and the proposed distribution of income, consisting of a gross dividend of 3,300,000.00 euro.

Approved the Board of Directors' performance in 2011.

Approved the report drawn up by the Board of Directors on 18 May 2012 on the remuneration policy for the current year and the application of the remuneration policy in force in the preceding year.

- *27 March 2013*

The Board of Directors

Authorised the financial statements, directors' report, and distribution of income for the Parent Company, as well as the financial statements and directors' report for the Consolidated Group, for 2012, and proposed to submit them to the General Meeting of Shareholders for approval.

Approved the full text of the Annual Corporate Governance Report for 2012.

- *29 June 2013*

The General Meeting of Shareholders

Approved the separate financial statements (balance sheet, income statement, statement of recognised revenues and expenses, statement of total changes in net equity, cash flow statement, and notes to financial statements) and the directors' report of the parent company, and the consolidated financial statements (consolidated statements of financial position, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes to net equity, consolidated cash flow statements and consolidated notes to financial statements) and the directors' report of Prim, S.A. and Dependent companies for the year 2012, the Annual Corporate Governance Report, and the proposed distribution of income, consisting of a gross dividend of 3,300,000.00 euro.

Approved the Board of Directors' performance in 2012.

Approved the report drawn up by the Board of Directors on 22 May 2013 on the remuneration policy for the current year and the application of the remuneration policy in force in the preceding year.

12.2. Share premium

There were no changes in the share premium account in 2013 and 2012.

The share premium account is unrestricted.

As of 31 December 2013 and 2012, there was no share premium that had not been claimed and, therefore, not been recognised.

12.3. Reserves

Reserve for amortised capital.

In compliance with current legislation, the Company has recognised a reserve for the same amount by which capital has been reduced in preceding years. As provided by the applicable legislation, this reserve is restricted until five years after the date of publication of the reduction unless all the Company's debts incurred prior to the date upon which the capital reduction became effective vis-à-vis third parties are discharged before then.

The detail of the reserve, in terms of the years in which it was recorded, is as follows:

Year of capital reduction	***(euro)***
1997	*774.103,59*
2001	*362.861,06*
2002	*119.850,31*
TOTAL	*1.256.814,96*

Legal reserve.

The Company must transfer 10% of income for each year to the legal reserve until it represents at least 20% of capital stock. In accordance with the Spanish Capital Companies Act, the balance of this reserve may only be used to offset losses in the income statement if there are no other unrestricted reserves available for this purpose, or to increase capital stock, provided that its balance is not reduced to less than 10% of the increased amount of capital stock.

Revaluation reserve.

The balance of this item is the Revaluation Reserve under Royal Decree-Law 7/1996, dated 7 June, which was included in the 1996 consolidated balance sheet and is the result of revaluing the property, plant and equipment in accordance with the regulations governing those transactions, less the 3% tax charge applied to the revaluations.

The detail of the Revaluation Reserve is as follows:

	(euro)
Revaluation of property, plant and equipment (Note 6)	*596.399,45*
Tax charge - 3% of the revaluation	*-17.891,88*
TOTAL	*578.507,47*

The revaluation entries and the balance of this reserve were approved by the tax inspection authorities on 24 November 1998. From that approval date, the reserve may be used to offset book losses, increase capital stock at the company, or, from 31 December 2006 (ten years after the date of the balance sheet disclosing the revaluation), it may be transferred to unrestricted reserves. The balance of the reserve may not be distributed, directly or indirectly, unless the capital gain has been fully realised through the sale or full depreciation of the revalued assets.

12.4. Own shares

As of 31 December 2013, PRIM, S.A. held 352,722 own shares, representing 2.03% of capital stock. These shares were acquired for a total of 2,017,689.96 euro.

As of 31 December 2012, PRIM, S.A. held 384,940 own shares, representing 2.22% of capital stock. These shares were acquired for a total of 2,272,336.11 euro.

The variations in 2013 and 2012 were as follows:

- *Year ended 31 December 2013*

	Number of shares	*Net carrying amount*
Situation as of 31 December 2012	*384.490*	*2.272.336,11*
Acquisitions	*149.426*	*797.448,93*
Decreases	*-181.594*	*-1.052.095,08*
Situation as of 31 December 2013	*352.772*	*2.017.689,96*

In 2013, own shares were sold at a loss of 98,759.69 euro, which was recognised directly in equity.

- *Year ended 31 December 2012*

	Number of shares	*Net carrying amount*
Situation as of 31 December 2011	*421.814*	*2.703.262,14*
Acquisitions	*97.762*	*338.674,95*
Decreases	*-134.636*	*-769.600,98*
Situation as of 31 December 2012	*384.940*	*2.272.336,11*

In 2012, own shares were sold at a loss of 280,187.45 euro, which was recognised directly in equity.

13. EQUITY - IMPAIRMENTS

No impairments were recognised directly in equity in 2012 other than those related to stakes which are available for sale, as indicated in the Statement of Recognised Revenues and Expenses under Net Equity.

In 2013, the company recognised value adjustments for financial instruments available for sale. That adjustment amounted to 82,140.82 euro and is attributable to the greater valuation assigned to the stake in Alphatec, which is measured according to its market price on the NASDAQ index at year-end.

14. FINANCIAL LIABILITIES

The detail of financial liabilities as of 31 December 2013 was as follows:

(euro)	Bank loans	Derivatives, etc.	Total
Long-term financial liabilities			2.811.614,80
Other financial liabilities (14.1/14.2/14.5)	2.713.489,60	98.125,20	2.811.614,80
Short-term financial liabilities			16.593.301,68
Debtors and accounts payable (14.1)	2.499.520,28	12.708.438,73	15.207.959,01
Others (14.2)		1.156.633,33	1.156.633,33
	5.213.009,88	**13.963.197,26**	**19.176.207,14**

Those amounts are broken down on the balance sheet as of 31 December 2013 as follows:

	Bank loans	Derivatives, etc.	Total
(euro)			
Long-term financial liabilities	**2.713.489,60**	**98.125,20**	**2.811.614,80**
Long-term bank loans (14.1)	2.713.489,60		2.713.489,60
Other financial liabilities (14.2)		98.125,20	98.125,20
Current financial liabilities	**2.499.520,28**	**13.865.072,06**	**16.364.592,34**
Short-term bank loans (14.1)	2.499.520,28		2.499.520,28
Other financial liabilities (14.2)		1.156.633,33	1.156.633,33
Short-term payable to group and associated undertakings (14.3)		2.479.735,11	2.479.735,11
Trade and other accounts payable (14.4)		10.228.703,62	10.228.703,62
Due under finance leases (14.5)			0,00
	5.213.009,88	**13.963.197,26**	**19.176.207,14**

The detail of financial liabilities as of 31 December 2012 was as follows:

(euro)	*Bank loans*	*Derivatives, etc.*	*Due under finance leases*	*Total*
Long-term financial liabilities				*1.208.186,74*
Other financial liabilities (14.1/14.2/14.5)	*1.092.225,54*	*115.961,20*	*0,00*	*1.208.186,74*
Short-term financial liabilities				*18.008.723,44*
Debtors and accounts payable (14.1)	*6.322.365,65*	*10.581.431,84*	*8.904,82*	*16.912.702,31*
Others (14.2)		*1.096.021,13*		*1.096.021,13*
	7.414.591,19	***11.793.414,17***	***8.904,82***	***19.216.910,18***

Those amounts are broken down on the balance sheet as of 31 December 2012 as follows:

	Bank loans	Derivatives, etc.	Due under finance leases	Total
(euro)				
Long-term financial liabilities	**1.092.225,54**	**115.961,20**	**0,00**	**1.208.186,74**
Long-term bank loans (14.1)	1.092.225,54			1.092.225,54
Other financial liabilities (14.2)		115.961,20		115.961,20
Due under finance leases (14.5)			0,00	0,00
Current financial liabilities	**6.322.365,65**	**11.677.452,97**	**8.904,82**	**18.008.723,44**
Short-term bank loans (14.1)	6.322.365,65			6.322.365,65
Other financial liabilities (14.2)		1.096.021,13		1.096.021,13
Short-term payable to group and associated undertakings (14.3)		474.735,11		474.735,11
Trade and other accounts payable (14.4)		10.106.696,73		10.106.696,73
Due under finance leases (14.5)			8.904,82	8.904,82
	7.414.591,19	**11.793.414,17**	**8.904,82**	**19.216.910,18**

14.1. *Current and non-current bank debt*

(euro)	*31/12/2013*	*31/12/2012*
Long term		
Bank loans and credit (14.1.1)	*2.713.489,60*	*1.092.222,54*
	2.713.489,60	***1.092.222,54***
Short term		
Bank loans and credit (14.1.1)	*1.669.596,50*	*5.496.529,88*
Unmatured discounted notes	*824.913,18*	*792.802,25*
Outstanding interest accrued	*5.010,60*	*33.033,52*
	2.499.520,28	***6.322.365,65***

14.1.1. Bank loans and credit

Amount outstanding as of 31/12/2013				
(euro)	***Long term***	***Short term***	***Maturity***	***Interest rate***
	(14.1.1.1)	*(14.1.1.2)*		
Mortgage loans on property, plant and equipment				
Credit lines (a)	*2.382.390,60*	*384.120,16*	*Sundry*	*Euribor plus a spread*
Finance from foreign suppliers		*524.296,82*	*Sundry*	*Euribor plus a spread*
Other loans (c)	***331.099,00***	***761.179,52***		
IV	*0,00*	*207.998,58*	*2014*	*Euribor plus a spread*
VI	*331.099,00*	*123.151,00*	*2017*	*Euribor plus a spread*
VIII	*0,00*	*430.029,94*	*2014*	*Euribor plus a spread*
	2.713.489,60	***1.669.596,50***		

Amount outstanding as of 31/12/2012				
(euro)	*Long term*	*Short term*	*Maturity*	*Interest rate*
	(14.1.1.1)	(14.1.1.2)		
Mortgage loans on property, plant and equipment				
Mortgage loans on investment property (b)	0,00	1.385.456,02	31/10/2013	Interbank rate plus 0.5 points
Finance from foreign suppliers		1.009.803,57	Sundry	Euribor plus a spread
Other loans (c)	**1.092.222,54**	**3.101.270,29**		
IV	207.981,27	412.561,99	2014	Euribor plus a spread
V	0,00	858.436,94	2013	Euribor plus a spread
VI	454.250,00	118.500,00	2017	Euribor plus a spread
VII	0,00	864.206,22	2013	Euribor plus a spread
VIII	429.994,27	847.565,14	2016	Euribor plus a spread
	1.092.222,54	**5.496.529,88**		

14.1.1.1. Long-term bank loans

a. Long-term credit lines

These are credit lines in euro arranged with various banks, which accrue interest at Euribor plus a spread. A total of 3,017,609.40 euro of the long-term credit lines was undrawn as of 31 December 2013 (4,150,000.00 as of 31 December 2012).

The total limit of the credit lines was 5,400,000.00 euro as of 2013 year-end, with the following schedule:

Year	**(euro)**
2015	900.000,00
2016	2.500.000,00
2017 and thereafter	2.000.000,00
TOTAL	5.400.000,00

The total limit of the credit lines was 4,150,000.00 euro as of 2012 year-end, with the following schedule:

Year	**(euro)**
2014	2.250.000,00
2015	1.900.000,00
2016 and thereafter	0,00
TOTAL	4.150.000,00

b. Mortgage loan

On 31 July 2001, the Company arranged a mortgage loan for 7,212,145.25 euro which is secured by the construction performed in the building described in Note 7. That loan was expanded by 4,808,095 euro in January 2003, secured by the additional refurbishment and extension work performed on that premises, so that the available limit amounted to 12,020,240 euro.

Other significant features of the loan are as follows:

Repayment period	-	The repayment deadline is 147 months after the date of signature, with a grace period from that date until 31 October 2003.
	-	Repayment is to be in 40 quarterly instalments from 31 October 2003.
Interest	-	The interest rate in the first year was 3.517% per annum.
	-	For the remainder of the loan period, the interest rate is established at the one-year interbank reference rate in euro plus 0.5 points.

This mortgage loan was cancelled in 2013.

c. Other loans

The balance of other loans relates to five loans to finance the Company's operations; the details of which are as follows:

	Loans IV	Loans V	Loans VI	Loans VII	Loans VIII	Total	Total bank debt
Initial principal	2.000.000,00	2.500.000,00	592.500,00	2.500.000,00	2.500.000,00	25.592.500,00	46.685.000,00
Starting date	2009	2011	2012	2011	2011		
Maturity date	2014	2013	2017	2014	2016		
Instalments	Quarterly	Quarterly	Monthly	Monthly	Quarterly		
Interest	Euribor plus a spread	Euribor plus a spread	Euribor plus a spread	Euribor plus a spread	Euribor plus a spread		
2006	0,00	0,00	0,00	0,00	0,00	2.272.095,25	3.959.595,25
2007	0,00	0,00	0,00	0,00	0,00	1.287.002,10	1.990.127,10
2008	0,00	0,00	0,00	0,00	0,00	1.304.249,95	2.007.374,95
2009	190.078,86	0,00	0,00	0,00	0,00	2.047.364,17	3.427.577,89
2010	390.915,13	0,00	0,00	0,00	0,00	2.275.752,04	3.872.898,15
2011	394.986,82	811.151,61	0,00	802.837,05	400.494,12	3.605.959,47	6.525.313,23
2012	403.468,62	830.411,45	19.750,00	832.956,73	821.910,80	8.606.538,21	16.515.035,81
2013	412.561,99	858.436,94	118.500,00	864.206,22	847.565,14	3.101.270,29	3.101.270,29
I. Amount repaid	1.792.011,42	2.500.000,00	138.250,00	2.500.000,00	2.069.970,06	24.500.231,48	9.000.231,48
2014	207.988,58	0,00	123.151,00	0,00	430.029,94	761.169,52	761.169,52
II. Maturing in the short term	207.988,58	0,00	123.151,00	0,00	430.029,94	761.169,52	761.169,52
2015	0,00	0,00	118.500,00	0,00	0,00	118.500,00	118.500,00
2016	0,00	0,00	118.500,00	0,00	0,00	118.500,00	118.500,00
2017	0,00	0,00	94.099,00	0,00	0,00	94.099,00	94.099,00
2018 and thereafter	0,00	0,00	0,00	0,00	0,00	0,00	0,00
III. Maturing in the long term	0,00	0,00	331.099,00	0,00	0,00	331.099,00	331.099,00
Total (I+II+III)	2.000.007,31	2.500.000,00	592.500,00	2.500.000,00	2.500.000,00	25.592.500,00	10.092.542,98

The Other loans item includes 331,099.00 euro in long-term loans and 761,169.52 euro in short-term loans.

14.1.1.2. Short-term bank loans

The variations in the year were as follows:

	Credit lines (a)	Mortgage loan (b)	Other loans (c)	Other liabilities (d)	Finance from Foreign suppliers (e)	Total
Balance as of 31/12/11	5.850.467,09	1.354.404,49	4.602.285,13	257.870,64	719.235,63	12.784.262,98
Additions and transfers	0,00	31.051,53	0,00	0,00	290.567,94	1.215.864,22
Decreases	-5.850.467,09	0,00	-1.501.014,84	--257,870.64	0,00	-7.609.352,57
Balance as of 31/12/12	0,00	1.385.456,02	3.101.270,29	0,00	1.009.803,57	5.496.529,88
Additions and transfers	384.120,16	0,00	0,00	0,00	0,00	384.120,16
Decreases	0,00	-1.385.456,02	-2.340.090,77	0,00	-485.506,75	-4.211.053,54
Balance as of 31/12/13	384.120,16	0,00	761.179,52	0,00	524.296,82	1.669.596,50

A total of 1,865,879.84 euro of these short-term credit lines was undrawn as of 31 December 2013 (10,997,000.00 euro as of 31 December 2012).

The Company had 824,913.18 euro in unmatured discounted notes as of 31 December 2013 (792,802.25 euro as of 31 December 2012).

The interest accrued but not yet matured on bank debt amounted to 5,010.60 euro as of 31 December 2013 (33,033.52 euro as of 2012 year-end) and is classified as a current liability.

14.2. Other financial liabilities

Variations in this balance sheet item in 2013 and 2012 were as follows:

Variations in 2013 (in euro)				
	BEGINNING BALANCE	***INCREASES***	***DECREASES***	***ENDING BALANCE***
Other long-term financial liabilities				
1. Long-term deposits received	*115.961,20*	*0,00*	*-17.836,00*	*98.125,20*
TOTAL	*115.961,20*	*0,00*	*-17.836,00*	*98.125,20*
Other short-term financial liabilities				
2. Dividend payable	*867.356,20*	*3.300.000,00*	*-3.300.000,00*	*867.356,20*
3. Other	*228.664,93*	*60.612,20*	*0,00*	*289.277,13*
TOTAL	***1.096.021,13***	***3.360.612,20***	***-3.300.000,00***	***1.156.633,33***

Variations in 2012 (in euro)				
	BEGINNING BALANCE	**INCREASES**	**DECREASES**	**ENDING BALANCE**
Other long-term financial liabilities				
1. Long-term deposits received	*172.764,60*	*0,00*	*-56.803,40*	*115.961,20*
TOTAL	*115.961,20*	*0,00*	*-56.803,40*	*115.961,20*
Other short-term financial liabilities				
2. Dividend payable	*867.356,20*	*3.300.000,00*	*-3.300.000,00*	*867.356,20*
3. Other	*214.929,98*	*287.947,31*	*-274.212,36*	*228.664,93*
TOTAL	***1.082.286,18***	***3.587.947,31***	***-3.574.212,36***	***1.096.021,13***

On 2 January 2012, the Board of Directors notified the National Securities Market Commission (CNMV) that on 30 December 2011 it had decided to pay a dividend of 0.05 euro gross per share out of 2011 earnings to the 17,347,124 shares outstanding at that time. That amount was paid on 17 January 2012.

On 12 January 2013, the Board of Directors notified the National Securities Market Commission (CNMV) that on 11 December 2013 it had declared a dividend of 0.05 euro gross per share out of 2012 earnings to the 17,347,124 shares outstanding at that time. That amount was paid on 15 January 2013.

14.3. Debts to group and associated undertakings

The detail of the balances with group undertakings included in this item as of 31 December 2013 and 2012 is as follows:

(euro)	*31/12/2013*	*31/12/2012*
Short term		
Siditemedic, S.L.	*9.000,00*	*9.000,00*
Inmobiliaria Catharsis, S. A	*470.735,11*	*465.735,11*
Enraf Nonius Ibérica, S. A	*2.000.000,00*	*0,00*
	2.479.735,11	***474.735,11***

The preceding table details the loans granted by group subsidiaries to Prim, S.A. No loans were received from any associated undertakings.

The loans are expected to be repaid in 2014. The loans accrue market interest.

14.4. Trade and other accounts payable

The detail of this caption as of 31 December 2013 and 2012 is as follows:

(euro)	*31/12/2013*	*31/12/2012*
Foreign suppliers	*4.303.863,64*	*4.549.639,39*
Due to Group and associated undertakings (Note 18.1)	*64.293,00*	*55.517,00*
Sundry creditors	*1.215.834,19*	*1.297.745,73*
Due to Group and associated undertakings (Note 18.1)	*0,00*	*3.600,00*
Personnel (compensation payable)	*2.238.997,89*	*2.246.001,44*
Current tax liabilities (Note 16)	*936.385,57*	*728.319,95*
Other debt to public authorities	*1.037.309,21*	*1.106.902,62*
Customer advances	*432.020,12*	*118.970,60*
	10.228.703,62	***10.106.696,73***

15. TAX SITUATION

The detail of the tax assets and liabilities as of 31 December 2013 and 2012 is as follows:

(euro)	31/12/2013	31/12/2012
Deferred tax assets	133.853,48	0,00
Other receivables from public authorities:		
VAT	279,43	10.934,76
Personal income tax	0,00	-470,83
IGIC (Canary Islands General Indirect Tax)	0,00	37,04
	134.132,91	**10.500,97**
Deferred tax liabilities	163.208,60	186.376,80
Current tax liabilities	936.385,57	728.319,95
Other debt to public authorities:		
Personal income tax	547.564,27	569.029,83
Social security	303.055,66	276.243,15
IGIC (Canary Islands General Indirect Tax)	5.661,16	0,00
VAT	181.028,12	261.629,64
	2.136.903,38	**2.021.599,37**

Under current legislation, tax settlements cannot be considered final until they have been audited by the tax authorities or the statute of limitations period (currently four years) has elapsed. The Company has the last four years open for inspection by the tax authorities for all applicable taxes.

As part of their periodic audit policy, the Spanish tax authorities audited Prim, S.A. The audit covered corporate income tax, VAT, and personal income tax for 2006 and 2007. (See additional details in note 15.4)

15.1. *Calculation of the corporate income tax charge*

The reconciliation of the revenues and expenses in the year to the taxable base of corporate income tax is as follows:

(euro)	***2013*** *Profit or loss*	***2012*** *Profit or loss*
Continuing activities	*11.832.791,98*	*11.817.032,05*
Discontinued activities	*1.759.142,27*	*508.322,24*
Revenues and expenses for the year before taxes.	*13.591.934,25*	*12.325.354,29*
Permanent differences	*40.793,41*	*19.703,39*
Taxable timing differences	*523.405,66*	*57.682,00*
Taxable income	*14.156.133,32*	*12.402.739,68*

The reconciliation between the corporate income tax expense / (revenue) and the result of applying the applicable tax rates to the total amount of recognised revenues and expenses, distinguishing the balance of profit and loss, is as follows:

	2013	2012
(euro)	**Profit or loss**	**Profit or loss**
Continuing activities	11.832.791,88	11.817.032.05
Discontinued activities	1.759.142,27	508.322,24
Revenues and expenses for the year before taxes.	13.591.934,25	12.325.354,29
Permanent differences	40.793,41	-
Adjusted balance of revenues and expenses	13.632.727,66	12.325.354,29
Theoretical tax charge (30% tax rate)	-4.089.818,30	-3.697.606,29
Credits	324.577,17	130.544,61
Effective tax expense / (revenue) for the year	**-3.765.241,13**	**-3.567.061,68**
Adjustments for tax contingency reserve	-	-
Adjustment to previous years' income tax	-	-
Effective tax expense / (revenue)	**-3.765.241,13**	**-3.567.061,68**
Continuing activities	-3.413.699,88	-3.419.948,93
Discontinued activities	-351.541,25	-147.112,75

The net amount of corporate income tax payable is as follows:

	2013	2012
(euro)	Profit or loss	Profit or loss
Taxable income	14.156.133,32	12.402.739,68
Current tax	4.246.840,00	3.720.821,90
Tax credit for double taxation	-45.016,01	-130.544,61
R&D credit	-103.359,67	
Reinvestment credit (*)	-176.201,43	
Withholdings and prepayments	-2.985.877,32	-2.861.957,34
Corporate income tax payable	936.385,57	728.319,95

(*) This credit corresponds to the reinvestment of the amount obtained from the disposal of the Infusión line of business. The income qualifying for the tax credit amounts to 4,112,265.09 euro and the assets in which it was reinvested amounted to 759,064.55 euro in 2012 and 1,980,680.98 euro in 2013.

Corporate income tax payable is disclosed in "Current tax liabilities" under Current liabilities on the balance sheet.

15.2. Deferred corporate income tax

The Company has availed itself of the deferral of corporate income tax on extraordinary gains obtained on the disposal of intangible assets and financial assets in 1996, 1997 and 1999. Under the applicable tax regulations, there are certain investment commitments relating to the capital gains on those disposals, as shown below:

(euro)	*Capital gains*	*Amount reinvested through 31/12/98*	*Amount reinvested in 1999*	*Pending*
Obtained in 1996	*1.568.641*	*1.568.641*	-	-
Obtained in 1997	*3.629.398*	*1.870.698*	*1.758.700*	-
Obtained in 1999	*506.178*	-	*506.178*	-
TOTAL	*5.704.217*	*3.439.339*	*2.264.878*	-

Under current legislation, the assets in which the investments were made must remain in the Company's balance sheet for seven years.

15.3. Deferred tax assets and liabilities

As of 31 December 2013 and 2012, the detail and variations in the various deferred tax asset and liability items were as follows:

Variations in 2013 (euro)	Beginning balance	Changes in Profit or loss	Changes in Equity	Ending balance
Deferred tax liabilities (15.3.1)				
Reinvestment	120.323,40	-5.911,00	0,00	114.412,40
Unrestricted depreciation (15.3.2)	66.053,40	-17.257,20	0,00	48.796,20
	186.376,80	**-23.168,20**	**0,00**	**163.208,60**

Variations in 2012 (euro)	Beginning balance	Changes in Profit or loss	Changes in Equity	Ending balance
Deferred tax liabilities (15.3.1)				
Reinvestment	126.234,40	-5.911,00	0,00	120.323,40
Unrestricted depreciation (15.3.2)	83.358,00	-17.304,60	0,00	66.053,40
	209.592,40	**23.215,60**	**0,00**	**186.376,80**

15.3.1. Reinvestment of proceeds from fixed asset disposals

The balance as of 31 December 2012 relates to outstanding corporate income tax amounting to 120,323.40 euro which has been deferred under the regulations governing the reinvestment of capital gains on the disposal of intangible assets and financial assets in 1996, 1997 and 1999. That amount was 114,412.40 euro as of 2013 year-end.

In accordance with the applicable tax legislation, future payments of this deferred debt to the Administration will be made in accordance with the depreciation of the assets in which the gains were reinvested, in some cases, and by an increase of one-seventh on the originally deferred amount, in other cases. The reduction in 2013 amounted to 5,911.00 euro, the same as in 2012.

Under the new General Accounting Plan, the full amount of deferred tax liabilities is presented under non-current liabilities on the balance sheet.

There were no credits pending application at the end of the year.

*15.3.2. **Unrestricted depreciation***

In 2012, an amount of 17,304.60 was offset; consequently, the unused amount at the end of that year was 66,053.40 euro.

In 2013, an amount of 17,257.20 was offset; consequently, the unused amount at the end of that year was 48,796.20 euro.

15.4. Provision for taxes

In consultation with its tax advisors, the Board of Directors agreed to adopt a uniform position in its appeals as of 31 December 2013.

Therefore, the Company calculated the provision at 31 December 2012 based on the estimated likelihood of the appeal's success. The amount provisioned at that date was 1,900,000.00 euro. The company maintained the same provision amount in 2013. That amount is included in the "Other provisions" item of Non-current liabilities.

All of these settlements and penalties have since been cancelled by virtue of the following Resolutions:

- *Central Economic Administrative Tribunal (TEAC) Resolution 25/07/2013, in connection with corporate income tax for 2006-2007, partially accepting the Company's appeal and annulling the settlement agreement and the two penalties, which must be replaced by others for a lower amount. However, an appeal has been filed before the Spanish National Court in connection with the part of the settlement that was upheld, including suspension of enforcement The suit will be heard in 2014.*

- *Madrid Regional Economic Administrative Tribunal Resolution 20/12/2013, in connection with VAT for IVA 2006-2007, partially accepting the Company's appeal and annulling the settlement agreement and the two penalties, which must be replaced by others for a lower amount. However, an appeal has been filed before the Madrid High Court of Justice in connection with the part of the settlement that was upheld, including suspension of enforcement.*

16. REVENUES AND EXPENSES

16.1. Net sales

The Company's information is reported, primarily, by business segment and, secondarily, by geographical segment.

The group's operating businesses are organised and managed separately in accordance with the nature of the products and services they sell, so that each business segment represents a strategic business unit offering different products and supplying different markets.

Business segments

a) Medical and orthopaedic supplies
The "medical supplies" business focuses on selling a number of products grouped into the following families:

- *Cardiovascular*
- *Reconstructive plastic surgery*
- *Pain Unit*
- *Endosurgery*
- *Otorhinolaryngology*
- *Prim Spa*
- *Surgery*
- *Traumatology, neurosurgery and biomaterials*

The "orthopaedic supplies" business consists of the production and distribution of orthopaedic products and technical aids and the sale of applied orthopaedic products and technical aids of different types, including beds, prostheses and braces.

b) Real estate segment

The real estate business involves engaging in all types of real estate transactions: purchasing and selling rural and urban properties, exploiting properties, repairing and refurbishing buildings, construction of industrial buildings, and the sale of properties of all types.

Within the real estate segment, the Company owns two buildings:

- *One at Avenida Llano Castellano, 43 (Madrid). This property, which is the former headquarters of the Parent Company, was refurbished for lease to third parties and became operational in the year ended 31 December 2006.*
- *The Company's facilities on Calle F in Polígono Industrial nº 1 (Móstoles). This is where the Company's production plant for its Orthopaedic Medical Supplies division is located. In 2013, part of these facilities were leased to Group company Establecimientos Ortopédicos Prim, S.A.*

Segment I: Medical-hospital segment

Segment II: Real estate segment

Year ended 31 December 2013			
	Segment I	Segment II	Total
Net sales			
External customers	68.649.139,49	512.055,14	69.161.194,63
Other operating revenues	939.735,02	136.525,78	1.076.260,80
Variation in provisions for finished products and products in process	940.287,00	0,00	940.287,00
Segment revenues	70.529.161,51	648.580,92	71.177.742,43
Segment operating income	8.783.899,36	252.184,19	9.036.083,55
Financial revenues	2.102.071,87	0,00	2.102.071,87
Financial expenses	-238.225,91	0,00	-238.225,91
Exchange differences	280.905,00	0,00	280.905,00
Impairment of financial instruments	659.616,47	0,00	629.616,47
Income on disposal of financial instruments:	-7.659,00	0,00	-7.659,00
Income before tax from continuing operations	11.580.607,79	252.184,19	11.832.791,98
Corporate income tax			-3.413.699,88
Provision for taxes			0,00
Income from continuing operations			8.419.092,10

Year ended 31 December 2012			
	Segment I	Segment II	Total
Net sales			
External customers	65.156.376,52	810.231,95	65.966.608,47
Other operating revenues	889.103,73	192.549,03	1.081.652,76
Variation in provisions for finished products and products in process	-55.530,00	0,00	-55.530,00
Segment revenues	65.989.950,25	1.002.780,98	66.992.731,23
Segment operating income	9.950.593,50	519.442,93	10.470.036,43
Financial revenues	2.076.680,92	0,00	2.076.680,92
Financial expenses	-824.682,19	0,00	-824.682,19
Exchange differences	327.254,90	0,00	327.254,90
Impairment of financial instruments	-232.258,01	0,00	-232.258,01
Income on disposal of financial instruments:	0,00	0,00	0,00
Income before taxes	11.297.589,12	519.442,93	11.817.032,05
Corporate income tax			-3.419.948,93
Provision for taxes			0,00
Income for the year			8.397.083,12

The breakdown of the Company's net sales in its ordinary activities in 2013 and 2012 is as follows:

(euro)	*2013*	*2012*
Spain	*60.692.727,66*	*58.923.879,70*
Rest of European Union and other countries	*8.468.921,97*	*7.042.728,77*
TOTAL	*69.161.194,63*	*65.966.608,47*

16.2. Procurements

The detail of Procurements for the years ended 31 December 2013 and 2012 is as follows:

Year ended 31 December 2013			
(euro)	***Purchases***	***Change in inventories***	***Purchases***
Merchandise consumed	*25.589.050,77*	*484.704,30*	*26.073.755,07*
Merchandise consumed, group and associated undertakings	*583.774,00*	*0,00*	*583.774,00*
Raw materials and other consumables consumed	*3.593.624,68*	*-358.326,00*	*3.235.298,68*
Work performed by other companies	*687.530,48*	*0,00*	*687.530,48*
Impairment of merchandise, raw materials and other procurements	*-395.927,30*	*0,00*	*-395.927,30*
	30.058.052,63	***126.378,30***	***30.184.430,93***

Year ended 31 December 2012			
(euro)	Purchases	Change in inventories	Purchases
Merchandise consumed	21.803.469,42	2.031.938,90	23.835.408,32
Merchandise consumed, group and associated undertakings	389.707,34	0,00	389.707,34
Raw materials and other consumables consumed	2.014.523,85	130.630,00	2.145.153,85
Work performed by other companies	192.977,82	0,00	192.977,82
Impairment of merchandise, raw materials and other procurements	65.100,00	0,00	65.100,00
	24.465.778,43	**2.162.568,90**	**26.628.347,33**

16.3. Employee welfare expenses

The detail of employee welfare expenses for the years ended 31 December 2013 and 2012 is as follows:

(euro)	31/12/2013	31/12/2012
Social security	3.144.110,00	2.974.799,85
Other welfare expenses	254.049,08	117.321,04
	3.398.159,08	**3.092.120,89**

This item contains no contribution or provision for pensions or similar obligations; the entire amount relates to social security payments and other minor payments (training, study grants, etc.).

16.4. Outside services

The detail of outside services for the years ended 31 December 2013 and 2012 is as follows:

(euro)	*31/12/2013*	*31/12/2012*
Leases and fees (16.9)	*1.424.999,85*	*1.437.046,41*
Repairs and upkeep	*451.326,43*	*404.626,94*
Independent professional services	*1.653.943,56*	*1.554.119,12*
Transport	*1.344.841,05*	*1.186.026,29*
Insurance premiums	*197.825,89*	*255.009,65*
Banking and similar services	*49.584,49*	*39.910,38*
Advertising and public relations	*589.667,51*	*744.743,74*
Utilities	*237.728,72*	*228.713,02*
Other services	*4.209.982,86*	*3.950.270,99*
	10.159.900,36	***9.800.466,54***

These amounts are reflected under "Outside services" (amounting to 9,954,243.89 euro) and "Outside services – group and associated undertakings" (205,656.47 euro) in the year ended 31 December 2013.

These amounts are reflected under "Outside services" (amounting to 9,589,553.62 euro) and "Outside services – group and associated undertakings" (210,912.92 euro) in the year ended 31 December 2012.

16.5. Financial revenues

The detail of financial revenues for the years ended 31 December 2013 and 2012 is as follows:

(euro)	*31/12/2013*	*31/12/2012*
Dividends received from group undertakings (Note 18)	*110.653,84*	*403.830,99*
Dividends received from associated undertakings	*39.399,70*	*31.317,72*
Interest on loans to group undertakings (Note 18)	*47.231,00*	*86.826,00*
Interest from third parties:		
Loans to third parties	*695.109,40*	*383.690,71*
Other financial revenues	*1.209.677,83*	*1.171.015,50*
	2.102.071,87	***2.076.680,92***

16.6. Financial expenses

The detail of financial expenses for the years ended 31 December 2013 and 2012 is as follows:

(euro)	*31/12/2013*	*31/12/2012*
Interest on debts to group undertakings (Note 18)	*30.932,79*	*35.590,91*
Interest on debts to third parties:		
Bank loans and credit (Note 14.1)	*207.293,12*	*788.731,28*
	238.225,91	***824.682,19***

16.7. Exchange differences

Exchange differences amounted to 280,905.00 euro in 2013 (327,254.90 euro in 2012). These differences relate mainly to purchases in foreign currencies, principally the US dollar (Note 17).

16.8. Items under finance lease

In 2011, the company signed a finance lease on motor vehicles. Those vehicles are presented on the basis of their nature, under "Other property, plant and equipment" with the other items of transport equipment owned by the Consolidated Group.

Future finance lease payments as of 31 December 2013 and 2012 were as follows:

	Under 1 year	***1 to 5 years***	***Over 5 years***	***TOTAL***
As of 31 December 2012	*10.534,75*	*0,00*	*0,00*	*10.534,75*
As of 31 December 2013	*0,00*	*0,00*	*0,00*	*0,00*

16.9. Operating leases

The Company has operating leases on certain vehicles and items of computer hardware. Those leases have an average term of 3-5 years and the contracts do not contain renewal clauses. The lessee is not subject to any restrictions in arranging those leases.

Additionally, the Company has operating leases on certain premises which are used as sales offices.

The operating lease payments recognised as expenses in 2013 and 2012 are as follows:

(in euro)	2013	2012
Lease of structures	448.615,81	439.220,92
Lease of vehicles	844.041,94	889.639,07
Lease of furniture	57.266,21	29.672,47
Lease of office equipment	34.799,97	42.120,67
Fees and royalties	40.275,92	36.393,28
TOTAL	**1.424.999,85**	**1.437.046,41**

Vehicle leases arranged by the company relate to automobiles used by employees of Prim, S.A. (mainly the sales network). These contracts are arranged with various leasing companies and have a term of four years.

Future payments for leases of structures are as follows:

	Under 1 year	1 to 5 years	Over 5 years	TOTAL
As of 31 December 2013	406.506,40	1.440.542,99	743.431,07	2.590.480,46
As of 31 December 2012	343.761,48	1.275.959,15	196.564,81	1.816.285,44

The present value of the minimum net payments is as follows:

	Under 1 year	1 to 5 years	Over 5 years	TOTAL
As of 31 December 2013	398.010,09	1.308.277,54	574.588,37	2.280.876,00
As of 31 December 2012	336.695,04	1.147.439,53	152.719,63	1.636.854,20

The present value of the minimum net payments was calculated using a 3.5% nominal annual discount rate.

These future payments were those committed and predictable as of 31 December 2013; they do not include payments made by the Company for the lease of premises and venues for conferences, etc. since those expenses cannot be estimated in advance (related expenditure is disclosed under "Lease of structures").

The main operating lease contracts in force are as follows:

Location
Avenida Madariaga, 1 - Bilbao
Calle Islas Timor 22 - Madrid
Juan Ramón Jiménez, 5-Sevilla
Maestro Rodrigo, 89-91-Valencia
Habana, 27 - Las Palmas de Gran Canaria
San Ignacio 77-Palma de Mallorca
Calle F, Número 15. Polígono Industrial I. – Móstoles. Madrid (*)
Calle Rey Abdulah – Coruña

(*) Contracts signed with Prim Group undertakings

Apart from the foregoing contracts, specific leases are arranged for premises at which presentations of our products are given. Because of their nature, those leases are not predictable and there are no future commitments in connection with them.

Additionally, Prim, S.A. has signed operating leases related to the property at Avenida Llano Castellano, 43 (Madrid). Under those contracts, the Company is the lessor; the following table reflects future lease payments that the Company will receive for the contracts in force as of 31 December 2013:

As of 31 December 2013	Under 1 year	1 to 5 years	Over 5 years	TOTAL
Future collections (discounted)	446.176,08	271.909,27	0,00	718.085,35
Future collections (not discounted)	454.680,00	285.300,00	0,00	739.980,00

As of 31 December 2012	Under 1 year	1 to 5 years	Over 5 years	TOTAL
Future collections (discounted)	386.352,60	344.388,84	0,00	730.741,44
Future collections (not discounted)	392.128,50	368.190,90	0,00	760.319,40

Prim signed an operating lease agreement for the property at Polígono Industrial 1, Calle C, Móstoles,. The lessee is Establecimientos Ortopédicos Prim, S.A. The leased floor area is non-material and annual payments amount to 14,400.00 euro.

16.10. Impairments and losses on financial instruments

	(euro)	(euro)
	2013	2012
Impairment of long-term holdings in group undertakings	663.635,44	37.673,74
Impairment of long-term holdings in other companies (1)	-4.018,97	-269.931,75
Income on disposal of financial instruments:	-7.659,00	0,00
Total	651.957,47	-232.258,01

(1) See Note 9.1.2.

17. FOREIGN CURRENCY

The Company makes purchases in currencies other than its functional currency, which is the euro. The Company made purchases in foreign currency totalling 6,433,256.38 euro in 2013 (6,181,855.89 euro in 2012), as follows:

	2013	2012
USD	5.589.443,95	5.385.731,06
Pound sterling	646.973,63	581.266,71
Swedish krona	15.202,11	15.049,79
Swiss franc	26.880,13	32.489,84
Japanese yen	154.756,56	167.318,49
Total	6.433.256,38	6.181.855,89

No hedges have been arranged to cover the exchange rate risk since, because of the amounts and the terms of payment agreed upon with suppliers, it is estimated that the Company's exchange rate risk on this type of commercial transactions is minimal.

Exchange differences for a net amount of 280,905.00 euro were recognised in 2013.

Exchange differences for a net amount of 327,254.90 euro were recognised in 2012.

18. TRANSACTIONS WITH RELATED PARTIES

The related parties with which the Company entered into transactions in 2013 and 2012, and the nature of the relationship, are set out below:

	Nature of relationship
Enraf Nonius Ibérica, S.A.	Group undertaking
Establecimientos Ortopédicos Prim, S.A.	Group undertaking
Siditemedic, S.L (Soc. Unipersonal).	Group undertaking
Luga Suministros Médicos, S.L.	Group undertaking
Inmobiliaria Catharsis, S.A. (Soc .Unipersonal)	Group undertaking
Enraf Nonius Ibérica Portugal, Lda	Group undertaking
Network Medical Products Ltd	Associated undertaking
Directors (Members of the Board of Directors)	Directors
Senior management	Executives and managers

The management expenses charged by the group's controlling company are based on the expenses incurred centrally, which are charged to each group company on the basis of the criteria defined for drawing up the Company's analytical accounts.

The finance agreements are loans received from group undertakings, with the following detail in 2013 and 2012.

The variations in 2013 are shown in the table below:

Group undertaking	Balance as of 31/12/12	Increases	Decreases	Balance as of 31/12/13
Siditemedic, S.L.	9.000,00	0,00	0,00	9.000,00
I. Catharsis, S.A.	-34.264,89	505.000,00	0,00	470.735,11
Enraf Nonius Ibérica, S.A.	500.000,00	1.500.000,00	0,00	2.000.000,00
Total	474.735,11	2.005.000,00	0,00	2.479.735,11

The variations in 2012 are shown in the table below:

Group undertaking	Balance as of 31/12/11	Increases	Decreases	Balance as of 31/12/12
Siditemedic, S.L.	9.000,00	0,00	0,00	9.000,00
I. Catharsis, S.A.	460.735,11	45.000,00	-540.000,00	-34.264,89
Enraf Nonius Ibérica, S.A.	500.000,00	0,00	0,00	500.000,00
Total	969.735,11	45.000,00	-540.000,00	474.735,11

These financing agreements are recognised under "Short-term debt to group and associated undertakings" under liabilities on the balance sheet. There is no repayment schedule for these loans since they are repaid depending on the liquidity needs of the group undertakings. For that reason, the loans have no fixed maturity date.

The other related party transactions are part of the Company's normal business activity and are carried out on an arm's-length basis. Specifically, purchases and sales of orthopaedic products and hospital supplies are conducted at market prices.

There are no joint ventures with third companies in which the Company has an interest, nor are there jointly-controlled companies or companies over which the Company has a significant influence apart from the associated undertakings listed in Note 8.

Notable among these transactions is the lease under which Inmobiliaria Catharsis, S.A. leases to Prim, S.A. the building in Móstoles where the latter has its registered offices. The amount of this lease was 191,695.11 euro in 2013 (188,724.99 euro in 2012), recognised under "Outside services – group and associated undertakings" in the income statement.

Prim, S.A. also leases part of the building on Calle C of Polígono Industrial to Establecimientos Ortopédicos Prim, S.A. A total of 14,400.00 euro was received in 2013.

Related parties

Transactions with related persons are not disclosed since they form part of the ordinary course of the company's business, they are conducted on an arm's-length basis, their amount is not material and they are not material with regard to presenting a true and fair view of the company's net worth, financial position and results.

18.1. Related undertakings

Balances with related undertakings as of 31 December 2013 and 2012 were as follows:

Related-party transactions. Assets and liabilities	*Prim 2013*	*Prim 2012*
Assets		
Current assets		
Trade and other accounts receivable		
Customer receivables—group and associated undertakings	***137.281,00***	***243.184,00***
Establecimientos Ortopédicos Prim, S.A.	*29.962,00*	*124.513,00*
Enraf Nonius Ibérica, S.A.	*2.223,00*	*4.824,00*
Enraf Nonius Ibérica Portugal Lda	*340,00*	*40.254,00*
Luga Suministros Médicos, S.L.	*104.756,00*	*73.593,00*
Sundry debtors—group and associated undertakings		***3.600,00***
Establecimientos Ortopédicos Prim, S.A.		*3.600,00*
Short-term investment in group and associated undertakings		
Loans to group and associated undertakings	***497.000,00***	***1.672.000,00***
Establecimientos Ortopédicos Prim, S.A.	*497.000,00*	*1.672.000,00*
Liabilities		
Current liabilities		
Short-term debts to group and associated undertakings	***2.479.735,11***	***474.735,11***
Siditemedic, S.L.	*9.000,00*	*9.000,00*
Enraf Nonius Ibérica, S.A.	*2.000.000,00*	
Inmobiliaria Catharsis, S.A.	*470.735,11*	*465.735,11*
Short-term supplier accounts payable—Group and associated undertakings	***64.293,00***	***55.517,00***
Luga Suministros Médicos, S.L.	*57.573,00*	*50.829,00*
Establecimientos Ortopédicos Prim, S.A.	*4.799,00*	*1.608,00*
Enraf Nonius Ibérica, S.A.	*1.921,00*	*3.080,00*
Short-term accounts payable—Group and associated undertakings		***3.600,00***
Establecimientos Ortopédicos Prim, S.A.		*3.600,00*

Transactions with related undertakings in 2013 and 2012 were as follows:

Expenses		
Procurements		
Merchandise consumed—group and associated undertakings	***583.774,00***	***389.707,00***
Establecimientos Ortopédicos Prim, S.A.	*12.703,00*	*2.786,00*
Enraf Nonius Ibérica, S.A.	*93.082,00*	*78.860,00*
Luga Suministros Médicos, S.L.	*477.989,00*	*308.061,00*
Other operating expenses		
Outside services	***205.656,47***	***210.912,92***
Establecimientos Ortopédicos Prim, S.A.	*13.961,36*	*22.187,93*
Inmobiliaria Catharsis, S.A.	*191.695,11*	*188.724,99*
Financial expenses		
Debts to group and associated undertakings	***30.932,79***	***35.950,91***
Siditemedic, S.L.	*360,00*	*423,00*
Enraf Nonius Ibérica, S.A.	*11.288,00*	*12.468,00*
Inmobiliaria Catharsis, S.A.	*19.284,79*	*23.059,91*
Revenues		
Net sales		
Sales to group and associated undertakings	***839.242,00***	***588.154,00***
Establecimientos Ortopédicos Prim, S.A.	*334.517,00*	*309.910,00*
Enraf Nonius Ibérica, S.A.	*22.807,00*	*19.072,00*
Enraf Nonius Ibérica Portugal Lda	*3.929,00*	*38.304,00*
Luga Suministros Médicos, S.L.	*477.989,00*	*220.868,00*
Other operating revenues		
Sundry and other current revenues	***620.791,00***	***737.541,00***
Establecimientos Ortopédicos Prim, S.A.	*72.121,00*	*75.721,00*
Enraf Nonius Ibérica, S.A.	*534.670,00*	*648.420,00*
Inmobiliaria Catharsis, S.A.	*14.000,00*	*13.400,00*
Financial revenues		
Equity instruments		
Group and associated undertakings	***110.653,84***	***403.830,99***
Prim, S.A.		*297.000,00*
Luga Suministros Médicos, S.L.		*106.830,99*
Inmobiliaria Catharsis, S.A.	*110.653,84*	
Marketable securities and other financial instruments		
Of group and associated undertakings	***47.231,00***	***86.826,00***
Establecimientos Ortopédicos Prim, S.A.	*47.231,00*	*86.826,00*

18.2. Directors and senior management

The detail of remuneration received by members of the Board of Directors and Senior Management in the years ended 31 December 2013 and 2012 is as follows: (the individual breakdown by director and member of senior management is available in the Company's Corporate Governance Report)

(euro)	2013	2012
Directors		
Wages	355.602,73	523.222,04
Per diems		
Share in income	350.000,00	420.000,00
Senior management		
Wages	536.552,31	611.108,20
	1.242.155,04	**1.554.330,24**

In 2012, remuneration of the members of the Board of Directors arising from their status as heads of the various functional areas for which they are responsible amounted to 523,222.04 euro, while senior management remuneration amounted to 611,108.20 euro. In 2013, that remuneration amounted to 355,602.73 euro and 536,552.31 euro, respectively.

There is also an allocation of 420,000.00 euro in 2012 for members of the Board of Directors as a share in Company income. That allocation amounted to 350,000.00 euro in 2013.

The Company's Articles of Association authorise the Board of Directors to receive remuneration of up to 10% of the Company's net profits.

During the last two years, director remuneration was much lower than the maximum set out in the Articles of Association. Based on a recommendation by the Remuneration and Appointments Committee, the Board of Directors proposes the remuneration amount, which is submitted to the General Meeting of Shareholders for approval.

The amount, which is provisioned at the end of the year, is paid the following year, after the General Meeting of Shareholders.

The last payment was made in July 2013.

In accordance with articles 229 and 230 of the Capital Companies Act, the directors have confirmed the following conflicts of interest in connection with holding positions or functions in companies whose activity is the same as, or similar or analogous to, that of the Company's *corporate purpose, or with the performance, for their own account or that of third parties, of the same, similar or analogous activity as that constituting the Company's corporate purpose.*

The Spanish National Securities Market Commission requires companies to disclose any other directorships, regardless of whether the other company's object is similar or not.

Director	Position/Function	Company
Victoriano Prim González	Joint and Several Administrator	ENRAF NONIUS IBÉRICA, S.A.
Victoriano Prim González	Joint and Several Administrator	ESTABLECIMIENTOS ORTOPÉDICOS PRIM, S.A.
Victoriano Prim González	Joint and Several Administrator	LUGA SUMINISTROS MÉDICOS, S.L.
Victoriano Prim González	Joint and Several Administrator	INMOBILIARIA CATHARSIS, S.A. (SOCIEDAD UNIPERSONAL)
Victoriano Prim González	Joint and Several Administrator	SIDITEMEDIC, .S.L. (SOCIEDAD UNIPERSONAL)
Bartal Inversiones, S.L.	Joint and Several Administrator	ENRAF NONIUS IBÉRICA, S.A.
José Luis Meijide García	Joint and Several Administrator	ESTABLECIMIENTOS ORTOPÉDICOS PRIM, S.A.
José Luis Meijide García	Joint and Several Administrator	LUGA SUMINISTROS MÉDICOS, S.L.

In accordance with article 114 of the Securities Market Law, it is disclosed that neither the Directors of the Parent Company nor persons acting on their behalf performed transactions with the Parent Company (or other companies in its Group) other than in the normal course of business or other than on an arm's-length basis.

The Parent Company's Directors have stated that they do not hold shares or stakes in any company whose corporate purpose is similar to that of Prim, S.A.

As required by the Capital Companies Act, it is hereby stated that the members of the Board of Directors of the Company (Prim, S.A.) do not have direct holdings in companies whose object is the same as, or similar or complementary to, that of the company.

In accordance with the requirements of the Capital Companies Act, the following table lists all the interests and transactions of the foregoing persons' related parties:

Person	Investee	Stake (%)	Line of business
María Teresa Martínez Sierra (spouse of Mr. Victoriano Prim)	*Prim, S.A.*	*0,020%*	*Medical and orthopaedic supplies*

19. INFORMATION ABOUT THE NATURE AND DEGREE OF RISKS RELATING TO FINANCIAL INSTRUMENTS

Article 8.b).1 of Royal Decree 1362/2007 makes it obligatory to disclose the risks and uncertainties facing the company.

The main financial instruments used by the Company are bank loans, demand deposits and short-term deposits. The main purpose of these financial instruments is to finance the Company's operations.

The Company has other financial assets and liabilities, such as trade accounts receivable and payable, which arise directly in its operations.

Under the general risk policy, all of the Company's capabilities are deployed so as to properly identify, measure, manage and control risk of all types in line with the following principles:

- *Separation of functions, at operating level, between the areas of decision-making, on the one hand, and analysis, control and supervision, on the other.*

- *Assurance of short- and long-term business and financial stability by maintaining an appropriate balance between risk, value and profit.*

- *Compliance with the current legislation regarding control, management and supervision of risks.*

- *Transparency regarding risks and the functioning of control systems.*

Company policy, which was maintained in 2012 (as in 2011), is not to negotiate financial instruments.

The main risks deriving from the Company's financial instruments are the interest rate risk on cash flows, liquidity risk, exchange rate risk, and credit risk. The directors review and agree upon policies for managing these risks, which are summarised below.

19.1. Interest rate risks on cash flows

The Company is exposed to the risk of changes in the market interest rate, due to the loans at floating rates (Note 14).

The reference index of these bank loans is the interbank market rate, to which a spread is added. In recent months, there have been no changes in that reference index that might have an adverse effect on the company's income statement.

The debt structure as of 31 December 2013 and 2012 is as follows:

		31/12/2012	31/12/2013	Interest rate	Benchmark
Long-term debt					
	Long-term credit lines	0,00	2.382.390,60	Floating-rate	Euribor
	Mortgage loan	0,00	0,00	Floating-rate	Interbank rate
	Other loans	1.092.225,54	331.099,00	Floating-rate	Euribor
		1.092.225,54	2.713.489,60		
Short-term debt					
	Short-term credit lines	0,00	384.120,16	Floating-rate	Euribor
	Mortgage loan	1.385.456,02	0,00	Floating-rate	Interbank rate 1-month
	Discounted notes	792.802,25	824.913,18	Floating-rate	Euribor
	Other loans	4.144.107,38	1.290.486,94	Floating-rate	Euribor
		6.322.365,65	2.499.520,28		

The sensitivity of earnings to variations in interest rates is as follows:

		+25%	-25%	+25%	-25%
		Effect on income		Effect on income	
		31/12/2012	31/12/2012	31/12/2013	31/12/2013
Long-term debt					
	Long-term credit lines	-6.353,16	6.353,16	-5.911,31	5.911,31
	Mortgage loan	-6.899,76	6.899,76	0,00	0,00
	Other loans	-37.392,14	37.392,14	-5.728,88	5.728,88
		-50.645,06	50.645,06	-11.640,19	11.640,19
Short-term debt					
	Short-term credit lines	-14.516,47	14.516,47	-953,10	953,10
	Mortgage loan	-14.988,66	14.988,66	-6.927,28	6.927,28
	Discounted notes	-3.038,03	3.038,03	-3.437,65	3.437,65
	Other loans	-40.373,39	40.373,39	-21.721,11	21.721,11
		-72.916,55	72.916,55	-33.039,14	33.039,14

19.2. Exchange rate risk

The Company makes sales and purchases in currencies other than the euro. Nevertheless, most foreign currency transactions are made in currencies whose fluctuations against the euro are small, and with short collection or payment periods; consequently, the potential impact of this risk on the income statement is not material.

The following items may be affected by exchange rate risk:

- *Bank current accounts in a currency other than the local currency or the Company's functional currency*
- *Collections and payments for supplies, services or investments in currencies other than the euro*

PRIM, S.A. mitigates this risk by arranging most of its economic flows in euro and by arranging appropriate terms of payment to its suppliers in foreign currency.

As shown in the preceding table, aside from the euro, the currency in which the Company most often deals is the US dollar. The sensitivity of the Company's earnings to changes in the euro/dollar exchange rate was as follows in the year ended 31 December 2012:

	Exchange rate	Purchases at rate	Effect on income
Exchange rate as of 31/12/2012	1,32	5.254.800,04	0,00
Variation +5%	1,39	5.004.571,47	250.228,57
Variation -5%	1,25	5.531.368,46	-276.568,42

The sensitivity of 2013 earnings was as follows:

	Exchange rate	Purchases at rate	Effect on income
Exchange rate as of 31/12/2013	1,38	5.589.443,95	0,00
Variation +5%	1,45	5.323.279,95	266.164,00
Variation -5%	1,31	5.883.625,21	-294.181,26

There are no financial debts in non-euro currencies.

19.3. Credit risk

The Company's main customers are public and private entities of acknowledged solvency. Any customer wishing to buy on credit is screened using the Company's procedures for assessing solvency. Additionally, accounts receivable are monitored continuously, analysing customer balances and trends by customer type and region. As a result of intensive receivable management, the Company's doubtful accounts receivable are not material.

As of 31 December 2013 (and 2012) there was no significant concentration in the Company's accounts receivable.

	Total	Not yet matured	Under 90	90-180	180-360	Over 360
Long-term customer receivables	2.756.174,90	358.657,59	662.509,90	370.865,23	602.835,54	761.306,64
Group and associated undertakings	0,00	0,00	0,00	0,00	0,00	0,00
Other	2.756.174,90	358.657,59	662.509,90	370.865,23	602.835,54	761.306,64
Short-term customer receivables	47.064.512,75	6.124.446,14	11.313.035,91	6.332.904,06	10.294.035,05	13.000.091,59
Group and associated undertakings	137.281,00	17.864,20	32.998,64	18.472,25	30.026,35	37.919,56
Other	46.927.231,75	6.106.581,93	11.280.037,27	6.314.431,81	10.264.008,71	12.962.172,03
Total	49.820.687,65	6.483.103,73	11.975.545,81	6.703.769,29	10.896.870,60	13.761.398,23

The analysis of financial assets by age as of 31 December 2012 is as follows:

	Total	Not yet matured	Under 90	90-180	180-360	Over 360
Long-term customer receivables	2.262.412,72	325.325,75	651.813,61	418.434,93	632.485,67	234.352,76
Group and associated undertakings	0,00	0,00	0,00	0,00	0,00	0,00
Other	2.262.412,72	325.325,75	651.813,61	418.434,93	632.485,67	234.352,76
Short-term customer receivables	38.991.248,86	5.606.783,09	11.233.594,36	7.211.460,78	10.900.489,46	4.038.921,17
Group and associated undertakings	243.184,00	34.968,87	70.062,65	44.977,06	67.985,12	25.190,29
Other	38.748.064,86	5.571.814,22	11.163.531,71	7.166.483,71	10.832.504,34	4.013.730,88
Total	41.253.661,58	5.932.108,84	11.885.407,98	7.629.895,71	11.532.975,13	4.273.273,93

The concentration of credit risk by counterparty in the "Trade and other accounts payable" account as of 31 December 2013 and 2012 is as follows:

PRIM CUSTOMER CONCENTRATION 2013			
By amount	Customers	Advances from customers	Total
With balance			
Over 1,000,000 euro	10.845.323,10	0,00	10.845.323,10
500,000-1,000,000 euro	13.939.656,19	0,00	13.939.656,19
200,000-500,000 euro	8.665.587,43	0,00	8.665.587,43
100,000-200,000 euro	5.773.850,72	0,00	5.773.850,72
Under 100,000 euro	9.463.363,21	-432.020,12	9.031.343,09
Total	48.687.780,65	-432.020,12	48.255.760,53
Number of customers	Customers	Advances from customers	Total
With balance			
Over 1,000,000 euro	8,00	0,00	8,00
500,000-1,000,000 euro	21,00	0,00	21,00
200,000-500,000 euro	29,00	0,00	29,00
100,000-200,000 euro	39,00	0,00	39,00
Under 100,000 euro	3.579,00	49,00	3.628,00
Total	3.676,00	49,00	3.725,00

PRIM CUSTOMER CONCENTRATION 2012			
By amount	Customers	Advances from customers	Total
With balance			
Over 1,000,000 euro	6.077.220,06	0,00	6.077.220,06
500,000-1,000,000 euro	9.620.417,60	0,00	9.620.417,60
200,000-500,000 euro	10.761.670,59	0,00	10.761.670,59
100,000-200,000 euro	4.466.445,29	0,00	4.466.445,29
Under 100,000 euro	9.929.727,49	-118.970,60	9.810.756,89
Total	40.855.481,03	-118.970,60	40.736.510,43
Number of customers	Customers	Advances from customers	Total
With balance			
Over 1,000,000 euro	4,00	0,00	4,00
500,000-1,000,000 euro	15,00	0,00	15,00
200,000-500,000 euro	34,00	0,00	34,00
100,000-200,000 euro	33,00	0,00	33,00
Under 100,000 euro	3.589,00	17,00	3.606,00
Total	3.675,00	17,00	3.692,00

The foregoing analysis includes only those accounts which the Company estimates involve credit risk; as a result, the total balance analysed is less than the total balance of trade receivables.

19.4. Liquidity risk

The Company's goal is to strike a balance between continuity and flexibility in financing, mainly by using bank loans.

The maturity of those financial instruments coincides in time with the cash flows generated by the Company's ordinary activities, which minimises the liquidity risk and ensures the continuity of operations.

Note 14.1 "Bank loans" contains a table showing the maturities of the main long-term liabilities, specifically a mortgage loan and six loans which, because of their amount, are disclosed in detail in that note.

The following aspects are noteworthy:

The company had positive working capital amounting to 48,746,339.61 euro as of 31 December 2013 (52,326,782.62 euro as of 31 December 2012), which guarantees that it can cancel current liabilities.

The Company has a significant amount available in credit lines which it has not yet used. Specifically, the amount not drawn as of 2013 year-end was 3,017,609.40 euro on long-term credit lines (4,150,000.00 in 2012) and 1,865,879.84 euro on short-term credit lines (10,997,000.00 euro in 2012); accordingly, the group has sufficient liquidity to address any difficulty that may arise in future years.

20. OTHER INFORMATION

20.1. Average workforce

The Company's workforce is distributed as follows:

Average workforce in 2013:

Category	Men	Women	Total
Sales and technical staff	94	24	118,00
Clerical staff	50	59	109,00
Plant staff	36	78	114,00
Total	**180,00**	**161,00**	**341,00**

Average workforce in 2012:

Category	Men	Women	Total
Sales and technical staff	90	34	124,00
Clerical staff	46	62	108,00
Plant staff	43	69	112,00
Total	**179,00**	**165,00**	**344,00**

The average workforce as of 31 December does not differ materially between years.

The Company's Board of Directors comprises six members, all male.

20.2. Auditors' fees

The fees paid to the main auditor for auditing the 2013 financial statements amounted to 54,000.00 euro (the same as in 2012).

20.3. Environmental disclosure

During the year, the Company did not incorporate systems, equipment or installations, and did not record material expenses, in connection with environmental protection and improvement.

The accompanying balance sheet does not contain any provisions for environmental matters since the directors of the Company consider that, at year-end, there were no liabilities to be settled in the future arising from actions by the Company to prevent, abate or repair damage to the environment, and that any such liabilities would be non-material.

20.4. Guarantees to third parties

As of 31 December 2013, Prim, S.A. had provided sureties to third parties in guarantee of supplies (government tenders) for a total of 889,847.93 euro (840,325.99 euro as of 31 December 2012).

In 2011, Prim, S.A. established a mortgage on the property at Calle C, Polígono Industrial número 1, Móstoles, in favour of the State Tax Agency as surety for the payment of the amounts assessed as a result of the tax audits of 2006 and 2007 (See note 15.4). For this purpose, the mortgaged property was appraised at 2,680,300.00 euro on 25 May 2011 by TasaMadrid.

The mortgage guarantees payment of the amount assessed under those audits against the parent company (Prim, S.A.) and its subsidiary (Enraf Nonius Ibérica, S.A.).

21. INFORMATION ON DEFERRAL OF PAYMENTS TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DISCLOSURE OBLIGATION" OF ACT 15/2010 OF 5 JULY.

	Payments completed and outstanding on the balance sheet date			
	2013		2012	
	Amount	% (*)	Amount	% (*)
** Within maximum legal limit	32.823.678,04	74,59%	31.587.648,11	80,97%
Remainder	11.178.846,47	25,41%	7.425.755,76	19,03%
Total payments in year	44.002.524,51	100,00%	39.013.403,87	100,00%
Weighted average period by which payments are past due (days)	54,23		35,78	
Deferrals which exceeded the maximum legal limit at the balance sheet date	1.157.575,96		1.153.806,57	

* Percentage of total

** The maximum legal period for payment is the one corresponding in each case on the basis of the nature of the good or service received by the company in accordance with Act 3/2004, of 29 December, which establishes measures to fight late payment in commercial transactions.

The average period by which payments were past-due increased in 2013 with respect to the previous year. However, part of that increase is attributable to the fact that, at 2012 year-end, the payment period between private sector companies was 75 days, in accordance with Act 15/2010 of 5 July.

Under that same Act, the payment period between private sector companies was reduced to 60 days as from 1 January 2013. As a result, according to the Act, the limit established for an invoice to be considered past-due was reduced by 15 days in 2013, whereas the Company's average period by which payments were past-due increased by just 18.45 days, with the result that period worsened only by 3.45 days in net terms.

22. DISCONTINUED OPERATIONS

In 2013, the Company disposed of its INFUSIÓN business line.

The results of that disposal are reflected in the "Net income from discontinued operations" line item, as follows:

Figures in euro	2013
Proceeds from disposal of INFUSION business line	4.114.956,03
Net carrying amount of fixed assets disposed of in the line of business	-1.364.941,19
Value of inventories disposed of in the line of business	-990.872,57
Income before tax from discontinued operations	1.759.142,27
Corporate income tax expense attributable to discontinued operations	-351.541,25
Net income from continuing operations	1.407.601,02

With a view to standardising information for better comparison of data, the 2012 figures presented in these Financial Statements have been re-stated. To this end, "Net income from discontinued operations" reflects the revenues and expenses attributable to the INFUSIÓN business line in 2012, as follows:

Figures in euro	2012
Disposal of INFUSIÓN line of business	2.837.624,00
Personnel expenses attributable to the business line that was disposed of	-432.404,18
Other expenses attributable to the business line that was disposed of	-1.896.897,58
Income before tax from discontinued operations	508.322,24
Corporate income tax expense attributable to discontinued operations	-147.112,75
Net income from continuing operations	361.209,49

The cash flows associated with that business line for 2013 and 2012 are detailed below.

Figures in euro	2013	2012
CASH FLOW FROM DISCONTINUED OPERATIONS		
Operating cash flow	2.645.665,11	508.322,24
Investing cash flow	0,00	0,00
Financing cash flow	0,00	0,00
TOTAL CASH FLOW BEFORE TAXES	2.645.665,11	508.322,24

23. SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

In accordance with current legislation, the Company presents consolidated financial statements separately from its individual financial statements.

24. SUBSEQUENT EVENTS

On 28 February 2014:

- *The Parent Company discloses amendments to its Board of Directors Regulation to the Spanish National Securities Market Commission (CNMV)*

- *The Parent Company discloses the new composition of its Appointments and Remuneration and Audit Committees to the Spanish National Securities Market Commission (CNMV)*

- *The Parent Company files information about 2H13 earnings*

This document was authorised by the Board of Directors on 31 March 2014.

The composition of the Company's Board of Directors is as follows:

VICTORIANO PRIM GONZÁLEZ	*Chairman*
BARTAL INVERSIONES, S.L. represented by: *ANDRÉS ESTAIRE ÁLVAREZ*	*Vice-Chairman*
JUAN JOSÉ PÉREZ DE MENDEZONA	*Director*
JOSÉ LUIS MEIJIDE GARCÍA	*Director and Vice-Secretary*
ENRIQUE GIMÉNEZ-REYNA RODRÍGUEZ	*Director*
IGNACIO ARRAEZ BERTOLÍN	*Director and Secretary*

PRIM

Directors' Report

2013

1. *Business Performance and Income*

Net revenues increased by 4.84% in 2013. Operating income declined by 13.70% while earnings before taxes increased by 0.13%, due primarily to the notable improvement in financial income, which increased by 1,449,712.81 euro, from 1,346,995.62 in 2012 to 2,796,708.43 euro in 2013.

This improvement in financial income is mainly due to value adjustments on financial instruments, which amounted to -232,258.01 euro in 2012 and +651,957.47 euro in 2013.

Net income in the year improved by 12.20%.

2. *Research and development*

PRIM, S.A. maintains ongoing relations with the R&D departments of the manufacturers whose products it distributes in Spain and other countries in order to exchange feedback and suggestions.

Significant events in 2013 were as follows:

- *Design update and optimisation of production costs for the neoprene brace line.*
- *Development of a one-size-fits-all brace line with new manufacturing technology*

3. Transactions with own shares

The Company had 384,490 own shares as of 31 December 2012.

During 2013, it purchased and sold own shares, ending the year with 352,772 shares, i.e. 2.03% of capital stock.

For more details, see Note 12.4, which details variations in own shares throughout 2013.

4. Subsequent events.

On 28 February 2014:

- *The Parent Company discloses amendments to its Board of Directors Regulation to the Spanish National Securities Market Commission (CNMV)*
- *The Parent Company discloses the new composition of its Appointments and Remuneration and Audit Committees to the Spanish National Securities Market Commission (CNMV)*
- *The Parent Company files information about 2H13 earnings*

5. Information under article 116 bis of the Securities Market Act.

Capital stock is represented by 17,347,124 shares of 0.25 euro par value each, all of which are fully paid and have the same rights and obligations; accordingly, the total par value is 4,336,781.00 euro. The shares are represented by book entries.

5.1. Restrictions on the transfer of securities.

There are no legal restrictions on the acquisition or transfer of shares in capital.

5.2. Significant direct and indirect stakes in capital.

In accordance with the information reported by the CNMV, the significant holdings in the capital of Prim, S.A. are as follows:

Shareholder	*% of direct voting rights*	*% of indirect voting rights*	*% of total voting rights*
CARTERA DE INVERSIONES MELCA, S.L.	*5,141*	*0,000*	*5,141*
FID LOW PRICED STOCK FUND	*5,950*	*0,000*	*5,950*
FMR LLC	*0,000*	*5,950*	*5,950*
GARCIA ARIAS, JOSE LUIS	*0,000*	*5,017*	*5,017*
PRIM BARTOMEU, ELISA	*2,361*	*7,568*	*9,929*
PRIM GONZÁLEZ, ANA MARIA	*4,117*	*0,000*	*4,117*
PRIM GONZÁLEZ, MARIA DOLORES	*5,633*	*0,000*	*5.633*
PRIM RELLAN, ANA	*3,035*	*0,000*	*3,035*
PRIM RELLAN, MÓNICA	*3,035*	*0,000*	*3,035*
RUIZ DE ALDA RODRI, FRANCISCO JAVIER	*4,519*	*0,000*	*4,519*

5.3. Restrictions on voting rights.

There no restrictions on shareholders' voting rights under either the law or the Articles of Association.

5.4. Shareholder agreements.

No shareholder agreements have been signed.

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5.5. Regulations applicable to the appointment and replacement of members of the Board of Directors and amendments to the Company's Articles of Association.

5.5.1. Regulations applicable to the appointment and replacement of members of the Board of Directors.

There must be at least 4 and at most 10 directors.

Based on recommendations from the Appointments and Remuneration Committee, the Board of Directors makes proposals to the Shareholders' Meeting for the appointment and removal of directors and their number, based on the Company's circumstances. The Board of Directors determines, at any given time, the procedures for appointing, re-appointing, evaluating and removing directors.

Under article 13 of the Board of Directors Regulation, directors' duties include the obligation to resign if their continuance on the Board might jeopardise the Board's operations or the Company's credit and reputation.

Article 4 of the Board of Directors Regulation establishes an age limit of 75 for directors, except for those who had already reached that age and are still active. There are no term limits.

None of the members of Board of Directors has a golden handshake clause in the event of removal. Such clauses require authorisation by the Board of Directors but the Shareholders' Meeting need not be notified.

5.5.2. Regulations applicable to the amendment of the Company's Articles of Association.

Article 13 of the Articles of Association provides that the Ordinary or Extraordinary Shareholders' Meeting may validly decide to issue bonds, increase or decrease capital, change the company's corporate form or merge or demerge it and, generally, make any other amendment to the Articles of Association; in general, to make any amendment to the Articles of Association, the meeting must be attended at first call by at last 50% of the subscribed voting capital.

At second call, 25% will suffice although, if the shareholders in attendance represent less than 50% of the subscribed voting stock, the resolutions referred to in this paragraph may only be validly adopted with the favourable vote of two-thirds of the capital present or represented at the Meeting.

Article 11.3 of the Shareholders' Meeting Regulation establishes that, if any items in the agenda require a special majority and that majority is not present, the agenda will be reduced to the items which do not require such a majority.

Also, article 11.14 establishes that the Chairman may put motions that have been debated in the Shareholders' Meeting to the vote, votes being cast individually for each motion. Article 11.15 establishes that votes may be cast by shareholders of record by any of the electronic or postal means that may be accepted in the future for the purpose of voting.

5.5.3. Powers of the members of the Board of Directors, particularly with respect to the issuance and repurchase of shares.

PRIM

In June 2013, the Shareholders' Meeting resolved:

To authorise the Board of Directors to acquire own shares and to authorise subsidiaries to acquire shares of the Parent company, in line with the limits and requirements set out in article 509 of the Capital Companies Act and other related legislation, by any legal means.

The maximum number of shares to be acquired was set at 10% of capital stock, at a price of at least 1 euro and at most 18 euro.

This authorisation, which expires after 18 months, revoked the unused portion of the authorisation granted by the Shareholders' Meeting on 25 June 2012.

Regarding the Board's power to issue shares, it is subservient to the Shareholders' Meeting as provided in article 13 of the Articles of Association, which is reproduced above in section 5.6.2 (Rules governing amendments to the Articles of Association).

6. Disclosures under Royal Decree 1362/2007.

Article 8.b).1 of Royal Decree 1362/2007 makes it obligatory to disclose the risks and uncertainties facing the company.

The main financial instruments used by the Group are bank loans, demand deposits and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. Prim, S.A. has other financial assets and liabilities, such as trade accounts receivable and payable, which arise directly in its operations.

Under the general risk policy, all of the Company's capabilities are deployed so as to properly identify, measure, manage and control risk of all types in line with the following principles:

- *Separation of functions, at operating level, between the areas of decision-making, on the one hand, and analysis, control and supervision, on the other.*

- *Assurance of short- and long-term business and financial stability by maintaining an appropriate balance between risk, value and profit.*

- *Compliance with the current legislation regarding control, management and supervision of risks.*

- *Transparency regarding risks and the functioning of control systems.*

Company policy, which was maintained in 2013 and 2012, is not to negotiate financial instruments.

The main risks deriving from the Company's financial instruments are the interest rate risk on cash flows, liquidity risk, exchange rate risk, and credit risk. The directors review and agree upon policies for managing these risks, which are summarised below.

6.1. *Interest rate risks on cash flows.*

See Note 19.1 of the Notes to the Financial Statements for the year ended 31 December 2013, which provides information relating to interest rate risks on cash flows.

6.2. *Exchange rate risk.*

See Note 19.2 of the Notes to the Financial Statements for the year ended 31 December 2013, which provides information relating to exchange rate risk.

6.3. Credit risk.

See Note 19.3 of the Notes to the Financial Statements for the year ended 31 December 2013, which provides information relating to credit risk.

6.4. Liquidity risk.

See Note 19.4 of the Notes to the Financial Statements for the year ended 31 December 2013, which provides information relating to liquidity risk.

6.5. Capital management.

The Board of Directors of Prim, S.A., which is responsible for the management of Company capital, considers the following aspects to be key in determining the Company's capital structure:

- *Consideration of the cost of capital at all times, in search of an optimal balance between debt and equity to optimise the cost of capital.*

- *Maintaining a level of working capital and a leverage ratio that enables Prim, S.A. to obtain and maintain the desired credit rating over the medium term, and enables it to combine cash flow with other alternative uses that may arise from time to time in pursuit of business growth.*

- *The equity/debt ratio was 3.76 in 2013 (3.43 in 2012), having improved considerably during the year. As a result, all of the assets are financed. Fixed assets represent 35.55% (25.42% in 2012) and current assets 64.45% (74.58% in 2012), thereby achieving the desired structure in relation to working capital.*

These objectives are completed with other factors that the directors take into consideration when determining the Company's financial structure, such as managing collections from government agencies, tax efficiency, and the use of a range of short- and long-term financial liabilities.

The accompanying Annual Corporate Governance Report, in accordance with Directive 206/46 of the CNMV on Financial Statements, is a part of this Directors' Report and was authorised by the Directors together with the Financial Statements and the Directors' Report of PRIM, S.A. for the year ended 31 December 2013.

This document was authorised by the Board of Directors on 31 March 2014.

The composition of the Company's Board of Directors is as follows:

VICTORIANO PRIM GONZÁLEZ	*Chairman*
BARTAL INVERSIONES, S.L. represented by: *ANDRÉS ESTAIRE ÁLVAREZ*	*Vice-Chairman*
JUAN JOSÉ PÉREZ DE MENDEZONA	*Director*
JOSÉ LUIS MEIJIDE GARCÍA	*Director and Vice-Secretary*
ENRIQUE GIMÉNEZ-REYNA RODRÍGUEZ	*Director*
IGNACIO ARRAEZ BERTOLÍN	*Director and Secretary*