

ZARDOYA OTIS S.A.

Annual Report 2012

Index

Chairman's Report	2
Key Data	8
Stock Market Data	9
Management Report on the Zardoya Otis Group	11
Other Relevant Information	22
Consolidated Financial Information	37
Board of Directors Committee & Commission	87
General Meeting of Shareholders	88
Financial Statements of the Last Five Years	89
Network	92
Annual Corporate Governance Report	97
Report of the Auditors (FIICS)	155
Supplementary Information to the Annual Corporate Governance Report	159
Annual Report on Director Compensation	171



Annual Report 2012

Free translation of the Annual
Report originally issued in
Spanish for the year:
12.1.2011 to 11.30.2012
presented by the Board of
Directors at the General Meeting
of Shareholders held on
May, 24, 2013 upon the first call,
or May 27, 2013 upon the
second call.

May 27, 2013

CHAIRMAN'S REPORT

Dear Shareholders,

The economic situation in Spain and Portugal remains, as you know, at its lowest ebb, showing negative growth of 1.8% for the Spanish GDP in 2012, as well as a negative forecast of 1.4% for 2013.

The government has adopted a barrage of measures aiming to reduce the deficit, not favouring growth.

In this context our company has, as we will see, managed to maintain its results by continuing with the strategy initiated in 2008, which will run until 2015 and concentrates on 5 basic elements:

1. Priority on the attention provided to our customers, with innovation in products and services and development in the modernization and adaption of elevators, meaning that the service activity came to represent 75% of our sales in 2012.
2. Acquisition of companies in the sector, which, as you know, is one of our main sources of growth and in fact in 2012 we should highlight the acquisition of ENOR as I will comment later.
3. Cost reduction, with an austerity plan to save expense and the adaptation of our capacity to the heavy fall in sales of New Installations.
4. Priority attention to collection management and cash generation, which allowed a flow of cash higher than the profit after tax
5. Expansion of export markets, this year the export business grew by 40% and its weight has increased to 16.0% of total sales.

1. KEY DATA AT NOVEMBER 30, 2012

• PROFIT AND LOSS

The consolidated profit before tax was 261.0 million euros, which represents a 5.5% decrease on the preceding year.

The consolidated profit attributed to shareholders (after tax and non-controlling interests) was 181.1 million euros, 6.7% less than in 2011.

The EBITDA fell by 3.9% in 2012.

The cash flow was 197.9 million euros, i.e. 9% higher than the profit after tax.

In summary, 2012 shows a similar evolution to 2011, with a slight reduction in profit, and cash flow higher to profit as a result of the strategy adopted in an unfavourable environment.

SALES

Total consolidated sales for the year 2012 were 809.1 million euros, a decrease of 1.2% on the 819.1 million euros of 2011.

New Sales

- **Work completed.** This totalled 74.3 million euros, showing a drop of 20.7% on the preceding year. This decrease began in 2008 and is the consequence of the drastic reduction in the construction of homes, which continued in 2012 and of which you are well aware.
- **Orders received.** These were 78.6 million euros, 13.1% lower than the preceding year. The downward trend in orders received commenced in the second half of 2007 and is still continuing. Special attention should be drawn to the fact that Morocco represents already 20% of our new equipment sales.
- **Backlog of unfilled orders.** This dropped by 24%, totalling 66.6 million euros.

In summary, with less number of orders received, the backlog of unfilled orders and the work completed also decreased, meaning that new sales now represent only 9% of total sales.

Service

- **Sales.** Total billing was 602.8 million euros in 2012, 4.5% lower than in the preceding year. As I have said, Service now represents 75.0% of the total.
- **Units under maintenance.** There were 270,082 units under maintenance at November 30, 2012, with a net increase of 0.4% on the preceding year.

Exports

Net export billing outside the consolidated group totalled 132.1 million euros, showing an increase of 40% on 2011. Exports represented 16 % of total billing in 2012.

• DIVIDENDS

In line with the results obtained, maintaining our shareholder remuneration policy of a pay-out of close to 100%, we paid the four quarterly dividends for a total amount of 176.6 million euros, which represents a pay-out of 97.6 %, and a drop in the amount paid of 7.7% in comparison with the preceding year.

• CAPITAL INCREASE

The new capital increase took place in June 2012, with a ratio of one new share for every 20 old shares, charged to the Voluntary Reserve, for an amount of 1,834,483.30 euros. This was our 33rd bonus issue.

The new shares were entitled to the dividends paid after the closing date of the capital increase, i.e. those distributed on September 10 and December 10, 2012.

• ACQUISITION OF TREASURY SHARES

On November 30, 2012, there were 46,231 of the Company's own shares on its portfolio, valued at their acquisition price of 425 thousand euros, maintained as of today.

2. STOCK MARKET DATA AT DECEMBER 31, 2012

• CAPITAL DATA

As a result of the above mentioned increase, there were issued 18,344,833 new bonus shares and the share capital rose to 38,524,149.90 euros, represented by 385,241,499 shares with a par value of 0.10 euros each. The new shares were listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, effective August 20, 2012.

• PROFIT PER SHARE

The profit per share in 2012 was 0.47 euros.

The net profit per share fell by 6.7%.

• DIVIDEND PER SHARE

This was 0.48 euros per share, with a reduction of 8% over prior year.

• STOCK MARKET PRICE

At December 31, 2012, the ZARDOYA OTIS share was quoted at 10.80 euros, representing an increase of 7% on the preceding year's price adjusted in accordance with the capital increase of said year. In the same period, the IBEX dropped by 4.7%.

• TRADING FIGURES

The effective value traded on the Stock Exchange was 570 million euros, a decrease of 31% on the 831 million of the year 2011.

• STOCK MARKET RATIOS

PER	23
Pay-Out	97.6%

3. INFORMATION ON THE FIRST QUARTER OF 2013

In December 2012 Puertas Automáticas Portis S.L. signed an agreement to acquire from minority shareholders its own shares representing a 3.07 % for an amount of Eths 1 201. This transaction does not change the Zardoya Otis S.A. percentage of ownership in the subsidiary.

Additionally, in December, 2012, Zardoya Otis, S.A. acquired the remaining 49% of Mototraccion Electrica Latierro, S.A. for an amount of EThs 3 573.

The Board of Directors of Zardoya Otis, S.A., on December 20, 2012 agreed to to call an Extraordinary General Shareholders' Meeting of the Company which took place in second call on January 30, 2013, approving, among others, the following items:

- Capital increase through a non-monetary contribution consisting of 3,338,463 registered shares representing the entirety of the share capital of the company Grupo Ascensores Enor, S.A. for a

nominal amount of 3 euros by means of issuing 16.913.367 ordinary shares in the Company with a nominal value of 0.10 euros each.

- Authorization so that, in accordance with the contents of article 149 of the LSC, the Company may directly or indirectly accept its own shares as a guarantee, amending for this purpose the article 9 of the Bylaws.

On February 7 2013, the 3.338.463 Enor shares, representatives of 100% of its capital, were exchanged by the 16.913.367 Zardoya Otis, S.A. shares issued to that effect, as registered in the commercial registry of Madrid on February 14, 2013.

The book value attributed to these shares at market price is 175,729,883.13 euros. The new shares were admitted to trading on March 14th 2013, and to that date a total of 2.198.738 new shares have been pledged in favor of the company. There is no pact that restricts the free transferability of the remaining new shares.

The ENOR group, with 60 years of experience, is dedicated to the design, manufacture, installation and service, like Zardoya Otis, and has also divisions for marine elevators and manufacture, sale and maintenance of automatic pedestrian and garage doors. In 2011 their sales were 54 million euros, EBITDA of 12.8 million euros and profit after tax of 8.0 million euros. It has 11 branches in Spain and 4 in Portugal and a total headcount of 420 people.

They contribute to the Group with 18.168 units under maintenance of which 14,441 in Spain and 3,727 in Portugal.

The figures of ENOR group are currently in line with our forecast and will be consolidated during 2013.

Additionally, there is a syndication agreement concluded between the two major shareholders of the company; United Technologies Holdings, S.A.S ("UTH") and Euro Syns, S.A., which has its origin in the operation of acquisition of group Ascensores Enor, S.A. described above and published by means of relevant fact date January 30, 2013; said Pact was held in the interest of the acquisition of Enor operation, so that UTH is holder at any time more than 50% of the voting rights on society.

As a consequence of the death of our dear Javier Zardoya Arana last month of December, of what I already informed you in January; the Board has appointed by co-optation his brother D Alberto Zardoya Arana, subject to ratification by this Shareholders Meeting today.

Also I informed you that in order to encompass the cash flows with the dividends, the payment of dividends will now be in the first half of April, July, October and January. As we have done on April 10 with an interim dividend of 0.10 euros per share.

• BUSINESS EVOLUTION

Sales

Total consolidated sales for the first quarter of 2013 were 180.7 million euros, with an 11.6% reduction over those for the same period of 2012.

In New Installations, the work completed of 13.1 million euros dropped by 36.4% in relation to the work completed in the first quarter of 2012, following the downward trend in activity in the real state sector mainly residential.

Service sales were 143.3 million euros, with a drop of 5.8% on those obtained in the first quarter of 2012, affecting principally the volume of modernizations.

Consolidated Net Export Sales was 24.3 million euros, with a 22.9 % reduction when compared to last year, due to the reduction in orders in the first quarter product of a temporary accumulation of inventories in our customers.

Profit and Loss

The EBITDA obtained in the first quarter of 2013 was 61.0 million euros, in comparison with the 70.0 million euros obtained in 2012, representing a 12.9% decrease.

Consolidated profit before tax in the first quarter of 2013 was 57.5 million euros, 11.3% down on the 64.8 million euros obtained in 2012.

Profit after tax was 39.9 million euros, 12.3% lower than the 45.5 million euros of the same period in 2012.

Orders received for New Installations

The crisis of the real state market continued to affect the amount of the orders received by Zardoya Otis for New Installations in the first quarter, which was 19.9 million euros. This represented a decrease of 10% on the same period of 2012, reflecting the unfavourable economic environment in the Iberian Peninsula.

The backlog of unfilled orders in 2013 was 87.9 million euros, 4.1% higher than in the same period of 2012.

In the first quarter of 2012, the New Installations activity contributed 7.3% of consolidated sales.

Units under maintenance

At the end of the first quarter of 2013, there were 269,155 units under maintenance, an slightly higher figure than the one of 2012, does not yet include the units from our recent acquisition of Enor Group.

• KEY DATA

At the end of the first quarter (December 1, 2012 – February 28, 2013), to date consolidated figures and its comparison with last year ones, are as follows:

(Consolidated figures in millions of euros)

	2013	2012	% var 13/12
Results			
EBITDA	61.0	70.0	(12.9)
Profit before tax	57.5	64.8	(11,3)
Profit after tax	39.9	45.5	(12.3)
Sales Data	2013	2012	% var 13/12
New Installations	13.1	20.6	(36.4)
Service	143.3	152.2	(5.8)
Exports	24.3	31.5	(22.9)
Total	180.7	204.3	(11.6)
	2013	2012	% var 13/12
Orders received	19.9	22.1	(10.0)
Backlog	87.9	84.4	4.1
Units under maintenance	269,155	268,152	0.4

As you can see by the results of the 1st quarter the unfavorable situation continues, although exports reduction is circumstantial and we hope it will recover.

- **DIVIDENDS**

In line with these results and following our policy of distribution of a payout of close to 100% on March 21, 2013 Zardoya Otis, S.A. declared the first dividend of the 2013 calendar year, and the first on account of the results of the fiscal year, to be paid on April 10, 2013 and in the amount of 0.10 Euros gross per share with a resulting total amount is 40,215 million of euros.

In this Shareholders Meeting we will approve a second dividend in the form of cash distribution of share premium amounting to 0.08 euros per share to be paid on July 10 and immediately after a capital increase free charged to reserves of 1 new share for each 25 outstanding ones.

Recently the President of Otis has granted us with two significant Awards:

to growth initiatives, by acquisition of ENOR
to innovation, by the MPD system screens that give all kinds of information to the user even the image of the person communicating with you in case of entrapment in the elevator.

And I would like to finish by expressing, on behalf of the Board of Directors and on my own behalf, our deepest gratitude to:

- Our customers, without whom we would not exist.
- All those who work and collaborate with our Group, without whose effort and dedication we would not be what we are.
- Our company's shareholders, whom we assure that we will do everything possible to keep the trust they have placed in us.

Yours faithfully,



Mario Abajo García

Key Data at November 30

(Fiscal year end)

(Consolidated figures in millions of euros)

ANNUAL RESULTS	2012	2011	2010	2009	2008	% variance over prior year			
						12/11	11/10	10/09	09/08
Profit before tax	261.0	276.1	291.8	288.1	284.8	(5.5)	(5.4)	1.3	1.2
Profit after tax	181.1	194.0	205.1	202.1	201.1	(6.7)	(5.4)	1.5	0.5
EBITDA	278.0	289.2	305.5	299.5	296.6	(3.9)	(5.3)	2.0	1.0
Cash-Flow	197.9	209.2	221.0	216.2	217.1	(5.4)	(5.3)	2.2	(0.4)
Dividends paid	176.7	191.5	194.3	198.1	193.6	(7.7)	(1.5)	(1.9)	2.3

SHAREHOLDERS' EQUITY	2012*	2011*	2010	2009	2008	% variance over prior year			
						12/11	11/10	10/09	09/08
Capital and Reserves	238.5	229.5	244.0	233.3	230.4	3.9	(6.0)	4.6	1.2

(*) Includes Treasury Stock

SALES DATA	2012	2011	2010	2009	2008	% variance over prior year			
						12/11	11/10	10/09	09/08
New Installations	74.3	93.7	115.5	139.8	200.7	(20.7)	(18.8)	(17.4)	(30.3)
Service	602.8	631.0	666.7	668.2	651.7	(4.5)	(5.3)	(0.2)	2.5
Total Exports	144.6	109.2	94.4	94.2	99.3	32.4	15.7	0.2	(5.1)
Exports to Portugal and Morocco (*)	(12.5)	(14.8)	(13.7)	(17.1)	(15.1)	(15.8)	8.1	(19.5)	13.0
Net Exports (without Portugal)	132.1	94.3	80.6	77.1	84.2	40.0	17.0	4.5	(8.4)
Total	809.1	819.1	862.8	885.1	936.6	(1.2)	(5.1)	(2.5)	(5.5)

(*) Deduced as they are already included in consolidated sales.

NEW INSTALLATIONS	2012	2011	2010	2009	2008	% variance over prior year			
						12/11	11/10	10/09	09/08
Orders recived	78.6	90.4	114.1	114.7	191.2	(13.1)	(20.8)	(0.6)	(40.0)
Backlog	66.6	87.6	107.6	117.4	151.6	(24.0)	(18.5)	(8.3)	(22.6)

SERVICE DATA	2012	2011	2010	2009	2008	% variance over prior year			
						12/11	11/10	10/09	09/08
Units under maintenance	270,082	268,915	268,147	264,871	250,871	0.4	0.3	1.2	5.6
Puntos de asistencia	375	364	374	372	367	3.0	(2.7)	0.5	1.4

MANPOWER	2012	2011	2010	2009	2008	% variance over prior year			
						12/11	2006	10/09	09/08
Total manpower	5,332	5,425	5,602	5,854	6,046	(1.7)	(3.2)	(4.3)	(3.2)



Stock Market Data at December 31

(euros)

SHARE CAPITAL	2012	2011	2010	2009	2008
Amortized shares		0			
Number of shares before share capital increase	366,896,666	349,425,397	332,786,093	316,939,137	288,126,489
Splits	-	-	-	-	-
Share capital increase (bonus) ratio	1x20	1x20	1x20	1x20	1x10
Number of shares at December 31	385,241,499	366,896,666	349,425,397	332,786,093	316,939,137
Par value	0.10	0.10	0.10	0.10	0.10
Share capital (millions)	38.5	36.7	34.9	33.3	31.7

PROFIT PER SHARE	2012	2011	2010	2009	2008
Profit after Tax	0,470	0,529	0,587	0,607	0,635
P.A.T. adjusted by capital increase	0,470	0,504	0,532	0,524	0,522
Adjusted P.A.T. Variance (%)	(6,7)	(5,4)	1,5	0,5	14,4
EBITDA per share	0,722	0,788	0,874	0,900	0,936
EBITDA adjusted by capital increase	0,722	0,751	0,793	0,777	0,770
Adjusted EBITDA variance (%)	(3,9)	(5,3)	2,0	1,0	6,8

DIVIDEND PER SHARE*	2012	2011	2010	2009	2008
Dividend per share	0.482	0.548	0.584	0.625	0.672
Dividend adjusted by capital increase	0.482	0.522	0.530	0.540	0.541
% Variance adjusted dividend	(7.74)	(1.47)	(1.89)	(0.18)	10.00

(*) Calculated with dividends charged to F.Y. with number of shares on December 31 th

PRICE PER SHARE	2012	2011	2010	2009	2008
Price	10.80	10.60	10.54	13.61	12.69
Price adjusted by share capital increase	10.80	10.10	9.56	11.76	10.44
% adjusted price variance	7.0	5.6	(18.7)	12.6	(27.9)

ANNUAL YIELD OF ONE SHARE (%) (*)	2012	2011	2010	2009	2008
Dividend	4.542	5.199	4.291	4.925	3.469
Increase in market value	6.981	5.598	(18.685)	12.612	(27.935)
Total	11.523	10.797	(14.394)	17.537	(24.466)

(*) Calculated with dividends paid in the year, for a share owned on January 1 st and valued at last price on December 31 th

TRADING DATA	2012	2011	2010	2009	2008
Market capitalization (millions)	4,161	3,889	3,683	4,529	4,022
Trading frequency (%)	100.0	100.0	100.0	100.0	100.0
Effective value traded (millions)	570	831	1,167	786	1,090

STOCK MARKET RATIOS	2012	2011	2010	2009	2008
PER (Price/net profit: number of times)	23.0	20.0	18.0	22.4	20.0
Pay-out % (Dividends paid/net profit)	97.6	98.7	94.8	98.0	96.3

STOCK MARKET RATIOS	2012	2011	2010	2009	2008
Zardoya Otis, S.A.					
Market capitalization at December 31 (€ Millions)	4,161	3,889	3,683	4,529	4,022
Market capitalization at January 1, 1990 (€ Millions) (Start of IBEX-35)	331	331	331	331	331
Market capitalization variance since January 1, 1990	3,829	3,558	3,352	4,198	3,691
% Variance market capitalization since January 1, 1990	1,155.5	1,037.6	1,011.4	1,266.7	1,113.7
% inter-annual variance market capitalization	7.0	5.6	(18.7)	12.6	(27.9)
IBEX-35					
IBEX-35 at December 31	8,168	8,566	9,859	11,940	9,196
IBEX-35 at start (January 1, 1990)	3,000	3,000	3,000	3,000	3,000
Variance IBEX-35 since January 1, 1990	5,168	5,566	6,859	8,940	6,196
% Variance IBEX-35 since January 1, 1990	172.3	185.5	228.6	298.0	206.5
% inter-annual variance IBEX-35	(4.7)	(13.1)	(17.4)	29.8	(39.4)





Management Report of Zardoya Otis

(Consolidated Accounts)

Presentation of the Annual Financial Statements

The consolidated annual financial statements of the Zardoya Otis Group at November 30, 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations (IFRIC) adopted in the European Union and in force at said date.

Profit and Loss

The consolidated profit before tax at the 2012 year end was 261.0 million euros, with a 5.5% reduction in respect of 276.1 million euros obtained in 2011.

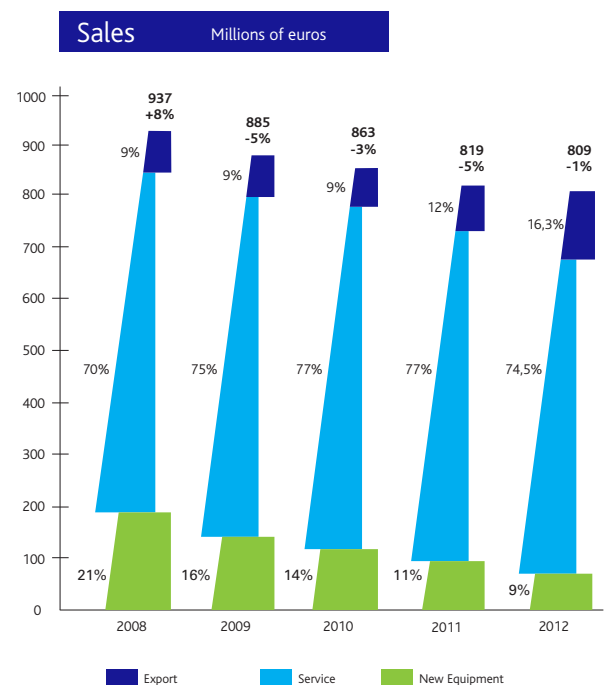
The EBITDA (operating profit + depreciation + amortization) obtained in 2012 was 278.0 million euros, 3.9% lower on the 289.2 million euros obtained in 2011.

The consolidated profit after tax attributable to shareholders (net profit after non controlling interest) was 181.1 million euros, 6.7% less than the amount obtained in 2011, corresponding to a decline in Spain of 5.9% and Portugal at 12.2%, partially offset by an improvement in Morocco of 13.3%.

The consolidated Cash Flow (net profit + depreciation + amortization) at the end of 2012, was 197.9 million euros, 5.4% lower to that of 2011.

Total Sales

The total consolidated sales for the year 2012 were 809.1 million euros, in comparison with the 819.1 million euros of 2011, representing a reduction of 1.2 %.





New Sales

Work completed: the value of the work completed in 2012 was 74.3 million euros, 20.7% lower than the work completed in 2011, consequence of the lower activity in the construction sector in general and especially in residential construction.

In 2012, New Sales billing represented 9.18% of total billing (11.4% in 2011).

Orders received: The amount obtained in 2012 for orders received of New Installations, was 78.6 million euros, 13.1% below the figure obtained in 2011.

Backlog of unfilled orders: As a consequence of the reduction experienced in New Installation orders in past years, the backlog of unfilled orders at the end of 2012 reduced by 24.0% reaching the figure of 66.6 million euros.

Service

Sales: Overall consolidated Service billing was 602.8 million euros, 4.5% less than in 2011, mainly affected by the lower volume of completed modernization projects.

Service activity represented in 2012, 74.5% of total Group revenue.

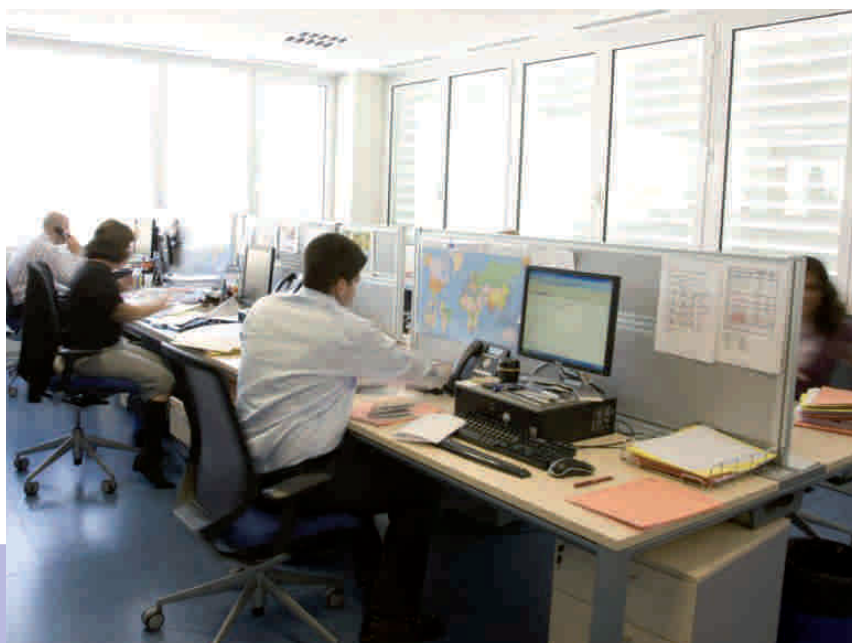
Units under maintenance of the Zardoya Otis Group:

In 2012 the number of units grew by 0.4% on the preceding year. In total, the maintenance portfolio reached by the Group is 270.082 units.

Exports

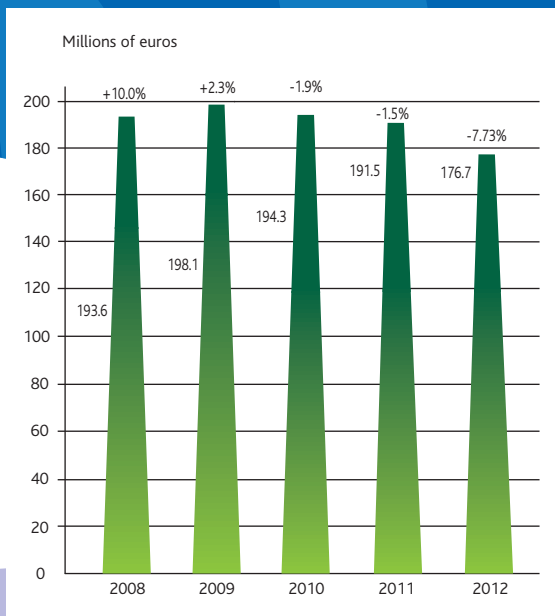
Export sales contribute to mitigate the reduction of the internal market, so once eliminated in consolidation sales to our subsidiaries in Portugal and Morocco, totalled 132.1 million euros, an increase of 40% on the figure obtained last year.

In 2012, exports represented 16.3% of the Group's total consolidated revenue (11.5% in 2011).



Employee Headcount

At the end of 2012, Zardoya Otis Group employees were 5,332, which represent a reduction of 1.7%, compared with 2011.



Dividends

Dividends distributed and paid in 2012 were:

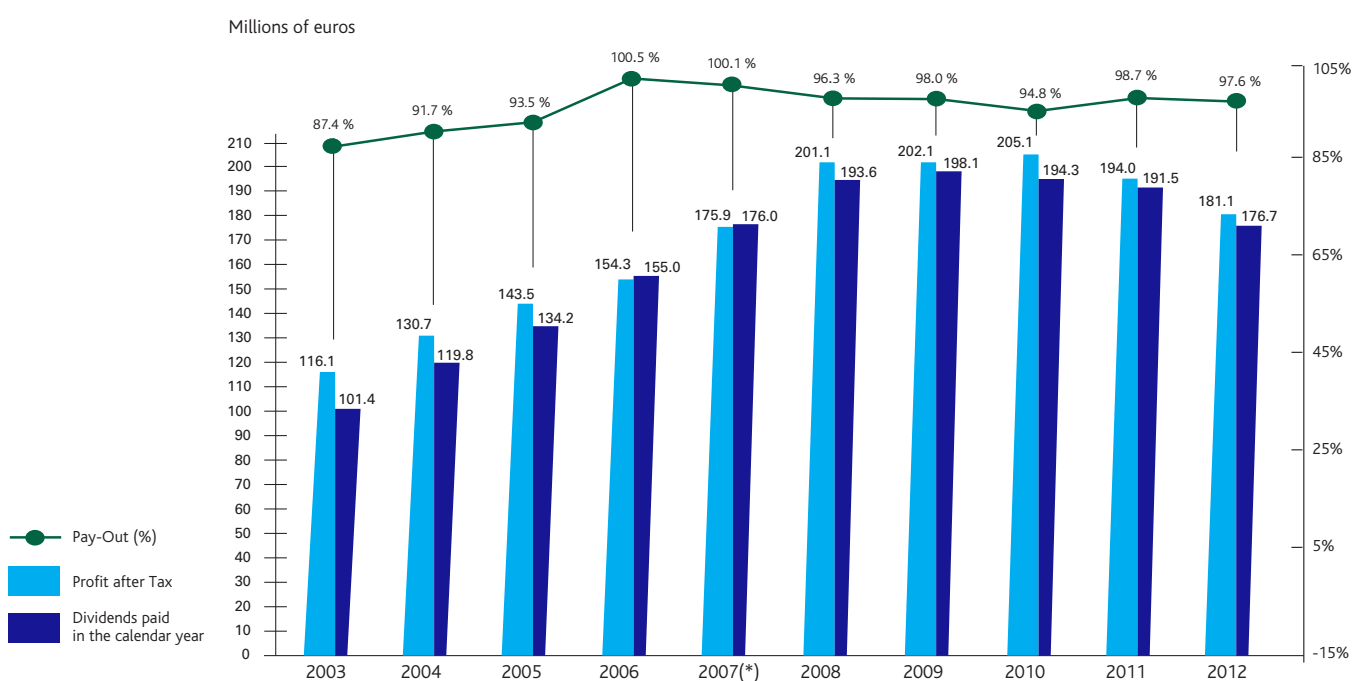
Number	Data	Gross per Share	Charged to	Shares entitled to the dividend	Total Gross Dividend
129	12 March	0.120 euros	1 st on acct 2012	366,896,666	44,027,599.92
130	11 June	0.120 euros	Reserves	366,896,666	44,027,599.92
131	10 September	0.120 euros	2 nd on acct 2012	385,241,499	46,228,979.88
132	10 December	0.110 euros	3 rd on acct 2012	385,241,499	42,376,564.89
TOTAL DIVIDENDS PAID IN 2012					176,660.744.61

The first quarterly interim dividend charged to the 2012 profit was paid to all the outstanding shares - 366,896,666 - for a gross amount of 44,027,599.92 euros. The second quarterly dividend, distributed on June 11, 2012, was charged to the Voluntary Reserve and paid to all the outstanding shares - 366,896,666 -. The 18,344,833 shares Coming from the 1x20 bonus issue that took place on June 14, 2012 were also entitled to the third and fourth interim dividends,

charged to the 2012 profit. Thus the total number of shares entitled to dividends rose to 385,241,499 excluding the treasury stock.

The dividends paid in 2012 totalled 176.7 million euros, in comparison with the 191.5 million euros of the preceding year. This represented a reduction of 7.73% and meant a pay-out of 97.6% of the consolidated profit of the Zardoya Otis, S.A. Group.

Profit after Tax vs. Dividends Paid in the calendar year (Pay-Out %)



(*) Before Extraordinary Results

Evolution of capital

Capital Increase

On June 14, 2012, after the second quarterly dividend charged to the Voluntary Reserve had been distributed, the capital increase approved by the General Meeting of Shareholders held on May 24, 2012 took place.

The ratio was one new share for each twenty old outstanding shares, by means of the issuance of 18,344,833 new bonus shares charged to the voluntary Reserve, for an amount of 1,834,483.30 euros.

The subscription took place from June 14, 2012 until June 29, 2012, both inclusive. As a result of this

increase, the share capital rose to 38,524,149.90 euros, represented by 385,241,499 shares with a par value of 0.10 euros each.

The new shares were entitled to the dividends paid after the closing date of the increase and therefore, received the dividends distributed on September 10 and December 10, 2012.

The new shares were listed on the Madrid, Barcelona, Valencia y Bilbao Stock Exchanges, effective August 20, 2011.

Treasury Stock

The Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on May 23, 2011 authorized the Board of Directors to acquire, directly or indirectly, shares of Zardoya Otis, S.A. itself up to the maximum amount permitted by law.

At its meeting of October 27, 2011, the Company's Board of Directors resolved, in accordance with said authorization, to acquire treasury shares in order to use them in any of the company acquisition transactions that the Company habitually performs that involves an exchange of shares.

The derivative acquisition of treasury stock was carried out in accordance with the terms of the aforementioned authorization from the Ordinary General Shareholders' Meeting and was subject to the following conditions: (i) up to a maximum limit of 0.5% of the number of shares that represent the Company's share capital, equivalent to 1,835,000 shares; and (ii) during a term expiring on April 30, 2012, and subject to Regulation (EC) 2273/2003 and other applicable legislation.

In December 2011, Zardoya Otis, S.A. acquired 176,619 treasury stock for a value of Eths 1 828. Additionally as a result of the acquisition transaction

mentioned in Note 25, Zardoya Otis exchanged in December 2011, 1,010,905 treasury stock, remaining as of November 30, 2012, 46,231 treasury stock valued at their acquisition price for an amount of EThs 425 (At 2011 year-end, Zardoya Otis, S.A. held 878,316 treasury shares for a value of Eths 8,322). The remaining as of November 30, 2012 includes 2,201 the treasury stock received in the bonus issue.





Evolution of Zardoya Otis on the stock Market

The quoted price at the 2012 year end was 10.80 euros per share, which meant an increase in value of 7.0 %, compared to the adjusted price of 2011, while the IBEX value went down by 4,7 %.

The share price is adjusted for comparative purpose as a consequence of the 1 x 20 bonus issue that took place in June 2012.

Stock Indexes – % of Variation

Base 100 = 1 / 1 / 1990 (Starting IBEX-35)



Historical Stock Market Data

(euros)

Year	Capital increase and Splits	Shares Price			P.E.R.	Pay-Out %	Market Capitalization (Millions)
		Last Price	Adjusted Price	Variance %			
dec-74		37.68	0.03		14.3		13.3
dec-90		63.71	0.91	5.7	13.8	80.1	350.2
dec-91	1 x 5	61.30	1.05	15.5	14.0	75.5	404.4
dec-92		52.23	0.89	(14.8)	11.0	79.8	344.6
dec-93	1 x 10	81.74	1.54	72.2	17.0	80.8	593.1
dec-94	1 x 10	82.28	1.70	10.7	17.4	57.4	656.8
dec-95	1 x 10	79.63	1.81	6.5	17.0	98.4	699.2
dec-96	1 x 10	90.75	2.28	25.4	19.5	100.8	876.5
dec-97	1 x 10	106.68	2.94	29.3	22.0	80.8	1,133.4
dec-98	split 5 x 1 and 1 x 6	26.62	4.28	45.6	28.9	84.7	1,649.8
dec-99	split 2 x 1 and 1 x 10	9.77	3.46	(19.3)	21.2	89.9	1,332.1
dec-00	1 x 10	9.35	3.64	5.3	19.7	94.0	1,402.3
dec-01	1 x 10	10.42	4.42	21.5	20.7	90.8	1,703.6
dec-02	1 x 10	12.55	5.83	31.8	22.9	88.9	2,245.2
dec-03	1 x 10	16.50	8.43	44.6	28.0	87.4	3,247.1
dec-04	1 x 10	18.87	10.60	25.8	31.2	91.7	4,084.9
dec-05	1 x 10	21.40	13.23	24.7	35.5	93.5	5,095.8
dec-06	1 x 10	22.98	15.62	18.1	39.0	100.5	6,019.2
dec-07	1 x 10	19.37	14.49	(7.3)	31.7 (*)	100.1 (*)	5,581.0
dec-08	1 x 10	12.69	10.44	(27.9)	20.0	96.3	4,022.0
dec-09	1 x 20	13.61	11.76	12.6	22.4	98.0	4,529.2
dec-10	1 x 20	10.54	9.56	(18.7)	18.0	94.8	3,682.9
dec-11	1 x 20	10.60	10.10	5.6	20.0	98.7	3,889.1
dec-12	1 x 20	10.80	10.80	7.0	23.0	97.6	4,160.6

(*) Without Extraordinary Result





Forecast Evolution

In 2012 has continued the decrease in sales as a result of the general economic environment and in particular in the difficulties in the construction sector. Therefore, the backlog of unfilled orders is 24.0% lower than last year, while in Service the reduction in sales is only 4.5% due mainly to the delay in the decision making of modernizations by our customers.

At the end of 2012, New Installation sales represented only 9.2% of total while the principal activity, Service accounted for 74.5% of the total and Exports with a strong increase of 16.3%.



General description of the risk policy of the Group

The Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's global risk management program is focused on the uncertainty of the financial markets and trying to minimize the potential negative effects on the Group's financial profitability.

Risk management is controlled by Group Management in accordance with policies approved by the parent company's Board of Directors. Management assesses and hedges financial risks in close collaboration with the Group's operating units, in order to:

- Ensure that the most important risks are identified, assessed and managed.
- Ensure an appropriate operating segregation of the risk management functions.
- Ensure that the risk exposure level accepted by the Group in its operations is in line with its risk profile.

In note 3 of the account of the year 2012 is presented the information with the following risks:

a) market risk:

- a. risk of exchange
- b. rate risk of price
- c. risk of interest rate flows of cash and the fair value

b) risk of credit

c) risk of liquidity

d) risk of the capital

The Audit Committee is responsible for periodically reviewing the internal control and risk management systems, so that the main risks are properly identified, managed and disclosed, through control devices that allow the main potential risks of the Company and its Group to be evaluated and the evaluation of the risk control systems, adapted to the risk profile of the Company and its Group.

Also, Zardoya Otis, S.A. has an Internal Audit Department, with systems and processes that are intended to evaluate, monitor, mitigate or reduce the Company's main risks by preventive measures and alerts of possible situations of risk. The Company has the risks that affect assets and liabilities covered by the appropriate insurance policies. Likewise, it has processes that ensure control of any risk that may stem from trading operations.

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Group treasury aims to maintain flexibility in funding by keeping committed credit lines available. Management assesses and hedges financial risks in close collaboration with the Group's operating units

The Group has no significant concentrations of risk with customers and there are no significant old credit balances, nevertheless given the deterioration in the economic situation, the Group has policies in place to ensure that installation sales are made to customers with appropriate credit histories and, in addition, regular debt-monitoring procedures are conducted by the departments involved in debt collection.





Events after the end of the reporting period

On August 3, 2012, Zardoya Otis signed with the holders of 100% of the capital stock of Grupo Enor Elevators, S.A. ("Enor") a Contribution Agreement setting forth the terms and conditions under which such shareholders will contribute to Zardoya Otis S.A. all of its shares in Enor. Enor is, in turn, owns, directly or indirectly, 100% of the capital of a number of subsidiaries operating in the field of elevators, escalators and automatic doors in Spain and Portugal.

On December 3, 2012 Zardoya Otis, S.A declared the fourth dividend corresponding to 2012, third on account of the fiscal year profit, for an amount of 0.110 Euros gross per share, resulting in a total dividend gross of EThs. 42.377.

On December, 20 2012 the Board of Directors of Zardoya Otis, S.A. agreed to to call an Extraordinary General Shareholders' Meeting of the Company to which took place in second call on January 30, 2013, remember the following points:

1. Capital increase through a non-monetary contribution consisting of 3,338,463 registered shares representing the entirety of the share capital of the company Grupo Ascensores Enor, S.A. for a nominal amount of three euros by means of issuing 16.913.367 ordinary shares in the Company with a face value of 0.10 euros each.
2. Authorization so that, in accordance with the contents of article 149 of the LSC, the Company may directly or indirectly accept its own shares as a guarantee.
3. Amendment of article 9 of the Bylaws (rights conferred by the shares).
4. Delegation to the Board of Directors for the interpretation, correction, execution, formalization and registration of the motions adopted.

It was approved to the Extraordinary General Shareholders' Meeting to increase the Company's share capital, which is currently 38,524,149.90 euros, by the sum of 1,691,336.70 euros, by issuing 16,913,367 new ordinary shares in the Company with a face value of 0.10 euros each and a share premium of 9.10 per share (giving a total of 153,911,639.70 euros as a share premium). In consequence, the total amount of the planned Capital Increase (including both capital and share premium). Consequently, at the date of formulation of the present annual accounts the total amount of the planned Capital increase is 155,602,976.40 euros for commercial purposes. On February 7, 2013 occurred the 3.338.463 Enor Exchange, representatives of 100% of its capital, by the 16.913.367 Zardoya Otis, S.A. shares issued to that effect. The book value attributed to these shares at market price is 175,729,883,13 euros. Finding these shares remain to be admitted to trading on the date of formulation of the consolidated annual accounts. The shares issued to execute the Capital Increase will be fully paid up by the shareholders owning the shares that represent 100% of the share capital of ENOR by means of a non-monetary contribution of 3,338,463 registered shares of ENOR, with a face value of three euros each, representing the entirety of ENOR's share capital. The overall value of the ENOR Shares is 155,602,976.40 euros and, therefore, coincides with the amount of the Capital Increase (including the share premium).

At the date of formulation of the consolidated annual accounts, there is a syndication agreement concluded

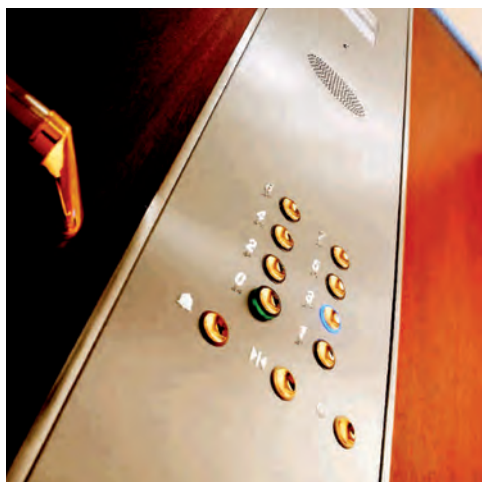
between the two major shareholders of the company; United Technologies Holdings, S.A.S (UTH) and Euro Syns, S.A., which has its origin in the operation of acquisition of group Ascensores Enor, S.A. described above and published by means of relevant fact date January 30, 2013.

Referred syndication Pact was held in the interest of the acquisition of Enor operation, so that UTH is holder at any time more than 50% of the voting rights.

Furthermore, in december 2012 Puertas Automáticas Portis S.L. signed an agreement to acquire its own shares from a minority shareholder for a 3.07 % for amount to Eths 1 201. This transaction does not change the Zardoya Otis S.A. percentage of ownership in the subsidiary.

In December, 2012, Zardoya Otis, S.A. acquired 49% of the company electric Mototraction Latierro, S.A. for amount to EThs 3 573.

Both transactions will be reflected in the annual accounts corresponding to the fiscal year started in December 2012 and will be recognized as a minority transaction, being the difference between the consideration paid and the corresponding book value of the net assets assigned deducted from equity.



Annual Corporate Governance Report

The report annual of corporate governance of the financial year 2012, is part of the present management Report and was sent to the National Stock Market Commission and included on the website on March 22, 2013.

This Report is on page 97 of this Annual Report.

Our three internal principles



There are three basic rules that all Otis employees worldwide must follow every day. These rules are so important to the company that we call them the "Three Principles". By "principle", we mean that they must never be broken or jeopardized. They are safety, ethics and internal controls.

There is never an acceptable excuse for deceit or short cuts with any of the three principles. It does not benefit the company or the employees or the customers or the shareholders. Otis is the best elevator company in the world and we must set an example in the sector.

Safety

In 2012, we renewed the Safety, Health and Environment Vision to ratify our commitment and values, which are summarized in the following points:

- We give active support to safe conduct on the part of our employees
- We design processes that allow us to carry out our work in the safest way possible, while supplying the highest quality products and services to our customers
- We are all responsible for keeping people and workplaces safe
- We practise and promote actions to support safety and care of the environment all over the world.

To support this vision and values, we have implemented a Safety, Health and Environment Management System that allows continuous improvement in the control parameters established.

As a result, the accident rate also dropped in 2012 in comparison with the preceding year, confirming the historical trend towards improvement.

Zardoya Otis holds the certification of the labour risk prevention and the OSHAS 1801-2007 certification, which is the internationally-recognized assessment for occupational health and safety management systems, as well as the ISO 14001-2004 environment certification for the plants, regional offices and associated companies.

Some of the most significant programs that have contributed to these results are:

- Training program, through monthly meetings of each supervisor with his technicians, courses for middle management to improve safety behaviour and safety and environment management, and audit courses.
- Communication program, with Safety and Environment Day (February 25), the poster and drawings contest for employees and their families, Safety Reflection Day, with presentations and videos to stimulate prevention, the safety messages sent by SMS and the monthly statistics.



Ethics

As a member of UTC, our company is committed to observing the strictest rules on ethics and business conduct. These cover our relations with customers, suppliers, competitors and communities in which we act, as well as relations between employees at all levels of the organization.

To support these good business practice conduct rules, there is a Code of Ethics that has been in force since 1990, which clearly expresses our fundamental values and provides the decision-making framework.

Likewise, since 1986 a communication channel has been open for everyone in the company through the Dialogue Program.

Within the framework defined by these two pillars of our business conduct, the most important actions undertaken during 2012 were the following:

- Management's commitment to comply and ensure compliance with the Code of Ethics, setting a visible example of ethical conduct, while investigating and analyzing any cases of non-compliance detected until they were definitively solved.
- Management support and stimulation for the Dialogue Program to enable company employees to freely express their opinions, which were analyzed appropriately, providing a reply to the employee in question.
- Ethics communication program through specific posters displayed at all the work centres and the publication of articles on the subject in our magazine "Gente Otis".
- Continuous education on ethics through a general course for everyone in the company and on-line courses for employees through the intranet.
- Compiling information on, studying and issuing a final opinion on possible conflicts of interest, all of which were resolved and documented.



- Carrying out the 2012 employee survey, where, in this section, the evaluation improved by 8 percentage points on the preceding year.
- Informing our suppliers of the company's "no gifts" policy and strictly monitoring compliance therewith.

Internal control

The internal controls and rules that govern Otis's financial reporting are another of the company's three principles. They guarantee the efficient use of our resources, compliance with laws and regulations and the transparency and accuracy of the financial reporting.

Strong controls allow a company to operate efficiently and effectively and help to prevent errors and irregularities. All employees are obliged to report data honestly and precisely. This does not refer to financial reporting alone, but also to expense reports, time sheets or the hours included in a contract. And this is not only the responsibility of senior management or Finance Department employees. It includes everyone.

To ensure compliance, Otis carries out periodic audits with no prior warning. If everyone has followed the rules, these audits should conclude without any incidents and will merely confirm that our controls operate effectively.

We can protect our company, our reputation and ourselves and refuse to compromise in relation to internal controls.

Research & Development and Exports

Engineering

In 2012, engineering activity concentrated heavily on developing new products aimed to offer the customer attractive and innovative proposals.

The new product strategy is based on developing elevators that provide the customer with greater space, use the most advanced technology to achieve savings on the energy used to operate them and, through innovative ideas, offer savings to the customer. Less energy and operation cost.

In 2012, three new product ranges that materialize this strategy were developed and will be of fundamental importance to success in the current market, which has moved its centre of gravity towards the improvement of accessibility in existing buildings.

Easylife

This is an elevator that may be installed in a very small space. For example, while conventional elevators required a shaft around them that reaches around 1000mm below the level of the lowest floor, Easylife only needs a space of 130mm below the floor of the car. This makes it ideal for houses, where space is a determining factor.

The success of this product is very important in safety terms:

- For the users, because it has been designed and certified in accordance with Otis safety standards and the European EN81-41 standard for lifting platforms for persons with impaired mobility.
- For our technical staff, because this product has been designed with new electrical architecture, so that maintenance procedures and the associated safety devices meet our strict safety requirements. It is the first elevator of this type that can be checked and verified with the same tools as the rest of the Company's products, allowing the technical staff to carry out maintenance using items they are familiar with and thus gaining in efficiency and safety.

GeN2 Switch

The innovative GeN2 elevator furnished with a hybrid drive system provides unprecedented energy saving and operating cost reduction.

It is a new system that only needs a 220V plug to operate. It needs 500W to work, which is less power than a microwave oven or other domestic appliances. This may represent a saving for the customer of up to 80% of his electricity bill in comparison with a conventional hydraulic elevator.

For this reason, it can be installed in an existing building without having to modify the electricity installation, thus avoiding the expense of installing a three-phase supply and the monthly payment on the supply contract.



It has an energy regeneration system, meaning that, when the elevator descends with a load or when it ascends with a partial load, the force of gravity generates energy that is stored in its accumulation system. This energy is used on the following trip, avoiding the need to consume it from the grid.

The accumulation system allows the elevator to operate in the usual way for more than 100 trips even when there is no electricity supply. At the same time, it allows it to be fed from small renewable energy systems (solar panels, wind energy, etc.).

GeN2 Adapta

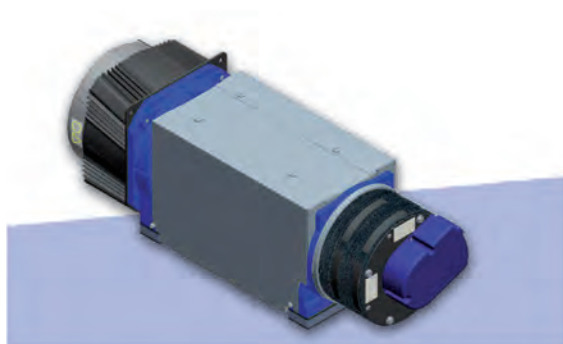
An innovative elevator has been designed that is particularly attractive for the market for elevators in existing buildings, either to replace elevators that are already installed or to provide an elevator in buildings that do not have one.

Its main characteristic is that it provides the user with more useful space, which is especially important when the size of the lift shaft is limited. This is so much the case that it allows an elevator for six people to be installed in a shaft for a four-person elevator.

OEC: components

In 2012, the Component Engineering Group (OEC) completed the design and validation of the larger Greenpower traction machines, allowing the GeN2 belt traction technology to be used in systems for loads of up to 2,250 kg. and speeds of 2.5 m/s.

These are machines with the capacity to suspend between 4.1 and 5.2 tonnes in direct traction without a reducer, with regenerative permanent-magnet synchronous engines. At the same time, it has been possible to reduce its cost very significantly.



Thus, a historic milestone has been reached. The full range of GeN2 machines has been designed and is manufactured by Zardoya Otis in Spain, providing all the Otis centres in the world with a spectacular saving.

Modernization solutions

In order to reinforce business in the post-sales area, the new service engineering group has the mission of developing new products for existing elevators.

Last year's strategy concentrated on developing the modernization solution for GeN2. This allows GeN2 to be incorporated into a conventional elevator, with all the advantages that this implies for the customer: silent operation, energy saving and travel comfort. This product has been extended to encompass elevators with loads of 1,600 kg and speeds of up to 1.75 m/s.

A new value proposal is the solution that allows a hydraulic elevator to be modernized, replacing its traction system by a GeN2 system. In this way, new business opportunities are generated in the elevator modernization area, which has great potential for growth.

In 2012, Zardoya Otis received the President's Award for Safety Excellence for development of GeN2 with low pit, a solution that reduces the space required under the elevator to half and is much safer for the technical staff working on its maintenance.

This elevator allows access to the pit to be controlled, detecting access thereto and preventing the car from moving unless appropriate safety conditions exist, thus making it safe for the technical staff when carrying out maintenance. Furthermore, not only does it meet all the Otis safety requirements, but exceeds the requirements of the European elevator legislation.

International sales

Zardoya Otis's export business was 16.3% of Group sales in 2012. We exported 4,375 complete elevators from our Madrid and Munguía plants to more than 80 countries in four continents. Moreover, our San Sebastián plant broke all the production records by manufacturing more than 47,000 machines for all the Otis plants worldwide.

In 2012, our Engineering and Manufacturing facilities at our Madrid industrial centre were visited by more than 200 international customers.



Growth and expansion



Large projects

In 2012, Otis continued to be present in the most important architectural and refurbishment projects in Spain.

Among them, we can highlight Torre Castellana, an office tower located on the site where the Torre Windsor previously stood, which is connected to the extensión of the Castellana branch of El Corte Inglés, one of the most important shopping centres in Spain.

With a height of 93 m and 21,492 m² of constructed surface area, it is equipped with eight Otis GeN2 elevators with the most modern technology and Compass destination entry dispatcher, which optimizes operations and manages the building's population efficiently.

El Corte Inglés also placed orders for the installation of escalators, elevators and cargo elevators for two other shopping centres in Badajoz and a Hipercor and a Bricor located in the Faro Guadiana shopping centre.

Another important contract was for installation of the elevators and escalators in a new shopping mall located in the province of Valencia, specifically in Sagunto, which is the principal shopping area for the north of Valencia and the south of Castellón.



In the new shopping mall, which is called Saguncenter, Otis will install seven elevators and seven escalators. The elevators will be Otis GeN2 Comfort, incorporating our exclusive belt, regenerative drive -ReGen drive- and MPD screen technologies. The elevators will be outdoors and prepared to transport the public.

Zardoya Otis was also awarded the installation of the elevators and escalators at the new Vasco XXI complex in Oviedo, which will be formed by a shopping mall and six residential towers.

It will have a total of 19 GeN2 elevators and 8 escalators and moving walkways. All the elevators are of the latest generation, able to generate energy that can be used by the building, and will be equipped with a digital multi-screen.

Otis and Smart Cities

Smart city is the term that encompasses initiatives aimed to improve the quality of life, sustainability and efficient service management, innovating in materials, resources and models by the intensive use of technology.

This affects all the services provided in the city: mobility, production and distribution of urban services, education, health, emergencies, safety, attention to people, etc.

The communication between and integration of all the services using the new on-line communication bridges and data storage with direct user interactivity is another of the key points of smart cities.

Smart city strategies are both necessary for the future of society and a business opportunity for innovative and service companies. The initiatives taken by Otis that converge with this new vision of the business and social commitment are represented in the following service and product lines available today:

Manufacturing: energy saving in elevator manufacturing through design optimization, the use of renewable energies at our own plants and the reduction of water and raw material consumption.

Sizing and optimization: estimating the demand by calculating and simulating the traffic and adjustment of the installation size to the real needs of the building.

Accessibility and installation: elimination of architectural barriers, reduction in size of the space required for shafts, pits and override, with safety systems protected against human error and single-phase electric power for the refurbishment of buildings.



Operation: energy consumption saving as a result of system efficiency, variable frequency control, permanent-magnet gearless machines, GeN2 technology with flat-belt traction, intelligent operational controller with fault tolerant architecture, energy generation by ReGen drive, grid feed-in or storage for reutilization by the customer, elevator powered by renewable wind or photovoltaic energy.

Maintenance: route optimization by data analysis, reduction of CO2 emissions and fuel savings, geolocation of personnel for corrective maintenance, maintenance routes with electric vehicles, component monitoring and operation with automatic failure reports, correct waste treatment and recycling.

Management, remote control and monitoring, immediate intervention, remote engineering service as opposed to a message receiving service, MPD system in the car for information to the user, multichannel messages for different degrees of impaired mobility, information in real time, real-time emergency video communication, video surveillance in the car and web storage service, intelligent controllers to personalize the service, access authorization, services for persons with impaired mobility thanks to our efficient Compass system, data on traffic, flow, intensity and times, service data, availability, failure and e-service rates.

At Otis, we work towards a more caring and respectful society, committed to the future generations that will receive our legacy. Our The Way to Green commitment and its values are in line with the Smart City initiative and we will continue striving to excel ourselves every day.

We consider
the customer



Elite service

The people who work at Otis are committed to safety and reliability, conducting the strictest quality verification processes in the industry and raising safety standards to levels that had never been attained previously.

Otis's latest-generation maintenance processes stand out because they have the best-trained people, the most advanced tools and the only standardized work practices in the industry.



The Elite service is the best solution conceived to date to ensure preventive elevator maintenance. A swift response, passenger safety and maximum elevator availability guarantee constant peace of mind for customers and users.

The Elite service is the result of arduous research and development work carried out by highly-qualified specialist engineers, who have applied the latest technological advances to the vertical transport world.

It provides permanent supervision and an immediate response, ensuring higher service quality by allowing possible incidents to be solved before they take place.

Communication with the Otis Service Centre is permanent, guaranteeing the greatest passenger safety.

It includes personalized preventive maintenance programs that allow possible anomalies to be corrected before they can affect the elevator service.

Characteristics of Elite service:

- Constant monitoring of installations 24 hours a day, every day of the year.
- Continuous preventive maintenance.
- Detection of trapped passenger alarms, breakdowns and incidents in normal operations.
- Automatic transmission of alarms, breakdowns and incidents to the Otis Service Centre.
- Communication with car by teleconferencing in the event of trapped passenger.
- Immediate location of the elevator where the incident/breakdown has taken place.
- When the Otis Service Centre receives the anomaly, immediate action by specially-trained engineers to solve it.



- No need for the customer to call. The human and technical team necessary to solve the incident visits the building.
- Self-checking and self-diagnosis of the installation.
- Elite service technology allows data on the operation of the elevator to be obtained at any time, as well as a historical log of the actions taken and basic activity parameters.
- The technology on which the Elite service is based supervises all the elevator's actions: starts, stops, levellings, opening and closing of doors.
- Otis uses this information to personalize and plan the maintenance of each elevator. Permanent 24-hour a day observation allows a swift response and maximum elevator availability to be guaranteed.
- Personalized reports, at the customer's prior request, based on the system data, service reports of the technical staff and the breakdown log, allow the customer to have full knowledge of the operations of his elevators and the service history.



Digital Multi-Screen

As the result of its constant investment in design and innovation, Zardoya Otis has developed a state-of-the-art communications system, the MPD system, which provides the elevators with safety, operational and ease-of-use enhancements that were impossible to attain with the technologies existing to date.

The MPD (Digital Multi-Screen) has the principal characteristic of including a screen that allows audiovisual communication with the elevator passengers, which provides many advantages for every type of user, especially those with impaired sight or hearing.

The device itself improves safety, since it facilitates communication with outside in the event of an emergency in a manner that is much safer and easier than the traditional intercoms, given that it checks the quality of the communication lines and its own operating condition several times a day and, in the event of any anomaly, automatically informs the Otis technical service so that an urgent review can be performed.





Furthermore, from the moment the emergency button is pressed, thanks to its screen and loudspeakers, the MPD informs the passenger audiovisually that the emergency call has commenced and that help will be coming in a few moments, reassuring him and keeping him fully informed of what is happening. The MPD may be programmed with a special protocol for people with impaired hearing that includes specific information on the screen to help them during the call. When they enter into communication with the technical team, not only can they speak to them, but they can also see them on the screen, which gives the passengers a greater sense of security and peace of mind, especially in emergency situations.

To make passengers more comfortable and provide them with something to look at, the MPD system broadcasts music, news and general information during the trip. Thus, the possible uncomfortable situations and claustrophobia that sometimes arise, both when the passenger is alone or when there are other people in the elevator, are avoided. The passenger's experience improves considerably as a result of this entertainment. But, furthermore, the MPD system allows our customers to broadcast messages of their own that may be of interest to the building's residents or users, thus providing greater and better communication with all of them.

In addition, due to its connection with the elevator control panel, the MPD allows, firstly, to anticipate and eliminate numerous breakdowns and, secondly, to reduce the repair time of the rest, since our technical personnel detect that the elevator is not working even before they receive the report. Likewise, they are able to know the cause of the problem and there is even the possibility of rescuing people from a distance if the safety circumstances so permit.

The device has been designed in such a way that it may, optionally, be connected to a camera in the car to check that the elevator is being used correctly and avoid undesirable situations and vandalism. The camera may likewise be used to check on the situation of the passengers in emergencies.



The MPD system is a revolution in elevator communication systems, making them safer, more reliable and easier to use. Therefore, in 2012, Zardoya Otis decided to make these screens standard in the mid-range and high-end elevators, which, added to their commercial success in elevators already in service, has meant that we have become the leading Spanish company in installed screens, with a portfolio of 4,000 units.





Service Excellence

The Service Excellence program was launched worldwide in 2004 as an internal training program based on 12 basic principles for actions with customers. As a result of the training effort made, in 2012, the action principles materialized into 8 commitments aimed to have the customer remember and value the key moments at which Otis employees interact with him, opening the door towards other customers through his recommendation.

In this respect, four key processes in the relationship with the customer were defined:



- **Regular maintenance visits.** The Otis technical personnel promptly inform the customer of the work performed and suggest improvements to improve the equipment's performance.

- **Attention to callbacks.** Otis's swift response capacity is one of its major competitive advantages. It has more than 250 offices and services centres that ensure proximity to the customer, as well as its own permanent service centre with specialized agents who are in communication with the technical personnel distributed throughout national territory.

- **Personal attention.** Otis places exceptional value on the relationship with its customers, who, as such, must perceive total dedication to them. In the objectives of the sales personnel -at all levels, including management positions-, there is a special section on meetings with and visits to customers.

- **Customer complaints.** A customer who complains is giving a second chance that must not be lost. To guarantee a satisfactory solution to the complaint, Otis places the Customer Ombudsman office (defensor.cliente@otis.com) at the customer's disposal. This office has the commitment to contact the customer who complains within a period of less than 48 hours and monitor the actions derived from the complaint until it is satisfactorily solved.

These four key processes in Otis's relations with its customers have been analyzed and the requirements of each of them have been defined. Compliance therewith is measured on a monthly basis and the corrective actions necessary to avoid any anomalies that may have appeared are taken.

The analysis of the Net Promoter Score, a measurement that has been introduced recently, shows our customers' intention to either purchase from Otis again or remain with us and is an important indicator of the level of the service that is being provided.

Zardoya Otis's commitment to customer service was rewarded last year when it was recognized as Customer Service 2013, an award that was collected by the company's General Manager, Rafael Fernandez.



The best employees



The soundness of our values (safety, compliance with the Code of Ethics and internal control) and a committed human team with talent and dedication enabled Zardoya Otis to adapt itself to the crisis environment in 2012 and, betting on employee training, to continue being a benchmark company and emerge from a situation so complex as the present one.

Training and professional development

In the Zardoya Otis Group, aware of the importance of talent management for our business, we continue to make significant efforts to develop each and every one of our employees, so as to always have the best workers.

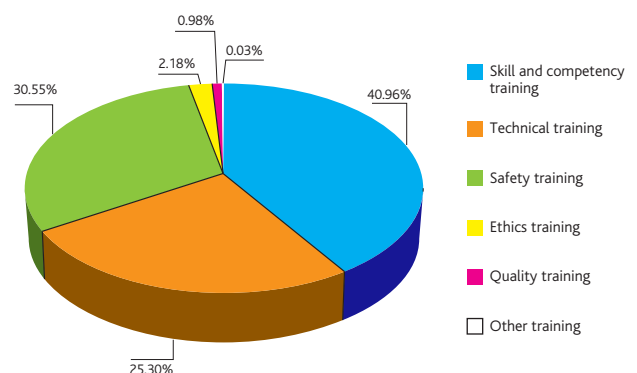
First, we continue to maintain training programs that are considered benchmarks in the sector: in 2012, we carried out 15,475 training actions, meaning an average of 43.34 hours of training per employee.

In addition to the safety and technical training that represented around 56% of the company's total training, training focused on the business and current market needs may be highlighted, where we underline the 6,367 hours of training in the sales area, 9,432 hours intended to improve customer service processes and 9,665 hours in skills and leadership

Likewise, actions were taken to develop talent: individual training programs, such as the Employee Scholar Program, or language learning programs, with more than 17,800 hours of English. These language programs, combined with the new internal job opportunity tool, developed to publish national and international positions internally, place increasing emphasis on the internationalization of our talent.

Also to be highlighted is the great effort made by supervisors, branch managers, department heads and managers in training our employees, which meant that 73.1% of the latter underwent an internal evaluation. As a result of this kind of in-house tools, internal promotion to such important and significant positions as the appointments made of our new president of SEMA and Zardoya Otis's General Manager has been possible.

Training Distribution by Area



Employees

Our absenteeism indicators continue to improve. In terms of the accumulated number of days of absenteeism in a year, we dropped from 35,394 days in 2011 to 25,610 days in 2012, representing a reduction of 9,784 days of absenteeism on 2012.

The policy of improving the company's productivity in relation to absenteeism continues to bear fruit and we will all continue to work together for this trend to continue.

Social benefits

Zardoya Otis employees enjoy many varied social benefits. We will start by highlighting the voluntary adhesion to a collective insurance policy, with cover in the event of death, disablement or retirement of the workers who belong to it.

In relation to financial help, Zardoya Otis offers financial support for special education for employees' children with some kind of disablement or special need. Likewise, all employees with school- or kindergarten-age children receive a sum for education. Other economic help available is loans for home acquisition or renovation and personal loans.

Another series of benefits available to all our employees are supplements in the event of sick leave, additional payments for some kinds of remunerated leave of absence, specific health programs (vaccinations, special diagnostic tests, anti-tobacco programs), etc.

We listen to our employees

For the company, the opinions of its employees are very important and, therefore, it continues to improve and develop different internal communication

channels through which our workers may send us any opinions, suggestions, comments or complaints they see fit.

The Suggestions program is a program through which all our workers may propose new actions that may improve any process, product or service and there are prizes for the best suggestions received.

The Dialogue program is a communication channel whereby any employee may, on a fully confidential basis, report any problem, complaint or breach of the Code of Ethics that he/she wishes to make known to the Employee Ombudsman, both nationally and internationally.

But there is no doubt that one of the most important communication channels is the Employee Survey that is carried out with all our employees every two years. In spring 2012, employees had a new opportunity to express their opinions in a mini-Employee Survey, a shorter version to monitor the evolution of key aspects of the 2011 survey. For the first time, this mini-Employee Survey was conducted exclusively on-line. The 81% participation was a great success, thanks to the people involved in setting the survey in place and communicating it to all the employees.

The results show an average 10% improvement in the scoring of key aspects, which proves that positive results are being obtained in many areas as a consequence of specific actions taken after analyzing the 2011 results. The improvement in our fundamental values, especially in ethics, which continues to increase its score year after year, may be highlighted.

In 2013, there will be a further opportunity for employees to express their opinions and continue to contribute to the company's progress in a new full-version survey in on-line format.

Corporate social responsibility



At Zardoya Otis, we are convinced of the important role that companies must play in the society in which we live and, therefore, we collaborate with non-profit organizations such as Special Olympics, Mensajeros de la Paz and the Fundación Juan XXIII, among others.

In relation to equality and diversity, Zardoya Otis has had an Equality Plan since 2011 and, in order to reinforce diversity within the company, in 2012 an email address was created to provide support on disablement issues to workers and their families.

Consolidated Annual Financial Statements

Audit Committee	38
Auditor's Report	39
Consolidated Statement of Financial Position	40
Consolidated Income Statement	42
Consolidated Statement of Changes in Equity	43
Consolidated Statement of Cash Flow	44
Notes to the Consolidated Financial Statements 2012 and 2011	45

Board of Directors, Committee & Commission	87
Agenda of General Meeting of Shareholders	88
Financial Statement of the last five years	89
Network	92
Annual Corporate Governance Report	97
Report of the Auditors (FIICS)	155
Supplementary information to the Annual Corporate Governance Report	159
Annual Report on Director Compensation	171

Audit Committee

The Audit Committee met eight times in 2012, deliberating and providing favourable reports to the Board of Directors on the following items:

1. Review of the quarterly reporting (interim statements or quarterly financial reporting) sent to the National Securities Markets Commission (CNMV) and the Stock Exchanges.
2. Reports on payment of the quarterly dividends changes to the 2012 profit.
3. Review, with the Company's external auditors, of the individual Annual Financial Statements and the consolidated Annual Financial Statements of the Group for the year ended in 2011 and the interim statements relating to the first half of 2012, which were subsequently formulated by the Board of Directors.
4. Review of the Annual Corporate Government Report for the year 2011 and the supplementary information to the report, with the description of the systems Internal Control and risk management, in relation to the issuance of financial reporting (ICFR) process applied in the company.
5. Review of the report prepared by PwC assessment of the level of compliance with company requirements referred to above, in terms of internal controls and risk management systems.
6. Review of annual report on director compensation for the year 2011.
7. Review of related-party transactions.
8. Proposal to the Board of Directors for appointment of the external auditors of Zardoya Otis, S.A. and the consolidated Group for the year 2012.
9. Review of the report on the independence of the external auditors for the works of the financial statements at the 2011 year end.
10. Director compensation.
11. Monitoring of the 2011 Internal Control Program and review of the 2012 program, together with supervision of the Internal Control over Financial Reporting (ICFR) system.
12. Review of the risk control system: operating, technological, financial, legal, reputational and strategic risks..
13. Review of the process audit conducted in accordance with the requirements for listed groups in the USA (Sarbanes Oxley), which was first performed in the Zardoya Otis Group in 2004.
14. Analysis of the scope of the information to be sent with the Annual Corporate Governance Report in relation to the Internal Control over financial Reporting (ICFR) system.
15. Bonus issue and the closure thereof.
16. Updating of the Internal Code of Conduct on Issues relating to the Securities Markets.
17. Review of incidents and suggestions in relation to the confidential communication channel put in place by the Group, together with the relevant action plans.



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of Zardoya Otis, S.A.

We have audited the consolidated annual accounts of Zardoya Otis, S.A. (the Company) and its subsidiaries (the Group), consisting of the consolidated statement of financial position at 30 November 2012, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As explained in Note 1, the Directors of the Company are responsible for the preparation of these consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with the legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2012 present fairly, in all material respects, the consolidated financial position of Zardoya Otis, S.A. and its subsidiaries at 30 November 2012 and the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the applicable financial reporting framework.

The accompanying consolidated directors' report for 2012 contains the explanations which the Company's Directors consider appropriate regarding the Group's situation, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the consolidated directors' report is in agreement with that of the consolidated annual accounts for 2012. Our work as auditors is limited to checking the consolidated directors' report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the accounting records of Zardoya Otis, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Originally signed by Gonzalo Sanjurjo Pose
Audit Partner

12 March 2013

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 913 083 566, www.pwc.com/es

Zardoya Otis, S.A. and Subsidiaries

Consolidated Statement of Financial position

At November 30, 2012 and 2011 (Thousands of euros - EThs)

	2012	2011
ASSETS		
NONCURRENT ASSETS		
Property, plant & equipment (Note 5)	52,675	51,520
Intangible assets (Note 6)	134,042	121,292
Goodwill (Note 6)	56,663	46,903
Financial investments	543	2,630
Deferred tax assets (Note 18)	25,510	26,082
Other noncurrent assets (Note 7 and 8)	6,276	5,513
	275,709	253,940
CURRENT ASSETS		
Inventories (Note 9)	28,706	22,012
Financial receivables	453	411
Trade and other receivables (Note 8)	218,746	215,829
Cash and cash equivalents (Note 10)	37,106	66,781
	285,011	305,033
TOTAL ASSETS	560,720	558,973

Notes 1 to 38 form an integral part of these Consolidated Annual Financial Statements.

	2012	2011
EQUITY		
Share capital (Note 11)	38,524	36,690
Legal reserve (Note 11)	7,705	6,989
Reserves in subsidiaries & other reserves (Note 14)	101,805	98,562
Treasury stock (Note 12)	(425)	(8,322)
Retained earnings (Note 15)	181,097	194,004
INTERIM DIVIDENDS PAID (Note 29)	(90,246)	(98,451)
FOREIGN EXCHANGE DIFFERENCES	(216)	(320)
NON-CONTROLLING INTERESTS (Note 15)	24,073	14,183
TOTAL EQUITY	262,317	243,335
LIABILITIES		
NONCURRENT LIABILITIES		
Other payables (Note 16)	1,698	5,263
Borrowings (Note 20)	18,539	10,649
Welfare commitments (Note 19)	12,182	12,820
Provisions for other liabilities and expenses (Note 21)	3,332	3,020
Deferred tax liabilities (Note 18)	9,372	3,562
	45,123	35,314
CURRENT LIABILITIES		
Trade and other payables (Note 16)	210,900	232,961
Current tax liabilities (Note 17)	12,283	25,765
Borrowings (Note 20)	12,585	4,007
Provisions for other liabilities and expenses (Note 21)	17,512	17,591
	253,280	280,324
TOTAL LIABILITIES	298,403	315,638
TOTAL EQUITY AND LIABILITIES	560,720	558,973

Notes 1 to 38 form an integral part of these Consolidated Annual Financial Statements.

Consolidated Income Statements

For the years ended November 30, 2012 and 2011
(Thousands of euros - EThs)

	2012	2011
Sales (Note 22)	809,118	819,085
Other revenue	4,566	4,620
Raw materials and consumables used (Note 24)	(216,453)	(220,705)
Employee benefit expense (Note 23)	(252,216)	(249,800)
Amortization, depreciation and impairment losses (Note 5.6)	(16,758)	(15,161)
Other net expense (Note 25)	(67,039)	(64,033)
OPERATING PROFIT	261,218	274,006
Revenue from financing activities (Note 26)	938	2,519
Costs of financing activities (Note 26)	(1,163)	(392)
Net foreign exchange differences (Note 26)	24	(3)
Share in (loss)/profit of associates	-	-
OTHER GAINS AND LOSSES	4	25
PROFIT BEFORE TAX	261,021	276,155
Income tax expense (Note 27)	(76,924)	(79,555)
PROFIT FROM CONTINUING OPERATIONS AFTER TAX (Note 15)	184,097	196,600
ATTRIBUTABLE TO:		
Shareholders of the Company (Note 15)	181,097	194,004
Non controlling interests (Note 15)	3,000	2,596
EARNINGS PER SHARE FOR THE PROFIT ON CONTINUING OPERATIONS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY IN THE YEAR (Euros per share) (Note 28)		
- Basic	0,49	0,55
- Diluted	-	-

Consolidated Statement of Comprehensive Income

For the years ended November 30, 2012 and 2011
(Thousands of euros - EThs)

	2012	2011
Profit for the year (Note 15)	184,097	196,600
Other comprehensive income		
Exchange rate differences	104	31
Other comprehensive income for the year, net of taxes		
Total comprehensive income for the year, net of taxes	184,201	196,631
Attributable to:		
- Shareholders of the Company	181,201	194,035
- Non controlling interests	3,000	2,596

Notes 1 to 38 form an integral part of these Consolidated Annual Financial Statements.

Consolidated Statement of Changes in Equity

For the years ended November 30, 2012 and 2011

(Thousands of euros - EThs)

	Attributable to Shareholders						Non controlling Interests	Total equity
	Share capital	Legal Reserve	Treasury stock	Accumulated foreign Exchange differences	Reserves in subsidiaries & other reserves	Retained earnings		
Balance at November 30, 2010	34,943	6,656	-	(351)	96,157	106,248	10,081	253,734
Comprehensive profit for the year (Note 15)				31		194,004	2,596	196,631
Distribution of profit 2010 (Note 15)		333			56,994	(205,085)		(147,758)
Dividend relating to 2010 (Note 29)						147,758		147,758
Capital increase (Note 11)	1,747				(1,747)			-
Treasury stock transactions (Note 12)			(8,322)					(8,322)
Dividend 2011 (Note 29)					(47,172)	(147,371)		(194,543)
Business combinations					(3,796)		3,796	-
Other movements					(1,874)	(1)	(2,290)	(4,165)
Balance at November 30, 2011	36,690	6,989	(8,332)	(320)	98,562	95,553	14,183	243,335
Comprehensive profit for the year (Note 15)				104		181,097	3,000	184,201
Distribution of profit 2011 (Note 15)		716			49,107	(194,004)		(144,181)
Dividend relating to 2011 (Note 29)						144,181		144,181
Capital increase (Note 11)	1,834				(1,834)			-
Treasury stock transactions (Note 12)			7,897					7,897
Dividend 2012 (Note 29)					(44,022)	(135,976)		(179,998)
Business combinations					(40)		9,330	9,290
Other movements					32		(2,440)	(2,408)
Balance at November 30, 2012	38,524	7,705	(425)	(216)	101,805	90,851	24,073	262,317

Notes 1 to 38 form an integral part of these Consolidated Annual Financial Statements.

Consolidated Statement of Cash Flows

For the years ended November 30, 2012 and 2011
(Thousands of euros - EThs)

	2012	2011
NET PROFIT	181,097	194,004
Adjustments to profit:		
Amortization/depreciation/provisions (Notes 5.6.8)	23,732	22,644
Taxes (Note 27)	76,924	79,555
Other losses and gains (Note 26)	225	2,127
Gains/(losses) on sales of fixed assets	(4)	(25)
Tax payment for the year	(62,022)	(47,538)
Net cash generated by operating activities	(46,620)	(38,859)
Profit attributable to non-controlling interests	3,000	2,596
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES (Note 30)	176,332	214,504
Investment in property, plant & equipment/intangible assets (Notes 5.6)	(9,220)	(2,797)
Acquisition of subsidiaries (Notes 6 and 33)	(31,387)	(41,443)
Acquisition of other financial assets	(42)	(4,006)
CASH FLOWS USED IN INVESTING ACTIVITIES	(40,649)	(48,246)
Dividends paid (Note 29)	(179,998)	(194,543)
Treasury stock acquisition (Note 12)	(1,828)	(8,322)
Bank debt (Note 29)	16,468	12,403
CASH FLOWS USED IN FINANCING ACTIVITIES	(165,358)	(190,462)
VARIATION IN CASH AND CASH EQUIVALENTS	(29,675)	(24,204)
Cash and cash equivalents at the beginning of the period (Note 10)	66,781	90,985
Cash and cash equivalents at the end of the period (Note 10)	37,106	66,781

Notes 1 to 38 form an integral part of these Consolidated Annual Financial Statements.

Notes to the Consolidated Annual Financial Statements for the years 2012 and 2011

(Thousands of euros - EThs)

NOTE 1. GENERAL INFORMATION

The main business activity of Zardoya Otis, S.A. (the Company) and its subsidiaries (together, the Group) is the manufacture and installation of elevators, the provision of the related maintenance service and the export of equipment for installation abroad. The Group has manufacturing plants in Madrid and San Sebastián and a Modernization Centre in Munguia (Vizcaya).

ZARDOYA OTIS S.A. is a limited liability company incorporated and registered in Madrid. The address of its registered office is Golfo de Salónica, 73, Madrid.

United Technologies Holding S.A., incorporated in France, holds a majority interest in the Group of 50.01% of the Company's shares at November 30, 2012. The company forms part of the UTC Group, incorporated in the United States of America (Note 34). Zardoya Otis, S.A. is listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

These consolidated annual financial statements were approved by the Board of Directors on February 26, 2013 and are pending the approval of the Annual Shareholders' Meeting. Nevertheless, Management considers that the above mentioned accounts will be approved as presented.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented.

2.1 Basis of presentation

The consolidated financial statements of the Group as of November 30, 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) adopted for application in the European Union and in force at that date.

The Group's consolidated annual financial statements at November 30, 2012 include the figures for the preceding year to allow a comparison to be made. Likewise, they have been drawn up under the going concern principle.

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The accounting estimates, in consequence, can be different to the final result of the circumstances evaluated. Both judgement and estimates are constantly reviewed and are based principally on historical experience and future events that are deemed reasonable.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

a) Contracts in progress

Contracts in progress are valued at the cost incurred plus the expected profit margin, based on the percentage of completion of the contract, in proportion to the difference between the total estimated cost and the contract price agreed upon with the customers. Said margin is reviewed in accordance with the actual progress of the work and the costs still to be incurred, by means of periodic reestimations, so that the margin of profit or loss that will result at the end of the contracts will not differ substantially from the margins applied while the contracts were in progress. (Note 2.13.b and 2.20.a).

b) Welfare commitments

The liability recognized in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. (Note 2.18)

c) Estimated impairment loss on goodwill and other intangible assets

The Group tests goodwill and units under maintenance for impairment annually, in accordance with the accounting policy described in Note 2.6. The recoverable amounts of the cash-generating units are determined on the basis of calculating the value in use. These calculations require the use of estimates.

d) Deferred taxes

Deferred tax is calculated on the basis of the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been or are about to be approved at balance sheet date and are expected to apply when the related deferred tax asset is realized or deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is likely that future taxable income will be available against which to offset the temporary differences and are reviewed in accordance with any legal changes or circumstances that may affect their recoverability (Note 2.17).

2.2 Consolidated principles

Subsidiaries are all companies in which the Group has the power to govern the financial and operating policies, which, in the latter case, implies a shareholding of more than half the voting rights. When assessing whether the Group controls another entity, the existence of any potential voting rights that are exercisable or convertible is considered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group unless the information provided by the company is not sufficiently reliable and is not material. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are recognized at cost less accumulated impairment losses. The cost is adjusted to reflect changes in the amount of the consideration resulting from variations in the contingent consideration.

The annual consolidated financial statements have been prepared applying the full integration method to the accounting records of Zardoya Otis, S.A. and its subsidiary companies, by including all the balance sheet and profit and loss items arising from the accounting records. Certain reclassifications have been made in order to improve the presentation of the consolidated financial statements and the related minority interests.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and shares in the equity issued by the Group at the acquisition date. The consideration transferred also includes the fair value of any asset or liability that comes from the acquisition agreement. Identifiable assets acquired and liabilities and contingent liabilities accepted in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group may elect to recognize any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share in the net identifiable assets of the acquiree. Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If this amount were lower than the fair value of the net assets of the acquiree, the difference is recognized as bargain purchase gain in the comprehensive income statement. The costs related to acquisition are recognized as expenses in the period incurred.

Transactions between Group companies and balances and unrealized gains on transactions between Group entities are eliminated. Likewise, unrealized losses are also eliminated.

a) Subsidiary companies

The list of subsidiaries and information thereon are as follows:

Company and registered office	Activity	2012		2011		Parent Company
		Carrying amount		Carrying amount		
		%	(thousands of euros)	%	(Thousands euros)	
(+) Ascensores Eguren, S.A. (Bilbao)	Installation & Service of Elevators	100.00%	6,635	100.00%	6,635	Zardoya Otis, S.A.
(+) Ascensores Ingar, S.A. (Granada)	Installation of elevators	100.00%	3,404	100.00%	3,404	Zardoya Otis, S.A.
(+) Cruxent-Edelma, S.L. (Barcelona)	Installation & Service of Elevators	70.00%	13,176	70.00%	13,176	Zardoya Otis, S.A.
(+) Ascensores Serra, S.A. (Gerona)	Installation & Service of Elevators	75.00%	605	75.00%	605	Zardoya Otis, S.A.
(+) Mototracción Eléctrica Latierro, S.A. (Vitoria)	Manufacturing Elevator Engines	51.00%	493	51.00%	493	Zardoya Otis, S.A.
(+) Puertas Automáticas Portis, S.L. (Madrid)	Installation & Services of Automatic Doors	90.12%	15,394	90.12%	15,394	Zardoya Otis, S.A.
(+) Otis Elevadores Lda. (Portugal)	Installation & Service of Elevators	100.00%	11,742	100.00%	11,742	Zardoya Otis, S.A.
Masel Otis Elevadores Madeira Lda. (Portugal)	Installation & Service of Elevators	60.00%	2,104	60.00%	2,104	Otis Elevadores Lda.
(+) Ascensores Pertor, S.L. (Valencia)	Installation & Service of Elevators	94.13%	17,393	94.13%	17,393	Zardoya Otis, S.A.
(+) Acresca Cardellach, S.L. (Barcelona)	Installation & Service of Elevators	97.62%	10,882	97.62%	10,882	Zardoya Otis, S.A.
(+) Conservación de Aparatos Elevadores Express, S.L. (Madrid)	Installation & Service of Elevators	100.00%	1,771	100.00%	1,771	Zardoya Otis, S.A.
(+) Admotion, S.L. (Zaragoza)	Research, Development & manufacture of electronic equipment	75.00%	-	75.00%	-	Zardoya Otis, S.A.
(+) Otis Maroc, S.A. (Marruecos)	Installation & Service of Elevators	100.00%	21,948	100.00%	21,948	Zardoya Otis, S.A.
Ascensores Aspe, S.A. (Balears)	Installation & Service of Elevators	100.00%	9,122	100.00%	9,122	Ascensores Eguren, S.A.
(+) Montoy, S.L. (Lérida)	Installation & Service of Elevators	60.00%	7,143	60.00%	7,143	Zardoya Otis, S.A.
Ascensores Molero, S.L. (Alicante)	Installation & Service of Elevators	-	-	100.00%	2,622	Zardoya Otis, S.A.
Reparación y Mantenimiento de Ascensores, S.L. (Alicante)	Installation & Service of Elevators	-	-	100.00%	4,670	Zardoya Otis, S.A.
Fercas Serveis Integral, S.A. (Barcelona)	Installation & Services of Automatic Doors	-	-	100.00%	8,969	Portis, S.L.
(+) Montes Tallón, S.A. (Alicante)	Installation & Service of Elevators	52.00%	17,069	-	-	Zardoya Otis, S.A.

(+) Companies audited by PWC.

In 2011, Industria Nacional de Elevadores, Lda (Inelda) and Savirel, Lda. were liquidated and transferred the whole of their equities to the company Otis Elevadores, Lda. (Portugal). Assets and liabilities have been valued at their carrying amount in the consolidated financial statements and transaction date, ETHs 44. No costs, other than legal costs, which are not significant, are attributable to the transaction.

In addition, since the end of the year 2011, Zardoya Otis, S.A. and Indra Sistemas, S.A. have been participating in a Temporary Consortium (UTE) in which Zardoya Otis, S.A. holds 50% of the operational fund of EThs 3.

In fiscal year 2012 have been the following changes in the Group:

In December 2011, Zardoya Otis, S.A. acquired 52% of the shares of the company Montes Tallón, S.A., valued at EThs 17,069 by subscribing and paying up a capital increase of EThs 7,291 carried out by said company and exchanging shares, using, for this purpose, the treasury shares acquired for a value of EThs 9,725 (Note 33).

Furthermore, in December 2011, Zardoya Otis, S.A. sold at market value, to the new dependent Montes Tallón, S.A., the shares acquired during 2011 of the companies Ascensores Molero, S.L. and Reparación y Mantenimiento de Ascensores, S.L.

In June 2012 the companies Ascensores Molero, S.L. and Reparación y Mantenimiento de Ascensores, S.L. were dissolved and its assets and liabilities were incorporated into Montes Tallón, S.A. that owned 100% of their respective shares.

In March 2012, Fercas Serveis Integrals, S.A. was dissolved and its assets and liabilities were incorporated into Puertas Automáticas Portis, S.L. owner of 100% of its shares.

In May 2012, Conservación de Aparatos Elevadores Express, S.L. acquired 100% of the shares of the company Start Elevator, S.L. for an estimated cost of EThs 7,446, the company carries on its activity in Navarra, Guipúzcoa, Logroño, Zaragoza and Álava, and is engaged in elevator installation and maintenance.

In October 2012 the company Start Elevator, S.L. was dissolved and its assets and liabilities were incorporated into Conservación de Aparatos Elevadores Express, S.L. that owned 100% of its shares.

If these changes had taken place at the beginning of the period, the effect on the key figures of the consolidated income statement and consolidated statement of financial position would not have been significant.

b) Transactions and non-controlling interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases of minority interests, the difference between any consideration paid and the relevant share acquired in the carrying amount of net assets of the subsidiary is recorded in the equity. Gains or losses on disposals to minority interests are also recorded in equity. The disposal of minority interests and the difference between the consideration received and the related proportion of minority interests are also recognized in equity.

c) Joint businesses

The Group recognizes the proportional part of the jointly-controlled assets and jointly-incurred liabilities in accordance with its percentage holding, together with the assets attached to the joint operations that are under its control and the liabilities incurred as a consequence of the joint business.

Likewise, the applicable portion of the revenue generated and expenses incurred by the joint business is recognized in the income statement. Additionally, expenses incurred in relation to the holding in the joint business are recognized.

Unrealized gains or losses that arise on reciprocal transactions are eliminated in proportion to the holding, as are the amounts of reciprocal assets, liabilities, revenues, expenses and cash flows.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that differ from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that differ from those of segments operating in other economic environments. Each of the defined segments is allocated the costs that it has incurred directly. Each of the defined segments has its own functional structure. Common or shared costs are allocated based on time devoted or usage of the resources. Information on operating segments is reported in accordance with the management information produced on a monthly basis, which is reviewed by Management regularly and by the Board of Directors at each of its meetings.

2.4 Foreign currency translation

(a) Functional and presentation currency

The consolidated financial statements are presented in thousands of Euros, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions. Foreign currency losses and gains resulting from settlement of these transactions and conversion of monetary assets and liabilities denominated in foreign currencies at year-end rates are recognized in profit and loss. Exchange rate gains and losses relating to loans and cash and cash equivalents are shown in the income statement under “revenue and expenses from financing activities”.

(c) Group companies

Gains and losses and the financial situation of Group companies (none of which has the currency of a hyperinflationary economy) with a functional currency other than the currency in which the financial statements are presented are translated into the latter as follows:

The assets and liabilities of each Balance Sheet presented are translated at the closing exchange rate at the end of the reporting period.

The income and expenses of each Income Statement are translated at the average exchange rates (unless this average is not a fair reflection of the accumulated effect of the rates existing on the transaction dates, in which case the income and expenses are converted at the transaction dates), and all exchange rate differences are recognized as a separate component in other comprehensive income.

Upon consolidation, the exchange differences that arise on the translation of a net investment in foreign companies is taken to the shareholders' equity. When sold, these exchange differences are recognized on the Income Statement as part of the loss or gain on the sale.

Adjustments to goodwill and fair value that arise on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and are translated at the year-end exchange rate.

2.5 Property, plant and equipment

The land and buildings comprise the Company's production centers. All property, plant and equipment is stated at cost less accumulated depreciation and impairment, with the exception of land which is not depreciated.

Historical cost includes expenses that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	33 years
Machinery	8, 10, 13 and 4 years
Vehicles	5 and 6 years
Furniture, fittings & equipment	10, 4 and 13 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and included in profit and loss. When revalued assets are sold, the amounts included in the revaluation reserves are transferred to reserves for retained earnings.

The value of the tangible fixed assets as of November 30, 2012 includes the effect of the revaluation carried out under Spanish legislation in the year 1996 following Royal Decree 7/1996 dated June 7, which gave rise to a net value increase of EThs 4,056 in the Company's property, plant and equipment. The total amount of the restatement was shown in the accounts, as provided for in Royal Decree-Law 7/1996, as an increase in the value of the restated assets, with its balancing item in the revaluation reserve account, net of the applicable taxes, for an amount of EThs 3,934. At November 30, 2012, the aforementioned restatement had an impact of EThs 364 on the net carrying amount of property, plant and equipment. Consequently, the effect of this restatement on the provision for the year 2012 is EThs 19.

This restatement was carried out only in the parent company, Zardoya Otis SA. For the purposes of the first implementation of IFRS, it was considered as acquisition cost with no further revaluations under IFRS.

2.6 Intangible assets

(a) Maintenance contracts and other related intangible assets

The amounts relate principally to the cost of taking over elevator maintenance contract portfolios acquired either directly as a portfolio of contracts or as a consequence of a business combination. Amortization is carried out using the straight-line method, considering the estimated useful lives (5 to 20 years depending on the characteristics of the portfolio).

Impairment tests are conducted regularly whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Trademarks and other related assets resulting from portfolios acquisition are shown at historical cost. They have a defined useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method.

(b) Goodwill

Goodwill represents the amount by which the acquisition cost exceeds the fair value of the Group's holding in the identifiable net assets of the subsidiary acquired at the acquisition date. Goodwill related to acquisitions of subsidiaries is included in the intangible assets. Goodwill recognized separately is submitted to annual impairment tests and is valued at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the sale of a company include the carrying amount of the goodwill associated to the company sold.

Goodwill is assigned to the cash-generating units for the purposes of testing for impairment. It is assigned to the cash-generating units that are expected to benefit from the business combination upon which the goodwill arises, identified in accordance with the operating segments.

(c) Research and development expenses

Research expenditures are recognized as expenses when incurred and are not recognized as an asset, since they do not meet requirements to be capitalized under IFRS.

2.7 Impairment losses on non-financial assets

Assets that have an undefined useful life are not subject to amortization and are tested regularly for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). The possible reversal of impairment losses on non-financial assets other than goodwill is reviewed at the end of each reporting period.

2.8 Financial assets

2.8.1) Classification

Financial Assets include shareholdings in companies other than subsidiaries and associates, financial assets held for investment purposes and investments held until maturity. Financial assets are recorded at their fair value, including additional direct costs. Permanent impairment is provided for as a direct reduction in the asset account.

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. Guarantee and other deposits are measured at the amounts deposited.

a) Financial assets at fair value through profit and loss

Financial assets held at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of being sold in the short term. Derivatives are also classified as held for trading unless designated as hedges. Assets in this category are classified as current assets if expected to be liquidated within twelve months. Otherwise, they are classified as noncurrent. At November 30, 2012 and 2011, the Group did not hold any financial assets at fair value through profit and loss.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities longer than 12 months after the end of the financial period. These are classified as noncurrent assets. Loans and receivables are included in trade and other receivables on the Statement of Financial Position and recorded at amortized cost using the effective interest method.

c) Financial assets available for sale

Available-for-sale financial assets are non-derivative financial assets placed in this category or not classified in any other category. They are included as noncurrent assets unless management intends to dispose of the investment in the 12 months following the end of the reporting period.

2.8.2) Recognition and measurement

Acquisition and disposal of investments are recognized on the date they are negotiated, on the date on which the Group makes the commitment to acquire or sell the asset. Investments are initially recognized at their fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from them have expired or been transferred and the Group has substantially transferred all the risks and rewards of ownership thereof. When securities classified as available for sale are sold or incur impairment losses, the accumulated adjustments to the fair value are recognized in profit or loss as losses or gains on the securities.

2.9 Offsetting financial instruments

Financial assets and financial liabilities are offset against each other and presented at the net amount on the Statement of Financial Position when there is a legal right to offset the amounts recognized and the Group intends to liquidate the net amount or to realise the asset and settle the liability simultaneously.

2.10 Impairment losses on financial assets

Assets at amortized cost

The Group assesses financial assets or groups of financial assets for indicators of impairment at the end of each reporting period. A financial asset or group of financial assets is impaired and suffers an impairment loss when there is objective evidence of impairment, as a result of one or more events that have occurred after the initial recognition of the financial asset and the event causing the impairment affects the estimated future cash flows of the financial asset or group of financial assets, provided that this effect can be reliably estimated.

Other criteria the Group uses to determine whether there is objective evidence of impairment include: significant financial difficulties of the issuer or counterparty; breach of contract, such as a default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy or financial re-organization; the disappearance of an active market for that financial asset because of financial difficulties; or other observable information that indicates that there is a measurable decrease in the estimated future cash flows, even if the decrease cannot yet be identified with individual financial assets belonging to the Group, including if, in a future period, the amount of the impairment loss decreases and the decrease cannot be objectively attributed to an event that has occurred after the impairment was recognized, the reversal of the previously-recognized impairment loss is recognized in consolidated profit and loss.

2.11 Derivative financial instruments and hedging activity

The Group occasionally maintains commitments in foreign currency of insignificant value originated by the acquisition of equipment to be installed in special projects. These cases are covered by forward contracts the impact of which is included in the Income Statement as net financial cost, in accordance with the accrual method.

Derivatives are initially recognized at their fair value on the date on which the derivative contract is signed. After initial recognition, they are remeasured at fair value. In the years 2012 and 2011, the Group did not enter into any contracts for derivative hedging instruments and no forward contracts existed at the 2012 and 2011 year ends.

2.12 Inventories

Inventories are valued at the lower of market value or average cost of acquisition or production. Finished goods and work in progress include costs directly attributable to the products in question as appropriate to their period of production.

The net realizable value is the estimated selling price in the ordinary course of business less the applicable variable selling costs.

When the net realizable value of the inventories is lower than their costs, the relevant adjustments to their value will be made and recognized in the income statement. If the circumstances that caused the value adjustment cease to exist, the adjustment is reversed and recognized as revenue in the Income Statement.

2.13 Trade and other receivables

(a) Trade receivables

Trade receivables are recognized initially at fair value, and subsequently at their amortized cost in accordance with the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the receivables. The amount of the provision is recognized in profit and loss.

(b) Contracts in progress

Contracts in progress are valued at the cost incurred plus the expected profit margin, based on the percentage of completion of the contract, in proportion to the difference between the total estimated cost and the contract price.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which cost incurred plus recognized profit (less recognized losses) exceed progress billing and as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses). Progress billings not yet paid by customers and amounts withheld are included within 'trade and other receivables'.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and cash placements maturing at 30 days in accordance with the contract for the provision of financial services signed with United Technologies Treasury Center and United Technologies Corporation (the parent company of Otis Elevator Company) for the provision of services and optimization of the placement of cash surpluses, forward contracts and other services.

Bank overdrafts are included as borrowings in current liabilities in the Statement of Financial Position.

2.15 Share capital and treasury stock

- Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issuing new shares are shown in equity as a deduction, net of taxes, from the revenue obtained.

- Treasury stock

When shares of the group parent are acquired, the consideration paid, including any directly attributable incremental cost, is deducted from equity until the shares are written off, reissued or sold. When the shares are sold or reissued subsequently, any amount received, net of any directly attributable incremental cost of the transaction, is recognized in equity.

2.16 Trade payables

Trade payables are payment obligations for goods or services that have been acquired from vendors in the ordinary course of operations. Payables are classified as current liabilities if payment is due at one year or less (or matures in the normal operating cycle, if longer). Other wise, they are shown as noncurrent liabilities.

Trade payables are initially recognized at fair value and are subsequently valued at amortized cost using the effective interest rate method.

2.17 Current and deferred taxes

The consolidated Income Statement for the year includes the corporate income tax expense, which is calculated considering the corporate income tax accrued during the year and the effect of deferral of the differences arising between the taxable income and the book profit before tax that will reverse in future years, together with the tax credits and allowances applied by Group companies. Deferred tax is calculated on the basis of the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been or are about to be approved at balance sheet date and are expected to apply when the related deferred tax asset is realized or deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is likely that future tax profits will be available to offset the temporary difference.

Deferred tax assets and deferred tax liabilities are offset when, and only when, there is a legally-recognized right to offset the current tax assets against the current tax liabilities and when the deferred tax assets and the deferred tax liabilities derive from corporate income tax levied by the same tax authority and they refer either to the same company or taxpayer or to different companies or taxpayers that intend to settle their current tax assets and liabilities for the net amount.

2.18 Welfare commitments

In accordance with Royal Decree 1588/1999, whereby the Regulations on Pension Commitments between companies and employees were enacted and which provides that pension commitments acquired by companies must be externalized and arranged through a group life insurance policy or pension plan or both, and the amendment introduced by Law 14/2000 concerning the transitional period for the formalization or adaptation of said policies and/or plans, on November 7, 2002 and November 14, 2002, respectively, the Company signed, with two insurance companies, the framework agreements regulating the technical, economic and legal conditions of the group insurance policies in order to arrange the pension commitments acquired by the company with its current and retired employees. In December 2011, Zardoya Otis, S.A. had been the last payment for the financing of the agreement signed. The amount outstanding at November 30, 2011 was EThs 1,401.

The liability recognized on the Balance Sheet in respect of the defined-benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is calculated by discounting the estimated future cash outflows using the interest rate on high-quality corporate bonds denominated in the same currency as that in which the benefits will be paid and maturing at similar terms as the obligation.

There is also a defined contribution plan the annual premium of which is included as employee expenses. Once the contributions have been paid, the Group holds no additional payment obligations. Contributions are recognized as employee expenses annually.

The Group has decided to apply the corridor method for the recognition of actuarial net gains or losses. The corridor test implies that only actuarial gains or losses in excess of 10% of the greater of the present value of the defined-benefit obligation at the balance sheet date or the fair value of plan assets are recognized in the year. These actuarial gain or losses are deferred and accounted over the expected average remaining working lives of the beneficiary employees, starting from the year after the fiscal year end.

2.19 Provisions

In general, the Group recognizes a provision when it is legally or contractually liable or when past practices have created an implicit obligation.

Provisions are measured at the present value of the payments that are expected to be required to settle the obligation, applying a rate before tax that reflects the current market's estimates of the time value of money and the specific risks of the obligation. The increase in the provision as time passes is recognized as interest expense.

2.20 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts and after sales within the Group have been eliminated. Revenue is recognized as follows:

(a) Revenue from installation and assembly contracts

Revenue from elevator installation is recognized based on the estimated percentage of completion. Periodic corrections are made to the estimates so that the margin of profit or loss that will result at the end of the contracts will not differ substantially from the margins applied while the contracts were in progress.

(b) Revenue from maintenance contracts

Revenue from maintenance contracts is apportioned on a straight-line basis as it is earned. Invoicing may be on a monthly, quarterly, six monthly or annual basis depending on the terms laid down in the agreements signed with the customers. The necessary entries are made to recognize advance invoicing.

(c) Interest revenue

Interest revenue is recognized using the effective interest method.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability on the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Borrowings

Borrowings are initially recognized at fair value net of any transaction costs incurred. Subsequently, they are measured at their amortized cost and any difference between the funds obtained (net of the costs necessary to obtain them) and the repayment value is recognized in the Income Statement over the life of the debt, applying the effective interest rate method.

Commissions paid on the granting of credit lines are recognized as transaction costs of the loan, to the extent that it is probable that any or all of the lines will be used. In these cases, the commissions are deferred until the line is used. To the extent that there is no evidence that the line is likely to be used, the commission is capitalized as an advance payment for liquidity services and is amortized over the period for which the credit line is available.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least the twelve following months after the year end of the reported period.

2.23 Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

2.24 New rules and IFRIC interpretations

The IASB has approved and published certain accounting rules, amendments to existing ones and IFRIC interpretations that came into force in the year 2012:

- a) IAS 24 (Revision), "Related Party Disclosures", published in November 2009. This rule supersedes IAS 24 "Related Party Disclosures" issued in 2003. IAS 24 (Revision) is mandatory for all annual periods commencing on or after January 1, 2011.
- b) IFRS 7, (Amendment), "Disclosures - Transfer of financial instruments". This requires additional disclosures on the risk exposures arising from financial instruments transferred to third parties. The change would affect the sales transactions of financial assets, factoring agreements and securities lending contracts. The amendments to IFRS 7 are mandatory for all annual periods commencing on or after July 1, 2011.

c) IAS 34 “Interim financial reporting”. puts more emphasis on the principles of information disclosures in IAS 34 concerning from the most and significant transactions and the need to update the relevant information from the most recent annual report (applied by the Group in the preparation of the Interim Consolidated Financial Statements for the six month period ended May 31, 2012.

The Group has been applying these rules to transactions from December 1, 2011 onwards, but they have had no significant effect of the Group's financial statements.

Likewise, there are other rules that will come into force after the end of the reporting period and that the Group has not adopted early:

d) IAS 12 (Amendment) “Deferred Taxes: Recovery of Underlying Assets”. This amendment is mandatory for all annual periods commencing on or after January 1, 2012.

e) IAS 1, “Presentation of Financial Statements - Presentation of items of other comprehensive income”. This amendment is mandatory for all annual periods commencing on or after July 1, 2012.

f) IAS 19 “Employee Benefits” was amended in June 2011. The effect on the Group will be as follows: the corridor approach will be eliminated and all actuarial losses and gains will be recognized in other comprehensive income when they arise; all costs of past services will be recognized immediately; and interest cost and the expected yield on plan assets will be replaced by net amount of interest, calculated by applying the discount rate to the net defined -benefit liabilities (assets). The Group will adopt IAS 19 no later than the first accounting period commencing after January 1, 2013.

g) IFRS 10 “Consolidated Financial Statements” is drawn up using existing principles identifying the control concept as the factor that determines whether an entity should be included in the consolidated financial statements of its parent. The Group will adopt IFRS 10 no later than the first accounting period commencing after January 1, 2013.

h) IFRS 11 “Joint agreement”. Changes in the definitions have reduce the types of joint agreements to joint operations and joint ventures. The Group will adopt IFRS 11 no later than the first accounting period commencing after January 1, 2013.

i) IFRS 12 “Disclosure of interests in other entities” includes the reporting requirements for all types of interests in other entities, including joint arrangements and associates. The Group will adopt IFRS 12 no later than the first accounting period commencing after January 1, 2013.

j) IFRS 13 “Fair Value Measurement”, is intended to improve consistency and reduce complexity by providing a clear definition of fair value and a sole source for measuring it, together with reporting requirements for the use thereof in IFRS. The requirements do not extend the use of fair value accounting, provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or U.S. GAAP. The Group will adopt IFRS 13 no later than the first accounting period commencing after January 1, 2013.

k) IFRS 7 (Amendment) “Disclosures - Transfers of Financial Instruments”. This requires additional disclosures on the risk exposures arising from financial instruments transferred to third parties. Among others, the amendment would affect financial asset sale transactions, factoring agreement and securities loan transaction. The amendments to IFRS 7 are mandatory for all annual periods commencing on or after July 1, 2011.

l) IAS 32 “Financial Instruments: Presentation”, issued to clarify certain requirements for offsetting financial assets and liabilities in the statement of financial position. The Group will adopt IAS 32 no later than the first accounting period commencing after January, 1 2014.

m) IFRS 9 “Financial Instruments”, addressed the classification, measurement and recognition of financial assets and liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made upon initial recognition. The main change is that, when the fair value option is elected for financial liabilities, the part of the change in fair value that is the consequence of the entity's own credit risk is recognized in other comprehensive income, rather than in profit and loss, unless this would create an accounting mismatch. The Group will adopt IFRS 9 no later than the first accounting period commencing after January 1, 2015.

NOTE 3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's global risk management program is focused on the uncertainty of the financial markets and trying to minimize the potential negative effects on the Group's financial profitability.

Risk management is controlled by Group Management in accordance with policies approved by the parent company's Board of Directors, Management assesses and hedges financial risks in close collaboration with the Group's operating units, in order to:

- Ensure that the most important risks are identified, assessed and managed.
- Ensure an appropriate operating segregation of the risk management functions.
- Ensure that the risk exposure level accepted by the Group in its operations is in line with its risk profile.

(a) Market risk

(I) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from transactions in US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. However, these transactions are not significant and the effect in a change in the interest rate would not have a material effect on the Group's financial statements.

To hedge the foreign exchange risk on future commercial transactions for the import of materials, Group companies use forward contracts negotiated with UTC Treasury Center.

The Group holds an investment in foreign currency, Otis Maroc, S.A., which net assets are exposed to the risk of Foreign exchange differences at the 2012 and 2011 year ends. However net assets value is not significant and the effect in a change in the exchange rate would not have a material effect on the Group's financial statements.

Receivables from related Otis Group companies originating principally from trading transactions originated in euros (EThs 24,435 in 2012 and EThs 18,987 in 2011, Note 34). Since these are commercial collection rights in euros, the Company is not exposed to foreign exchange risk in relation to these accounts.

(II) Price risk

The Group has only limited exposure to commodity price risk.

Additionally, Group companies do not hold investments in companies outside the Group and, therefore, the Group is not exposed to securities price risk.

(b) Credit risk

The Group has no significant concentrations of risk with customers and there are no significant old credit balances (Note 8). The Group has policies in place to ensure that installation sales are made to customers with appropriate credit histories and, in addition, regular debt-monitoring procedures are conducted by the departments involved in debt collection.

To minimize credit risk, the Group has risk management policies in place to limit the amount of risk with any one financial institution. The credit risk arises from cash and cash equivalents, financial instruments, deposits with financial institutions, debt available for sale and accounts receivable. The banks and financial institutions with which the Group works are of recognized prestige and hold high credit ratings.

The amounts of trade receivables are shown in the statement of financial position net of the provision for impairment. At November 30, 2012, said provision was EThs 89,606 (EThs 81,763 in 2011) (Note 8). The Company estimates the provision in accordance with the age of the debt and experience in earlier years, in line with the previous segregation of the customer portfolio and the current economic environment.

The analysis of financial assets aged over six months but not deemed to be impaired at November 30, 2012 and 2011 is as follows:

	2012	2011
Between 6 months & 1 year	21,302	18,158
Between 1 & 2 years	13,729	10,380
More than 2 years	-	-
EThs	35,031	28,538

Amounts receivable for exports relate to balances with related companies (Otis Group).

As stated in Note 10, at November 30, 2012 and 2011, the Group held current deposits with financial institutions of EThs 25,408 and EThs 50,415, respectively. As stated above these deposits are placed with prestigious financial institutions in Spain and Portugal.

(c) Liquidity risk

Conservative liquidity risk management, implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

At November 30, 2012, cash and cash equivalents represented EThs 37,106 (EThs 66,781 in 2011), including amounts held as cash, in banks and as current deposits with financial institutions. As stated in Note 20, during the year 2011, the Company signed a framework agreement for the financing of company acquisitions with Banca March, S.A. for forthcoming years, up to a maximum amount of a hundred million euros. During December 2011, Zardoya Otis, S.A. had been signed for an amount of EThs 15,000. The change in the Statement of Cash Flows in relation to operating, investing and financing activities is shown below:

	2012	2011
Cash at the beginning of the year	66,781	90,985
Cash flows from operating activities.....	176,332	214,504
Cash flows from investing activities	(40,649)	(48,246)
Cash flows from financing activities.....	(165,358)	(190,462)
Cash at the year end	37,106	66,781

(d) Cash flow and fair value interest rate risk

As the Group does not hold important remunerated assets, income and cash flows from operating activities are substantially independent of changes in market interest rates.

The Group does not use financial derivatives to hedge rate risks derived from its activity. In accordance with group treasury policies, the Group does not acquire or hold financial derivatives for trading.

The Group's interest rate risks arises on noncurrent borrowings at a variable interest rate, the variable interest rate applied to the loans from financial institutions being subject to the fluctuations of the Euribor.

As stated in Note 20, at the 2012 year end, the noncurrent amount for this items was EThs 18,539. At November 30, 2012 and 2011, the Company did not hold any borrowings at a fixed interest rate and the sensitivity of the result to the variation of the interest rates on the borrowings from financial institutions was not significant in relation to the interest expense for the year, which was EThs 904.

(e) Capital risk management

The Group's objectives in relation to capital management are to safeguard its capacity to continue as a going concern, to have the capacity to fund its internal or external growth through acquisitions, to obtain adequate yields for the shareholders and to maintain an optimal capital structure that includes equity, the generation of its own cash from the business in each year and, as far as necessary, borrowings at the lowest cost possible.

The Group considers the leverage as a capital management indicator. It is calculated by dividing the net debt by the total capital. The net debt is calculated as total borrowings plus other financial liabilities less cash and cash equivalents less current financial assets.

	2012	2011
Borrowing (current and noncurrent)	30,587	13,952
Other current & noncurrent financial liabilities.....	8,657	30,758
Cash and cash equivalents	(37,106)	(66,781)
Net debt.....	2,138	(22,071)
Equity	262,317	243,335
Leverage (*).....	0.81%	-9.97%

(*) Net financial debt / (Net financial debt + equity).

At November 30, 2012, this net debt represents 0.008 to EBITDA (2011: -0.08). (Ebitda: operating profit + depreciation + amortization).

NOTE 4. SEGMENT REPORTING

Zardoya Otis has determined achieving Service Excellence as its main goal. From this standpoint, the objective is to satisfy vertical transport users throughout the full cycle of the product, starting with the design and manufacture of elevators, integrating the technological advances that have made the Group the market leader, applied not only to new, but also to existing buildings, and including their maintenance and replacement. In consequence, installation (and replacement) and maintenance of elevators are not considered separate segments but complementary products and services of the same nature, with an integrated production cycle, addressed to the same type of customers and with a single distribution network, that represent a unique business segment for the Group, managed as such and subject to similar risks and opportunities. Therefore, geographical differentiation has been identified as the primary segment, considering the markets of Spain and Portugal and also Morocco / North Africa, as they have independent supervision as stated in IFRS 8.

Additionally, the non-elevator business, mainly automatic doors, is shown, given its distinctive characteristics: a much less mature market with lower margins and higher risks but with significant growth prospects. Therefore, it is an activity clearly differentiated from traditional Group business and, in Management's option, information is relevant for the shareholders.

As started in Note 2.3. the distinction between segments relates to the structure of the management information that is produced on a monthly basis, regularly reviewed and used as a basis for decision making by Management and the Board of Directors.

	Sales	Operating profit/(loss)	Assets			Liabilities
			Total	Deprec. Amort. charge	Noncurrent investments in assets	
2012						
Zardoya Otis Group - Spain	787,754	231,742	475,913	15,884	40,459	261,747
Otis Elevadores Group - Portugal	64,477	26,737	65,377	811	22	24,276
Otis Maroc - Morocco	21,701	4,019	19,430	63	2	12,380
Eliminations - intra-group transactions	(64,814)	(1,280)	-	-	-	-
Consolidated EThs	809,118	261,218	560,720	16,758	40,483	298,403

	Sales	Operating profit/(loss)	Assets			Liabilities
			Total	Deprec. Amort. charge	Noncurrent investments in assets	
2011						
Zardoya Otis Group- Spain	775,366	241,835	463,605	13,845	18,784	274,949
Otis Elevadores Group - Portugal	73,160	28,986	75,553	1,256	392	27,879
Otis Maroc - Morocco	21,285	3,521	19,815	60	77	12,810
Eliminations - intra-group transactions	(50,726)	(336)	-	-	-	-
Consolidated EThs	819,085	274,006	558,973	15,161	19,253	315,638

	Sales	Operating profit/(loss)	%	Fixed assets acquired
2012				
Zardoya Otis, S.A. (aggregate of 86 branches).....	640,677	206,152	32.18	7,323
Spanish Group Companies - Elevators (10 companies)	91,611	21,729	23.72	33,045
Otis Elevator Group - Portugal	64,477	26,737	41.46	22
Otis Maroc - Morocco	21,701	4,019	18.51	2
Total Elevators	818,466	258,637	31.60	40,392
Spanish Group Companies - Non Elevators (3 companies)	55,466	3,870	6.98	91
Total Group	873,932	262,507	30.04	40,483
Eliminations - Intragroup transactions	(64,814)	(1,289)	-	-
EThs Consolidated	809,118	261,218	32.28	40,483

	Sales	Operating profit/(loss)	%	Fixed assets acquired
2011				
Zardoya Otis, S.A. (aggregate of 95 branches).....	637,716	219,744	34.46	4,268
Spanish Group Companies - Elevators (10 companies)	98,556	17,814	18.08	6,887
Otis Elevadores Group - Portugal	73,160	29,986	39.62	392
Otis Maroc - Morocco	21,285	3,521	16.54	77
Total Elevators	830,717	270,065	32.51	11,624
Spanish Group Companies - Non Elevators (3 companies)	39,094	4,277	10.94	7,629
Total Group	869,811	274,342	31.54	19,253
Eliminations - Intragroup transactions	(50,726)	(336)	-	-
EThs Consolidated	819,085	274,006	33.45	19,253

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

Details of the different categories of property, plant and equipment and movements on these accounts are shown below:

	Land & Buildings	Machinery	Furniture, fittings & equipment	Total
As of November 30, 2010				
Cost	41,046	35,144	63,931	140,121
Accumulated depreciation	(8,753)	(26,301)	(50,392)	(85,446)
Impairment loss	-	-	-	-
Net carrying amount ETHs	32,293	8,843	13,539	54,675
2011				
Business combinations	-	-	52	52
Increases	10	708	2,124	2,842
Decreases	-	(36)	(334)	(370)
Depreciation charge	(664)	(1,597)	(3,691)	(5,952)
Eliminations from depreciation	-	36	236	272
Impairment losses recognized in the year	-	-	-	-
Impairment losses reversed	-	-	-	-
Other movements	-	-	-	-
	(654)	(889)	(1,613)	(3,156)
As of November 30, 2011				
Cost	41,056	35,816	65,841	142,713
Accumulated depreciation	(9,417)	(27,862)	(53,914)	(91,193)
Impairment loss	-	-	-	-
Net carrying amount	31,639	7,954	11,927	51,520
2012				
Business combinations	-	477	-	477
Increases	-	3,499	2,810	6,309
Decreases	-	(829)	(112)	(941)
Depreciation charge	(643)	(1,664)	(3,323)	(5,630)
Eliminations from depreciation	-	829	111	940
Impairment losses recognized in the year	-	-	-	-
Impairment losses reversed	-	-	-	-
Other movements	-	-	-	-
	(643)	2,312	(514)	(1,155)
Al 30 de Noviembre de 2012				
Cost	41,056	38,963	68,539	148,558
Accumulated depreciation	(10,060)	(28,697)	(57,126)	(95,883)
Impairment loss	-	-	-	-
Net carrying amount ETHs	30,996	10,266	11,413	52,675

The property, plant and equipment figure includes assets in progress for a total value of ETHs 771 in 2012 and ETHs 824 in 2011.

The principal property, plant and equipment comprises buildings and installations related to the Leganés plant, work on which was completed in the year 2008. The value of the buildings and installations recognized as property, plant and equipment is ETHs 23,345.

At November 30, 2012 and 2011, the following items of property, plant and equipment were fully depreciated:

	2012	2011
Land and buildings	3,862	3,739
Vehicles and machinery	27,948	26,421
Furniture, fittings and equipment	34,911	32,570
ETHs	66,721	62,730

Of the total property, plant and equipment net of depreciation, the value of which is EThs 52,675, the amount of EThs 193 is in Portugal and the amount of EThs 172 in Morocco (EThs 390 and 124 respectively in 2011). There is no other property, plant and equipment outside Spanish territory.

It is the Group's policy to take out all the insurance policies deemed necessary to cover any possible risks which could affect, among other things, property, plant and equipment. At November 30, 2012 and 2011, none of the Group's financial liabilities was secured by property, plant and equipment and, therefore, all the property, plant and equipment were free of any charges.

NOTE 6. INTANGIBLE ASSETS

Details of the main categories of intangible assets and the movement on these accounts are shown:

	Maintenance Contracts	Goodwill	Other	Total
As of November 30, 2010				
Cost	193,198	42,192	193	235,583
Accumulated amortization	(74,383)	-	(155)	(74,538)
Impairment loss	-	-	-	-
Net carrying amount EThs	118,815	42,192	38	161,045
2011				
Increases	333	-	2,195	2,528
Business combinations	9,120	4,711	-	13,831
Decreases	(3,462)	-	-	(3,462)
Amortization charge	(6,910)	-	(2,030)	(8,940)
Eliminations from amortization	3,193	-	-	3,193
Impairment losses recognized in the year	-	-	-	-
Impairment losses reversed	-	-	-	-
Other movements	-	-	-	-
	2,274	4,711	165	7,150
At November 30, 2011				
Cost	199,189	46,903	2,388	248,480
Accumulated amortization	(78,100)	-	(2,185)	(80,285)
Impairment loss	-	-	-	-
Net carrying amount	121,089	46,903	203	168,195
2012				
Increases	172	-	2,706	2,878
Business combinations	21,000	9,760	-	30,760
Decreases	-	-	-	-
Amortization charge	(8,399)	-	(2,729)	(11,128)
Eliminations from amortization	-	-	-	-
Impairment losses recognized in the year	-	-	-	-
Impairment losses reversed	-	-	-	-
Other movements	-	-	-	-
	12,773	9,760	(23)	22,510
At November 30, 2012				
Cost	220,361	56,663	3,090	280,114
Accumulated amortization	(86,499)	-	(2,910)	(89,409)
Impairment loss	-	-	-	-
Net carrying amount EThs	133,862	56,663	180	190,705

The goodwill and intangible assets with indefinite useful lives have been assigned to the Group's cash-generating units (CGUs) as follows:

	2012	2011
Otis Maroc, S.A.	17,780	17,780
Zardoya Otis, S.A.	19,180	23,892
Conservación de aparatos elevadores Express, S.L.	8,083	5,231
Puertas Automáticas Portis, S.L.	3,299	-
Montes Tallón, S.A.	8,321	-
EMIs	56,663	46,903

In 2012, increases due to business combinations, both in maintenance contracts and goodwill, relate to the acquisitions made during the year (Note 33): Montes Tallón, S.A. and Star Elevator, S.L.

All the 2012 year end, goodwill related to Ascensores Molero, S.L. and Reparación y Mantenimiento de Ascensores, S.L. business combinations are presented in Montes Tallón, S.A. CGU, as indicated in note 2.2.a. Ascensores Molero, S.L. and Reparación y Mantenimiento de Ascensores, S.L. were integrated during the exercise in this CGU (presented at the end of 2011 as part of Zardoya Otis, S.A. CGU).

For each business combination, the Group requires an external company of recognized prestige to verify the fair value of the assets acquired. The recoverable amount is determined by using cash-flow projections in financial budgets approved by Management for a maximum 15-year period, based on past performance and market development expectations. The growth rates applied maximum 3% and growth rate used for projections subsequent to the period considered is 2%. The discount rate used is around 9.69% (2011: 9.37%).

To calculate the discount rate, the company uses a long term Treasury bond rate, growth expectations, the cash-generating unit (CGU) effective tax rate and the Group's cost of debt. The perpetuity growth rate used is in line with the one used by similar industries in the countries in which the Group operates.

	Period in years budgeted	Subsequent growth rate	Discount rate (acquisition date)
Otis Maroc, S.A.	15	2.0%	8.2%
Conservación de aparatos elevadores Express, S.L.	15	2.0%	8.3%
Puertas Automáticas Portis, S.L.	5 to 15	2.0%	9%
Zardoya Otis, S.A.	5 to 15	2.0%	From 8% to 9%
Montes Tallón, S.A.	5	2.0%	9.7%

The discount rate used is after tax and is independent of the specific capital structure of Zardoya Otis, S.A. and its subsidiaries, which does not have significant financial debt, assuming the discount rate structure of the international group and the sector.

It is a common Group practice, when there are operating reasons that justify it, to take advantage of business combinations synergies through the legal integration by merger or liquidation of the entity acquired into the CGU to which it belongs. In this regard, since Group business constitutes a single integrated production process, we consider a cash-generating unit as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The goodwill and service portfolios are regularly tested for impairment reviewing the business expectations drawn up at the time of acquisition using the key assumptions: period considered, discount rate and perpetuity growth rate. Generally, except for Otis Morocco, the amount of goodwill assigned to the different cash-generating units is not significant compared to the value of the CGU itself.

Apart from the discount rate, the most sensitive aspects included the projections used, which are based on the forecasts of the international Group, sector forecasts and historical experience, are service revenue, growth in the contracts on the portfolio from the expected synergies of the business combinations and adequate maintenance of the Group's expense and cost structure.

As a result of the aforementioned process, in the years 2012 and 2011, the values in use of the assets of the CGUs, calculated as per the above model, are, in all cases, higher than the net carrying amounts recognized in these consolidated annual financial statements. Therefore, no impairment has been recognized. Likewise, it is estimated that any possible reasonable variations that may be undergone by the key assumptions upon which calculation of the recoverable amounts of the different CGUs is based would not change the conclusions drawn on the valuation of the assets.

In relation to the aforementioned sensitivity analysis, the following table shows the analysis relating to Otis Maroc, S.A., which is the most significant one in the Group.:

Rate Discount	1.00%	1.50%	2.00%	2,50%	3,00%
10.00%	20.3	20.9	21.6	22.4	23.3
9.69%	21.1	21.7	22.4	23.3	24.3
9.50%	21.6	22.4	23.0	23.9	25.0
9.37%	21.9	22.6	23.4	24.4	25.5

(Millions of Euros)

The increase in net value in comparison with 2011 fiscal year is due to the increase in the profit of Morocco and to the improvement of certain indicators of cash generation, which have generated a significant improvement in the generation of future cash flows.

The principal assets, at their carrying amounts, contributed to the consolidation by each one of the CGUs to which goodwill has been assigned are as follows:

	2012					2011		
	Conservación de					Conservación de		
	Zardoya Otis, S.A.	aparatos elevadores Express, S.L.	Otis Maroc, S.A.	Puertas Automáticas Portis, S.L.	Montes Tallón, S.A.	Zardoya Otis, S.A.	aparatos elevadores Express, S.L.	Otis Maroc, S.A.
Property, plan & equipment	49,268	54	172	126	159	48,287	26	172
Other intangible assets	73,583	18,528	6	5,179	6,358	52,596	11,218	4
Deferred tax assets	14,893	756	-	-	22	16,235	-	-
Other noncurrent assets	6,711	25	-	87	7	5,958	12	-
Inventories	21,337	111	205	944	685	16,221	69	112
Trade and other receivables.....	184,089	7,773	1,265	6,044	1,921	172,023	6,350	12,646
Other current assets	3,676	14	4,030	38	2,437	708	2	5,719
Cash and cash equivalents	4,755	297	119	57	1,572	25,381	763	641

NOTE 7. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

	Loans & receivables & other	Assets held at fair value through profit and loss	Hedging derivatives	Available for sale	Total
November 30, 2012					
Noncurrent assets in statement of financial position					
Loans and receivables (Note 8)	6,276	-	-	-	6,276
Other	543	-	-	-	543
Total	6,819	-	-	-	6,819
Current assets in statement of financial position					
Trade and other receivables (Note 8)	212,040	-	-	-	212,040
Other	453	-	-	-	453
Cash and cash equivalents (Note 10)	37,106	-	-	-	37,106
Total	249,599	-	-	-	249,599
	Loans & receivables & other	Assets held at fair value through profit and loss	Hedging derivatives	Available for sale	Total
November 30, 2011					
Noncurrent assets in statement of financial position					
Loans and receivables (Note 8)	5.513	-	-	-	5.513
Other	2.630	-	-	-	2.630
Total	8.143	-	-	-	8.143
Current assets in statement of financial position					
Trade and other receivables (Note 8)	209.676	-	-	-	209.676
Others	411	-	-	-	411
Cash and cash equivalents (Note 10)	66.781	-	-	-	66.781
Total	276.868	-	-	-	276.868

	Liabilities held at fair value through profit and loss	Hedging derivatives	Other financial liabilities at amortized cost	Total
November 30, 2012				
Noncurrent liabilities in statement of financial position				
Borrowings from financial institutions (Note 20)	-	-	18,539	18,539
Trade and other payables	-	-	-	-
Other debts through acquisitions (Note 16)	-	-	1,698	1,698
TotalETHs	-	-	20,237	20,237

November 30, 2012				
Current liabilities in statement of financial position				
Borrowings from financial institutions (Note 20)	-	-	12,585	12,585
Trade and other payables (Note 16)	-	-	179,491	179,491
Other debts through acquisitions (Note 16)	-	-	6,578	6,578
TotalETHs	-	-	198,654	198,654

	Liabilities held at fair value through profit and loss	Hedging derivatives	Other financial liabilities at amortized cost	Total
November 30, 2011				
Noncurrent assets in statement of financial position				
Borrowings from financial institutions (Note 20)	-	-	10,649	10,649
Trade and other payables	-	-	-	-
Other debts through acquisitions (Note 16)	-	-	5,263	5,263
TotalETHs	-	-	15,912	15,912

November 30, 2011				
Current liabilities in statement of financial position				
Borrowings from financial institutions (Note 20)	-	-	4,007	4,007
Trade and other payables (Note 16)	-	-	208,071	208,071
Other debts through acquisitions (Note 16)	-	-	25,495	25,495
TotalETHs	-	-	237,573	237,573

NOTE 8. TRADE AND OTHER RECEIVABLES

	2012	2011
Trade receivables	248,419	258,551
Less: Provision for impairment of receivables	(89,606)	(81,763)
Trade receivables - Net	158,813	176,788
Amount due from customers for contract works	14,331	3,547
Other accounts receivable	19,898	15,448
Prepayments	1,269	1,059
Receivables from related parties (Note 34)	24,435	18,987
TotalETHs	218,746	215,829

The total amount of the costs incurred at the end of the reporting period was ETHs 61,412 (2011: ETHs 81,386), this amount includes recognized profits (less recognized losses) on all contracts in progress for ETHs 4,177 (2011: ETHs 2,208). Amounts due from customers for contract works are shown net, between the cost incurred at the end of the reporting period and the advance payments received from the customers, for an amount of ETHs 47,081 (ETHs 77,839 in 2011). At November 30, 2012, the trade receivables balance showed an amount of ETHs 3,676 (2011: ETHs 4,189) related to amounts withheld by customers in accordance with the conditions of their contracts.

Movement on the provision for the impairment of receivables was as follows:

	2012	2011
Beginning of period	81,763	74,246
Provision made	8,659	10,800
Business combinations	865	34
Applications	(1,681)	(3,317)
ETHs	89,606	81,763

The provisions and applications are including on the income statement under the heading of "Other expenses, net". The net provision provided in the financial year 2012 has been a 0.86% of Group sales (2011: 0.91%).

Trade receivables includes balances at more than six months for the following amounts:

	2012	2011
Between six months and one year	22,881	21,184
Between one and two years	40,693	36,290
More than two years	12,438	10,453
ETHs	76,012	67,927

Additionally, other noncurrent assets includes long-term promissory notes received from customers with maturity dates of more than one year for a total amount of ETHs 6,276 (ETHs 5,513 in 2011). The breakdown by years until maturity is as follows:

	2012	2011
Two years	4,885	5,031
Three years	1,065	355
More than three years	326	127
ETHs	6,276	5,513

NOTE 9. INVENTORIES

	2012	2011
Raw materials and consumables for production	25,579	18,111
Work in progress	3,127	3,901
ETHs	28,706	22,012

NOTE 10. CASH AND CASH EQUIVALENTS

	2012	2011
Cash and banks.....	11,698	16,366
Current deposits with financial institutions	25,408	50,415
Deposits with Group companies	-	-
EThs	37,106	66,781

The effective interest rate on current deposits with financial institutions varied from 0.83% and 0.24% in 2012 (2011: from 1.24% to 0.73%) and the maturity of these deposits is less than 3 months. Unlike precedent years, at november 30, 2012 and 2011, the Group did not hold any deposits with Group companies.

For the statement of cash flows, cash and borrowings include:

	2012	2011
Cash and cash equivalentsEThs	37,106	66,781
Borrowings: utilization of bank credit (Note 20).....EThs	30,588	13,952

The Group holds committed credit lines for an amount sufficient to maintain flexibility in funding, as stated in Note 3 “Financial Risk Management”. Notwithstanding, these lines are only used occasionally. At the 2012 year end, of the total borrowings balance of EThs 536 (2011: EThs 704) relates to other non-bank credits granted to the Group and to the interest calculated on acquisitions.

NOTE 11. SHARE CAPITAL

	No. Shares	Ordinary Shares	Total
At November 30, 2010	349,425,397	349,425,397	349,425,397
Capital increase	17,471,269	17,471,269	17,471,269
At November 30, 2011	366,896,666	366,896,666	366,896,666
Capital increase	18,344,833	18,344,833	18,344,833
November 30, 2012	385,241,499	385,241,499	385,241,499

The share issues carried out in 2012 and 2011 were bonus issues charged to voluntary reserves.

Owner	Shares		% shareholding	
	2012	2011	2012	2011
United Techonologies Holdings, S.A.....	192,659,576	183,485,310	50.01	50.01
Euro-Syns, S.A	45,499,732	43,333,077	11.81	11.81
Other non-controlling interests	147,035,960	139,199,963	38.17	37.94
Treasury shares	46,231	878,316	0.01	0.24
	385,241,499	366,896,666	100.00	100.00

No other individual shareholder holds an interest of more than 10% in the capital of the parent company of the Group.

All shares if the Parent Group are of the same class and have the same voting rights.

At the General Shareholders' Meeting held on May 24, 2012, the following resolutions, among others, were adopted.

Capital increases charged to the voluntary reserves, in the proportion of one new share for every twenty old shares, for an amount of 1,834,483.30 euros, issuing 18,344,833 shares. Once the capital increase had been completed, the capital amounted to 38,524,149.90 euros and consisted of 385,241,499 shares with a par value of 0.10 euros each. The new shares were entitled to the dividends paid after the date of the capital increase and therefore participated in the third quarterly dividend, which was the second interim dividend charged to the 2012 profits, paid on September 10, 2012. The increase was carried out from June 14, 2012 until June 29, 2012, inclusive. The new shares were listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges effective August 20, 2012.

At November 30, 2012, interim dividends were declared for the year ended on said date for an amount of EThs 90,246 (EThs 98,451 in 2011). These interim dividends were paid (Note 29) for shares 1 to 366,896,666 (1st interim dividend) and shares 1 to 385,241,499 (2nd interim dividend). Additionally a dividend charged to voluntary reserves was distributed to shares 1 to 366,896,666 on May 24, 2012, for an amount of EThs 44,028.

Incremental costs directly attributable to the issuance of new shares or options are recognized in the equity as a deduction, net of tax, from the income obtained.

NOTE 12. TREASURY STOCK

The ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on May 23, 2011 authorized the Board of Directors to acquire, directly or indirectly, shares of Zardoya Otis, S.A. itself up to the maximum amount permitted by law.

At its meeting of October 27, 2011, the Company's Board of Directors resolved, in accordance with said authorization, to acquire treasury shares in order to use them in any of the company acquisition transactions that the Company habitually performs that involves an exchange of shares.

The derivative acquisition of treasury stock was carried out in accordance with the terms of the aforementioned authorization from the Ordinary General Shareholders' Meeting and was subject to the following conditions: (I) up to a maximum limit of 0.5% of the number of shares that represent the Company's share capital, equivalent to 1,835,000 shares; and (II) during a term expiring on April 30, 2012, and subject to Regulation (EC) 2273/2003 and other applicable legislation.

In December 2011, Zardoya Otis, S.A. acquired 176,619 treasury stock for a value of EThs 1,828. As a result of the acquisition transaction mentioned in Note 33, Zardoya Otis exchanged in December 2011, 1,010,905 treasury stock, remaining as of November 30, 2012, 46,231 treasury stock valued at their acquisition price for an amount of EThs 425, (at 2011 year-end, Zardoya Otis, S.A. held 878,316 treasury shares for a value of EThs 8,322). The remaining as of November 30, 2012 includes 2,201 the treasury stock received in the bonus issue (Note 11).

NOTE 13. LEGAL RESERVE

The legal reserve has been recognized under the provisions the Capital Company Act, article 274, which requires 10% of annual profit be set aside until 20% of the share capital is reached.

Unless the legal reserve exceeds said limit, it can be used only to offset losses when no other reserves are available.

Details of the legal reserve by company at November 30, 2012 and 2011 are as follows:

	2012	2011
Company		
Zardoya Otis, S.A.	7,705	6,981
Ascensores Eguren, S.A.	-	-
Ascensores Ingar, S.A.	13	13
Ascensores Serra, S.A.	48	48
Cruxent-Edelma, S.L.	24	24
Mototracción Eléctrica Latierro, S.A.	63	63
Grupo Otis Elevadores (Portugal).....	429	429
Puertas Automáticas Portis, S.L.	68	68
Ascensores Pertor, S.L.	10	10
Conservación de Aparatos Elevadores Express, S.L.	354	354
Acresa Cardellach, S.L.	1,990	1,990
Admotion, S.L.	18	-
Otis Maroc, S.A.	10	9
Ascensores Aspe, S.A.	41	41
Montoy, S.L.	20	20
Ascensores Molero, S.L.	-	1
Reparación y Mantenimiento de Ascensores, S.L.(*)	-	9
Montes Tallón, S.A. EThs	19	-

(*) Company merged with Montes Tallón, S.A. in 2012.

NOTE 14. RESERVES IN SUBSIDIARY COMPANIES AND OTHER RESERVES

	Subsidiary companies	Other reserves	Total
As of November 30, 2010EThs	78,770	17,387	96,157
Profit 2010.....	35,505	52,187	87,692
Dividends paid in the year.....	(30,135)	(47,172)	(77,307)
Capital increase	-	(1,747)	(1,747)
Other movements.....	(1,826)	(4,407)	(6,233)
As of November 30, 2011EThs	82,314	16,248	98,562
Profit 2011.....	39,868	45,842	85,710
Dividends paid in the year.....	(36,605)	(44,022)	(80,627)
Capital increase	-	(1,834)	(1,834)
Other movements.....	2	(8)	(6)
As of November 30, 2012EThs	85,579	16,226	101,805

Details by company of reserves in subsidiary companies and other reserves as of November 30, 2012 and 2011 are as follows:

	2012	2011
Company		
Zardoya Otis, S.A.	26,185	26,207
Ascensores Eguren, S.A.	(6,629)	(5,989)
Ascensores Ingar, S.A.	(4,234)	(3,614)
Ascensores Serra, S.A.	444	444
Cruxent-Edelma, S.L.	(3,594)	(3,781)
Mototracción Eléctrica Latierro, S.A.	1,848	1,691
Grupo Otis Elevadores (Portugal).....	49,143	48,902
Puertas Automáticas Portis, S.L.	6,154	4,304
Ascensores Pertor, S.L.	6,239	5,788
Conservación de Aparatos Elevadores Express, S.L.	13,574	13,013
Acresa Cardellach, S.L.	22,428	21,943
Admotion, S.L.	(299)	(436)
Ascensores Aspe, S.A. (dependiente de Eguren, S.A.)	(2,186)	(2,186)
Otis Maroc, S.A.	2,943	2,073
Montoy, S.L.	(121)	162
Montes Tallón, S.A.	(131)	-
IFRS adjustments	(9,959)	(9,959)
EThs	101,805	98,562

In compliance with the provisions of the Capital Company Act, art 273:4, the Group has recognized a reserve of EThs 4,753 (EThs 4,441 in 2011), equivalent to 5% of the goodwill included in the assets in its Statement of Financial Position. As stated in the Capital Company Act, this reserve is unavailable.

NOTE 15. PROFIT FOR THE YEAR

Companies' contributions to the Zardoya Otis Group accounts, including the portion allocated to non-controlling interests, are as follows:

	2012		2011	
	Consolidated profit	Attributable to non controlling interests	Consolidated profit	Attributable to non controlling interests
Company				
Zardoya Otis, S.A.	144,564	-	154,179	-
Ascensores Eguren, S.A.	(791)	-	(1,350)	-
Ascensores Ingar, S.A.	(561)	-	(619)	-
Ascensores Serra, S.A.	1,660	553	1,920	642
Cruxent-Edelma, S.L.	1,962	841	1,260	540
Mototracción Eléctrica Latierro, S.A.	665	639	393	378
Grupo Otis Elevadores (Portugal)	19,459	220	22,104	328
Puertas Automáticas Portis, S.L.	1,108	121	1,885	206
Ascensores Pertor, S.L.	3,665	229	3,693	230
Conservación de Aparatos Elevadores Express, S.L.	3,430	-	3,130	-
Acresa Cardellach, S.L.	3,365	82	4,072	98
Admotion, S.L.	190	63	135	45
Otis Maroc, S.A.	3,032	-	2,675	-
Ascensores Aspe, S.A.	411	-	711	-
Montoy, S.L.	(76)	156	(92)	129
Ascensores Molero, S.L.	-	-	(63)	-
Reparación y Mantenimiento de Ascensores, S.L.	-	-	-	-
Fercas, S.L.	-	-	(41)	-
Montes Tallón, S.A.	(986)	96	-	-
EThs	181,097	3,000	194,004	2,596

The proposed distribution of 2012 profit and other reserves in the parent company that will be submitted for approval at the Annual Shareholders' Meeting, together with the 2010 profit distribution approved, is as follows:

	2012	2011
Available for distribution		
Profit for the year.....	177,147	178,775
EThs	177,147	178,775
Distribution		
To legal reserve	740	716
To reserve for goodwill	1,986	1,986
Other reserves	41,804	31,892
Dividends.....	132,617	144,181
EThs	177,147	178,775

NOTE 16. TRADE AND OTHER PAYABLES

	2012	2011
Trade payables.....	29,950	26,060
Payables to related parties (Note 34)	6,836	12,663
Other payables.....	16,216	16,543
Goods received but not invoiced	6,966	6,707
Notes payable	1,532	1,883
Amounts due to customers on work in progress (Note 8)	31,734	34,482
Maintenance billing in advance	38,639	38,482
Acquisition commitments	12,918	25,495
Other payables to public authorities (Note 17)	24,832	24,890
Outstanding employee remuneration.....	36,921	40,674
Other	4,356	4,965
EThs	210,900	232,961

The amounts payable to related companies are partly in foreign currency and there are no other significant amounts payable in foreign currency. Since the amounts are current and are not significant, no hedges have been deemed necessary. The heading “Related companies” includes balances denominated in foreign currencies other than Euros, the equivalent value of which in euros amounts to EThs 642 (2011: EThs 478).

At November 30, 2012 and 2011, there were commitments for costs incurred in work for which, although it had been completed, charges from third parties had not yet been received. This item is shown under the heading “Other payables”.

In relation to commitments from acquisitions, the table below shows the maturities of the outstanding amounts for this item presented as other financial liabilities:

Year 2012	Current	2014	2015/16	Noncurrent
Acquisitions 2011 & earlier	7,709	889	809	1,698
Acquisitions 2012	5,209	-	-	-
EThs	12,918	889	809	1,698
Ejercicio 2011	Current	2013	2014/15	Noncurrent
Acquisitions 2010 & earlier	19,621	1,810	1,097	2,907
Acquisitions 2011	5,874	2,204	152	2,356
EThs	25,495	4,014	1,249	5,263

Company acquisitions agreements in force at November 30, 2012 and 2011 bear interest charges only on the portions relating to contingent liabilities secured by withholding part of the price payable. The amount is not significant.

Forecast payments are classified as current in accordance with the payment conditions fixed in each contract. Those classified as noncurrent are measured at amortized cost and the differences are recognized in profit and loss over the term of the debt, applying the effective interest rate method.

a) Information on delays in payments to suppliers. Third Additional Provision “Reporting duties” of Law 15/2010 of July 5.

Fiscal year 2011, was the first year of implementation of Law 15/2010 of 5 July. As indicate in the second transitional provision of the Resolution of December 29, of Accounting and Account Auditing Institute. In accordance with this transitional calendar, at November 30, 2011, the Group did not have any outstanding amounts payable to suppliers with a payment period of longer than 85 days.

In this respect and in compliance with the law 15/2010 of 5 July, the Group reports that during the period 2012, the total of payments made to suppliers amounted to EThs 272,143 complying with the rules concerned and at November 30, 2012, the Group maintains amounts pending payment to vendors whose payment term is greater than 75 days amounting to EThs 471, amount to EThs 256 corresponding to the new acquisition Montes Tallón, S.A.

NOTE 17. PUBLIC TREASURY

	2012	2011
Debit balances		
Social Security	3	3
Withholding tax	311	321
Public Treasury, VAT payable	667	846
Public Treasury, input VAT	5,725	4,983
EThs (Note 8)	6,706	6,153
Credit balances		
Provision for corporate income tax	74,344	80,270
Payments on account of corporate income tax	(62,022)	(54,505)
Public Treasury, withholdings operated	3,018	3,785
Public Treasury, VAT due	88	21
Public Treasury, output VAT	10,431	10,241
Social Security	11,256	10,643
EThs	37,115	50,655

NOTE 18. DEFERRED TAXES

Deferred tax assets:	2012	2011
To be recovered after more than 12 months	23,440	22,208
To be recovered within 12 months	2,070	3,874
EThs	25,510	26,082
Deferred tax liabilities:	2012	2011
To be recovered after more than 12 months	9,372	3,562
To be recovered within 12 months	-	-
EThs	9,372	3,562

Overall movement on the deferred tax account was as follows:

Deferred tax assets:	2012	2011
Beginning of period	26,082	24,580
Business combinations	673	-
P&L impact	(1,245)	1,502
End of period	25,510	26,082
EThs		
Deferred tax liabilities:	2012	2011
Beginning of period	3,562	2,090
Business combinations	4,912	557
P&L impact	898	915
End of period	9,372	3,562
EThs		

Movement on the deferred tax assets and liabilities in the year was as follows:

	Welfare commitments	Amortization depreciation	Other	Total
Deferred tax assets:				
As of November 30, 2010	19,839	1,939	2,802	24,580
P&L impact	(1,680)	576	2,606	1,487
Business combinations	-	-	-	-
As of November 30, 2011	18,159	2,515	5,408	26,082
P&L impact	(1,113)	475	(607)	(1,245)
Business combinations	-	-	673	673
As of November 30, 2012	17,046	2,990	5,474	25,510
EThs				

Deferred tax liabilities:	Welfare commitments	Amort./deprec. fixed assets	Other	Total
At November 30, 2010EThs	-	2,090	-	2,090
P&L impact	-	915	-	915
Business combinations	-	557	-	557
As of November 30, 2011EThs	-	3,562	-	3,562
P&L impact	-	898	-	898
Business combinations	-	4,912	-	4,912
As of November 30, 2012EThs	-	9,372	-	9,372

In 2012, the increase for business combination corresponds to the tax effect of the registration of maintenance contracts procured through the Montes Tallón, S.A. (Note 33) business combination.

In 2011, the Group did not recognize any deferred liability relating to the recognition of the maintenance contracts acquired through the business combinations: Ascensores Molero, S.L., Reparación y Mantenimiento de Ascensores, S.L. and Fercas Serveis Integrals, S.A., since said companies will be integrated into Group companies in 2012 and, therefore, there will be no differences between the tax bases and the financial bases.

NOTE 19. WELFARE COMMITMENTS

	2012	2011
Obligations on Consolidated Statement of Financial Position:		
current employees	12,182	12,820
retired employees.....	-	-
EThs	12,182	12,820

The amounts recognized on the Statement of Financial Position were measured as follows:

	2012	2011
Present value of financial obligations	51,689	45,504
Fair value of plan assets	(52,391)	(43,855)
	(702)	1,649
Unrecognized actuarial gains	12,884	11,171
Liability on Consolidated Statement of Financial PositionEThs	12,182	12,820

The evolution of the present value of the defined benefit obligation and the fair value of plan assets was as follows:

	Obligation recognized	Plan assets
As of November 30, 2010	66,132	(58,946)
Service cost	2,265	-
Interest cost.....	2,443	-
Return on plan assets	-	(2,279)
Payments to beneficiaries	(5,260)	5,260
Contributions	-	(2,269)
Actuarial losses/gains.....	(10,578)	5,089
Settlement	(9,498)	9,290
As of November 30, 2011EThs	45,504	(43,855)
Service cost	1,811	-
Interest cost.....	2,050	-
Return on plan assets	-	(2,049)
Payments to beneficiaries	(1,702)	1,701
Contributions	-	1,691
Actuarial losses/gains.....	4,909	(10,762)
Settlement	(883)	883
As of November 30, 2012EThs	51,689	(52,391)

The principal actuarial assumptions used were as follows:

	2012	2011
The discount rate varies, depending on the length of the obligation, between	2.89%-2.71%	5.10%-2.71%
Mortality tables	PERMF 2000P	PERMF 2000P
Wage increase	3.5%	3.5%
Estimated average early retirement age	65 to 67 years	65 to 67 years
Estimated average early retirement age (closed commitments)	62 years	62 years

The amounts recognized in profit and loss were as follows:

	2012	2011
Current service cost.....	1,811	2,265
Interest cost.....	2,050	2,443
Expected return on plan assets	(2,049)	(2,278)
Settlements	(260)	538
Actuarial (gains)/losses.....	(3,880)	(7,522)
Total included in employee benefit expense (Note 23)	(2,328)	(4,554)

The fair value of plan assets (matched insurance contracts) was measured in accordance with IAS 19, section 104, which allows the equalization of the value of these contracts with that of the obligations. These obligations were externalized and are subject to a financing plan with the insurance companies ended in 2012.

The amounts of the present value of obligations for defined benefits and the fair value of plan assets for the current period and the preceding four annual periods are as follows:

	2012	2011	2010	2009	2008
Present value of financed obligations.....	51,689	45,504	66,132	67,939	74,620
Fair value of plan assets	(52,391)	(43,855)	(58,946)	(56,926)	(59,212)

The Group's best estimate of the contributions to be paid in the year ending November 30, 2013 is EThs 2,457.

Additionally, there is a defined contribution plan the annual cost of which is included under the heading "Employee benefit expense" for EThs 479 (EThs 554 in 2011)

NOTE 20. BORROWINGS

In 2011, the Group parent has entered into a frame agreement in order to finance acquisitions of companies with Banca March S.A. for the next three years and to a maximum amount of one hundred million euros; to be split in individual loans for each transaction with amortization periods between three and five years. Interest rates and additional terms were fixed and do not differ from market conditions. During December 2011 one of such transactions was signed to finance the acquisition of Montes Tallón, S.A., for a total amount of EThs 15,000. (In the fiscal year 2011, two additional loans were signed for a total of EThs 14,000).

At November 30, 2012, the carrying amount of current borrowings from financial institutions was equal to their fair value, since the impact of applying a discount was not significant. Said amount includes the value of the instalments payable in the year 2013 and the interest accrued in the year end. The amount of which was EThs 904.

The noncurrent portion of this debt, which is EThs 10,649, is shown at amortized cost in accordance with the effective interest rate method. It matures as follows:

Fiscal year 2012	Current	2014	2015	2016/2017	Noncurrent
Borrowings from financial institutions.....	12,049	8,550	4,995	4,994	18,539
Other (Note 10).....	536	-	-	-	-
EThs	12,585	8,550	4,995	4,994	18,539

Fiscal year 2011	Current	2013	2014/15	Noncurrent
Borrowings from financial institutions.....	3,303	4,576	6,073	10,649
Other (Note 10).....	704	-	-	-
EThs	4,007	4,576	6,073	10,649

NOTE 21. PROVISION FOR OTHER LIABILITIES AND EXPENSES

	2012	2011
Noncurrent		
Other commitments with employees	3,332	3,020
Current		
Litigations: customer transactions	1,494	1,423
Guarantees for services and contracts	14,719	14,073
Chamber of Commerce and other taxes.....	1,299	1,595
Environmental actions.....	-	500
EThs	17,512	17,591

The provision for guarantees covers principally free service commitments derived from the signature of contracts by Group companies, usually with a term of less than one year. Risks provided for relate to litigations and other identified risks inherent to the Group's activity.

The following table shows the movement on the provisions:

	Other commitments with employees	Litigations, customer transactions	Guarantees	Other
As of November 30, 2010	2,503	2,904	16,328	1,937
Provisions / (reversals) in				
Income Statement:	517	(1,481)	(627)	158
Amounts used	-	-	(1,628)	-
Other	-	-	-	-
As of November 30, 2011	3,020	1,423	14,073	2,095
Provisions / (reversals) in				
Income Statement:	312	71	2,058	(500)
Amounts used	-	-	(1,412)	(296)
Other	-	-	-	-
As of November 30, 2012EThs	3,332	1,494	14,719	1,299

NOTE 22. REVENUE

	2012	2011
Services rendered	602,769	631,028
Revenue from works contracts.....	73,089	93,029
Exports.....	132,082	94,347
Other sales	1,178	681
Total revenueEThs	809,118	819,085

NOTE 23. EMPLOYEE BENEFITS

	2012	2011
Wages and salaries	180,870	181,329
Social security and other	73,674	73,025
Employee benefit commitments.....	(2,328)	(4,554)
EThs	252,216	249,800

Social security and other includes severance payments to employees of EThs 15,588 in 2012 (12,431 in 2011).

Starting from fiscal year 2011, it is included also the UTC long-term incentive plan, for certain Zardoya Otis executives who are also considered to be UTC Group executive which includes UTC stock options (Note 34). The expense incurred for this item in 2012 is EThs 139 (2011: EThs 390).

NOTE 24. RAW MATERIALS AND CONSUMABLES USED

	2012	2011
Materials and subcomponents for installations and services	287,970	275,887
Elimination of intra-group transactions	(64,814)	(50,726)
Purchase discounts	(8)	(72)
Change in inventories	(6,695)	(4,384)
EThs	216,453	220,705

NOTE 25. OTHER NET EXPENSES

Depending on their nature, other net expenses are broken down into:

	2012	2011
Leases	19,898	20,210
Repairs and maintenance	2,661	2,580
Insurance premiums	1,596	1,269
Advertising and publicity.....	1,988	1,783
Transport	7,756	6,727
Supplies and other services.....	17,344	18,007
Independent professionals.....	4,075	2,753
Subcontracting	769	-
Other	3,974	3,221
Impairment of receivables (Note 8)	6,978	7,483
EThs	67,039	64,033

NOTE 26. NET FINANCE COST

	2012	2011
Interest expense:		
- Loans with financial institutions	(1,163)	(392)
	(1,163)	(392)
Interest revenue:		
- Bank deposits	938	2,519
- Other	-	-
	938	2,519
Net foreign exchange gains / (losses)	24	(3)
EThs	(201)	2,124

NOTE 27. INCOME TAX

	2012	2011
Profit before tax	261,021	276,155
Permanent differences:	10,253	9,112
Profit from foreign companies	(32,022)	(34,611)
Other differences	4,944	4,961
Prior year temporary differences in respect of which the relevant deferred tax asset was not recognized	(2,993)	(5,985)
Temporary differences arising in the year in respect of which the relevant deferred tax asset has not been recognized	-	(292)
Adjusted profit before tax	241,206	249,340
Temporary differences arising in the year in respect of which the relevant deferred tax asset is recognized	(2,176)	-
Taxable income	239,027	249,340
Gross tax payable	71,708	74,802
Tax credits	(4,746)	(4,769)
Other differences	651	19
Corporate net tax expense from foreign companies	9,311	9,503
Corporate income tax expenseETHs	76,924	79,555

The deferred tax asset accumulated at November 30, 2012 amounted to ETHs 25,510 (ETHs 26,082 in 2011). This deferred tax asset came basically from temporary differences relating to welfare commitments, bad debt provision, delayed sales costs and other provisions that will reverse in future years. Furthermore, there are deferred tax liabilities of ETHs 9,372 (ETHs 3,562 in 2011) relating to differences generated by goodwill.

At the year end, the sum of ETHs 62,022 (ETHs 54,505 in 2011) had been paid on account of the final corporate income tax liability. Corporate income tax expense includes income of ETHs 2,143 from deferred taxes (income of ETHs 587 from deferred taxes in 2011).

The effective tax rate for Otis Elevadores, Lda. (Portugal) is 29.6% and for Otis Maroc 25.3 (28.81% and 24.9% respectively, in 2011) and their tax expense for 2012 amounted to ETHs 8,282 and 1,029, respectively (ETHs 9,097 and 885, respectively, in 2011).

For Zardoya Otis, S.A. and the Spanish subsidiaries, as well as for Otis Maroc, S.A., the latest four years are still open to inspection. For the companies that form the Otis Elevadores (Portugal) Group, the last ten years are open to inspection, pursuant to current Portuguese legislation. In this regard, in the year 2012, Zardoya Otis, S.A. has received notification of the commencement of an audit of the tax, in relation to the Corporation Tax, Vat and withholdings tax for the financial years 2009 and 2010.

In consequence, among other things, additional liabilities could arise as the result of an inspection, due to possible different interpretations of current tax legislation. However, the directors consider that, if any such liabilities were to arise, they would not have a significant effect on the annual financial statements.

NOTE 28. EARNINGS PER SHARE

Basic earnings per share are calculated, in accordance with IAS 33, by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue in the year, excluding ordinary purchased by the Company. No event that could dilute the earnings per share has occurred.

	2012	2011
Profit attributable to equity holders of the Company.....	181,097	194,004
Weighted average number of ordinary shares in issue during the year	373,011,610	356,705,092
Weighted average number of treasury shares	(99,151)	(878,316)
Basic earnings per share.....	0.49	0.55

NOTE 29. DIVIDENDS PER SHARE

In the years 2010 and 2011, Zardoya Otis, S.A. paid the following interim dividends charged to the profit for the year and reserves:

	Thousands euros
<u>1st Dividend</u> 0,140 Euros gross per share charged to the year 2011.	
Declared on March 3, 2011 and paid out on March 10, 2011. Shares: 349,425,397	
Total = 48,919,555.58 Euros.....	48,919
<u>2nd Dividend</u> 0,135 Euros gross per share, charged to reserves.	
Declared on May 23, 2011 and paid out on June 10, 2011. Shares: 349,425,397	
Total = 47,172,428.60 Euros.....	47,172
<u>3rd Dividend</u> 0,135 Euros gross per share, charged to the year 2011.	
Declared on September 2, 2011 and paid out on September 12, 2011. Shares: 366,896,666	
Total = 49,531,049.91 Euros.....	49,531
Dividend at end of yearEThs	145,622
<u>4th Dividend</u> 0,125 Euros gross per share, charged to the year 2011.	
Declared on December 1, 2011 and paid out on December 12, 2011. Shares: 366,896,666	
(Treasury stock 1,054,935). Total = 45,862,083.25 Euros.....	45,730
Total 2011.....EThs	191,352
<u>1st Dividend</u> 0,120 Euros gross per share, charged to the year 2012.	
Declared on March 6, 2012 and paid out on March 12, 2012. Shares: 366,896,666	
(Treasury stock 44,030) Total = 44,027,599.92 Euros.....	44,022
<u>2nd Dividend</u> 0,120 Euros gross per share, charged to reserves.	
Declared on May 24, 2012 and paid out on June 11, 2012. Shares: 366,896,666	
(Treasury stock 44,030) Total = 44,027,599.92 Euros.....	44,022
<u>3rd Dividend</u> 0,120 Euros gross per share, charged to the year 2012.	
Declared on September 3, 2012 and paid out on September 10, 2012. Shares: 385,241,499	
(Treasury stock 46,231) Total = 46,228,979.88 Euros.....	46,223
Dividend at end of yearEThs	134,267
<u>4th Dividend</u> 0,110 Euros gross per share, charged to the year 2012.	
Declared on December 3, 2012 and paid out on December 10, 2012. Shares: 385,241,499	
(Treasury stock 46,231) Total = 42,376,564.89 Euros.....	42,371
Total 2012.....EThs	176,638

In relation to the interim dividends distributed by Zardoya Otis, S.A. in the year 2012, the existence of sufficient liquidity for their distribution was verified, in accordance with the Capital Company Act, art. 277.

NOTE 30. CASH GENERATED BY OPERATIONS

The following is a breakdown by item of the cash flow from operations included in the Consolidated Statement of Cash Flows::

	2012	2011
Profit before tax	261,021	276,155
- Depreciation of property, plant and equipment (Note 5)	5,630	5,952
- Amortization of intangible assets (Note 6)	11,128	9,209
- (Profit)/loss on disposals of property, plant and equipment	(4)	(25)
- Increase/(reduction) in retirement benefit obligations	(638)	(6,826)
- Interest expense - net (Note 26)	(225)	2,127
- Losses/(gains) on foreign currency conversation in operating activities (Note 26)	24	(3)
Changes in working capital (excluding the effects of the acquisition and foreign exchange differences upon consolidation):		
- Inventories	(6,694)	(4,384)
- Trade and other receivables	(9,891)	9,615
- Financial assets at fair value through profit and loss	-	-
- Trade and other payables	(84,019)	(77,316)
Cash generated by operationsETHs	176,332	214,504

NOTE 31. CONTINGENCIES

The Group has contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business. It is not foreseen that any material liabilities will arise from the contingent liabilities. The Group has given guarantees in the ordinary course of business amounting to ETHs 16,243 (2011: ETHs 20,456).

NOTE 32. COMMITMENTS**Fixed asset purchase commitments**

The investments committed at the end of the reporting period but not yet incurred are as follows:

	2012	2011
Property, plant and equipmentETHs	948	4,786
Intangible assetsETHs	-	17,016

At November 30, 2012, there were firm purchase commitments for the acquisition of fixed assets for an amount of ETHs 948 (ETHs 4,786 in 2011), of which ETHs 771 (ETHs 759 in 2011) were anticipated to suppliers.

On August 3, 2012, Zardoya Otis signed with the holders of 100% of the capital stock of Grupo Enor Elevators, S.A. ("Enor") a Contribution Agreement setting forth the terms and conditions under which such shareholders will contribute to Zardoya Otis, S.A. all of its shares in Enor. Enor is, in turn, owns, directly or indirectly, 100% of the capital of a number of subsidiaries operating in the field of elevators, escalators and automatic doors in Spain and Portugal.

As indicated in note 37, on December 20, 2012, the Board of Directors of Zardoya Otis, S.A. agreed to convene for the month of January 2013 an Extraordinary General Meeting of Shareholders as described in the subsequent events, with the proposal of a capital increase in kind contribution to carry out the operation described above. Agreement was approved at the extraordinary General Meeting of Shareholders held on January 30, 2013.

Lease commitments

The Group leases commercial premises, offices and warehouses under lease contracts for which different conditions have been agreed. Furthermore, there are other operating lease commitments, principally concerning vehicles. The estimated annual cost of the totality of the commitments assumed under said lease agreements is:

	2012	2011
Premises leasedETHs	4,333	4,166
Other.....ETHs	4,378	4,011

NOTE 33. BUSINESS COMBINATIONS

a.- Business combinations and mergers (Fiscal year 2012)

Montes Tallón, S.A.

In December 2011, Zardoya Otis, S.A. acquired 52% of the shares of the company Montes Tallón, S.A., which carries on its activity in the province of Alicante and is engaged in elevator installation and maintenance. The acquisition was made by subscribing and paying up a capital increase of EThs 7,291 carried out by said company and exchanging shares, using for this purpose, the treasury shares acquired for a value of EThs 9,725.

The total cost of the business combination was initially calculated at EThs 17,069, most of which related to acquisition of the maintenance portfolio. There are no costs attributable to the business combination other than audit costs and legal expenses on the transfer, which are not significant. The cost of the business combination has been determined provisionally, since some items must be measured definitively one year after the acquisition date. However, no significant variations on the aforementioned figure are forecast.

The amounts recognized on the business combination at fair value do not differ from the carrying amounts immediately preceding the combination determined under IFRS, except for the valuation of the intangible assets that arise as a result of the combination itself, which have been measured as provided for in the acquisition agreement. The contingent liabilities have been guaranteed by the sellers and withheld on the price payable.

The business acquired contributes recurring sales of EThs 4,600 to the Group. Details of the assets and liabilities acquired are as follows:

Cash and cash equivalents	7,689
Property, plant and equipment	189
Intangible assets.....	16,373
Receivables	1,670
Other current assets	250
Inventories.....	7
Payables	580
Deferred tax liabilities	4,912
Provisions	928
Other current liabilities	219
Non controlling interest	9,379

There is a difference that gives rise to goodwill of EThs 6,909.

As indicated in Note 2.2., after the business combination in December 2011, Zardoya Otis, S.A. sold at market prices, to the new subsidiary Montes Tallón, S.A. 100% of the shares acquired during in the fiscal year 2011 in Ascensores Molero, S.L. and Reparación y Mantenimiento de Ascensores, S.L. In June 2012, the companies Ascensores Molero, S.L. and Reparación y Mantenimiento de Ascensores, S.L. were dissolved and its assets and liabilities incorporated into Montes Tallón, S.A., that owned 100% of their respective shares.

Such assets and liabilities were included at their carrying amounts in the consolidated annual financial statements at the transaction date. The differences between the investment recognized in Montes Tallón, S.A. and the net carrying amounts of the assets and liabilities of the acquired companies were recognized as a reserves item for EThs 131, without impact in the consolidated financial statements.

MERGER FERCAS SERVEIS INTEGRAL, S.A.

In September 2011, Puertas Automáticas Portis, S.L. acquired 100% of the shares of the company Fercas Serveis Integral, S.A.

In March 2012, the company Fercas Serveis Integral, S.A. was dissolved and its assets and liabilities incorporated into Puertas Automáticas Portis, S.L.. That owned 100% of their respective shares.

Such assets and liabilities were included at their carrying amounts in the consolidated annual financial statements at the transaction date. The differences between the investment recognized in Puertas Automáticas Portis, S.L. and the net carrying amounts of the assets and liabilities of the acquired company was recognized as a reserves item for EThs 40.

START ELEVATOR, S.L.

In May 2012, Conservación de Aparatos y Elevadores Express, S.L. acquired 100% of the shares of the company Star Elevator, S.L., which carries out its activity in Navarra, Guipúzcoa, Logroño, Zaragoza and Álava and engages in elevator installation and maintenance.

The total cost of the business combination was calculated at EThs 7,446, most of which relates to acquisition of the maintenance portfolio. There are no costs attributable to the business combination other than audit costs and legal expenses on the transfer, which are not significant. The cost of the business combination has been determined provisionally, since some items must be measured definitively one year after the acquisition date. However, no significant variations on the aforementioned figure are forecast.

The amounts recognized on the business combination do not differ from the carrying amounts immediately preceding the combination determined under IFRS, except for the valuation of the intangible assets that arise as a result of the combination itself, which have been measured as provided for in the acquisition agreement. The contingent liabilities have been guaranteed by the sellers and withheld on the price payable. The acquisition is being financed with cash.

The business acquired contributes recurring sales of EThs 1,600 to the Group. The information on the entity's revenue and profit and loss is not relevant, since the entity will be integrated into one of the Group's existing CGUs Conservación de Aparatos y Elevadores Express, S.L. Details of the assets and liabilities acquired is as follows:

Cash and cash equivalents	2
Property, plant and equipment	288
Intangible assets	4,627
Receivables	1,448
Other asset	36
Long term liabilities	639
Payables	329
Provisions	239
Other liabilities	599

The difference arising leads to goodwill of EThs 2,851.

In October 2012, the company Start Elevator, S.L. was dissolved and its assets and liabilities incorporated into Conservación de Aparatos y Elevadores Express, S.L.

The assets and liabilities were included at their carrying amounts in the consolidated annual financial statements at the transaction date.

b.- Business combinations and mergers (Fiscal year 2011):

MERGER EDELMA CRUXENT

In October 2010, Zardoya Otis, S.A. exchanged its holding in Cruxent, S.L. for 420 shares in Elevadores del Maresme, S.L., after the latter had increased its capital by 700 shares.

In January 2011, the company Cruxent, S.L., the absorbed company, was merged into the company Elevadores del Maresme, S.L., the absorbing company. Cruxent, S.L. was dissolved but not liquidated and the totality of its equity was transferred in bloc to the absorbing company. The merger was recognized retroactively in the books of Edelma, S.L. as of December 1, 2010. The assets and liabilities are included in the consolidated financial statements at their carrying amounts at the transaction date. The difference between the investment recognized in Edelma and the net value of the assets and liabilities of the acquired company was recognized as an item in the reserves, together with the corresponding variation in the non-controlling interest, which is EThs 4,026.

ASCENSORES MOLERO, S.L.

In March 2011, Zardoya Otis, S.A. acquired 100% of the shares of the company Ascensores Molero, S.L., which carries on its activity in the province of Alicante and is engaged in elevator installation and maintenance.

The total cost of the business combination was initially calculated at EThs 3,040, most of which related to acquisition of the maintenance portfolio. Said figure was subsequently adjusted to EThs 2,622, affecting the value of the goodwill, with EThs 208 yet to be paid at the year end (2011: EThs 1,154). There are no costs attributable to the business combination other than audit costs and legal expenses on the transfer, which are not significant.

The amounts recognized on the business combination at fair value do not differ from the carrying amounts immediately preceding the combination determined under IFRS, except for the valuation of the intangible assets that arise as a result of the combination itself, which have been measured as provided for in the acquisition agreement. The contingent liabilities have been guaranteed by the sellers and withheld on the price payable. The acquisition is being financed with own funds.

The business acquired contributes recurring sales of EThs 495 to the Group. The information on the entity's revenue and profit and loss is not relevant, since the entity will be integrated into one of the Group's existing CGUs. Details of the assets and liabilities acquired are as follows:

Cash and cash equivalents	206
Property, plant and equipment	42
Intangible assets.....	1,840
Receivables	180
Inventories.....	98
Payables	76
Provisions	37

There is a difference that gives rise to goodwill of EThs 369 (792 before adjustments).

REPARACIÓN Y MANTENIMIENTO DE ASCENSORES, S.L.

In October 2011, Zardoya Otis, S.A. acquired 100% of the shares of the company Ascensores Molero, S.L., which carries on its activity in the province of Alicante and is engaged in elevator installation and maintenance.

The total cost of the business combination was calculated at EThs 4,670, most of which related to acquisition of the maintenance portfolio, with EThs 2,194 yet to be paid at the year end (2011: EThs 2,298). There are no costs attributable to the business combination other than audit costs and legal expenses on the transfer, which are not significant.

The business acquired contributes recurring sales of EThs 800 to the Group. Details of the assets and liabilities acquired are as follows:

Cash and cash equivalents	100
Property, plant and equipment	16
Intangible assets.....	3,625
Receivables	176
Inventories.....	40
Payables	121
Provisions	209

There is a difference that gives rise to goodwill of EThs 1,043.

FERCAS SERVEIS INTEGRALS, S.A.

In September 2011, Puertas Automáticas Portis, S.L., acquired 100% of the shares of the company Fercas Serveis Integrals, S.A., which carries on its activity in the provinces of Barcelona and Gerona and is engaged in the installations, maintenance and repair of automatic doors and the provision of services to homeowners' associations and buildings, such as the maintenance and repair of lighting and low-tension systems, gas extraction systems, water pumps and extinguishes and the maintenance of gardens and swimming pools.

The total cost of the business combination was calculated at EThs 8,969, most of which related to acquisition of the maintenance portfolio, with EThs 1,279 yet to be paid at the year end (2011: EThs 4,524). There are no costs attributable to the business combination other than audit costs and legal expenses on the transfer, which are not significant.

The business acquired contributes recurring sales of EThs 650 to the Group. Details of the assets and liabilities acquired are as follows:

Cash and cash equivalents	400
Property, plant and equipment	285
Intangible assets	3,655
Receivables	1,000
Inventories	410
Payables	80

There is a difference that gives rise to goodwill of EThs 3,299.

NOTE 34. RELATED-PARTY TRANSACTIONS

United Technologies Holding S.A. (incorporated in France), holds 50.01% of the shares of the parent company United Technologies Corporation (incorporated in the United States), the parent company of United Technologies Holdings, S.A.

The following transactions were performed with related parties:

(a) Transactions with Otis Elevator Co

	2012	2011
Royalties	21,161	23,118
Charge-back of costs relating to the R&D Center	747	668
Payables	485	736

(b) Transactions with Otis Group Company, sales and purchases of goods and services

	2012	2011
Sales	127,734	92,264
Purchases	36,673	39,838
Receivables	24,435	18,987
Payables	6,351	11,927

The Group periodically requires for its revision by the Audit Committee the opinion of an external expert concerning the transfer price policy established for the transactions with other Otis entities.

The Group has been party to a technical assistance agreement, "Intellectual Property License Agreement", with Otis Elevator Company since 1999. This agreement allows the Company to use the trademarks and have access to Research & Development activities and global product development. The cost of this agreement is a royalty of 3.5% of sales to end customers. Excluding intergroup sales.

Additionally, in September 2010, a "Recharge Agreement" was signed with United Technologies Corporation (UTC), which concerned the possibility that certain Zardoya Otis, S.A. executives who were also considered to be UTC Group executives, since they held important management responsibilities should benefit, depending on their performance and the attainment of joint objectives of Zardoya Otis, Otis and United Technologies Corporation (UTC), from the UTC long-term incentive plan, which includes UTC share-based compensation schemes. The Agreement is applicable to incentives assigned as from December 1, 2010. The cost, approved by the Audit Committee, is included under the employee benefit expense heading, generating a credit account with Group companies (presented as other provisions in the statement of financial position). The cost, approved by the Audit Committee, is included in employee benefit expenses, generating a credit account with UTC Group companies (shown as other provisions in the statement of financial position). The expense originated by this item is included under the employee benefit expense heading. For 2012, the expense was EThs 139 (EThs 390 in fiscal year 2011), relating to the fair value of the assets to which it is indexed, which was EThs 650.

At November 30, 2012 and 2011, the other receivables heading shows a receivable of EThs 2,008 due from Silamargi, which holds a non-controlling interest in the subsidiary Elevadores del Maresme, S.L.

The overall compensation for all items accrued during the year by the members of the Board of Directors was EThs 1,567 in 2011) and comprised the following items:

	2012	2011
Fixed compensation	194	204
Variable compensation	166	250
By-law stipulated items.....	1,000	1,000
Other long-term benefits	64	58
Pension plan contributions	81	55
Total EThs	1,505	1,567

At the 2012 and 2011 year ends, the Company had not granted any advance payments or credits to the members of the Board of Directors.

Additionally, the overall compensation accrued for all items by members of the Group's senior management (non-directors) was EThs 465 (EThs 350 in 2011), as reported in sections B.1.11 and B.1.12 of the Annual Corporate Governance Report 2012.

Likewise, in compliance with article 229 of the Capital Company Act, the members of the Board of Directors state that neither they nor any parties related to them have holdings in the share capital of or hold office or perform duties in companies with an activity that is identical, analogous or complementary to the activities that form the corporate purpose of Zardoya Otis, S.A. and its consolidated group, except in the following cases:

- Mr. José María Loizaga Viguri is a Director of Actividades de Contratación y Servicios S.A. (ACS)
- The members of the Board Mr. Mario Abajo García, Mr. Angelo J. Messina, Mr. Lindsay E. Harvey, Mr. Bernardo Calleja Fernández and Mr. Piere Dejoux execute different functions in other companies of the Otis Elevator Group worldwide as follows:

Name or corporate name of Director	Name or corporate name of significant shareholder	Designation
Mario Abajo García	Buga Otis Asansor Sanayi ve Ticaret A.S. (Turkey)	Vice Chairman of the Board and Member of the Board of Directors
	Otis Elevadores Lda. (Portugal)	Director
Angelo J. Messina	Asia Pacific Elevator Company (Delaware, USA)	Director
	Atlantic Lifts, Inc. (Delaware, USA)	Director
	Elevator Export Trading Company (Delaware, USA)	Director
	Otis Elevator Company (New Jersey)	Director
	Otis Elevator Company (Delaware, USA)	Director
	Otis Elevator International, Inc. (Delaware, USA)	Director
	Otis Elevator Korea (Korea)	Director
	Otis Elevator Overseas Limited	Director
	Otis Investments, L.L.C. (Delaware, USA)	Assistant General Manager, Member of Management Committee
	Otis Pacific Holdings B.V. (Netherlands)	Director
	United Technologies (Cayman) Holdings, Ltd. (Cayman)	Director
	UTCL Investments B.V. (Netherlands)	Director
Pierre Dejoux	Otis Management GMBH (Germany)	Supervisory Board Member
	Otis L.L.C. (UAE)	Chairman
	Otis A/S (Denmark)	Director
	Otis Elevator Company Saudi Arabia Limited (Saudi Arabia)	Director
	Otis Elevator Company (Kuwait)	Director
	Otis, N.V. (Belgium)	Director
	Otis Oy (Finland)	Director
	Otis, S.A. (Switzerland)	Director
	Vtechnologies (Kenya)	Director
	Otis S.C.S. (France)	Director
	Otis B.V. (Netherlands)	Director
Pedro Sáinz de Baranda Riva (until 02/13/2012)	Buga Otis Asansor Sanayi ve Ticaret A.S. (Turkey)	Director
	C. Veremis Otis, S.A. (Greece)	Director
	Otis Elevadores (Portugal)	Chairman
	Otis Management GMBH (Germany)	Consejero
	Otis Maroc, S.A.S. (Morocco)	Consejero
	Otis S.p.A. (Italy)	Chairman
	Acresa Cardellach, S.L.	Chairman
	Ascensores Eguren, S.A.	Personal representative of Director
	Conservación de Aparatos Elevadores Express, S.L.	
	Ascensores Ingar, S.A.	

Name or corporate name of Director	Name or corporate name of significant shareholder	Designation
Bernardo Calleja Fernández	Buga Otis Asansor Sanayi ve Ticaret A.S. (Turkey)	Director
	C. Veremis Otis, S.A. (Greece)	Director
	Otis Elevadores (Portugal)	Chairman
	Otis Management GMBH (Germany)	Director
	Zayani Otis Elevator Company W.L.L.	Director
	Otis Servizi S.r.l.	Chairman
Lindsay E. Harvey	Acrea Cardellach, S.L.	Chairman
	“OTIS” spolka z ograniczona odpowiedzialnoscia (Poland)	Chairman
	Advance Lifts Holdings Limited (United Kingdom)	Director
	Advance Lifts Limited (United Kingdom)	Director
	Becker Lifts Limited (United Kingdom)	Director
	Budget Lift Services Limited (United Kingdom)	Director
	Combined Lift Services (Merseyside) Ltd. (United Kingdom)	Director
	English Lifts (United Kingdom)	Director
	Estec Limited (United Kingdom)	Director
	Evans Lifts Limited (United Kingdom)	Director
	Excelsior Lifts Limited (United Kingdom)	Director
	Express Evans Lifts Limited (United Kingdom)	Director
	Express Lifts (Overseas) Limited (United Kingdom)	Director
	Express Lifts Alliance Limited (United Kingdom)	Director
	I.L.S. Irish Lift Services Ltd.	Director
	GB Lifts Limited (United Kingdom)	Director
	Key Elevators Limited (United Kingdom)	Director
	Lerman Oakland Lifts Limited (United Kingdom)	Director
	Lift Components Limited (United Kingdom)	Director
	Manor Lifts Limited (United Kingdom)	Director
	Moveman SKG Limited (United Kingdom)	Director
	Northern Lifts Services Limited (United Kingdom)	Director
	Oakland Elevators Limited (United Kingdom)	Director
	Oakland Elevators Limited (United Kingdom - Dormant)	Director
	OAQ MOS Otis (Russia)	Director
	Orion Lifts Limited (United Kingdom)	Director
	OTIS (Isle of man) Limited	Director
	Otis Elevator Ireland Limited (Ireland)	Director
	Otis Elevator Pension Trustee Limited	Director
	Otis International Holdings UK Limited (United Kingdom)	Director
	Otis Investments Ltd. (United Kingdom)	Director
	Otis Limited (United Kingdom)	Director
	Otis UK Holding Limited (United Kingdom)	Director
	PDERS Key Lifts Limited (United Kingdom)	Director
	Porn Dunwoody (Lifts) Limited (United Kingdom)	Director
	Sirius Korea Limited (United Kingdom)	Director
	SKG (UK) Limited (United Kingdom)	Director
	The Express Lift Company Limited (United Kingdom)	Director
	Trent Valley Lifts Limited (United Kingdom)	Director
	Wadsworth Lifts Limited (United Kingdom)	Director
	Waygood Lifts Ltd. (United Kingdom)	Director
	Otis Management GmbH (Germany)	Director
	Otis Gesellschaft m.b.H. (Austria)	Director
José María Loizaga Viguri	Otis Elevadores Lda. (Portugal)	Director
María Luisa Zardoya Arana (personal representative of the Director Euro-Syns, S.A.)	Otis Elevadores Lda. (Portugal)	Director

NOTE 35. ENVIRONMENTAL INFORMATION

At November 30, 2012, the Group was not aware of any contingency, risk or litigation in progress related to the protection and improvement of the environment and, therefore, had not recorded any provision related to environmental actions on the statement of financial position at November 30, 2012.

The Group has approved a Corporate Environmental Policy Manual, fixing the main procedures and actions to be followed in this field in plants, offices, transport, Installations and Service.

The principal programs established are intended to reduce the effects of environmental pollution by:

- Control, recycling and decrease of highly contaminating waste (oils).
- Control and reduction of recyclable waste (packaging).
- Control and reduction of emissions into the air due to industrial and combustion processes.
- Control and reduction of water and energy consumption.

In 2010, the Madrid, San Sebastián and Munguía production centres renewed their ISO - 14000 certification until 2013.

The Madrid-Leganés plant was designed to keep energy consumption to a minimum and included the installation of photovoltaic panels on the roof, the carrying amount of which is EThs 4,153, with accumulated depreciation of EThs 926 at the end of the reporting period. When these photovoltaic panels were brought into operation, they gave rise for a tax credit of EThs 283 for “investment in the use of renewable energy”. There are no other significant investments for protection of the environment.

In addition, expenses of EThs 54 were waste removal or recycling were recognized in 2012.

NOTE 36. JOINT BUSINESS

As indicated in Note 2.2., since the end of the year 2011, Zardoya Otis, S.A. and Indra Sistemas, S.A. have been participating in a Temporary Consortium (UTE) in which Zardoya Otis, S.A. holds 50% of the operational fund of EThs 3. The principal effect in UTE balance sheet is the account receivables owning the UTE with the customer for amount to EThs 446 at the 2012 year end.

NOTE 37. EVENTS AFTER THE END OF THE REPORTING PERIOD

On December 3, 2012 Zardoya Otis S.A. declared the fourth dividend corresponding to 2012, third on account of the fiscal year profit, for an amount of 0.110 euros gross per share, resulting in a total dividend gross of EThs 42,377 (Note 29).

On December 20, 2012 the Board of Directors of Zardoya Otis, S.A. agreed to call an Extraordinary General Shareholders' Meeting of the Company to which took place in second call on January 30, 2013, remember the following points:

- Capital increase through a non-monetary contribution consisting of 3,338,463 registered shares representing the entirety of the share capital of the company Grupo Ascensores Enor, S.A., for a nominal amount of three euros by means of issuing 16,913,367 ordinary shares in the Company, with a face value of 0.10 euros each.
- Authorization so that, in accordance with the contents of article 149 of the LSC, the Company may directly or indirectly accept its own shares as a guarantee.
- Amendment of article 9 of the Bylaws (rights conferred by the shares).
- Delegation to the Board of Directors for the interpretation, correction, execution, formalization and registration of the motions adopted.

It was approved to the Extraordinary General Shareholders' Meeting to increase the Company's share capital, which is currently 38,524,149.90 euros, by the sum of 1,691,336.70 euros, by issuing 16,913,367 new ordinary shares in the Company with a face value of 0.10 euros each and a share premium of 0.10 per share (giving a total of 153,911,639.70 euros as a share premium). In consequence, the total amount of the planned Capital Increase (including both capital and share premium). Consequently, at the date of formulation of the present annual accounts the total amount of the planned Capital Increase is 155,602,976.40 euros for commercial purposes. On February 7, 2013 occurred the 3,338,463 Enor Exchange, representatives of 100% of its capital, by the 16,913,367 Zardoya Otis, S.A. shares issued to that effect. The book value attributed to these shares at market price is 175,729,883.13 euros. Finding these shares remains to be admitted to trading on the date of formulation of these annual accounts.

The shares issued to execute the Capital Increase will be fully paid up by the shareholders owning the shares that represent 100% of the share capital of ENOR, by means of a non-monetary contribution of 3,338,463 registered shares of ENOR, with a face value of three euros each, representing the entirety of ENOR's share capital. The overall value of the ENOR shares is 155,602,976.40 euros and, therefore, coincides with the amount of the Capital Increase (including the share premium).

At the date of formulation of the present annual accounts, there is a syndication agreement concluded between the two major shareholders of the company; United Technologies Holdings, S.A.S. ("UTC"), and Euro Syns, S.A., which has its origin in the operation of acquisition of Group Ascensores Enor, S.A., described above and published by means of relevant fact date January 30, 2013.

Referred syndication Pact was held in the interest of the acquisition of Enor operation, so that UTH is holder at any time more than 50% of the voting rights on society.

Furthermore, in December 2012, Puertas Automáticas Portis, S.L. signed an agreement to acquire its own shares from a minority shareholder for a 3.07% for amount to EThs 1,201. This transaction does not change the Zardoya Otis, S.A. percentage of ownership in the subsidiary.

In December, 2012, Zardoya Otis, S.A. acquired 49% of the electric company Mototracción Latierro, S.A. for amount to EThs 3,573.

Both transactions will be reflected in the annual accounts corresponding to the fiscal year started in December 2012 and will be recognized as a minority transaction, being the difference between the consideration paid and the corresponding book value of the net assets assigned deducted from equity.

NOTE 38. OTHER INFORMATION

(a) Number of Group employees by category (medium and closing fiscal year)

	Men	Women	2012
Managers.....	64	6	70
Administration / workshop / field	502	21	523
Engineers, university graduates and other experts	216	42	258
Administrative and technical personnel	474	433	907
Other workers.....	3.551	23	3.574
	4.807	525	5.332
	Men	Women	2011
Managers.....	68	6	74
Administration / workshop / field	490	19	509
Engineers, university graduates and other experts	193	35	228
Administrative and technical personnel	486	440	926
Other workers.....	3.665	23	3.688
	4.902	523	5.425

(b) Fees of account auditors and companies belonging to their group or related companies

The amount accrued by PriceWaterhouseCoopers Auditores, S.L., which audits the Zardoya Otis Group, for the year 2012 is EThs 324 (EThs 309 in 2011), including the fees paid for the audit of processes required to comply with the rules for public companies in USA. Likewise, fees accrued during the year by other companies in the PwC network as a result of audit to foreign subsidiaries are EThs 38 (EThs 43 in 2011).

The fees accrued during the year by PriceWaterhouseCoopers Auditores, S.L. and other companies that use the PwC brand name as a result of other services rendered to the Group, were EThs 208 (EThs 354 in 2011), still much to audit services performed within the scope of the acquisition of Group Enor.

BOARD OF DIRECTORS, COMMITTEE & COMMISSION (for the year ended November 30, 2012)

Board of Directors

Mr. Mario Abajo García
Chairman

Mr. José María Loizaga Viguri
Deputy Chairman

Mr. Bernardo Calleja Fernández
CEO

Otis Elevator Company
(Mr. Johan Bill)

Mr. Angelo Messina

Mr. Pierre Dejoux

Mr. Lindsay Harvey

Mr. Francisco Javier Zardoya Arana
EURO-SYNS, S.A.
(Mrs. María Luisa Zardoya Arana)

Audit Committee

Mr. José María Loizaga Viguri
Chairman

Mr. Angelo Messina

Mr. Lindsay Harvey

Nominating Commission

Mr. Lindsay Harvey
Chairman

Mr. José María Loizaga Viguri

Otis Elevator Company
(Mr. Johan Bill)

Mr. Alberto Fernández-Ibarburu Arocena
Secretary

General Meeting of Shareholders Agenda

1. Examination and, if applicable, approval of the annual financial statements and management reports of both the Company and its consolidated group for the year running from December 1, 2011 to November 30, 2012.
2. Application of the profit for the year running from December 1, 2011 to November 30, 2012.
3. Approval of the performance of the Board of Directors and, in particular, of the distribution of dividends charged to the profit for the year running from December 1, 2011 to November 30, 2012.
4. Approval of a monetary distribution of share premium for a gross amount of 0.08 euros per share.
5. Appointment of the auditors for the Company and its consolidated group for the year running from December 1, 2012 to November 30, 2013.
6. Re-election and ratification, as applicable, of members of the Board of Directors for the term established in the By-Laws:
 - 6.1. Re-election of Mr. José María Loizaga Viguri as an independent director.
 - 6.2. Ratification and re-election of Mr. Alberto Zardoya Arana, who was appointed as an external proprietary director by co-option.
7. Share capital increase in a ratio of one new share for every twenty five old shares by issuing bonus shares fully charged to retained earnings and application to the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges for the listing of said shares. Amendment of article 5 of the By-Laws.
8. Consultative ballot on the 2012 Annual Report on Director Compensation to which article 61 ter of the Securities Market Law refers.
9. Authorization to the Board of Directors for the direct or indirect derivative acquisition of treasury stock, within the limits and meeting the requirements set forth in article 146 and related articles of the Capital Companies Law.
10. Delegation to the Board of Directors for the interpretation, rectification, execution, formalization and registration of the resolutions adopted.
11. Request and questions.
12. Approval of the Minutes.

Financial Statements of the last five years

Consolidated Profit and Loss Accounts

(In millions of euros)

	2012		2011		2010		2009		2008		2007	
	%		%		%		%		%		%	
SALES	809,1	100.0	819,1	100.0	862,8	100.0	885,1	100.0	936,6	100.0	865,0	100.0
Raw materials and consumable used	(216,5)	(26.8)	(220,7)	(26.9)	(231,9)	(26.9)	(259,1)	(29.3)	(316,0)	(33.7)	(297,7)	(34.4)
GROSS PROFIT	592,6	73.2	598,4	73.1	630,9	73.1	626,0	70.7	620,6	66.3	567,3	65.6
Other net expenses	(60,0)	(7.4)	(56,5)	(6.9)	(61,5)	(7.1)	(63,5)	(7.2)	(64,1)	(6.8)	(57,6)	(6.7)
Personnel expenses	(252,2)	(31.2)	(249,8)	(30.5)	(250,0)	(29.0)	(250,7)	(28.3)	(249,0)	(26.6)	(230,5)	(26.7)
Impairment of accounts receivable	(7,0)	(0.9)	(7,5)	(0.9)	(18,6)	(2.1)	(16,5)	(1.8)	(14,3)	(1.5)	(3,8)	(0.4)
Other income	4,6	0.6	4,6	0.6	4,7	0.5	4,2	0.4	3,4	0.4	2,3	0.3
EBITDA	278,0	34.4	289,2	35.3	305,5	35.4	299,5	33.8	296,6	31.7	277,7	32.1
Amortization, depreciation and impairment losses	(16,8)	(2.1)	(15,2)	(1.9)	(15,9)	(1.8)	(14,2)	(1.6)	(16,0)	(1.7)	(12,7)	(1.5)
OPERATING PROFIT	261,2	32.3	274,4	33.5	289,6	33.6	285,3	32.2	280,6	30.0	265,0	30.6
Financial income	0,9	0.1	2,5	0.3	2,6	0.3	4,0	0.4	7,0	0.7	8,1	1.0
Financial expenses	(1,1)	(0.1)	(0,4)	0.0	(0,3)	(0.1)	(1,3)	(0.1)	(2,2)	(0.2)	(2,7)	(0.3)
Net foreign exchange differences	0,0	0.0	0,0	0.0	(0,1)	0.0	0,1	0.0	(0,1)	0.0	0,2	0.0
Other gains and losses	0,0	0.0	0,0	0.0			0,0	0.0	(0,5)	0.1	64,2	7.4
PROFIT BEFORE TAX	261,0	32.3	276,1	33.7	291,8	33.8	288,1	32.6	284,8	30.4	334,8	38.7
Income tax expenses	(76,9)	(9.5)	(79,5)	(9.7)	(83,8)	(9.7)	(84,3)	(9.6)	(81,6)	(8.7)	(111,1)	(12.8)
PROFIT FOR THE YEAR	184,1	22.8	196,6	24.0	208,0	24.1	203,8	23.0	203,2	21.7	223,7	25.9
Minority interests	(3,0)	(0.4)	(2,6)	(0.3)	(2,9)	(0.3)	(1,7)	0.2	(2,1)	(0.2)	(1,8)	(0.2)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	181,1	22.4	194,0	23.7	205,1	23.8	202,1	22.8	201,1	21.5	221,9	25.7
CASH FLOW (1)	197,9	24.5	209,2	25.5	221,0	25.6	216,2	24.4	217,1	23.2	234,6	27.2

(1) Net Income + Depreciation.

Other gain and losses in 2007, include the extraordinary profit of Euros 64,2 million obtained in the sale of the Madrid factory.

Consolidated Balance Sheets

CONSOLIDATED BALANCE SHEET (After distribution of the profit obtained in the year)

(In million of euros)

	2012		2011		2010		2009		2008		2007	
ASSETS	%		%		%		%		%		%	
Property, plant & equipment	52.7	9.4	51.5	9.2	54.6	9.4	57.8	9.6	56.5	9.1	29.7	5.0
Intangible assets	134.0	23.9	121.3	21.7	118.9	20.4	119.7	19.8	80.4	12.9	56.1	9.5
Goodwill	56.7	10.1	46.9	8.4	42.2	7.2	40.3	6.7	30.0	4.8	18.7	3.2
Financial investments	0.5	0.1	2.6	0.5	0.6	0.1	0.6	0.1	12.4	2.0	0.7	0.1
Deferred tax assets	25.5	4.5	26.1	4.7	24.6	4.2	22.7	3.8	24.1	3.9	24.7	4.2
Other non current assets	6.3	1.1	5.5	1.0	3.8	0.7	2.9	0.5				
NON CURRENT ASSETS	275.7	49.3	253.9	45.4	244.7	42.0	244.0	40.3	203.4	32.8	129.9	22.0
Inventories	28.7	5.1	22.0	3.9	17.6	3.0	18.4	3.0	21.7	3.5	27.3	4.6
Financial receivables	0.5	0.1	0.4	0.1	0.6	0.1	0.7	0.1	0.3	0.0	0.3	0.1
Trade and other receivables	218.7	39.0	215.8	38.6	228.2	39.2	237.6	39.3	314.8	50.7	332.5	56.4
Cash and cash equivalents	37.1	6.6	66.8	12.0	91.0	15.7	104.1	17.2	80.7	13.0	99.3	16.9
CURRENT ASSETS	285.0	50.8	305.0	54.6	337.4	58.0	360.8	59.7	417.5	67.2	459.4	78.0
TOTAL ASSETS	560.7	100.0	558.9	100.0	582.1	100.0	604.8	100.0	620.9	100.0	589.3	100.0
LIABILITIES												
Share capital	38.5	6.9	36.7	6.6	34.9	6.0	33.3	5.5	31.7	5.1	28.8	4.9
Legal Reserve	7.7	1.4	7.0	1.3	7.0	1.2	6.7	1.1	6.3	1.0	6.3	1.1
Reserves in subsidiaries & other reserves	192.6	34.3	194.1	34.7	153.1	26.3	143.4	23.7	141.7	22.8	138.7	23.5
Treasury stock	(0.4)	(0.1)	(8.3)	(1.5)								
NET EQUITY	238.4	42.5	229.5	41.1	195.0	33.5	183.4	30.3	179.7	28.9	173.8	29.5
Foreign exchange differences	(0.2)	0.0	(0.3)	(0.1)	(0.3)	0.0	(0.3)	0.0				
MINORITY INTERESTS	24.1	4.3	14.1	2.5	10.0	1.7	9.5	1.6	8.0	1.3	7.6	1.3
TOTAL NET EQUITY	262.3	46.8	243.3	43.5	204.8	35.2	192.6	31.8	187.7	30.2	181.4	30.8
Other payables	1.7	0.3	5.2	0.9	15.8	2.7	42.3	7.0	32.3	5.2	2.8	0.5
Borrowings	18.5	3.3	10.7	1.9								
Welfare commitments	12.2	2.2	12.8	2.3	19.7	3.4	21.4	3.5	27.2	4.4	30.5	5.2
Provisions for other liabilities and expenses	3.3	0.6	3.0	0.5	2.5	0.4	2.3	0.4	1.9	0.3	2.4	0.4
Deferred tax liabilities	9.4	1.7	3.6	0.6	2.1	0.4						
NON CURRENT LIABILITIES	45.1	8.0	35.3	6.3	40.1	6.9	66.0	10.9	61.4	9.9	35.7	6.1
Trade and other payables	210.9	37.6	232.9	41.7	281.7	48.4	279.8	46.3	326.9	52.6	293.9	49.9
Current tax liabilities	12.3	2.2	25.8	4.6	32.0	5.5	31.8	5.3	25.2	4.1	55.1	9.4
Borrowings	12.6	2.2	4.0	0.7	2.2	0.4	14.9	2.5	0.7	0.1	4.1	0.7
Provisions for other liabilities and expenses	17.5	3.1	17.6	3.1	21.2	3.6	19.7	3.3	19.0	3.1	19.1	3.2
CURRENT LIABILITIES	253.3	45.2	280.3	50.2	337.2	57.9	346.2	57.2	371.8	59.9	372.2	63.2
TOTAL LIABILITIES	298.4	53.2	315.6	56.5	377.3	64.8	412.2	68.2	433.2	69.8	407.9	69.2
TOTAL EQUITY AND LIABILITIES	560.7	100.0	558.9	100.0	582.1	100.0	604.8	100.0	620.9	100.0	589.3	100.0

Network

Headquarters

Madrid

Golfo de Salónica, 73 - 28033
Tels.: 91 343 51 00 - 343 53 48

Defensor del Cliente

Tel.: 900-12 42 41
e-mail: defensor.cliente@otis.com

Información al Accionista

Tel.: 91 343 51 05
e-mail: info.accionista@otis.com
www.otis.com

Factories

Madrid

Benjamín Outram, 1
Parque tecnológico de Leganés
28918 Leganés
Tels.: 91 343 51 00 - 343 53 48
Fax: 91 343 54 52

San Sebastián

Camino de Jolastokieta, 1 - 20017
Tel.: 943 40 40 45. Fax: 943 39 15 45

Munguía (Vizcaya)

Carmelo Echegaray, 13 - 48100
Tel.: 682 41 96 00. Fax: 94 674 15 76

Regional Branch Offices

ANDALUCÍA

Almería

Parque Nicolás Salmerón, 73 - 04002
Tel.: 648 585818. Fax: 950 25 28 98
e-mail: almeria@otis.com

Garrucha

Urb. La Solana del Mar (Local 9)
Vera - 04630
Tel.: 650 54 38 57. Fax: 950 46 01 83
e-mail: garrucha@otis.com

Jerez

Zaragoza, 34. Edificio Pajarete - 11405
Tels.: 618 92 94 47. Fax: 956 34 31 32
e-mail: jerez@otis.com

Algeciras

Suspiros, 7 B. Urb. Las Colinas - 11204
Tel.: 639 82 14 62. Fax: 956 65 75 00
e-mail: algeciras@otis.com

Cádiz

Sta. María de la Cabeza, 6 - 11401
Tel.: 626 46 83 83. Fax: 956 28 09 16
e-mail: cadiz@otis.com

Gibraltar

Suit 31 - Victoria House, 26
Main street
Tel.: 0035075002. Fax: 0035075004
e-mail: davidreyes@otis.com

Ceuta

C/ Real, 90
patio interior (local 9) - 51002
Tel.: 639 82 13 95. Fax: 956 50 16 84
e-mail: ceuta@otis.com

Sanlúcar

Zaragoza, 34 - Edif. Pajarete - 11405
Tel.: 618 92 94 47. Fax: 956 34 31 32
e-mail: jerez@otis.com

Granada

Angel Barrios, 3 - 18004
Tel.: 682 80 21 24. Fax: 958 26 14 54
e-mail: granada@otis.com

Motril

Pablo Picasso, 12 - 18600
Tel.: 689 18 84 41. Fax: 958 82 54 01
e-mail: motril@otis.com

La Chana

Joaquina Eguaras, 23.
Edif. Austral - 18013
Tel.: 689 18 88 79. Fax: 958 15 88 09

Guadix

Concepción Vicente Alexandre, 4 - 18500
Tel.: 958 66 26 02

Jaén

Hermanos Pinzón, 6 - 23007
Tel.: 689 18 88 37. Fax: 953 25 29 01
e-mail: jaen@otis.com

Linares

Pintor Greco, 12 bajo - 23700
Tel.: 689 18 88 39. Fax: 953 69 32 96
e-mail: linares@otis.com

Úbeda

Carolina, 14 - 23400
Tel.: 953 75 20 48

Málaga

La Unión, 47. Edif. Genco - 29006
Tel.: 650 82 89 63. Fax: 952 32 69 58
e-mail: malaga@otis.com

Estepona

C/ Menorca, s/n - Edificio Las Viñedas
Bloque 4 - 29680
Tel.: 689 19 15 11. Fax: 952 80 56 24
e-mail: estepona@otis.com

Fuengirola

Vizcaya, 16 - Edificio Parquesol, 2
Local 1 - 29640
Tel.: 689 18 90 42. Fax: 952 66 67 34
e-mail: fuengirola@otis.com

Marbella

Avda. Trapiche. Edif. Sonsoles, 1-29600
Tel.: 648 40 00 37. Fax: 952 77 17 41
e-mail: marbella@otis.com

Melilla

Fortuny, 17 - 52004
Tel.: 952 67 89 82. Fax: 952 69 55 14
e-mail: melilla@otis.com

Torre del Mar

C/ La Paz, 1 local B - 29740
Tel.: 689 19 15 43. Fax: 952 54 71 91
e-mail: torredelmar@otis.com

Torremolinos

Avda. Palma de Mallorca
Local 53 - 29620
Tel.: 690 92 44 76. Fax: 952 38 25 22
e-mail: torremolinos@otis.com

Sevilla

C/ Aviación, 16
Edif. Morera y Vallejo I
P.I. Calonge - 41007
Tel.: 659 95 25 38. Fax: 954 57 79 50
e-mail: sevilla@otis.com

Córdoba

Avda. Aeropuerto, 35 - 14004
Tel.: 681 24 14 45. Fax: 957 45 18 11
e-mail: cordoba.zosa@otis.com

Huelva

Parque Empresarial Mirador del Odiel
C/ Ventisco, 3 - local 1,4 - 21001
Tel.: 682 62 00 80. Fax: 959 22 91 16
e-mail: huelva@otis.com

ARAGON

Zaragoza

Antonio Cánovas, 15 - 50004
Tel.: 689 18 70 01 - 976 22 87 22
Fax: 976 22 16 13
e-mail: aragon@otis.com

Alcañiz

Avda. .Galán Bergua, 2 - 44600
Tel.: 978 83 33 37. Fax: 978 83 41 22
e-mail: luis.pitarque@otis.com

Ebro

Antonio Cánovas, 15 - 50004
Tel.: 689 18 70 10. Fax: 976 51 00 92
e-mail: ebro@otis.com

Huesca

Ingeniero Montaner, 6 bajos - 22004
Tel.: 689 18 70 21. Fax: 974 21 41 66
e-mail: huesca@otis.com

Jaca

Pº de la Constitución, 2- 22700
Tel.: 660 41 66 59. Fax: 974 36 14 24
e-mail: jaca@otis.com

Teruel

C/ Los Enebras, 74- 44002
Tel.: 689 18 70 07. Fax: 978 22 11 94
e-mail: teruel@otis.com

ASTURIAS

Oviedo

C/ Monte Cerrau, 28 (local)
Tel.: 619 99 04 15. Fax: 985 25 98 64
e-mail: oviedo@otis.com

Avilés

Fruela, 3 (Versalles) - 33400
Tel.: 689 16 93 28. Fax: 985 54 47 22
e-mail: aviles@otis.com

Gijón

Feijoo, 38 Bajo - 33204
Tel.: 689 16 93 09 - 985 19 55 98
Fax: 985 36 31 22
e-mail: gijon@otis.com

Laredo

C/ Emperador, 27 - 39770
Tel.: 689 16 93 72

Santander

Macías Picavea, 14 Bajos - 39003
Tel.: 689 16 93 29. Fax: 942 36 12 24
e-mail: santander@otis.com

Siero

Monte Cerrau, 28 (local) - 33006
Tel.: 985 25 76 51. Fax: 985 23 59 58

Torrelavega

Barrio del Cerezo, 13 B
Tel.: 689 16 93 58. Fax: 942 80 43 34
e-mail: torrelavega@otis.com

BALEARES

Palma de Mallorca

San Vicente de Paul, 22 - 07010
Tel.: 628 47 99 24. Fax: 971 75 40 66
e-mail: baleares@otis.com

Ibiza

Toni Sandich, 4 bajo C - 07800
Tel.: 628 47 99 24. Fax: 971 75 40 66
e-mail: ibiza@otis.com

Menorca

Miguel de Veri, 51. Mahón - 07703
Tel.: 689 28 30 61. Fax: 971 36 18 87
e-mail: menorca@otis.com

Manacor

Av. del Parc, 46-A - 07500
Tel.: 689 28 30 84. Fax: 971 82 33 43
e-mail: manacor@otis.com

CANARIAS**Las Palmas**

Trasera Av. Rafael Cabrera, 16 - 35002
Tel.: 618 86 05 79. Fax: 928 23 13 33
e-mail: laspalmas@otis.com

Arrecife de Lanzarote

León y Castilla, 155 - 35500
Tel.: 686 04 82 79. Fax: 928 80 78 92
e-mail: lanzarote@otis.com

Fuerteventura

Juan Carlos I, 11 - Gran Tarajal 35620
Tel.: 686 04 77 30. Fax: 928 16 51 68
e-mail: fuerteventura@otis.com

Las Canteras

Albareda, 15 - 35008
Tel.: 660 98 89 87. Fax: 928 26 42 50
e-mail: lascanteras@otis.com

Maspalomas

C/ de la Cizalla M3 - nave 6
Agüimes - 35421
Tel.: 686 04 77 16. Fax: 928 77 10 81
e-mail: maspalomas@otis.com

Tenerife

Felipe Pedrell, 12 - 38007
Tel.: 659 79 05 46. Fax: 922 20 51 52
e-mail: tenerife@otis.com

La Laguna

C/ Felipe Pedrell, 12 - 38650
Tel.: 630 31 28 29. Fax: 922 20 51 52
e-mail: lalaguna@otis.com

Los Cristianos

Santa Rosa, 1 Edificio Royal Palm
Urb. Oasis del Sur - 38650
Tel.: 630 32 06 40. Fax: 922 79 51 08
e-mail: loscristianos@otis.com

Puerto de la Cruz

Enrique Taik, 12 - 38400
Tel.: 630 29 21 93. Fax: 922 37 16 32
e-mail: puertodelacruz@otis.com

CASTILLA LEON**Salamanca**

C/ Borneo, 50 - 37003
Tel.: 659 36 46 01. Fax: 923 18 91 69
e-mail: salamanca@otis.com

Avila

Paseo de San Roque, 2 - 05003
Tel.: 660 75 36 93. Fax: 920 22 11 07
e-mail: avila@otis.com

Segovia

Sargento Provisional, 5 - 40005
Tel.: 660 75 43 59 - Fax: 921 44 28 07
e-mail: segovia@otis.com

Zamora

Cardenal Mella, 16 - 49009
Tel.: 660 75 39 41. Fax: 980 52 24 21
e-mail: zamora@otis.com

Valladolid

Tórtola, 21-23 - 47012
Tel.: 626 31 40 19. Fax: 983 29 51 62
e-mail: valladolid@otis.com

Burgos

Europa, 8 - 09001
Tel.: 689 19 55 67. Fax: 947 20 10 55
e-mail: burgos@otis.com

León

Moisés de León, bloque 22, 1º
Polígono X - 24006
Tel.: 689 19 55 89. Fax: 987 25 75 20
e-mail: leon@otis.com

Palencia

Avda. Santander, 44 - 34003
Tel.: 979 71 18 40. Fax: 979 72 66 94
e-mail: palencia@otis.com

Ponferrada

Batalla de Pavia, 2 - 24400
Tel.: 689 19 56 04. Fax: 987 41 09 95
e-mail: ponferrada@otis.com

Soria

Maestro García Muñoz, 24 - 42004
Tel.: 689 19 56 25. Fax: 975 24 02 75
e-mail: soria@otis.com

CASTILLA LA MANCHA**Albacete**

Gómez Gil, 12 - 02003
Tel.: 967 59 03 44. Fax: 967 23 83 13
e-mail: albacete@otis.com

Cuenca

Teniente Benítez, 2 - 16003
Tel.: 609 51 63 05. Fax: 969 23 20 95
e-mail: castilla@otis.com

Barrio Industria

C/ Gómez Gil, 12 - 02003
Tel.: 619 62 30 08. Fax: 967 24 74 73
e-mail: javier.carrion@otis.com

Almansa

Pl. Santiago Bernabeu, 1 bajo - 02640
Tel.: 686 99 70 92. Fax: 967 34 02 96
e-mail: francisco.almendros@otis.com

La Roda

C/ Mártires, 81
02630 La Roda - (Albacete)
Tel.: 967 54 83 70. Fax: 967 44 25 13
e-mail: jose.velasco@otis.com

Ciudad Real

Alcántara, 4 - 13004
Tel.: 639 03 65 07. Fax: 926 22 58 54
e-mail: ciudadreal@otis.com

Guadalajara

C/ Julián Besteiro, 19
(local comercial) - 19004
Tel.: 609 51 64 15. Fax: 949 22 82 33
e-mail: guadalajara@otis.com

Talavera

Avda. Pio XII, 51 - 45600
Tel.: 677 49 24 10. Fax: 925 82 86 77
e-mail: antonio.burgos@otis.com

Toledo

Avda. Santa Bárbara s/n - 45006
Tel.: 619 25 88 54. Fax: 925 21 39 06
e-mail: toledo@otis.com

CATALUÑA**Barcelona Capital**

Barcelona
Caspé, 180 - 08013
Tel.: 93 231 90 11. Fax: 93 231 74 60
e-mail: barcelonacap@otis.com

Cornellá

Bellaterra, 18-20 - 08940
Tels.: 93 377 39 21 - 93 377 20 14
Fax: 93 377 24 02
e-mail: cornella@otis.com

San Andrés (Barcelona)

Ramón Batlle, 4 - 08030
Tel.: 93 274 33 12 - 93 274 33 03
Fax: 93 274 33 19
e-mail: sanandres@otis.com

Sarriá (Barcelona)

Caponata, 14 - 08034
Tel.: 93 204 65 00. Fax: 93 204 61 71
e-mail: sarria@otis.com

Mataró

Cooperativa, 73 - 08302
Tel.: 93 757 86 88 - Fax: 93 757 80 32
e-mail: mataro@otis.com

Barcelona Exterior**Sabadell**

Doctor Balari, 189 - 08203
Tels.: 686 84 14 34 - 686 84 09 34
Fax: 93 723 74 58
e-mail: barcelonaext@otis.com

Gerona

Oriente, 37-39 - 17006
Tel.: 686 24 14 28. Fax: 972 23 50 51
e-mail: girona@otis.com

Lérida

Ramón Llull, 5 bajos - 25008
Tels.: 686 84 03 20
Fax: 973 22 16 40
e-mail: lerida@otis.com

Tarragona

Josep Plá, 1
(La Vall de Larrabassada) - 43006
Tel.: 686 84 16 85
Fax: 977 29 11 13
e-mail: tarragona@otis.com

Villafranca

Josep Plá, 1 - 43006
Tel.: 609 34 63 80. Fax: 977 29 11 13
e-mail: franciscomunoz@otis.com

COMUNIDAD VALENCIANA**Alicante**

Churruca, 8. Bajo - 03003
Tel.: 680 91 20 73
Fax: 96 512 59 38
e-mail: alicante@otis.com

Alcoy

Isabel II, 10 - 03800
Tel.: 650 56 58 38. Fax: 965 52 46 44
e-mail: alcoy@otis.com

Benidorm

Lérida, 5 Bajo. Edif. Paraíso X - 03500
Tel.: 650 56 67 36. Fax: 96 586 27 52
e-mail: benidorm@otis.com

Calpe

Lérida, 5 - bajo
Edificio Paraíso X - 03500
Tel.: 650 56 65 84. Fax: 96 583 05 32
e-mail: augusto.vila@otis.com

Denia

Ronda Murallas, 15 - 03700
Tel.: 650 56 66 08. Fax: 96 578 76 50
e-mail: denia@otis.com

El Altet

San Francisco de Asís, 64 - 03195
Tel.: 96 568 91 86

Elda

Avda. Reina Sofía, 7 bajo
03610 Petrer
Tel.: 650 56 65 84. Fax: 965 37 04 28
e-mail: elda@otis.com

Elche

José Sánchez Sáez, 31-9º - 03202
Tel.: 650 56 66 25. Fax: 96 545 26 44
e-mail: elche@otis.com

Vía Parque

C/ Churruga, 8 bajo - 03003
Tel.: 650 56 57 75. Fax: 965 17 77 98
e-mail: losangeles.ofservicio@otis.com

Playa de San Juan

Avda. de Holanda, 6 - 03540
Tel.: 650 56 56 24. Fax: 96 515 39 42
e-mail: playasanjuan@otis.com

Torre Vieja

Los Portalicos, 19 - 03185
Tel.: 650 56 52 03. Fax: 96 570 33 18
e-mail: torrevieja@otis.com

Valencia

C/ Río Segre, 29 - 46025
Tel.: 639 26 36 01. Fax: 96 366 41 03
e-mail: valencia@otis.com

Gandia

C/ Tossal, 13 bajo - 46700
Tel.: 689 57 65 92. Fax: 96 366 41 03
e-mail: gandia@otis.com

Cullera

Rambla San Isidro, 5 - 46400
Tel.: 638 93 63 31. Fax: 96 173 06 96
e-mail: cullera@otis.com

Onteniente

Artal de Forcés, 3 - 46870
Tel.: 669 87 76 99. Fax: 96 238 89 99
e-mail: onteniente@otis.com

Paterna

C/ Río Segre, 29 - 46025
Tel.: 618 83 52 09. Fax: 96 366 41 03
e-mail: paterna@otis.com

Sagunto

Isla de Córcega, 58 bajo - 46520
Tel.: 962 69 92 72
e-mail: sagunto@otis.com

Castellón

C/ José M^a Guinot Galán, 5
3^o puerta 4 - 12003
Tel.: 636 76 48 34. Fax: 96 423 90 60
e-mail: castellon@otis.com

Algemesí

C/ Gómez Ferrer, 18 bajo - 46680
Tel.: 962 48 18 43

Benicarló

Cristo del Mar, 145 - 12580
Tel.: 669 63 05 81. Fax: 96 447 30 03
e-mail: benicarlo@otis.com

Oropesa

Avda. Columbretes, 7 Local 1-13 - 12594
Tel.: 669 63 05 81. Fax: 96 431 13 03
e-mail: oropesa@otis.com

Villareal

C/ José M^a Guinot Galán, 5 - 3^o
Planta 4 - 12003
Tel.: 689 63 02 68. Fax: 96 423 90 60
e-mail: villareal@otis.com

Vall de Uxó

Mossen Ricardo Miralles, 14 bajo - 12600
Tel.: 669 63 02 62. Fax: 964 66 79 22
e-mail: Vall-Duxo.Of-servicio@otis.com

EXTREMADURA

Badajoz

Gaspar Méndez, 3 - 06011
Tel.: 689 17 23 54. Fax: 924 23 59 42
e-mail: extremadura@otis.com

Cáceres

Bioy Casares, 3 - 10005
Tel.: 689 17 29 15. Fax: 927 23 81 14
e-mail: caceres@otis.com

Merida

Antonio Hernández Gil, 19 - 06800
Tel.: 689 17 29 15. Fax: 924 31 89 88
e-mail: merida@otis.com

GALICIA

A Coruña

Gutenberg, 42 C - 15008
Tel.: 648 47 19 88. Fax: 981 14 31 88
e-mail: acoruna@otis.com

Boiro

Salvador Allende, 6 - 15930
Tel.: 686 75 98 87. Fax: 981 84 98 84

Carballo

Villa de Ordenes, 33 - 15100
Tel.: 619 75 71 43. Fax: 981 75 73 01
e-mail: carballoobra@otis.com

El Ferrol

Bertón, 9-11 - 15404
Tel.: 616 51 29 80. Fax: 981 37 24 97
e-mail: elferrol@otis.com

Lugo

Plaza Da Libertade, 14-16
bajo - 27002
Tel.: 618 67 93 95. Fax: 982 22 38 75
e-mail: lugo@otis.com

Ribadeo

Pintor Cierros, 19-21 - 27700
Tel.: 606 43 22 73. Fax: 982 12 99 83
e-mail: manuelgavieiro@otis.com

Santiago

Sánchez Freire, 67 bajo - 15706
Tel.: 618 05 31 30. Fax: 981 52 56 82
e-mail: santiago@otis.com

Vigo

Couto, 19 - 36203
Tel.: 606 55 09 55. Fax: 986 29 56 88
e-mail: vigo@otis.com

Ourense

San Francisco Blanco, 6 - 32001
Tels.: 988 37 10 24 - 988 21 10 90
Fax: 988 21 81 70
e-mail: ourense@otis.com

Pontevedra

San Antoniño, 30 - 36002
Tel.: 650 59 24 65. Fax: 986 86 44 16
e-mail: pontevedra@otis.com

Villagarcía de Arosa

San Antoniño, 30 - 36002
Tel.: 650 59 24 27. Fax: 986 50 30 36
e-mail: villagarcia@otis.com

LA RIOJA-NAVARRA

Logroño

Navarrete el Mudo, 5 bajo - 26005
Tels.: 941 22 55 45 - 941 22 83 08
Fax: 941 22 88 30
e-mail: logrono@otis.com

Pamplona

C/ G, nave D - 18 bis
P.I. Los Agustinos - Orcóyen - 31160
Tel.: 639 94 48 87. Fax: 948 15 17 77
e-mail: pamplona@otis.com

MADRID

Madrid

C/ Las Mercedes, 13 - 28020
Tel.: 91 567 89 72. Fax: 91 567 89 68
e-mail: madrid@otis.com

Alcalá de Henares

Fuentenovilla, 1 - 28805
Tel.: 639 95 06 17. Fax: 91 888 43 61
e-mail: alcalaenares@otis.com

Alcobendas

Jacinto Benavente, 17 - 28100
Tel.: 639 95 03 11. Fax: 91 661 15 85
e-mail: alcobendas@otis.com

B^o El Pilar

C/ Las Mercedes, 13 - 28020
Tel.: 91 731 06 00. Fax: 91 731 06 03
e-mail: barrioelpilar@otis.com

Boadilla del Monte

Avda. Isabel de Farnesio, 25
Local 5 - 28660
Tel.: 91 633 41 97
Fax: 91 632 26 70
e-mail: boadilla@otis.com

Madrid Sur

C/ Academia, 10 - 1^o - 28014
Tel.: 639 94 99 12. Fax: 91 718 37 63
e-mail: embajadores@otis.com

Leganés

C/ Argentina, 13 - 28918
Tel.: 606 05 73 48. Fax: 91 688 24 01
e-mail: leganes@otis.com

Majadahonda

Doctor Bastos, 7 - 28220
Tel.: 639 95 03 52. Fax: 91 634 48 95
e-mail: majadahonda@otis.com

Ciudad Lineal

Mohernando, 6 - 28038
Tel.: 639 94 99 55. Fax: 91 303 61 58
e-mail: moratalaz@otis.com

Retiro

C/ Academia, 10 - 1^o - 28014
Tel.: 626 92 60 28. Fax: 91 562 56 94
e-mail: barriosalamanca@otis.com

Castellana

C/ Las Mercedes, 13 - 28020
Tel.: 91 343 55 35. Fax: 91 343 55 85
e-mail: embajadores@otis.com

Fuencarral

C/ Las Mercedes, 13 - 28020
Tel.: 91 731 06 00. Fax: 91 567 89 68

MURCIA

Murcia

Ronda de Garay, 12 - 30003
Tel.: 689 91 45 29. Fax: 968 34 11 21
e-mail: murcia@otis.com

Alcantarilla

Ruiz Hidalgo, 1 - 30002
Tel.: 650 70 23 73. Fax: 968 89 17 34
e-mail: alcantarilla@otis.com

Barrio del Carmen

Ruiz Hidalgo, 1 - 30002
Tel.: 650 70 19 99. Fax: 968 34 58 47
e-mail: elcarmen@otis.com

Caravaca de la Cruz

Jerónimo Santa Fe, 7 - 1A esc. B
30800
Tel.: 650 70 35 09. Fax: 968 70 53 52
e-mail: carvaca@otis.com

Cartagena

Alfonso X el Sabio, 27 - 30204
Tel.: 650 65 44 50. Fax: 968 51 19 12
e-mail: cartagena@otis.com

Juan de Borbón

Ronda de Garay, 12 - 30003
Tel.: 650 70 25 46. Fax: 968 20 42 96
e-mail: murcia.juandeborbon@otis.com

Lorca

Jerónimo Santa Fe, 7-1A esc.B - 30800
Tel.: 650 65 45 20. Fax: 968 44 36 59
e-mail: lorca@otis.com

La Manga

Ctra. de San Pedro del Pinatar, 9 bajo
esq. La Tercia (San Javier) - 30730
Tel.: 650 15 69 70. Fax: 968 19 05 60
e-mail: lamanga@otis.com

Mar Menor

Ctra. de San Pedro del Pinatar, 9 bajo
esq. La Tercia (San Javier) - 30730
Tel.: 650 65 44 46. Fax: 968 19 05 60
e-mail: mar.menor@otis.com

Molina de Segura

Ronda de Garay, 12 - 30003
Tel.: 650 70 35 11. Fax: 968 38 68 95

Yecla

Rambla, 43 bajo - 30510
Tel.: 650 70 16 60. Fax: 968 79 31 51
e-mail: yecla@otis.com

PAIS VASCO**Bilbao**

Amadeo Deprit Lasa, 1-3 - 48006
Tel.: 626 50 64 12. Fax: 944 73 08 35
e-mail: bilbao@otis.com

Amorebieta

Ixerango, 1 - Zomotza
Amorebieta 48340
Tel.: 650 55 82 13 - Fax: 946 30 16 83
e-mail: amorebieta@otis.com

Baracaldo

C/ Ganeta, 6 - 48930
Tel.: 618 53 02 92 - Fax: 943 76 09 39
e-mail: bergara@otis.com

Bergara

Pz. Frainskuzuri, 5 bajo - 20570
Tel.: 660 71 23 82 - Fax: 944 31 69 63
e-mail: bergara@otis.com

Deusto

Amadeo Deprit Lasa, 1-3 - 48006
Tel.: 629 38 69 66 - Fax 944 73 08 35
e-mail: deusto@otis.com

Irún

Lekaena, 28 - local3 - 20301
Tel.: 660 67 86 91. Fax: 943 63 42 62
e-mail: irun@otis.com

Uribe Costa

C/ Ganeta, 6 - 48930
Tel.: 618 53 02 92 - 650 55 78 85
Fax: 944 80 22 27
e-mail: lasarenas@otis.com

San Sebastian

Pza. Azkoitia, s/n - 20011
Tel.: 650 55 89 83. Fax: 943 47 01 13
e-mail: sansebastian@otis.com

Vitoria

Madre Teresa de Calcuta, 3-5 - 01008
Tel.: 650 55 88 14. Fax: 945 12 04 11
e-mail: vitoria@otis.com

Regional Branch Offices**Portugal****Otis Elevadores LDA****Headquarters**

Estrada de Mem Martins, 7
2726-109 Mem Martins
Tel.: 21 926 82 00
Fax: 21 926 82 09

Regional Branch Offices**Delegação Braga**

Rua Cónego Manuel Aguiar Barreiros, 92
4700-372 Braga
Tel.: 25 320 87 00
Fax: 25 321 87 66

Delegação Porto

Rua Jorge Vierbo Ferreira, 12-1º
4050-313 Porto
Tel.: 22 607 91 30
Fax: 22 600 78 74

Delegação Vila Nova Gaia

Trav. Sra. de Matosinhos, 123
4400-305 Vila Nova Gaia
Tel.: 22 715 58 00
Fax: 22 715 58 49

Delegação Viseu

Rua Joaquim Guerra
Oliveira Alfaia, Lote 112
Loja A, Jogueiros
3500-454 Viseu
Tel.: 23 242 66 10
Fax: 23 241 53 23

Delegação Aveiro

Rua Cónego Maio, 35-R/C Esq
São Bernardo
3810-089 Aveiro
Tel.: 23 434 39 60
Fax: 23 434 39 59

Delegação Coimbra

Rua Entre Vinhas, 18 Eiras
3020-171 Coimbra
Tel.: 23 943 30 15
Fax: 23 943 39 91

Delegação Leiria

Urbanização do Planalto,
Lote 39-R/C-C
3400-494 Leiria
Tel.: 24 483 43 06
Fax: 24 483 61 21

Delegação Setúbal

Rua Francisco Sá Carneiro, 17A
2900-379 Setúbal
Tel.: 26 570 84 90
Fax: 26 577 21 31

Delegação Albufeira

Vale do Paraíso, 275-Z, Ferreiras
8200-567 Albufeira
Tel.: 28 957 00 00
Fax: 28 958 91 87

Delegação Madeira

Travessa dos Piornais
Edifício Monumental Parque II, Loja A
9000-184 Funchal
Tel.: 29 174 47 35
Fax: 29 174 45 28

Delegação Açores

Rua António Gaspar Read Henriques, 17
Apartado 1486
9500-184 Ponta Delgada
Tel.: 29 662 90 86
Fax: 29 628 54 33

Morocco**Casablanca**

95, Bd. Al Massira Al Khadra
Casablanca
Tel: 05 22 98 93 05. Fax 05 22 98 34 10

Rabat

Sect. 13 Bloc D. Rue Achih, 4
Hay Riad - Rabat
Tels.: 05 37 57 32/33 - 05 37 57 36/37
Fax 05 37 57 05 42

Tanger

6, Résidence Loudaya
Av. Youssef Ibn Tachfine, 2^{ème} étage
Appt. °8 - Tanger
Tel: 05 39 32 39 99. Fax 05 39 34 29 91

Agadir

Rue de l'Hotel de Ville Résidence Taffat
Agadir
Tel: 05 28 84 25 59. Fax 05 28 84 16 23

Fés

4, Rue Hassan Al Basri 4^{ème} étage
Appt n° 8, Av des F.A.R. - Fés
Tel: 05 35 62 26 91. Fax 05 35 62 26 91

Oujda

16, Bd. Mohamed V,
Imm. Kada 4^{ème} étage - Oujda
Tel: 05 36 50 19 06. Fax 05 36 50 19 06

Marrakech

Angle Av. Yacoub El Mansour & Khalid
Ibn El Qualid
Residence Yacoub El Mansour Entrée A
1^{er} étage Appt n° 2 - Marrakech
Tels.: 05 24 43 43 07/43 85 78
Fax 05 24 43 85 78

Magasin

245. Bd. Emile Zola - Casablanca
Tel: 05 22 40 07 75. Fax 05 22 40 07 75

EXHIBIT I

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED CORPORATIONS

**DETAILS IDENTIFYING
ISSUER**

DATE OF F.Y. END

November 30, 2012

Tax Id Code. A-28011153

Corporate name: ZARDOYA OTIS, S.A.

**MODEL FOR ANNUAL CORPORATE GOVERNANCE REPORT OF
LISTED CORPORATIONS**

For a better understanding of this specimen report and completion hereof, it is necessary to read the instructions on how to complete it included at the end of this report. The column containing the Tax ID Code, Number or similar, which shall be non-public, must be filled out in all cases where such information is necessary to complete the data of individuals or legal persons.

Tax ID or similar code or number (NIF, CIF)	Other information
A-28011153	

A OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of latest modification	Share capital (€)	Number of shares	Number of voting rights
June 14,2012	38,524,149,90	385,241,499	385,241,499

In the event that different classes of shares exist, state this in the following chart:

Yes ☐ No ☒

Class	Number of shares	Nominal unit value	Number of voting rights per share	Different rights

A.2. Details of the direct and/or indirect owners of significant shareholdings in your company at the year-end date, excluding Board Members:

Name or corporate name of shareholder	Number of direct shares	Number of indirect shares (*)	% of total share capital
United Technologies Corporation (UTC)	0	192,659,576	50.01

(*) Through:

Name or corporate name of the direct owner of the shareholding	Number of direct voting rights	% of total voting rights
United Technologies Holdings, S.A.S.	192,659,576	50.01
Total	192,659,576	50.01

State the most significant movements in the shareholder structure that took place during the F.Y.:

Name or corporate name of the direct owner of the shareholding	Number of direct voting rights	% of total voting rights

A.3. Complete the following charts on the members of the Board of Directors of the company who hold voting rights corresponding to shares therein:

Name or corporate name of Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Euro-Syns S.A.	41,683,407	3,816,325	11.811
Loizaga Viguri, José María	206,353	1,938	0.054
Abajo García, Mario	1,125,649	0	0.292
Calleja Fernandez, Bernardo	5,000	0	0.001
Harvey, Lindsay	10	0	0
Dejoux, Pierre	10	0	0
Messina, Angelo	1	0	0

(*) Through:

Name or corporate name of the direct owner of the shareholding	Number of direct voting rights	% of total voting rights
CENON Investments S.L.	3,816,325	0.991
Jiménez Martínez, María Paz (Spouse)	1,938	0.001
Total	3,818,263	0.992

% of total voting rights held by the Board of Directors	12,158
--	---------------

Complete the following chart of the members of the Board of Directors of the company who hold rights over company shares:

Name or corporate name of Director	Number of direct option rights	Number of indirect option rights	Equivalent number of shares	% of total voting rights

A.4. State, if applicable, any family, commercial, contractual or corporate relationships that exist between the owners of significant shareholdings, to the extent that these are known to the company, unless they are of little relevance or are derived from ordinary business or trading:

Names or corporate names related	Type of relationship	Brief description
Euro-Syns, S.A.	Family	This director is a company controlled by the Zardoya family

A.5. State, if applicable, any commercial, contractual or corporate relationships that exist between the owners of significant shareholdings and the company, unless they are of little relevance or are derived from ordinary business or trading:

Names or corporate names related	Type of relationship	Brief description
United Technologies Holdings, S.A.S.	Commercial Contractual Corporate	At November 30, 2012, United Technologies Corporation (UTC) held 100% shares of Otis Elevator Co. and 50.01% of Zardoya Otis, S.A.. through United Technologies Holdings S.A.S. . Zardoya Otis S.A. has commercial and contractual relations with Otis Elevator Company and United Technologies Corporation (UTC).

A.6. Indicate whether any paracorporate (shareholders') agreements affecting the Company pursuant to the provisions of Section 112 of the Securities Market Law [Ley del Mercado de Valores – LMV] have been reported to the Company. If so, briefly describe them and list the shareholders bound by the agreement:

Yes ☒

No ☐

Parties to agreement	% of share capital affected	Brief description of agreement
Euro Syns, S.A. and United Technologies Holdings, S.A.S.	2.103%	<p>On August 3, 2012, Euro Syns, S.A. and United Technologies Holdings, S.A.S. signed a syndication agreement whereby Euro Syns, S.A. agreed to syndicate 8,458,074 shares in Zardoya Otis, S.A. representing up to approximately 2.103% of the share capital. % (after the capital increase decided by the Extraordinary General Shareholders' Meeting held on January 30, 2013)..</p> <p>This syndication agreement was signed in the interests of the transaction for the acquisition of Grupo Ascensores ENOR, S.A., in order for UTH to be, at any given moment, the holder of more than 50% of the voting rights of Zardoya Otis, S.A., so that the UTC Group can continue to consolidate Zardoya Otis, S.A. after the capital increase approved by the Company's Extraordinary General Shareholders' Meeting held on January 30, 2013.</p> <p>Likewise, to guarantee the obligations contained in the syndication agreement, Euro Syns, S.A. signed a share</p>

		<p>pledge agreement with United Technologies Holdings, S.A.S. whereby 8,458,074 shares in Zardoya Otis, S.A. owned by Euro-Syns, S.A. were pledged in favour of United Technologies Holdings, S.A.S. Pursuant to the provisions in the new article 9 of the By-Laws, the voting rights of the pledged shares are held by the pledge, i.e. United Technologies Holdings, S.A.S.</p> <p>A transcription of the clauses of the syndication agreement that affect the voting rights or restrictions that affect the free transferability of Zardoya Otis, S.A. was duly provided to the National Securities Market Commission (CNMV) on January 30, 2013 in Relevant Fact No. 181,717,</p>
--	--	--

State, if applicable, any actions that have been arranged between the shareholders of your company that are known to the company:

Yes ☐ No ☒

Parties to agreement	% of share capital affected	Brief description of agreement

In the event that there was any change or breach of said agreements or arranged actions during the F.Y., state this expressly.

A.7. State whether there exists any natural or legal person that exercises or can exercise control over the company pursuant to article 4 of the Stock Market Act. If so, identify them:

Yes ☒ No ☐

Name or corporate name
United Technologies Corporation

Comments
At November 30, 2012, it was the indirect owner (through the French company United Technologies Holdings S.A.) of 50.01 % of the shares of Zardoya Otis, S.A.

A.8. Complete the following charts on the company's treasury stock:

At year-end date

Number of direct shares	Number of indirect shares (*)	% of total share capital
46,231	0	0,011

(*) Through:

Name or corporate name of the direct	Number of direct shares
--------------------------------------	-------------------------

owner of the shareholding	
Total:	

Give details of any significant variations, pursuant to the provisions of Royal Decree 1362/2007, , that took place in the F.Y.:

Notification date	Total direct shares acquired	Total indirect shares acquired	% total of share capital
12 July, 2011	176,619	0	0.048

Profit/(loss) obtained in the F.Y. on treasury stock transactions	0
--	---

A.9. Give details of the conditions and/or periods of the authorization(s) provided by the General Meeting of Shareholders to the Board of Directors to acquire or transfer the treasury stock:

The Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on May 24, 2012 unanimously approved the proposal to authorize the Board of Directors to, without consulting the General Shareholders' Meeting beforehand, directly or indirectly acquire shares in Zardoya Otis, S.A. up to the maximum percentage of the share capital allowed by law at any given moment and for the maximum period likewise allowed by law, as from the date on which the aforementioned Ordinary General Shareholders' Meeting was held. The acquisition price of said shares may not be lower than 2 euros per share or higher than 25 euros per share and the Board is expressly authorized to set aside the reserves required under article 148 of the Capital Companies Law.

In addition, the Extraordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on January 20, 2013 unanimously approved to authorize the Board of Directors, pursuant to the provisions of article 149 of the current Capital Companies Law, either directly or through any group companies, to accept its own shares as a pledge or any other type of guarantee, within the limits and meeting the same requirements as are applicable to the acquisition thereof.

Specifically:

- The maximum number of shares to be accepted as pledges shall not exceed 10% of the Company's share capital.
- The shares accepted as pledges shall be free of all charges and encumbrances, fully paid up and not attached to compliance with any obligation the beneficiary of which is not the Company.
- Term of the authorization: the authorization shall be in force for the maximum period allowed by Law at any given moment, as from the date of this Extraordinary General Shareholders' Meeting.
- When carrying out these transactions, the rules on the subject contained in the Company's Internal Code of Conduct shall likewise be met.

This authorization in no way amended –but, rather, complemented- the authorization granted as per the first paragraph above.

A.10. State, if applicable, any legal restrictions or restrictions imposed by the By-Laws on the use of voting rights, together with legal restrictions on the acquisition or transfer of holdings in the share capital.

Indicate whether there are legal restrictions on the exercise of voting rights:

Yes ☐ No ☒

Maximum percentage of voting rights that a shareholder may exercise due to legal restrictions	N/A
---	-----

Indicate whether there are by-law restrictions on the exercise of voting rights:

Yes ☐

No ☒

Maximum percentage of voting rights that a shareholder may exercise due to by-law restrictions	N/A
--	-----

Maximum percentage of voting rights that a shareholder may exercise due to by-law restrictions	N/A
--	-----

A.11. State whether the shareholders acting at a General Shareholders' Meeting have approved the adoption of breakthrough measures in the event of a public tender offer pursuant to the provisions of Law 6/2007:

Yes ☐

No ☒

If applicable, describe the approved measures and the terms on which the restrictions will become ineffective.

B STRUCTURE OF THE COMPANY'S GOVERNING BODIES

B.1. Board of Directors

B.1.1. State the maximum and minimum number of Directors provided for in the By-Laws:

Maximum number of directors	15
Minimum number of directors	3

B.1.2. Complete the following chart with the members of the Board:

Name or corporate name of Director	Representative	Position on the Board	Date of first appointment	Date of latest appointment	Election procedure
Abajo García, Mario		Chairman	05-31-1985	05-23-2011	General Meeting
Loizaga Viguri, José María		Deputy Chairman	02-23-1973	05-23-2011	General Meeting
Calleja Fernandez, Bernardo		Director & C.E.O.	02-28-2012	05-24-2012	General Meeting
Otis Elevator Company	Bill, Johan	Director	05-30-1984	05-23-2011	General Meeting
Messina, Angelo		Director	06-30-2005	05-23-2011	General Meeting
Dejoux, Pierre		Director	01-26-2012	05-24-2012	General Meeting
Harvey, Lindsay		Director	06-24-2009	05-23-2011	General Meeting
Zardoya Arana, Francisco Javier		Director	05-27-2009	05-23-2011	General Meeting

Euro-Syns, S.A.	Zardoya Arana, María Luisa	Director	05-31-1996	05-23-2011	General Meeting
-----------------	----------------------------	----------	------------	------------	-----------------

Total number of directors	9
----------------------------------	---

State any Directors who left the Board during the period:

Name or corporate name of Director	Status of the director at the time of vacancy	Date of vacancy
Pedro Sainz de Baranda Riva	Director and CEO	02-28-2012

B.1.3. Complete the following charts on the members of the Board and their classification:

EXECUTIVE DIRECTORS

Name or corporate name of Director	Commission that proposed appointment of the Director	Position in the company's organization chart
Bernardo Calleja Fernández	Nominating Commission	CEO

Total number of executive directors	1
Total % of Board members	11.111

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of Director	Commission that proposed appointment of the Director	Name or corporate name of significant shareholder represented or that proposed appointment of the Director
Messina, Angelo J.	Nominating Commission	United Technologies Holdings, S.A.S.
Dejoux, Pierre	Nominating Commission	United Technologies Holdings, S.A.S.
Harvey, Lindsay E.	Nominating Commission	United Technologies Holdings, S.A.S.
Otis Elevator Company	Nominating Commission	United Technologies Holdings, S.A.S.
Zardoya Arana, Francisco Javier	Nominating Commission	Euro-Syns, S.A. (Zardoya family)
Euro-Syns, S.A.	Nominating Commission	Euro-Syns, S.A. (Zardoya family)

Total number of proprietary directors	6
Total % of the Board	66.667

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of Director	Commission that proposed appointment of the Director	Profile
Loizaga Viguri, José María	Nominating Commission	Deputy Chairman

Total number of independent directors	1
Total % of the Board	11.111

OTHER EXTERNAL DIRECTORS

Name or corporate name of Director	Commission that proposed appointment of the Director
Abajo García, Mario	Nominating Commission

Total number of other external directors	1
Total % of the Board	11.111

Give details of the reasons for which they cannot be deemed to represent a shareholding or be independent and of their ties with the company, its management and/or its shareholders.

Name or corporate name of Director	Reasons	Company, Manager or shareholder with whom the director has ties
Abajo García, Mario	Mr. Abajo meets all the requirements of art. 5 of the Board of Directors Regulations and section III, No. 5 of the Unified Code of Good Governance to be considered an independent member of the Board, except letter a), since he was an Executive Director less than five years ago.	Mr. Mario Abajo García is not an executive director, or employee or manager of any company.

State any variations in the classification of each Director that may have taken place during the period:

Name or corporate name of Director	Date of modification	Former classification	Current classification

B.1.4. Describe, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 5% of share capital.

Name or corporate name of director	Reasons
N/A	N/A

State whether formal petitions for presence on the Board have been received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been satisfied.

Yes ☐ No ☒

Name or corporate name of shareholder	Reason
N/A	N/A

- B.1.5. State whether any director has withdrawn from his/her position before the expiration of his/her term of office, whether the director has given reasons to the Board and by what means, and in the event that he/she gave reasons in writing to the full Board, describe at least the reasons given by the director:**

Name of director	Reason for withdrawal
Sainz de Baranda Riva, Pedro	Mr. Pedro Sainz de Baranda y Riva notified his resignation by letter, due to his appointment as Chairman of Otis Elevator Company on February 13, 2012. His resignation from the post of CEO took place at the Board of Directors meeting of February 28, 2012.

- B.1.6. State the powers, if any, that are delegated to the Chief Executive Officer/s:**

Name or corporate name of Director	Brief description
Calleja Fernández, Bernardo	The CEO holds all the powers that can be delegated in accordance with the law or By-Laws, with the exception of the purchase/sale of real estate as well as the financial disbursement faculty, limited to joint powers for 50 million euros per transaction

- B.1.7. Identify, if applicable, the members of the Board who hold positions as Directors or managers in other companies that form part of the group of the listed company:**

Name or corporate name of Director	Corporate name of group company	Position
Calleja Fernández, Bernardo	Otis Elevadores Lda. (Portugal)	Chairman of the Board of Directors
	Otis Maroc, S.A.	Chairman
	Acresa-Cardellach, S.L.	Chairman
Abajo García, Mario	Otis Elevadores Lda. (Portugal)	Director
Loizaga Viguri, José María	Otis Elevadores Lda. (Portugal)	Director
Zardoya Arana, Francisco Javier	Otis Elevadores Lda. (Portugal)	Director
	Puertas Automáticas Portis, S.L.	Chairman
Zardoya Arana, María Luisa (personal representative of the director Euro-Syns, S.A.)	Otis Elevadores Lda. (Portugal)	Director

- B.1.8. Give details, if applicable, of the Directors of your company who are members of the Boards of Directors of other companies outside your group that are listed on official stock markets in Spain, when this has been notified to the company:**

Name or corporate name of Director	Listed company	Position
Loizaga Viguri, José María	Actividades de Construcción y Servicios, S.A. (ACS)	Director, Executive Committee Deputy Chairman, Audit Committee Chairman, Nominating and Compensation Committee Chairman

	Cartera Industrial Rea, S.A.	Chairman
Zardoya Arana, Francisco Javier	Cartera Industrial Rea, S.A.	Director

B.1.9. Indicate and, if applicable, explain whether the Company has established rules regarding the number of boards of which its directors may be members:

Yes ☒

No ☐

Description of Rules
Article 19 of the Regulations of the Board of Directors expressly establishes the directors' duty to devote the time and effort necessary to perform their function efficiently.

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the Company's general policies and strategies reserved for approval by the full Board:

	Yes	No
The investment and financing policy	X	
The definition of the structure of the group of companies	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business plan, as well as management objectives and annual budgets	X	
The policy regarding compensation and evaluation of performance of senior management	X	
The risk control and management policy, as well as the periodic monitoring of the internal information and control systems	X	
The dividend policy, as well the treasury stock policy and, especially, the limits thereto	X	

B.1.11. Complete the following charts on the aggregated compensation of the Directors accrued during the year:

a) In the company to which the present report refers:

Item of compensation	Figures in thousands of euros
Fixed compensation	194
Variable compensation	166
Allowances	0
Remuneration pursuant to By-laws	1,000
Stock options and/or other financial instruments	0
Other	145
Total	1,505

Other benefits	Figures in thousands of euros
Advance payments	0
Credits granted	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations acquired	0
Life insurance premiums	0
Guarantees furnished by the company in favour of Directors	0

b) As a result of company Directors' belonging to other Boards of Directors and/or the senior management of group companies:

Item of compensation	Figures in thousands of euros
Fixed compensation	0
Variable compensation	0
Allowances	0
Remuneration pursuant to By-laws	0
Stock options and/or other financial instruments	0
Other	0
Total	0

Other benefits	Figures in thousands of euros
Advance payments	0
Credits granted	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations acquired	0
Life insurance premiums	0
Guarantees furnished by the company in favour of Directors	0

c) Total compensation by type of director

Type of Director	By company (in thousands of euros)	By group
Executive directors	505	0
External proprietary directors	600	0
Independent external directors	200	0
Other external directors	200	0
Total	1,505	0

d) In relation to the profit attributed to the parent company:

Total compensation of Directors (thousands of euros)	1,505
Total compensation of Directors/profit attributed to parent company (expressed as a percentage)	0.831

B.1.12. Identify the members of senior management who are not also executive directors and state the total compensation accrued in their favour during the F.Y.:

Name or corporate name	Position
Fernández Fernández, Rafael Manuel	General Manager
Ramos, Jorge	General Manager
da Ascençao Oliveira, Domingos Edmundo	General Manager

Total compensation senior management (thousands of euros)	465
--	------------

B.1.13. State, on an aggregated basis, whether there exist guarantee or protection clauses in favour of the members of senior management, including executive directors of the company or its group, in the event of dismissal or changes in control. State whether these contracts must be notified to and/or approved by the governing body/ies of the company or its group:

Number of beneficiaries	0
--------------------------------	---

	Board of Directors	General Meeting
Body authorizing the clauses	N/A	N/A

	YES	NO
Is the General Meeting informed of the clauses?		X

B.1.14. State the process for fixing the compensation of the members of the Board of Directors and the relevant clauses of the By-Laws in this respect.

Process to set the compensation of the members of the Board of Directors and by-law provisions
<p>According to article 24 of the By-Laws and article 18 of the Regulations of the Board of Directors, membership of the Company's Board of Directors will be remunerated.</p> <p>Article 24 of the By-Laws states that the maximum global compensation for all the members of the Board will consist of a 1.5% share in the consolidated profit after tax, up to an upper limit of 1% of the consolidated profit before tax, which may only be taken from the liquid profit (after tax) after the needs of the Legal Reserve and the Reserves provided for in the By-Laws have been met and a minimum dividend of 10% of the paid-up share capital has been attributed to the shareholders. Taking out civil liability insurance in favour of the directors will form part of the aforementioned upper limit on compensation.</p> <p>Said global compensation will be distributed in the manner freely decided by the Board of Directors among the members thereof in each year, depending on: (i) whether they sit on any Board committees or other bodies; (ii) whether they hold specific positions on the Board; (iii) their attendance of Board meetings; and/or (iv) their commitment to the service of the Zardoya Otis, S.A..</p> <p>Furthermore, article 18 of the Regulations of the Board of Directors establishes the principles or criteria that should be taken into account when fixing the compensation of external directors. In particular, it states that this compensation will be the amount deemed necessary to remunerate the commitment, abilities and responsibility required by the position, although it must not be so high as to compromise their independence.</p> <p>The director compensation policy has not changed in comparison with the preceding year, using solely the criteria established in the aforementioned articles 24 of the By-Laws and 18 of the Regulations of the Board of Directors.</p> <p>Additionally, article 3 of the Regulations of the Board of Directors includes the approval of director compensation among the functions of the Board of Directors and the Company does not have a Compensation Commission.</p> <p>Neither has Zardoya Otis, S.A. used the services of external advisors to determine its director compensation policy and, therefore, the Board of Directors itself, with the participation of all its members, is the body responsible for designing, approving and implementing its compensation policy.</p>

State whether the full Board has reserved the right to approve the following decisions:

	YES	NO
At the proposal of the Company's chief executive, the appointment and, if applicable, the removal of senior managers, as well as their indemnity provisions.	X	
The compensation of directors and, in the case of executive directors, the additional compensation for their executive duties and other terms and conditions that must be included in their contracts.	X	

B.1.15. State whether the Board of Directors approves a detailed compensation policy and specify the matters covered thereby:

Yes ☒ No ☐

	YES	NO
Amount of fixed components, with a breakdown, if applicable, of fees payable for attendance at meetings of the Board and its Committees and estimated annual fixed compensation arising	X	
Variable compensation items	X	
Main characteristics of the social security systems, with an estimate of the amount thereof or equivalent annual cost .	X	
Terms and conditions that must be included in the contracts with executive directors performing senior management duties, which will include	X	

B.1.16. State whether the Board submits a report on director compensation policy to the vote of the shareholders at a General Shareholders' Meeting for consultative purposes.

If so, describe the relevant portions of the report regarding the compensation policy approved by the Board for the following years and the most significant changes experienced by such policies vis-à-vis the policy applied during the fiscal year, and provide an outline of the manner in which the compensation policy was applied during the fiscal year. Describe the role of the Compensation Commission and, if external advice has been provided, state the name of the external advisors that have given such advice:

Yes ☒ No ☐

Matters covered by the report on compensation policy
Zardoya Otis, S.A. prepares an Annual Director Compensation Report, which is approved by the Board of Directors and submitted to a consultative vote at the Ordinary General Shareholders' Meeting (after previous notification to the National Securities Market Commission). Zardoya Otis, S.A. submitted the Annual Director Compensation Report to a consultative vote for the first time at the Annual General Shareholders' Meeting held on May 24, 2012.
The content of the Annual Director Compensation Report is adapted to the provisions of the Securities Market Law, article 61, and likewise takes into account the Draft Circular of the National Securities Market Commission regarding the annual report on the remuneration of directors in listed corporations.
.

Role of the Compensation Commission
The Company does not have a Compensation Commission

	YES	NO
Has external advice been provided?		X
Name of external advisors	N/A	

B.1.17. State, if applicable, the identity of the members of the Board who are also members of the Boards of Directors or management of companies that hold significant shareholdings in the listed company and/or companies belonging to its group:

Name or corporate name of director	Name or corporate name of significant shareholder	Designation
Mario Abajo García	Buga Otis Asansor Sanayi ve Ticaret A.S. [Turkey]	Vice Chairman of the Board and Member of the Board of Directors
	Otis Elevadores Lda. (Portugal)	Director
Angelo J. Messina	Asia Pacific Elevator Company [Delaware, USA]	Director
	Atlantic Lifts, Inc. [Delaware, USA]	Director
	Elevator Export Trading Company [Delaware, USA]	Director
	Otis Elevator Company (New Jersey)	Director
	Otis Elevator Company [Delaware, USA]	Director
	Otis Elevator International, Inc. [Delaware, USA]	Director
	Otis Elevator Korea [Korea]	Director
	Otis Elevator Overseas Limited	Director
	Otis Investments, L.L.C. [Delaware, USA]	Assistant General Manager; Member of Management Committee.
	Otis Pacifid Holdings B.V. (Netherlands)	Director
	United Technologies (Cayman) Holdings, Ltd. [Cayman Islands]	Director
	UTCL Investments B.V. [Netherlands]	Director
Pierre Dejoux	Otis Management GmbH [Alemania]	Supervisory Board Member
	Otis L.L.C [UAE]	Chairman
	Otis A/S [Denmark]	Director
	Otis Elevator Company Saudi Arabia Limited [Saudi Arabia]	Director
	Otis Elevator Company [Kuwait]	Director
	Otis NV [Belgium]	Director
	Otis Oy [Finland]	Director
	Otis S.A. [Switzerland]	Director
	Vtechnologies [Kenya]	Director
	Otis S.C.S [France]	Director
	Otis B.V. [Netherland]	Director
Pedro Sainz de Baranda Riva (until 02/13/2012)	Buga Otis Asansor Sanayi ve Ticaret A.S. [Turkey]	Director
	C. Veremis Otis S.A. [Greece]	Director
	Otis Elevadores (Portugal)	Chairman
	Otis Management GMBH (Germany)	Director
	Otis Maroc, S.A.S. (Morocco)	Director
	Otis S.p.A. (Italy)	Chairman
	Acresa Cardellach, S.L.	Chairman
	Ascensores Eguren, S.A.	Personal Representative of Director
	Conservación de Aparatos Elevadores Express, S.L.	
	Ascensores Ingar, S.A.	
Bernardo Calleja Fernandez	Buga Otis Asansor Sanayi ve Ticaret A.S. [Turkey]	Director
	C. Veremis Otis S.A. [Greece]	Director
	Otis Elevadores (Portugal)	Chairman
	Otis Management GMBH (Germany)	Director
	Zayani Otis Elevator Company W.L.L	Director
	Otis Servizi S.r.l.	Chairman
	Acresa Cardellach, S.L.	Chairman

Lindsay E. Harvey	"OTIS" spółka z ograniczona odpowiedzialnoscia [Poland]	Chairman
	Advance Lifts Holdings Limited [United Kingdom]	Director
	Advance Lifts Limited [United Kingdom]	Director
	Becker Lifts Limited [United Kingdom]	Director
	Budget Lift Services Limited [United Kingdom]	Director
	Combined Lift Services (Merseyside) Ltd. [United Kingdom]	Director
	English Lifts [United Kingdom]	Director
	Estec Limited [United Kingdom]	Director
	Evans Lifts Limited [United Kingdom]	Director
	Excelsior Lifts Limited [United Kingdom]	Director
	Express Evans Lifts Limited [United Kingdom]	Director
	Express Lifts (Overseas) Limited [United Kingdom]	Director
	Express Lifts Alliance Limited	Director
	I.L.S. Irish Lift Services Ltd	Director
	GB Lifts Limited (United Kingdom)	Director
	Key Elevators Limited (United Kingdom)	Director
	Lerman Oakland Lifts Limited [United Kingdom]	Director
	Lift Components Limited [United Kingdom]	Director
	Manor Lifts Limited [[United Kingdom]	Director
	MovemanSKG Limited [[United Kingdom)	Director
	Northern Lifts Services Limited [United Kingdom]	Director
	Oakland Elevators Limited [United Kingdom]	Director
	Oakland Elevators Limited (United Kingdom –Dormant)	Director
	OAo MOS Otis (Russia)	Director
	Orion Lifts Limited [United Kingdom]	Director
	OTIS (Isle of man) Limited	Director
	Otis Elevator Ireland Limited [Ireland]	Director
	Otis Elevator Pension Trustee Limited	Director
	Otis International Holdings UK Limited [United Kingdom]	Director
	Otis Investments Ltd. [United Kingdom]	Director
	Otis Limited [United Kingdom]	Director
	Otis UK Holding Limited [United Kingdom]	Director
	PDERS Key Lifts Limited [United Kingdom]	Director
	Porn Dunwoody (Lifts) Limited [United Kingdom]	Director
	Sirius Korea Limited [United Kingdom]	Director
	SKG (UK) Limited [United Kingdom]	Director
	The Express Lift Company Limited [United Kingdom]	Director
	Trent Valley Lifts Limited [United Kingdom]	Director
	Wadsworth Lifts Limited [United Kingdom]	Director
	Waygood Lifts Ltd. [United Kingdom]	Director
	Otis Management GmbH [Germany]	Director

	Otis Gesellschaft m.b.H. (Austria)	Director
José María Loizaga Viguri	Otis Elevadores Lda. (Portugal)	Director
Maria Luisa Zardoya Arana (Personal representative of the director Euro-Syns, S.A.)	Otis Elevadores Lda. (Portugal)	Director

Explain, if applicable, any significant relationships, other than those mentioned in the preceding caption, between the members of the Board of Directors and the significant shareholders and/or companies belonging to their groups:

Name or Corporate Name of Director	Name or Corporate Name of Significant Shareholders	Relationship
Messina, Angelo J.	United Technologies Corporation	He is an executive of the United Technologies Corporation Group
Harvey, Lindsay	United Technologies Corporation	He is an executive of the United Technologies Corporation Group
Dejoux, Pierre	United Technologies Corporation	He is an executive of the United Technologies Corporation Group
Otis Elevator Company	United Technologies Corporation	This company is controlled by United Technologies Corporation
Calleja Fernandez Bernardo	United Technologies Corporation	He is an executive of the United Technologies Corporation Group
Zardoya Arana, Francisco Javier	Euro-Syns, S.A.	Euro-Syns, S.A. is a company controlled by the Zardoya family
Euro-Syns, S.A.	Euro-Syns, S.A.	Euro-Syns, S.A. is a company controlled by the Zardoya family

B.1.18. State, if applicable, any modifications made to the Regulations of the Board of Directors during the F.Y.

Yes ☒

No ☐

Description of modifications
<p>In compliance with article 528 of the Capital Companies Law, at its meeting of April 17, 2012, the Board of Directors drew up a report explaining the amendments made to the Regulations of the Board of Directors.</p> <p>La reform of the Regulations of the Board of Directors is structured along two basic lines: (i) the convenience of adapting the Regulations of the Board of Directors to the new legislation introduced by Royal Legislative Decree 1/2010 of July 2, whereby the revised text of the Capital Companies Law was approved, and Law 25/2011 of August 1, which partially reformed the Capital Companies Law and incorporated Directive 2007/36/EC of the European Parliament and Council, of July 11, on the exercise of certain rights of shareholders in listed companies; and (ii) the updating and technical improvement of the wording of certain rules of the current Regulations of the Board of Directors, clarifying the wording and minimizing the need to make future amendments due to changes in the applicable legislation.</p> <p>The Chairman of the Company's Board of Directors explained the scope of the reform at the Ordinary General Shareholders' meeting held on May 24, 2012 and, in all other aspects, referred the meeting to the aforementioned report, which, to make it easier to compare the</p>

new wording of the amended articles with that in force previously, included, for information only, (i) a document that compared, in two columns, the original wording of the text and the wording approved for the new revised text of the Board of Directors Regulations; and (ii) a clean version of the new revised text of the Regulations of the Board of Directors..

All the documentation was made available to the shareholders when the General Shareholders' Meeting of May 24, 2012 was to be held and was notified to the National Securities Market Commission (CNMV) in Relevant Fact No. 161,769.

B.1.19. State the procedures for appointment, re-election, evaluation and removal of Directors. Give details of the competent bodies, the procedures to follow and the criteria to be employed in each one of the procedures.

According to article 20 of the By-Laws, directors will be designated by voting pursuant to the rules established by law.

In this respect, it is not necessary to be a shareholder in order to be appointed as a director, except in the event of provisional appointment made by the Board of Directors itself pursuant to the provisions of article 244 of the Capital Companies Law.

In addition, article 13 of the Regulations of the Board of Directors states that Directors will be designated by the General Meeting or, provisionally, by the Board of Directors, pursuant to the provisions of the Capital Companies Law and the By-Laws.

Thus, the Board of Directors (i) shall, within the scope of its respective competencies, ensure that the persons chosen as candidates are persons with recognized competence and experience; (ii) establish an induction program for new directors that swiftly provides them with sufficient knowledge of the Company and its corporate governance rules; and (iii) likewise provide refresher training programs when the circumstances thus advise.

B.1.20. State the circumstances in which Directors are obliged to resign.

Firstly, article 15 of the Regulations of the Board of Directors states that directors will cease to hold office when the term for which they were appointed has elapsed or when the General Shareholders' Meeting thus decides, using the attributions conferred upon it by law or in the By-Laws.

Furthermore, in order to meet recommendations 30 and 32 of the Unified Code of Good Governance, article 15 of the Board of Directors Regulations provides that directors must tender their resignation to the Board and, if the latter deems it convenient, resign under any of the following circumstances:

- (a) When they are affected by one of the cases of incompatibility or prohibition provided for by law;
- (b) When they may damage the Company's prestige or reputation;
- (c) When they are accused or prosecuted or when a ruling for opening an oral trial in ordinary proceedings or a conviction in abridged proceedings is issued against them for a serious offence, in particular, one of the offences mentioned in article 213 of the Capital Companies Act;
- (d) When they are seriously rebuked by the Audit Committee or for having failed to perform their duties as directors; or
- (e) When an external proprietary director transfers its shareholding in the Company or when the shareholder that proposed the appointment of the director to the Company sells its shareholding in full or reduces it to a level that requires the reduction or elimination of its proprietary directors..

Members of any Committees or Commissions that may exist will cease to be so when they cease to be directors.

B.1.21. Explain whether the function of chief executive of the company is performed by the person holding the position of Chairman of the Board. If applicable, state the measures taken to limit the risks of accumulation of power by a single person:

Yes ☐

No ☒

Measures to limit risks

Indicate and, if applicable, explain whether rules have been established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the Board of Directors

Yes ☐ No ☒

Description of the rules

B.1.22. Are qualified majorities, other than those legally provided for, required for any type of decision?

Yes ☐ No ☒

State how the resolutions of the Board of Directors are adopted, stating at least the minimum quorum for attendance and the type of majorities required to adopt the resolutions:

Adoption of resolutions		
Description of resolution	Quorum	Type of majority

B.1.23. Explain whether there exist specific requirements, other than those relating to Directors, to be appointed Chairman:

Yes ☐ No ☒

Description of the requirements

B.1.24. State whether the Chairman has a casting vote:

Yes ☐ No ☒

Subjects for which the casting vote exists

B.1.25. State whether the By-Laws or the Regulations of the Board of Directors fix any age limit for Directors:

Yes ☐ No ☒

Age limit Chairman			
Age limit chief executive officer		Age limit Director	

B.1.26. State whether the By-Laws or the Regulations of the Board of Directors fix a limited term of office for independent Directors:

Yes ☐ No ☒

Maximum number of years of term of office	
--	--

B.1.27. If the number of women directors is scant or nil, describe the reasons therefor as well as the initiatives adopted to correct such situation.

Description of reasons and initiatives
<p>At the 2012 year end, to which this report refers, Zardoya Otis, S.A. had a small Board of Directors. Of its 9 members, 6 are proprietary directors, one is an executive director, one is classified as "other external directors" (recommendation 11 of the Unified Code of Good Governance) and one is classified as "independent". At present, Ms. María Luisa Zardoya Arana is the personal representative of the director Euro-Syns, S.A.</p> <p>In its policy for choosing directors, Zardoya Otis, S.A. applies processes intended to avoid any discrimination that might limit the access of women to posts on the Board of Directors.</p> <p>In this respect, articles 5 and 12 B) 1 of the Board of Directors Regulations require that this body should ensure, within its competencies, that the choice of director candidates should include people who, in addition to meeting the legal requirements and those stipulated in the By-Laws for the position, possess the appropriate knowledge, prestige and experience to perform the functions that they are appointed to perform. And this is irrespective of their sex.</p> <p>Likewise, article 12 B) 2 e) of the Board of Directors Regulations states that one of the functions of the Nominating Committee is to ensure that, when new vacancies arise or new Directors are appointed, the selection procedures are not implicitly biased in any way that might imply some kind of discrimination and to report to the Board on gender diversity issues.</p>

In particular, state whether the Nominating and Compensation Commission has established procedures which ensure that selection processes are free from any implied bias hindering the selection of women directors and which allow for the free search for women

Yes ☒

No ☐

Describe the main procedures
<p>Article 12 B) 2 e) of the Board of Directors Regulations states that one of the functions of the Nominating Committee is to ensure that, when new vacancies arise or new Directors are appointed, the selection procedures are not implicitly biased in any way that might imply some kind of discrimination and to report to the Board on gender diversity issues.</p>

B.1.28. Indicate whether there are formal procedures for proxy-voting at meetings of the Board of Directors. If so, briefly describe them.

Article 22 of the By-Laws states that any Director may provide written authorization for another Director to represent him.

In addition, article 11 of the Regulations of the Board of Directors states that each director may authorize another director to represent him without any limit on the number of other directors that one director may represent at the Board meeting. Absent directors may authorize another director to represent them using any written means and telegrams, e-mails or faxes addressed to the Chairman of the Board of Directors are valid.

B.1.29. State the number of meetings held by the Board of Directors during the F.Y. Likewise, if applicable, state the number of times that the Board met without the presence of the Chairman:

Number of Board meetings	11
Number of Board meetings without the presence of the Chairman	0

State the number of meetings that the different commissions of the Board have held during the F.Y.:

Number of meetings of the Executive or Delegate Commission	N/A
---	-----

Number of meetings of the Audit Commission	8
Number of meetings of the Nominating and Compensation Commission	N/A
Number of meetings of the Nominating Commission	2
Number of meetings of the Remuneration Commission	N/A

B.1.30. Indicate the number of meetings held by the Board of Directors during the fiscal year at which not all of its members have been in attendance. Proxies granted without specific instructions must be counted as absences:

Number of absences of directors during the fiscal year (with representations but without specific instructions)	0
% of absences over total votes during the fiscal year	0

B.1.31. State whether the individual and consolidated annual accounts that are submitted to the Board for its approval are certified previously:

Yes ☐ No ☒

Identify, if applicable, the person/s who certified the company's individual and consolidated accounts to be formulated by the Board:

Name	Position

B.1.32. Explain the mechanism, if any, established by the Board of Directors to prevent the individual and consolidated accounts it formulates from being submitted to the General Meeting with qualifications in the audit report.

The Board of Directors controls, through the Audit Committee, the whole process of drawing up and formulating the annual accounts of Zardoya Otis, S.A. and its Group.

To date, the annual accounts (individual and consolidated) have never been submitted to the General Meeting with qualifications in the Audit Report.

In order to meet recommendation 53 of the Unified Code of Good Governance, article 12 of the Board of Directors Regulations states that the Board of Directors will endeavour to submit the accounts to the General Meeting of Shareholders without reservations or qualifications in the audit report and, in exceptional cases where these may exist, the Chairman of the Audit Committee and the auditors will provide the shareholders with clear explanations on the content and scope of said reservations or qualifications.

B.1.33. Is the Secretary of the Board of Directors a Director?

Yes ☐ No ☒

B.1.34. Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the appointment and removal thereof have been reported upon by the Nominating Commission and approved by the full Board.

Procedure for appointment and removal
<p>In accordance with article 8 of the Regulations of the Board of Directors, the Secretary will be designated by the Board of Directors.</p> <p>The Secretary was appointed by the Board of Directors on April 13, 2011, with the prior favourable opinion of the Nominating Commission.</p> <p>Neither the By-Laws nor the Regulations of the Board of Directors provide for any specific procedure for removal of the Secretary and, therefore, he will leave his post when the term for which he was appointed expires or when the Board of Directors so resolves with the vote in favour of a majority of its members.</p>

	Yes	No
Does the Nominating Commission report on the appointment?	X	
Does the Nominating Commission report on the removal?	X	
Does the full Board approve the appointment?	X	
Does the full Board approve the removal?	X	

Is the secretary of the Board responsible for specially ensuring compliance with good governance recommendations?

Yes ☒

No ☐

Comments
<p>In order to meet recommendation 18 of the Unified Code of Good Governance article 8 of the Regulations of the Board of Directors expressly provides that the Secretary of the Board of Directors must ensure that the resolutions of the Board of Directors:</p> <ul style="list-style-type: none"> (i) are in line with the letter and the spirit of the Laws and their implementing regulations, including those approved by the regulatory bodies; (ii) are in accordance with the By-Laws of the Company and the Regulations of the General Meeting, the Board of Directors and any other body present in the Company; and (iii) respect the rules or recommendations on good corporate governance in force at any given moment

B.1.35. Indicate the mechanisms, if any, used by the Company to preserve the independence of the auditors, the financial analysts, the investment banks and the rating agencies.

Zardoya Otis, S.A. has an internal Code of Conduct the ultimate purpose of which to protect the interests of those who invest in securities of Zardoya Otis, S.A. and avoid any situation where market abuse exists, establishing, in this respect, a set of rules applicable to the management and control of privileged and relevant information, the carrying out of transactions with securities of Zardoya Otis, S.A. itself, the carrying out of treasury stock transactions and detecting and handling conflicts of interest, among other issues.

In order to meet recommendation 50.2.c) of the Unified Code of Good Governance, article 12.A) 2 of the Regulations of the Board of Directors states that the Audit Committee must be in contact with the external Account Auditor in order to receive information on any matters related to the process of performing the account audit, such as the progress and findings of the audit program, must maintain with the external Account Auditor those other communications required by the account auditing legislation and technical audit rules and must check that the Company's senior management is acting in accordance with its recommendations. Likewise, the Audit Committee must receive information on any issues which may place the external Account Auditor's independence at risk.

To this effect:

- (i) the Company shall notify any change of auditor to the National Securities Market Commission (CNMV) as a relevant fact, accompanied by a statement of any disagreements that may have arisen with the outgoing auditor and, if such disagreements exist, the contents thereof;
- (ii) it shall be ensured that the Company and the external Account Auditor respect the current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other requirements designed to safeguard auditors' independence;
- (iii) the Company shall establish appropriate contacts with the account auditor to receive information on any questions which might place the latter's independence at risk, which will be examined by the Audit Committee, and any other issues related to the process of conducting the account audit, together with the matters provided for in the account auditing legislation and auditing rules. In particular, the Audit Committee will receive from the account auditors, on an annual basis, written confirmation of their independence in relation to the Company or any companies that may be related directly or indirectly thereto, together with confirmation of the additional services of any nature rendered to said companies by the auditors or by persons or entities related to the auditors, in accordance with the provisions of the Account Auditing Law;
- (iv) the Audit Committee shall investigate the issues giving rise to the resignation of any external Account Auditor; and
- (v) the Audit Committee shall issue an annual report, prior to the issue of the audit report, expressing an opinion on the independence of the account auditors. Said report shall also always make a pronouncement on the additional services to which point (ii) above refers.

Finally, in accordance with article 12 A) 2 g) of the Regulations of the Board of Directors, the Audit Committee must encourage the external group auditor to take on the auditing of all the group's companies.

B.1.36. Indicate whether the Company has changed the external auditor during the fiscal year. If so, identify the incoming and the outgoing auditor:

Yes ☐ No ☒

Outgoing auditor	Incoming auditor

If there has been any disagreement with the outgoing auditor, describe the content thereof:

Yes ☐ No ☒

Explanation of the disagreement
N/A

B.1.37. State whether the audit firm carries out work for the company and/or its group other than audit work and, if so, state the amount of the fees received for said work and the percentage of the fees billed to the company and/or its group that these represent:

Yes ☒ No ☐

	Company	Group	Total
Amount of work other than audit work (thousands of euros)	143	65	208

Amount of work other than audit work / Total amount billed by the audit firm (%)	42.69	27.66	36.49
--	-------	-------	-------

B.1.38. State whether the audit report on the Annual Financial Statements for the prior fiscal year has observations or qualifications. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of such observations or qualifications:

Yes ☐ No ☒

Description of reasons

B.1.39. State the number of years for which the current audit firm has been uninterruptedly auditing the annual accounts of the company and/or its group. Likewise, state the percentage represented by the number of years audited by the current audit firm in relation to the total number of years for which the annual accounts have been audited:

	Company	Group
Number of consecutive years	25	25
Number of years audited by the current audit firm / Number of years for which the company has been audited (%)	65.79	100.00

B.1.40. State the holdings of members of the Board of Directors of the company in companies that have the same, an analogous or a complementary type of activity to the activity that constitutes the corporate purpose of both the company and its group, when such holdings have been notified to the company. Likewise, state the positions or functions executed in said companies:

Name or corporate name of Director	Name of the relevant company	% shareholding	Position or functions
Loizaga Viguri, José María	Actividades de Construcción y Servicios, S.A. (ACS)	0.0408	Director, Deputy Chairman of the Executive Committee, Chairman of the Audit Committee and Chairman of the Nominating and Compensation Committee

B.1.41. State whether any procedure exists that allows the Directors to obtain external advice and, if applicable, give details thereof:

Yes ☒ No ☐

Details of procedure
Article 17 of the Regulations of the Board of Directors states that the Board of Directors may, with the broadest authorization, obtain any information or advice it may require on any aspect of Zardoya Otis, S.A. whenever it so requires to perform its functions. The right to information extends to subsidiary companies, both national and foreign, and will be channelled through the Chairman, who will handle the director's requests, providing him/her with the information directly, offering any appropriate contacts or arranging any measures that may be necessary for the examination requested. Likewise, In order to meet recommendation 24 of the Unified Code of Good Governance,

article 17 of the Regulations of the Board of Directors provides that, in order to be assisted in his/he functions, any director may request the engagement, at the Company's expense, of legal, accounting, financial or commercial advisors or other experts. The engagement must necessarily refer to specific problems of certain importance and complexity that arise in carrying out the director's duties.

The request for the engagement will be channelled through the Chairman or Secretary of the Board of Directors, who may make it subject to the Board's prior authorization, which may be refused when there are reasons to justify this, including the following circumstances:

- (i) When it is not necessary in order to correctly fulfil the functions entrusted to the directors.
- (ii) If the cost is not reasonable in the light of the importance of the problem and the Company's assets and income.
- (iii) If the technical assistance requested may be given adequately by experts and technical staff within the Company.
- (iv) If it may represent a risk to the confidentiality of the information that must be provided to the expert.

The Audit Committee and Nominating Commission may obtain external advice when they deem this necessary in order to perform their functions.

Likewise, the Chairman may, as an exception, temporarily restrict access to certain information, informing the Board of this decision.

B.1.42. State whether there exists a procedure that allows the Directors to obtain the information required to prepare the meetings of the governing bodies in sufficient time and, if applicable, give details:

Yes ☒

No ☐

Describe the procedure
<p>Board meetings are, in practice, called 20 days in advance, although the minimum period included in article 10 of the Regulations of the Board of Directors is 10 days before the date fixed for the meeting.</p> <p>The notice of the meeting, which will be sent by letter, e-mail, telegram or fax to each one of the directors at the address they have provided for this purpose, must also attach the Agenda and provide the directors with the information necessary to prepare to items to be considered at each meeting. For matters in which the Audit Committee is involved, the latter will meet before the Board meeting, which it will subsequently inform, and will obtain such information and call such persons from the Company, auditors, etc. that it deems necessary in order to fulfil its functions appropriately.</p> <p>Likewise, article of the Regulations of the Board of Directors states that any director may obtain, with the broadest authorization, any information or advice they he/she requires on any aspect of the Company whenever that this is required in order to fulfil his/her functions. The right to information covers subsidiaries, both national and foreign, and will be channelled through the Chairman of the Board of Directors, who will handle the requests of any director and provide the information directly, offering the appropriate contacts or taking any measures necessary for the examination requested.</p> <p>In order to meet recommendation 16 of the Unified Code of Good Governance article 6 of the Regulations of the Board of Directors expressly provides that the Chairman of the Board is responsible for ensuring that all the directors receive sufficient information to prepare the items to be discussed at each meeting of the Board of Directors.</p>

B.1.43. State whether the Company has established any rules requiring Directors to inform the Company —and, if applicable, resign from their position— in cases in which the credit and reputation of the Company may be damaged. If so, describe such rules:

Yes ☒

No ☐

Describe the rules	
Articles 15 and 19 of the Regulations of the Board of Directors follow recommendation 32 of the Unified Code of Good Governance.	
1.	Article 15 of the Regulations of the Board of Directors states that directors are obliged to tender their resignation to the Board of Directors and formalize it if the latter sees fit in the following cases: <ul style="list-style-type: none"> (i) When they are affected by any of the circumstances for incompatibility or prohibition provided for by law; (ii) When they may damage the Company's prestige or reputation; (iii) When they are accused or prosecuted or when a ruling for opening of an oral trial in ordinary proceedings or a conviction in abridged proceedings is issued against them for a serious offence, in particular, any of the offences mentioned in article 213 of the Capital Companies Law; (iv) When they are seriously rebuked by the Audit Committee or for having breached their duties as Directors; or (v) When an external proprietary director transfers its shareholding or when the shareholder that proposed the appointment of the director to the Company sells its shareholding in full or reduces it to a level that requires the reduction or elimination of its proprietary directors.
2.	Article 19 of the Regulations of the Board of Directors states that the directors are obliged to notify the Board of Directors as soon as possible and, if applicable, resign, in the event that any of the circumstances that may affect them and may damage the Company's prestige and reputation arise, in particular, if they are prosecuted in criminal proceedings.

B.1.44. State whether any member of the Board of Directors has informed the Company that he has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of an oral trial has been issued against him for the commission of any of the crimes contemplated in article 229 of the Capital Companies Law:

Yes ☐ No ☒

Name of Director	Criminal Case	Comments

Indicate whether the Board of Directors has analyzed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the Director should remain in office:

Yes ☐ No ☐

Decision adopted	Duly substantiated explanation
N/A	

B.2. Commissions of the Board of Directors

B.2.1. Give details of all the commissions of the Board of Directors and the members of said commissions:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type of shareholder
There is no executive or delegate committee		

AUDIT COMMITTEE

Name	Position	Type of shareholder
Loizaga Viguri, José María	Chairman	Independent
Messina, Angelo J.	Member	Proprietary
Harvey, Lindsay	Member	Proprietary

NOMINATING AND COMPENSATION COMMISSION

Name	Position	Type of shareholder
There is no nominating and compensation commission		

NOMINATING COMMISSION

Name	Position	Type of shareholder
Harvey, Lindsay	Chairman	Proprietary
Loizaga Viguri, José María	Member	Independent
Otis Elevator Company (Johan Bill)	Member	Proprietary

COMPENSATION COMMISSION

Name	Position	Type of shareholder
There is no compensation commission		

B.2.2. State whether the Audit Committee has the following duties:

	Yes	No
To monitor the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting standards.	X	
Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.	X	
Ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.	X	
Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.	X	
Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired.	X	

Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.	X	
Ensure the independence of the external auditor.	X	
In the case of groups of companies, favour the auditor of the Group as the auditor responsible for audit work at the companies that form part thereof.	X	

B.2.3. Provide a description of the rules of organization and operation and of the responsibilities attributed to each one of the commissions of the Board.

A) AUDIT COMMITTEE

1. Competencies

According to article 24 bis of the By-Laws, the competencies of the Audit Committee are:

- (a) To inform, through the Chairman, at the General Meeting of Shareholders on issues raised thereat on subjects in which it is competent.
- (b) To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment of the external auditor to which article 264 of the Capital Companies Law refers.
- (c) To supervise the Company's internal audit services.
- (d) To keep informed of the Company's financial information and internal control systems.
- (e) To keep in contact with the Auditor to receive information on any issues that may place said Auditor's independence at risk and any other matters related to the process of conducting the account audit and to exchange the other communications provided for in account auditing legislation and technical auditing rules with the Auditor.
- (f) Any other functions attributed to it in the Regulations of the Board of Directors.

In order to meet recommendations Nos. 45, 48, 49, 50, 51, 52 and 53 of the Unified Code of Good Governance, article 12 A) of the Regulations of the Board of Directors states that the competencies of the Audit Committee are as follows:

- (a) To report, through its Chairman, to the General Shareholders' Meeting with respect to matters relating to its functions raised thereat by the shareholders.
- (b) To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the recommendations for the selection, appointment, reappointment and removal of the external account auditor and its engagement conditions.
- (c) To supervise the efficiency of the Company's internal control, internal audit and risk control systems and, in particular: (i) to monitor the independence and efficacy in its functions of the internal audit services; (ii) to propose the selection, appointment, reappointment and removal of the head of internal audit services; (iii) to propose the budget of said services; (iv) to receive regular report-backs on their activities; (v) to review the annual work program and the yearly activities report of the internal audit services; (vi) to be informed of any incidents arising during the implementation of the internal audit services' yearly work program, (vii) to verify that senior management acts in accordance with the conclusions and recommendations contained in their reports, and (viii) to discuss any significant weaknesses detected in the internal audit system in the course of the audit with the account auditors.
- (d) To be informed of and to monitor the process of preparing and presenting financial information on the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidated group and the correct application of accounting principles, ensuring the integrity thereof.

- (e) To review internal control and risk management systems on a regular basis, so that main risks are properly identified, managed and disclosed. In particular, control and risk management policy shall identify, at least:
- (i) the different types of risk (operational, technological, financial, legal, reputational, etc.) the Company is exposed to, including contingent liabilities and other off-balance sheet risks among the financial and economic risks;
 - (ii) the determination of the risk level the Company sees as acceptable;
 - (iii) the measures in place to mitigate the impact of the identified risk events, should they occur; and
 - (iv) the internal reporting and control systems which will be used to control and manage said risks, including the aforementioned contingent liabilities and off-balance sheet risks.
- (f) To be in contact with the external Account Auditor in order to receive information on any matters related to the process of performing the account audit, such as the progress and findings of the audit program, to maintain with the external Account Auditor those other communications required by the account auditing legislation and technical audit rules and check that the Company's senior management is acting in accordance with its recommendations. Likewise, to receive information on any issues which may place the external Account Auditor's independence at risk. To this effect:
- (i) the Company shall notify any change of auditor to the National Securities Market Commission (CNMV) as a relevant fact, accompanied by a statement of any disagreements that may have arisen with the outgoing auditor and, if such disagreements exist, the contents thereof;
 - (ii) it shall be ensured that the Company and the external Account Auditor respect the current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other requirements designed to safeguard auditors' independence;
 - (iii) the Company shall establish appropriate contacts with the account auditor to receive information on any questions which might place the latter's independence at risk, which will be examined by the Audit Committee, and any other issues related to the process of conducting the account audit, together with the matters provided for in the account auditing legislation and auditing rules. In particular, the Audit Committee will receive from the account auditors, on an annual basis, written confirmation of their independence in relation to the Company or any companies that may be related directly or indirectly thereto, together with confirmation of the additional services of any nature rendered to said companies by the auditors or by persons or entities related to the auditors, in accordance with the provisions of the Account Auditing Law;
 - (iv) the Audit Committee shall investigate the issues giving rise to the resignation of any external Account Auditor; and
 - (v) the Audit Committee shall issue an annual report, prior to the issue of the audit report, expressing an opinion on the independence of the account auditors. Said report shall also always make a pronouncement on the additional services to which point (ii) above refers.
- (g) To encourage the group auditor to take on the auditing of all the group's companies.
- (h) To establish and supervise a mechanism whereby employees can report, confidentially and, if seen fit, anonymously, any potentially serious irregularities that they note within the Company, especially financial and accounting irregularities. The Chairman of the Audit Committee shall inform the Board of Directors on any reports received at the first Board meeting following receipt thereof.

- (i) To supervise compliance with the internal codes of conduct and corporate governance rules and recommendations in force at any given moment.
- (j) To inform the Board of Directors, before the decision-making, on the following issues:
 - (i) the financial information that the Company must periodically disclose. The Committee shall ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review;
 - (ii) the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity may detract from the transparency of the group; and
 - (iii) related-party transactions.
- (k) Any others that may be attributed to them by the By-Laws, the Regulations of the Board of Directors, the Board of Directors itself or the Law.

2. Rules of organization and operation

In accordance with article 24 bis of the By-Laws, the rules of organization and operation of the Audit Committee are as follows:

First. The Audit Committee shall meet at least once quarterly and whenever the Chairman considers convenient or at least two members of the Committee so request.

Second. The Committee is a collegiate body and its decisions shall be adopted by a majority of its members. Resolutions adopted by the Audit Committee shall be notified to the Board of Directors by sending it the full contents of the minutes of the meetings of this Committee.

Third. The Audit Committee may require the presence at any of its meetings of any officer or employee of the Company (and may order them to appear without the presence of any other officer, in which case, their attendance shall be requested through the General Manager), any executive director, the external account auditor or the legal advisor to the Board of Directors.

Fourth. The Committee shall review the financial information that is sent on a quarterly basis to the National Securities Market Commission (CNMV).

Fifth. The Board of Directors is competent to develop, expand and complete the rules on the composition, operation and competencies of the Audit Committee in all aspects not specified in these By-Laws by drawing up internal regulations of the Audit Committee, which must respect the provisions of these By-Laws and the law.

In order to meet recommendations numbers 44 and 51 of the Unified Code of Good Governance, article 12 of the Regulations of the Board of Directors states that the rules of operation of the Audit Committee are the following:

- (a) The Audit Committee shall meet at least once quarterly and whenever the Chairman considers convenient or at least two members of the Committee so request.
- (b) Meetings of the Audit Committee will reach a quorum when a majority of the members are present or represented. Its decisions shall likewise be adopted by a majority of the members.
- (c) The Chief Executive Officer shall provide the Audit Committee with the information it requires to perform its duties in relation to the directors and senior management of the principal companies in which interests are held.
- (d) The Audit Committee shall have free access to any kind of information or documentation held by or available to the Company that it considers necessary in order to perform its duties.
- (e) The Committee may require the presence at any of its meetings of any employee or officer (and may order them to appear without the presence of any other officer, in which case, their attendance shall be requested through the

General Manager), any executive director, the external account auditor and/or the legal advisor to the Board of Directors.

- (f) Minutes of Audit Committee meetings shall be taken and a copy shall be sent to all the members of the Board and to the Board of Directors, sending the full contents of the minutes of the Committee meetings. Furthermore, the Chairman of the Audit Committee shall, if applicable, report on any decisions and/or significant events that may have occurred at the Committee meetings at the first Board meeting to take place after the Committee meeting in question.
- (g) The Committee shall review the financial information that is sent on a quarterly basis to the National Securities Market Commission (CNMV).
- (h) The Board of Directors shall discuss the proposals and/or reports presented by the Audit Committee.

In the absence of any specific rule, the provisions of the Regulations of the Board of Directors on the operation thereof shall be applicable to the Audit Committee to the extent that they are not incompatible with the nature of the latter, in particular, the rules on calling the meetings, delegating another Director as a representative, universal meetings, written ballots without holding a meeting, the persons acting as chairman and secretary of the meetings and the approval of the minutes thereof.

B) NOMINATING COMMISSION

1. Competencies

According to article 12 B) 2 of the Regulations of the Board of Directors, the Nominating Commission shall have the following competencies:

- (a) To assess the skills, knowledge and experience necessary on the Board and, consequently, to define the functions and abilities necessary in the candidates who are to cover any vacancies and assess the time and effort required for them to carry out their duties well.
- (b) To report on proposals for designating the internal positions to be held by the members of the Board of Directors and propose the members that should compose each of the Commissions to the Board of Directors.
- (c) To examine or organize, in the manner seen fit, the succession of the Chairman and the chief executive and, if applicable, to make proposals to the Board so that said succession takes place in an orderly and well-planned manner.
- (d) To report on the appointments and removals of members of senior management that the Company's chief executive proposes to the Board.
- (e) To ensure that, when new vacancies arise or new Directors are appointed, the selection procedures are not implicitly biased in any way that might imply some kind of discrimination and to report to the Board on gender diversity issues.
- (f) Any others that may be attributed to them by the By-Laws, these Regulations, the Board of Directors or the Law.

The Nominating Commission shall consult the Chairman and the Company's chief executive, especially in relation to issues concerning the executive directors.

Any Director may request the Nominating Commission to consider potential candidates to cover vacancies on the Board, so that it may decide on their suitability

2. Rules of organization and operation

In accordance with article 12 B) 3 of the Regulations of the Board of Directors, the Nominating Commission shall observe the following rules of organization and operation::

- (a) The Nominating Commission shall meet before any Board of Directors meeting at which a proposal is to be put to the General Shareholders' Meeting for the appointment, removal from office, re-election or ratification of a Director and before any Board of Directors meeting at which it is planned to co-opt a Director to cover a vacancy. The Nominating Commission shall likewise meet whenever

the Chairman considers it necessary or when at least two members of the Commission so request.

- (b) Meetings of the Nominating Commission will reach a quorum when a majority of the members are present or represented. Its decisions shall likewise be adopted by a majority of the members.
- (c) The Chief Executive Officer shall provide the Nominating Commission with the information it requires to perform its duties in relation to the directors and senior management of the principal companies in which interests are held.
- (d) The Commission shall have free access to any kind of information or documentation held by or available to the Company that it considers necessary in order to perform its duties.
- (e) The Commission may require the collaboration of any Director, member of senior management or employee of the Company and/or its group to enable it to better perform its functions.
- (f) Minutes of Nominating Commission meetings shall be taken and a copy shall be sent to all the members of the Board and to the Board of Directors, sending the full contents of the minutes of the Commission's meetings. Furthermore, the Chairman of the Nominating Commission shall, if applicable, report on any decisions and/or significant events that may have occurred at the Committee meetings at the first Board meeting to take place after the Commission meeting in question.

In the absence of any specific rule, the provisions of the Regulations of the Board of Directors shall be applicable to the Nominating Commission to the extent that they are not incompatible with the nature thereof, in particular, the rules on calling the meetings, delegating another Director as a representative, universal meetings, written ballots without holding a meeting, the persons acting as chairman and secretary of the meetings and the approval of the minutes thereof.

B.2.4. State, if applicable, the authority in relation to advice or consultation and, if applicable, the delegations that each of the commissions holds:

Name of commission	Brief description
Audit Committee	Advice: the Audit Committee may obtain external advice when it deems this necessary in order to carry out its functions.
	Consultation: the Committee may require the presence at any of its meetings of any employee or member of management (and also require them to appear without the presence of any member of management, in which case the requirement for attendance must be made through the General Manager), any executive director, the Account Auditor or the Legal Advisor to the Board of Directors.
	Powers: The Board of Directors does not hold any powers delegated by the Board of Directors.
Nominating Commission	Advice: The Nominating Commission may have free access to any kind of information or documentation that Zardoya Otis, S.A. that it considers necessary in order to perform its functions.

	Consultation: the Nominating Commission may require the collaboration of any director, manager or employee of the Company or its Group to assist it in its functions.
	Delegations: the Nominating Commission does not hold any powers delegated by the Board of Directors.

- B.2.5. State, if applicable, the existence of any regulations of the commissions of the Board, the place in which they are available to be consulted and any amendments that may have been made during the year. Also, state whether any annual report has been prepared voluntarily on the activities of each commission.**

Audit Committee

The Audit Committee has the competencies and rules of operation transcribed above. The annual financial statements include a summary of the main points discussed by the Audit Committee in the year ended November 30, 2012. All this information is available on the Company's website (www.otis.com/site/es-esl/Pages/InformacionparaAccionistasInversores.aspx), which, in turn, contains a heading relating to "Board Commissions" within the "Corporate Governance" section.

Article 24 bis f9 of the By-Laws states that the Audit Committee's competencies are not only those set forth in said article, but may be complemented by the contents of the Regulations of the Board of Directors.

Nominating Commission

The Nominating Commission has the competencies and rules of operation transcribed above. The annual financial statements include a summary of the main points discussed by the Audit Committee in the year ended November 30, 2012. All this information is available on the Company's website (www.otis.com/site/es-esl/Pages/InformacionparaAccionistasInversores.aspx), which, in turn, contains a heading relating to "Board Commissions" within the "Corporate Governance" section.

No annual report is drawn up on the activities of the Nominating Commission.

- B.2.6. State whether the composition of the executive commission reflects the participation of the different Directors in the Board in accordance with their classification:**

Yes ☐ No ☒

If not, explain the composition of the executive commission
There is no executive commission.

C RELATED TRANSACTIONS

- C.1. State whether the Board in full has reserved the power to approve, after a favourable report of the Audit Committee or any other committee entrusted with such duty, transactions carried out by the Company with Directors, with significant shareholders or shareholders represented on the Board, or with persons related thereto:**

Yes ☒ No ☐

Article 12 of Board Regulations, states that the Audit Committee will inform the Board of Directors prior to decisions of the Board on related transactions.

- C.2. Give details of any relevant transactions that represent a transfer of resources or obligations between the company or companies belonging to its group and the company's significant shareholders:**

Name or corporate name of significant shareholder	Name or corporate name of the company or company belonging to its group	Nature of the transaction	Type of relationship	Amount (thousands of euros)
United Technologies Holdings, S.A.S.	Otis Elevator Company	Contractual	License Agreements (<i>"Intellectual Property License Agreement"</i>)	21,161
United Technologies Corporation (parent company)		Contractual	Recharge Agreement	139

The Group has been party to a technical assistance agreement (*"Intellectual Property License Agreement"*) with Otis Elevator Company since 1999. This Agreement allows the company to use the trademarks and have access to the Research and Development and global product development activities. The cost of this Agreement is a royalty of 3.5% of sales to final customers.

Additionally, in September 2010, a *"Recharge Agreement"* was signed with United Technologies Corporation (UTC), which concerned the possibility that certain Zardoya Otis, S.A. executives who were also considered to be UTC group executives, since they held important management responsibilities, should benefit, depending on their performance and the attainment of joint objectives of Zardoya Otis, Otis Elevator Company and United Technologies Corporation (UTC), from the UTC long-term incentive plan, which includes UTC share-based compensation schemes. The Agreement is applicable to incentives assigned as from December 1, 2010. The cost, approved by the Audit Committee, is included in employee benefit expenses, generating a credit account with UTC Group companies (shown as other provisions in the statement of financial position). For 2012, the expense was EThs 139 (*EThs 390 in 2011*), relating to the fair value of the assets to which it is indexed, which was EThs 650.

C.3. Give details of any relevant transactions that represent a transfer of resources or obligations between the company or companies belonging to its group and the company's Directors or management staff:

Name or corporate name of the directors or management staff	Name or corporate name of the company or company belonging to its group	Nature of the transaction	Type of relationship	Amount (thousands of euros)

C.4. Give details of any relevant transactions performed by the company with other companies belonging to the same group, when these are not eliminated in the process of preparing financial consolidated statements and do not form part of the company's ordinary trade in terms of their purpose and conditions:

Corporate name of group entity	Brief description of transaction	Amount (thousands of euros)
Otis Elevator Group	Imports (from)	36,673
Otis Elevator Group	Exports (to)	127,734
Otis Elevator Group	Financial income (from)	0
Otis Elevator Group	Invoicing (to) R&D of Zardoya Otis, S.A.	747

C.5. Identify, if applicable, any situations of conflicts of interest that affect the company's Directors, as provided for in article 127 ter of the Spanish Corporations Act.

Yes ☐

No ☒

Name or corporate name of the director	Description of the conflict of interest situation

C.6. Give details of the any mechanisms established to detect, determine and solve any possible conflicts of interest between the company and/or its group and its Directors, management staff or significant shareholders.

In accordance with article 229 of the Capital Companies Act, directors affected by a conflict of interest shall refrain from participating in resolutions or decisions that concern the operation to which the conflict refers.

Article 19 of the Regulations of the Board of Directors formally establishes the obligation for the directors to abstain in the event that a situation arises in which their personal interests and those of the Company enter into conflict.

Additionally, article 10 of the Internal Code of Conduct on Matters relating to the Stock Markets, approved and updated by Zardoya Otis, S.A., states that directors, members of management and significant shareholders are obliged to inform the Secretary of the Board of Directors on any possible conflicts of interest to which they are subject. Any doubt on the possibility of a conflict of interest must be consulted with the Secretary of the Board of Directors before any decision that may affect said conflict is adopted.

The Secretary is responsible for keeping an updated register of conflicts of interests. The Secretary may periodically request the persons subject to the Internal Conduct Regulations on Matters relating to the Stock Markets to provide written confirmation that no conflicts of interest exist or that no new conflicts have arisen.

According to article 10.4 of the Internal Code of Conduct, In the event of a conflict of interest that the Secretary has been unable to solve and that requires authorized intervention, it will be submitted to the Board of Directors, which will take the following rules into account in order to decide:

- (a) In the event of conflict between the directors, members of management or significant shareholders and Zardoya Otis, S.A., the interests of the Company will prevail.
- (b) In the event of conflict between Zardoya Otis, S.A. and a shareholder or customer or between the two latter, the fair criterion of the Board will be applicable.

At any event, persons affected by a conflict must govern their conduct by the principles of abstention and independence.

C.7. Is more than one company of the Group listed in Spain?

Yes ☐

No ☒

Identify the subsidiaries listed in Spain:

Listed subsidiaries
N/A

State whether they have publicly and accurately defined their respective areas of activity and any possible business relationships among them, as well as those between the listed dependent company and the other companies within the Group:

Yes ☐

No ☐

Describe the possible business relationships between the parent company and the listed subsidiary, and between the subsidiary and the other companies within the Group
N/A

Describe the mechanisms established to resolve possible conflicts of interest between the listed subsidiary and the other companies within the Group:

Mechanisms for the resolution of possible conflicts of interest
N/A

D RISK CONTROL SYSTEMS

- D.1. General description of the risk policy of the company and/or its group, providing details of and evaluating the risks covered by the systems, together with an explanation of why said systems are appropriate for the profile of each type of risk.**

Section F) attached to this Annual Corporate Governance Report presents a description of the main features of the internal control and risk management systems in relation to the financial reporting process. In particular, the risk policy of the Company and its consolidated group is described in points F.1) to F.5).

- D.2. Indicate whether any of the various types of risks (operational, technological, financial, legal, reputational, tax-related, etc.) affecting the Company and/or its Group materialized during the fiscal year.**

Yes ☒ No ☐

If so, indicate the circumstances giving rise to them and whether the established control systems have worked:

Risk that occurred during the fiscal year	Circumstances giving rise thereto	Performance of control systems
Risk on accounts receivables	Deterioration in the economic situation	The Group has customer credit risk analysis policies, as well as regular debt monitoring procedures conducted by the departments involved in debt collection.

- D.3. Indicate whether there is any committee or other decision-making body in charge of establishing and supervising these control mechanisms.**

Yes ☒ No ☐

If so, describe its duties:

Name of Committee or other Body	Description of duties
Board of Directors	The Board of Directors is responsible for approving the risk management and control policy.
Audit Committee	The Audit Committee is responsible for periodically reviewing the internal control and risk management systems, so that the main risks are properly identified, managed and disclosed.

- D.4. Identification and description of processes for compliance with the different regulations that affect your company and/or its group.**

Zardoya Otis, S.A. has an Internal Audit Department, with systems and processes that are intended to evaluate, monitor, mitigate or reduce the main risks of the Company and

its consolidated group by preventive measures and alerts of possible situations of risk. The Company has the risks that affect assets and liability covered by the appropriate insurance policies.

Likewise, it has processes that ensure control of any risk that may stem from trading operations. The exhibit attached hereto sets forth information on the internal control and risk management systems in greater detail.

E GENERAL MEETING

- E.1. State the quorum required for the valid assembly of the General Meeting fixed in the Spanish Corporations Law. Describe how it differs from the system of minimums provided for in the Spanish Corporations Law (now Capital Companies Law).**

Yes ☒ No ☐

	Quorum % different from that established as a general rule in article 102 of Corporations Law	Quorum % different from that established in arts. 194 and 201 of Capital Companies Law for the special cases of arts. 194 and 201 of said Law
Quorum required in 1st call	60%	Two thirds of the subscribed capital with voting rights (66.66%)
Quorum required on 2nd call	50%	50%

Description of differences
The qualified quorums mentioned in the above chart are required.

- E.2. State and, if applicable, describe whether the system for adopting corporate resolutions differs from the system provided for in the Corporations Law (now Capital Companies Law).**

Yes ☐ No ☒

Describe the differences from the system provided for in the Corporations Law (now Capital Companies Law):

	Qualified majority other than that established in art. 194 of Capital Companies Law for the cases described in art. 201 Capital Companies Law	Other cases of qualified majority
% established by the entity for the adoption of resolutions		
Describe the differences		
N/A		

- E.3. List any shareholders' rights in relation to the General Meetings that differ from those provided for in the Spanish Corporations Law (now Spanish Companies Law).**

There are no shareholder rights in relation to General Meetings other than those provided for in the Capital Companies Law..

- E.4. State, if applicable, any measures adopted to promote shareholder participation in the General Meetings.**

All the shareholders of Zardoya Otis, S.A. may attend the General Shareholders' Meeting pursuant to the provisions of article 5 of the Regulations of the General Meeting. Likewise, in accordance with article 10 of the Regulations of the General Meeting, all shareholders are entitled to participate, with voice and vote, in the deliberations at the General Meeting, with no type of limitation on the use of voting rights.

In addition to the rights to request a meeting be called, to attend and to designate a representative included in the By-Laws, Zardoya Otis, S.A. applies a policy of encouraging shareholders to participate in the General Meeting of Shareholders with the following measures:

- The General Meeting of Shareholders takes place on premises with the best conditions for holding and following the meeting, with a large capacity, located in the centre of the city where the registered office is located..
- All the documentation necessary for preparing the General Meeting of Shareholders is made available to the shareholders, both on the Company's website and at the registered office.
- Possibility that the shareholder may grant proxy and notify said proxy to the Company by: (i) written postal correspondence or any other written means that, in the opinion of the Board of Directors in a decision adopted previously in this respect, allow the identity of the shareholder granting the proxy and that of the proxy-holder or holders that he/she designates to be duly verified ;or (ii) through any means of electronic distance communication deemed appropriate by the Board of Directors, guaranteeing the security of the communications and identification of the shareholders and their proxies when drawing up the rules, means and procedures for granting proxy through distance communication are drawn up.
- A mechanism is established for distance participation, whereby any shareholder with the right to attend and vote may issue a distance vote on the items on the Agenda of the General Meeting using the following means of distance communication: (i) written postal correspondence or any other written means that, in the opinion of the Board of Directors in a decision previously adopted in this respect, in a decision adopted previously in this respect, allow the identity of the shareholder t granting the proxy and that of the proxy-holder or holders that he/she designates to be duly verified; or (ii) through any means of electronic distance communication deemed appropriate by the Board of Directors, guaranteeing the security of the communications and identification of the shareholders and their proxy-holders when drawing up the rules, means and procedures to establish the specific mechanism to vote before the General Meeting, in accordance with article 521.2.c) of the Capital Companies Law.
- Establishment of an electronic shareholders' forum which all the shareholders may access with due guarantees, in order to facilitate communication before the General Meetings of Zardoya Otis, S.A. that are called are held.

In accordance with article 16 of the By-Laws, the Chairman of the General Meeting is responsible for chairing the deliberations, yielding the floor, in strict order, to all the shareholders who have so requested in writing and then to those who request it orally.

E.5. State whether the position of Chairman of the General Meeting coincides with the position of Chairman of the Board of Directors. Give details, if applicable, of the measures adopted to guarantee the independence and correct operation of the General Meeting:

Yes ☒

No ☐

Details of the measures

To ensure that the General Meeting of Shareholders is conducted in an orderly manner, the relevant measures of caution and protection are in place, including access control systems and other measures necessary to ensure that the meeting runs correctly.

In accordance with Article 8 of the Regulations for the General Shareholders' Meeting, the Chairman will preside and fix the order of the deliberations and speeches, decide on the manner in which votes are taken on the resolutions, handle any queries, clarifications or claims that arise in relation to the Agenda, the list of attendees, share ownership, delegations or representatives, the requirements for a valid quorum and/or the adoption of resolutions by the Meeting, or on the limit on voting rights in the By-Laws. Likewise, the Chairman will yield the floor to the shareholders who so request, withdrawing the right to speak or not granting it and concluding the debates when he considers the subject thereof to have been discussed sufficiently.

E.6. State, if applicable, any amendments made to the Regulations for the General Meeting during the year.

The Board of Directors put forward a report supporting the amendments made to the Regulations of the General Shareholders' Meeting, which was made available to the shareholders when the Ordinary General Shareholders' Meeting of May 24, 2012 was to be held.

La reform of the Regulations of the General Shareholders' Meeting is structured along two basic lines: (i) the convenience of adapting Regulations of the General Shareholders' meeting to the new legislation introduced by Royal Legislative Decree 1/2010 of July 2, whereby the revised text of the Capital Companies Law was approved, and Law 25/2011 of August 1, which partially reformed the Capital Companies Law and incorporated Directive 2007/36/EC of the European Parliament and Council, of July 11, on the exercise of certain rights of shareholders in listed companies; and (ii) the updating and technical improvement of the wording of the Regulations of the General Shareholders' Meeting, clarifying said wording and minimizing the need to make future amendments due to changes in the applicable legislation.

The Chairman of the Company's Board of Directors explained the scope of the reform at the Ordinary General Shareholders' meeting held on May 24, 2012 and, in all other aspects, referred the meeting to the aforementioned report, which, to make it easier to compare the new wording of the amended articles with that in force previously, included, for information only, (i) a document that compared, in two columns, the original wording of the text and the wording approved for the new revised text of the Regulations of the General Shareholders' Meeting; and (ii) a clean version of the new revised text of the Regulations of the General Shareholders' Meeting.

All the documentation was made available to the shareholders when the General Shareholders' Meeting of May 24, 2012 was to be held and was notified to the National Securities Market Commission (CNMV) in Relevant Fact No. 161,769.

The motion was adopted unanimously by the Ordinary General Shareholders' Meeting.

E.7. State the attendance figures for General Meetings held in the year to which the present report refers:

Attendance Figures					
Date of General Meeting	% physically present	% represented	% distance votes		Total
			Electronic vote	Other	
May 24, 2012	64.48	5.96	0	0	70.44

E.8. State briefly the resolutions adopted at the General Meetings held in the year to which the present report refers and the percentage of votes with which each resolution was adopted.

The Ordinary General Shareholders' Meeting (the only General Meeting held during the year ended November 30, 2012) was held on the second call on May 24, 2012. The Agenda was as follows:

1. Examination and approval of the annual financial statements and management reports of both the Company and its consolidated group for the year running from December 1, 2010 to November 30, 2011.
2. Application of the profit for the year running from December 1, 2010 to November 30, 2011.
3. Approval of the performance of the Board of Directors and, in particular, of the distribution of dividends charged to the profit for the year running from December 1, 2010 to November 30, 2011.
4. Approval of the distribution of a dividend charged to reserves for a gross amount of 0.120 euros per share.
5. Appointment of the auditors for the Company and its consolidated group for the year running from December 1, 2011 to November 30, 2012.
6. Ratification of Mr. Pierre Dejoux and Mr. Bernardo Fernández Calleja, who were appointed by co-option, as directors.
7. Share capital increase in a ratio of 1 new share for every twenty old shares by issuing bonus shares fully charged to the voluntary reserve and application to the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges for the listing of said shares. Amendment of article 5 of the By-Laws.
8. Approval, if applicable, of a new revised text of the By-Laws and rescission of the current By-Laws.
9. Approval, if applicable, of new Regulations of the General Shareholders' Meeting and rescission of the current Regulations.
10. Board's report on the amendments made to the Regulations of the Board of Directors since the last General Shareholders' Meeting in compliance with article 528 of the Capital Companies Law.
11. Ratification of the creation of the Company's corporate website for the purposes of article 11 bis of the Capital Companies Law.
12. Consultative ballot on the 2011 Annual Report on Director Compensation to which article 61 ter of the Securities Market Act refers.
13. Authorization to the Board of Directors for the direct or indirect derivative acquisition of treasury stock, within the limits and meeting the requirements set forth in article 146 and related articles of the Capital Companies Law.
14. Authorization to the Board of Directors to resolve to increase the share capital in accordance with article 297.1.b) of the Capital Companies Law, either on a single occasion or spread over several occasions, by a maximum amount equal to half the capital that exists at the time of the authorization, at any time within a term of five years as from adoption of the resolution by the General Shareholders' Meeting. Delegation for exclusion of preferential subscription rights in accordance with article 506 of the Capital Companies Law.
15. Delegation to the Board of Directors of the interpretation, rectification, execution, formalization and registration of the resolutions adopted.
16. Requests and questions.
17. Approval of the Minutes.

All the above motions were adopted unanimously.

E.9. State, if applicable, the number of shares required to attend the General Meeting and whether the By-Laws contain any restriction in this respect.

Yes ☐ No ☒

Number of shares required to attend the General Meeting	1
--	----------

E.10. State and justify the policies followed by the company in relation to the delegation of votes at the General Meeting.

According to article 15 of the By-Laws and 6 of the Regulations of the General Meeting, any shareholder may be represented at the General Meeting of Shareholders by another person, who need not be a shareholder, provided said authorization to represent is conferred in writing specifically for each General Shareholders' Meeting and complies with legal requirements.

The shareholder may grant proxy and notify this to the Company using the following means of distance communication:

- a) Written postal correspondence or any other written means that, in the opinion of the Board of Directors in a decision adopted previously in this respect, allow the identity of the shareholder granting the proxy and that of the proxy-holder or holders that he designates to be duly verified.
- b) Any electronic means of distance communication that may be deemed appropriate by the Board of Directors, provided that the means chosen duly guarantees the validity of the proxy granted and the identification of the shareholder and the proxy-holder or holders he designates.

At any event the Board is expressly authorized to develop the above provisions, establishing the rules, means and procedures appropriate to the state of the art for the distance granting of proxy. The implementing rules that the Board of Directors adopts under this section will be published on the Company's corporate website.

In order to attend the General Shareholders' Meetings, it will be an essential requirement to prove ownership of the shares through a certificate from Iberclear or one of the participating entities authorized thereby, issued five days prior to the date of the General Shareholders' meeting.

The directors must attend the General Shareholders' meetings. Managers, legally-empowered representatives, technical personnel and any other persons who, in the opinion of the Chairman of the General Shareholders' Meeting, should be present at the meeting because they are interested in the correct running of corporate matters may likewise attend. The Chairman of the General Shareholders' Meeting may, in principle, authorize the attendance of any other person he sees fit. The General Shareholders' Meeting may, however, revoke this authorization.

In addition, article 6 of the Regulations of the General Shareholders' Meeting states that any shareholder with the right to attend may grant proxy to another person, who need not be a shareholder. Proxy must be granted in writing specifically for each Meeting and will be subject to the terms, conditions and limitations established by law.

The granting of proxy by the shareholder and the notification of the proxy granted to the Company using means of distance communication shall only be deemed valid if made:

- a) By postal correspondence, sending to the address provided by the Company for this purpose the certificate of entitlement or equivalent document, together with the pertinent attendance, proxy and voting card, issued by Iberclear (or the participating entity thus authorized), duly signed and completed by the shareholder, or any other written means that, in the opinion of the Board of Directors in a decision adopted previously in this respect, allows the identity of the shareholder granting proxy and of the proxy-holder or holders he/she designates to be duly verified.
- b) Any electronic means of distance communication that may be deemed appropriate by the Board of Directors, provided that the means chosen duly guarantees the validity of the proxy granted and the identification of the shareholder and the proxy-holder or holders he/she designates. Proxy granted by these means shall be admitted when the electronic document whereby it is conferred includes the recognized electronic signature or the advanced electronic signature of the principal, in the terms set forth in current law. The user certificate must be obtained by the shareholder, at no cost to the Company, and must be in force when proxy is granted. Any shareholder who has an electronic

signature and meets the above requirements, identifying him/herself with said electronic signature, may grant proxy by means of an electronic communication in accordance with the instructions and procedures that are specified on the Company's website, which includes the forms to be used for this purpose.

In order to be valid, proxies granted by any of the aforementioned means of distance communication (postal or electronic) must be received by the Company at least 24 hours before the date on which it is planned to hold the Meeting on the first call. The shareholder granting proxy by postal correspondence or electronic distance communication undertakes to inform the designated proxy-holder of the proxy granted in her/her favour.

In the event that the shareholder is a legal person, it must simultaneously provide a notary's certificate stating that the person granting the proxy by postal correspondence or electronic distance communication holds sufficient powers to do so.

In the event that a shareholder grants proxy by postal correspondence or electronic communication sent to the Company, the directors or the Secretary of the Board, but does not include therein instructions for casting the vote or there are doubts as to the recipient or scope of the proxy, it shall be considered that: (i) the proxy is granted in favour of the Chairman of the Board of Directors or, in the event that the latter has a conflict of interest, in favour of the Deputy Chairman of the Board of Directors, unless otherwise stated by the shareholder; (ii) it refers to all the proposals on the Agenda; (iii) the vote is in favour of said proposals; and (iv) it likewise includes any points that may be raised off the Agenda, in respect of which the proxy-holder will vote in the manner he/she considers most favourable to the principal's interests.

On the day of the General Meeting, in the place where it is held, the designated proxy-holder must identify his/herself with his/her national identity card or passport, in force, so that the Company can check the proxy granted in his/her favour, accompanied by, if applicable, a copy of said proxy and, likewise if applicable, the notary's certificate of the powers of attorney. The proxy-holder may only vote on behalf of his/her principal by attending the General Meeting in person.

Proxy granted by postal or electronic correspondence may be declared null: (i) if it is expressly revoked by the shareholder, using the same means employed to grant the proxy, within the term fixed for granting it; (ii) by the shareholder attending the General Meeting in person; or (iii) due to transfer of the shares ownership of which conferred the right to grant the proxy and the right to vote, when the Company is aware of said transfer at least five days before the General Meeting is held. At any event, proxies granted after a distance vote has been cast shall be deemed not to have been granted.

A proxy-holder may represent more than one shareholder, with no limitation on the number of shareholders.

Likewise, an entity that provides investment services, in its capacity as a professional financial intermediary, may represent its clients –be they natural or legal persons- at the General Meeting under the terms and conditions and with the limitations established by law.

E.11. State whether or not the company is aware of the policy of institutional investors on participating or otherwise in the company's decisions:

Yes ☐ No ☒

Describe the policy

E.12. State the address and form of access to the corporate governance content of your web page.

The web page of Zardoya Otis S.A (www.otis.com/site/es-esl/Pages/InformacionparaAccionistasInversores.aspx) contains a "Corporate Governance" section. Among other documents, the Annual Corporate Governance Report for the year 2011, published in March 2012, is included.

The Annual Corporate Governance Report for the year 2012 will be duly published in the corporate web in March 2013.

F DEGREE TO WHICH THE CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

State the degree to which the company follows existing corporate governance recommendations or, if applicable, any failures to follow said recommendations.

In the event that any of them is not met, explain the recommendations, rules, practices or criteria applied by the company.

1. **The By-Laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.**

See sections: A.10 & A.11.

Complies ☒ Explain ☐

2. **When both the parent company and a company controlled by it are listed companies, they both provide detailed public disclosure on:**

- (a) **Their respective areas of activity, and any business dealings between them, as well as between the controlled listed company and other companies belonging to the group;**
- (b) **The mechanisms in place to resolve any conflicts of interest that may arise.**

See sections: C.6 & C.7.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

United Technologies Corporation holds and manages the shares of its subsidiaries, which include Pratt & Whitney, Carrier Corporation, UTC Fire & Security Corporation, Otis Elevator Company, Sikorsky Aircraft, Hamilton Sundstrand Corporation and UTC Power Corporation.

United Technologies Corporation has the following Divisions (Business Units): Pratt & Whitney Division, United Technologies Research Division and United Technologies Corporate Headquarters Division.

If any potential conflicts of interest between Zardoya Otis, S.A. and its parent arise, the directors appointed at the request of United Technologies Corporation abstain from voting on the relevant resolution, as provided for in article 229 of the Capital Companies Law, and the Audit Committee must inform the Board of Directors, before any decision is adopted, on related transactions between the Company and its shareholders, directors or senior management. Likewise, the procedure described in section C.6 above will be applicable.

3. **Even if not expressly required under applicable commercial Laws, transactions involving a structural change of the company and, in particular, the following, are submitted to the shareholders at the General Shareholders' Meeting for approval:**

- (a) **The transformation of listed companies into holding companies through "subsidiarization", i.e., reallocating core activities to controlled entities that were previously carried out by the company itself, even if the latter retains full ownership of the former;**
- (b) **The acquisition or disposal of key operating assets, when it involves an actual change in the corporate purpose;**
- (c) **Transactions whose effect is tantamount to the liquidation of the company.**

Complies ☒ Complies in part ☐ Explain ☐

The Board of Directors does not expect any of these situations to arise in the near future. See article 3 (Functions) of the Regulations of the Board of Directors.

4. **Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information to which recommendation 28 refers, are made public at the time of publication of the notice of call to the General Shareholders' Meeting.**

Complies ☒ Explain ☐

See article 13 (Notice) of the By-Laws and article 4 (Notice) of the Regulations of the General Shareholders' Meeting..

5. **Matters that are substantially independent are voted on separately at the General Shareholders' Meeting, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:**

- (a) **To the appointment or ratification of directors, which shall be voted on individually;**
- (b) **In the event of amendments of the By-Laws, to each article or group of articles that are substantially independent of one another.**

Complies ☒ Complies in part ☐ Explain ☐

See article 16 (Presiding Officials. Deliberations. Adoption of Resolutions) of the By-Laws and article 10 (Deliberations and Adoption of resolutions) of the Regulations of the General Shareholders' Meeting

6. **Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for the account of different clients can divide their votes in accordance with the instructions given by such clients.**

Complies ☒ Explain ☐

See article 10 (Deliberations and Adoption of Resolutions) of the Regulations of the General Meeting of Shareholders

7. **The Board performs its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in furtherance of the corporate interests, which shall be understood to mean the optimization, in a sustained fashion, of the financial value of the Company.**

It likewise ensures that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfils its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it carries on its business, and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies ☒ Complies in part ☐ Explain ☐

See article 3 (Functions) of the Regulations of the Board of Directors.

8. **The Board assumes responsibility, as its core mission, for approving the company's strategy and the organization required to put it into practice, and to ensure that Management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the full Board reserves for itself the right to approve:**

The company's policies and general lines of strategy, and in particular:

- (i) **The strategic or business Plan as well as the management targets and annual budgets;**
- (ii) **The investment and financing policy;**
- (iii) **The design of the structure of the corporate group;**
- (iv) **The corporate governance policy;**
- (v) **The corporate social responsibility policy;**

- (vi) The policy for compensation and assessment of the performance of senior managers;
- (vii) The risk control and management policy, as well as the periodic monitoring of internal information and control systems.
- (viii) The dividend policy and the policy regarding treasury stock and, especially, the limits thereto.

See sections: B.1.10 & D.3.

See article 3 (Functions) of the Regulations of the Board of Directors.

(a) The following decisions:

- (i) At the proposal of the chief executive of the Company, the appointment and, if applicable, removal of senior managers, as well as their severance packages.
- (ii) The compensation of directors and, in the case of executive directors, the additional compensation to be paid for their executive duties and other terms of their contracts.
- (iii) The financial information that the Company must periodically make public due to its status as listed company.
- (iv) Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the General Shareholders' Meeting.
- (v) The creation or acquisition of interests in special -purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

See section: B.1.14.

See article 3 (Functions) of the Regulations of the Board of Directors.

(b) Transactions made by the company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("related-party transactions").

However, Board authorization need not be required in connection with related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;
2. They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;
3. The amount thereof is no more than 1% of the Company's annual revenues.

It is recommended that related-party transactions only be approved by the Board upon the prior favourable report of the Audit Committee or such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the Board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the Executive Committee subject to subsequent ratification by the full Board.

See sections: B.2.3, C.1 & C.6.

Complies ☐ Complies in part ☒ Explain ☐

See article 3 (Functions) of the Regulations of the Board of Directors.

9. **In order to operate effectively and in a participatory manner, the Board ideally is comprised of no few than five and no more than fifteen members.**

See section: B.1.2.

Complies ☒ Explain ☐

10. **External directors, proprietary and independent, occupy an ample majority of the Board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the Company's share capital.**

See sections: A.2, A.3 & B.1.3.

Complies ☒ Complies in part ☐ Explain ☐

11. **If there is an external director who cannot be deemed either proprietary or independent, the company explains such circumstance and the links such director maintains with the company or its managers or with its shareholders.**

See section: B.1.3.

Complies ☒ Explain ☐ Not applicable ☐

The only external director who cannot be considered either proprietary or independent is Mr. Mario Abajo García, since he was the C.E.O. of the Company less than five years ago.

12. **Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.**

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:

1. **In large cap companies where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.**
2. **In companies with a plurality of shareholders represented on the Board but not otherwise related.**

See sections: A.2, A.3 & B.1.3.

Complies ☐ Explain ☒

The Regulations of the Board of Directors do not require the Board to include a minimum number of independent directors. The composition of the Board of Directors is appropriate to the composition of the shareholders and, at any event, meets the provisions established by law, in the Regulations of the Board of Directors and in the By-Laws.

13. **The number of independent directors represents at least one-third of the total number of directors.**

See section: B.1.3.

Complies ☐ Explain ☒

The Regulations of the Board of Directors do not require the Board to be formed by a minimum number of independent directors. The composition of the Board of Directors is considered appropriate to the composition of the shareholders and, at any event, meets the provisions established by law, in the Regulations of the Board of Directors and in the By-Laws.

14. **The status of each director is explained by the Board at the General Shareholders' Meeting at which the shareholders are to make or ratify their appointment and that such status is confirmed or reviewed, as the case may be, annually in the Annual**

Corporate Governance Report, after verification by the Nominating Commission. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the Board from shareholders whose equity stake is equal to or greater than that others at whose proposal proprietary directors have been appointed.

See sections: B.1.3 & B.1.4.

Complies ☒ Complies in part ☐ Explain ☐

The Board of Directors explains to the General Meeting of Shareholders the status of each director whose appointment or ratification has been proposed. Zardoya Otis, S.A. created a Nominating Commission within the Board of Directors in 2010.

In F.Y. 2012, no formal petitions for presence on the Board of Directors were received from shareholders whose equity stake was less than 5%..

15. When women directors are few or non-existent, the Board explains the reasons for this situation and the measures taken to correct it ; and in particular, the Nominating Commission takes steps to ensure that, when new vacancies are filled:

(a) Selection procedures do not have an implied bias that hinders the selection of women directors;

(b) The company deliberately looks for women with the target professional profile and includes them among the potential candidates.

See sections: B.1.2 & B.1.27.

Complies ☐ Complies in part ☒ Explain ☐ Not applicable ☐

At the 2012 year end, to which this report refers, Zardoya Otis, S.A. had a small Board of Directors. Of its 9 members, 6 are proprietary directors, one is an executive director, one is independent and other is classified as "other external directors" as per recommendation 11 of the Unified Code of Good Governance. At present, Ms. María Luisa Zardoya Arana is the personal representative of the director Euro-Syns, S.A..

In this respect, articles 5 and 12 B) 1 of the Regulations of the Board of Directors require this body to try to ensure, to the extent of its competencies, that the choice of candidates for the position of director are persons who, in addition to meeting the legal requirements and those set forth in the By-Laws for the position, have the appropriate knowledge, prestige and experience to perform the functions that they are to carry out, irrespective of their sex.

Likewise, article 12.B) 2 e) of the Regulations of the Board of Directors states that one of the competencies of the Nominating Commission is to ensure that, when new vacancies arise or new directors are appointed, the selection procedures are not implicitly biased in any way that might imply some kind of discrimination and to report to the Board on gender diversity issues.

16. The Chairman, as the person responsible for the effective operation of the Board, ensures that directors receive adequate information in advance of Board meetings; promotes debate and the active involvement of directors during Board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairmen of the appropriate committees, organizes and coordinates regular evaluations of the Board and, where appropriate, the Chief Executive Officer.

See section: B.1.42.

Complies ☐ Complies in part ☒ Explain ☐

According to article 11 of the Regulations of the Board of Directors, the Chairman is responsible for organizing the debate at the Board of Directors meetings and encouraging the participation of all the directors in the Board's deliberations.

Likewise, according to the Regulations of the Board of Directors, he must ensure that the directors receive sufficient information to prepare the items on the agenda at the Board meetings and channel any information requests submitted by directors.

Notwithstanding, given the shareholder composition and the structure of the Board (on which 6 of the 9 directors are proprietary directors, one is independent one is an executive director and the other belongs to the category of "other external directors"), the Board of Directors has not seen fit to date to make any formal evaluation of its performance.

17. **When the Chairman of the Board is also the chief executive of the company, one of the independent directors is authorized to request the calling of a Board meeting or the inclusion of new business on the agenda; to coordinate and hear the concerns of external directors; and to lead the Board's evaluation of the Chairman.**

See section: B.1.21.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

18. **The Secretary of the Board takes particular care to ensure that the Board's actions:**
- (a) **Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;**
 - (b) **Comply with the company's bylaws and the Regulations for the General Shareholders' Meeting, the Regulations of the Board and other regulations of the company;**
 - (c) **Are informed by those good governance recommendations included in this Unified Code as the company has subscribed to.**

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and removal are reported by the Nominating Commission and approved by the full Board; and that such appointment and removal procedures are set forth in the Regulations of the Board.

See section: B.1.34.

Complies ☒ Complies in part ☐ Explain ☐

See article 8 (The Secretary of the Board of Directors) of the Regulations of the Board of Directors.

19. **The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the fiscal year, and that each Director is entitled to propose items of the agenda that were not originally included therein.**

See section: B.1.29.

Complies ☒ Complies in part ☐ Explain ☐

20. **Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.**

See sections: B.1.28 & B.1.30.

Complies ☒ Complies in part ☐ Explain ☐

21. **When directors or the Secretary express concerns about a proposal or, in the case of the directors, regarding the running of the company, and such concerns have not been resolved at a Board meeting, such concerns are recorded in the minutes at the request of the person expressing them.**

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

22. **The full Board evaluates the following on a yearly basis:**

- (a) **The quality and efficiency of the Board's operation;**
- (b) **On the basis of a report submitted to it by the Nominating Commission, how well the Chairman and chief executive of the company have carried out their duties;**

- (c) **The performance of its Committees, on the basis of the reports furnished by them.**

See sections: B.1.19 & B.2.5.

Complies ☐ **Complies in part** ☐ **Explain** ☒

Given the shareholder composition and the structure of the Board (on which 6 of the 9 directors are proprietary directors, one is an executive director, one is independent and the other belongs to the category of "other external directors"), the Board of Directors has not seen fit to date to make any formal evaluation of its performance.

23. **All directors are able to exercise the right to request any additional information they require on matters within the Board's competence. Unless the By-laws or the Regulations of the Board provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.**

See section: B.1.42.

Complies ☒ **Explain** ☐

See article 17 (Rights to information, inspection and advice) of the Regulations of the Board of Directors.

24. **All directors are entitled to call on the company for the advice they need to carry out their duties. The company provides sui table channels for the exercise of this right, which, in special circumstances, may include external advice at the company's expense.**

See section: B.1.41.

Complies ☒ **Explain** ☐

See article 17 (Rights to information, inspection and advice) of the Regulations of the Board of Directors.

25. **Companies organize induction programs for new Directors to rapidly and adequately acquaint them with the Company and its corporate governance rules. Directors are also offered refresher training programs when circumstances so advise.**

Complies ☒ **Complies in part** ☐ **Explain** ☐

See article 13 (Appointment of directors) of the Regulations of the Board of Directors..

26. **Companies require that directors devote sufficient time and effort to perform their duties efficiently, and, as such:**

- (a) **Directors apprise the Nominating Commission of their other professional duties, in case they might detract from the necessary dedication;**

See section: B.1.9.

- (b) **Companies lay down rules about the number of boards on which their directors may sit.**

See sections: B.1.8, B.1.9 & B.1.17.

Complies ☐ **Complies in part** ☒ **Explain** ☐

The Company has not seen fit to limit the number of Boards of Directors of which the directors may sit, in particular because many of the proprietary directors are executives of the parent group, United Technologies Corporation, and, therefore, are members of the Boards of Directors of other group companies.

27. **The proposal for the appointment or re-election of directors that the Board submits to the shareholders at the General Shareholders' Meeting, as well as the interim appointment of directors to fill vacancies, are approved by the Board:**

- (a) **On the proposal of the Nominating Commission, in the case of independent directors.**

- (b) Subject to a prior report from the Nominating Commission, in the case of other directors.

See sections: B.1.2, B.1.19 & B.2.1.

Complies ☒ Complies in part ☐ Explain ☐

28. Companies post the following director information on their websites, and keep such information updated:

- (a) Professional and biographical profile;
- (b) Other Boards of Directors of listed or unlisted companies on which they sit
- (c) Indication of the director's classification, specifying, for proprietary directors, the shareholder they represent or to whom they are related.
- (d) Date of their first and subsequent appointments as a company director; and
- (e) Shares held in the company and options thereon held by them.

Complies ☒ Complies in part ☐ Explain ☐

Zardoya Otis, S.A. posts the information on its directors on its website and keeps it updated.

29. Independent directors do not hold office as such for a continuous period of more than 12 years.

See sections: B.1.2, B.1.3 & B.1.26.

Complies ☐ Explain ☒

The Regulations of the Board of Directors do not currently impose this limitation and nor has Zardoya Otis, S.A. considered it appropriate in the light of existing circumstances and the shareholder structure.

30. Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest. The appropriate number of them do likewise when such shareholder reduces its interest to a level that requires the reduction of the number of its proprietary directors.

See sections: A.2, B.1.2, B.1.20 & B.1.43.

Complies ☒ Complies in part ☐ Explain ☐

See article 15 (Removal of Directors) of the Regulations of the Board of Directors.

31. The Board of Directors does not propose the removal of any independent director prior to the expiration of the term, set by the bylaws, for which he was appointed, except for good cause is found by the Board upon a prior report of the Nominating Commission. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in his position or comes under any of the circumstances described in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the equity structure of the Company, when such changes in the structure of the Board follow from the proportionality standard mentioned in Recommendation 12.

See sections: B.1.2, B.1.5 & B.2.1.

Complies ☒ Explain ☐

32. Companies establish rules obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the company might be damaged and, in particular, they require that such directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes described in Section 124 of the Corporations Act, the Board examines the matter as soon as practicable and, in

view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: B.1.20, B.1.43 & B.1.44.

Complies ☒ Complies in part ☐ Explain ☐

See article 15 (Removal of Directors) of the Regulations of the Board of Directors.

33. All directors clearly express their opposition when they feel that any proposed resolution submitted to the Board might be contrary to the best interests of the company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.

When the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, such director draws the pertinent conclusions and, if he chooses to resign, sets out the reasons in the letter referred to in the next Recommendation.

This Recommendation also applies to the Secretary of the Board, even if he is not a director.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

See articles 8 (The Secretary of the Board of Directors) and 11 (Meeting Procedures) of the Regulations of the Board of Directors.

34. Directors who give up their place before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the Board. Without prejudice to such withdrawal being communicated as a significant event, the reason for the withdrawal is explained in the Annual Corporate Governance Report.

See sections: B.1.2 & B.1.5.

Complies ☐ Complies in part ☐ Explain ☒ Not applicable ☐

The Company does not see fit to impose the obligation to explain the reasons for their resignation upon the directors, notwithstanding their right to make the reasons for such resignation public

35. The compensation policy approved by the Board specifies at least the following points.

- (a) The amount of the fixed components, with a breakdown showing the fees, if any, for attending the meetings of the Board and its Committees and an estimate of the fixed annual fixed compensation they give rise to;
- (b) Variable compensation items, including, in particular:
 - (i) The classes of directors to which they apply, as well as an explanation of the relative weight of variable to fixed compensation;
 - (ii) Performance evaluation criteria used to calculate entitlement to compensation in shares, share options or any other variable component;
 - (iii) Main parameters and grounds for any system of annual bonuses or other non-cash benefits; and
 - (iv) An estimate of the absolute amount of variable compensation arising from the proposed compensation plan, as a function of the degree of compliance with benchmark assumptions or targets.
- (c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar systems), with an estimate of the amount thereof or the equivalent annual cost.
- (d) Terms and conditions that must be included in the contracts of executive directors performing senior management duties, which will include:

- (i) Duration;
- (ii) Notice periods; and
- (iii) Any other provisions relating to hiring bonuses, as well as indemnity or “golden parachute” provisions in the event of early or other termination of the contractual relationship between the company and the executive director.

See sections: B.1.13, B.1.14, B.1.15 & B.1.16.

Complies ☒ Complies in part ☐ Explain ☐

36. Compensation paid by means of delivery of shares in the company or companies that are members of the group, share options or instruments indexed to the price of the shares, and variable compensation linked to the company's performance or pension schemes is confined to executive directors.

This recommendation shall not apply to the delivery of shares when such delivery is subjected to the condition that the directors hold the shares until they cease to hold office as directors.

See sections: A.3, B.1.3 & B.1.14.

Complies ☒ Explain ☐

The compensation policy of Zardoya Otis, S.A. does not include the delivery of shares of Zardoya Otis, S.A. or other companies belonging to its group.

37. The compensation of external directors is such as is necessary to compensate them for the dedication, qualifications and responsibility required by their position, but is not so high as to compromise their independence.

See section: B.1.14.

Complies ☒ Explain ☐

See article 18 (Director compensation” of the Regulations of the Board of Directors.

38. The compensation linked to company earnings takes into account any qualifications included in the external auditor's report that reduce such earnings.

Complies ☒ Explain ☐ Not applicable ☐

39. In the case of variable compensation, compensation policies include technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does business or circumstances of this kind.

Complies ☐ Explain ☒ Not applicable ☐

The variable compensation considered in the compensation policy of Zardoya Otis, S.A. is related only to the attendance of the meetings of the Board of Directors, the remuneration pursuant to the By-Laws being limited to the total amount of 1,000,000 euros.

40. The Board submits a report on director compensation policy to the vote of the shareholders at a General Shareholders' Meeting, as a separate item on the agenda and for advisory purposes. This report is made available to the shareholders separately or in any other manner that the Company deems appropriate.

Such report shall focus especially on the compensation policy the Board has approved for the current year, as well as on the policy, if any, established for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will emphasize the most significant changes in such policies with respect to the policy applied during the fiscal year prior to that to which the General Shareholders' Meeting refers. It shall also include an outline of the manner in which the compensation policy was applied in such prior fiscal year.

The Board also reports on the role played by the Compensation Commission in the preparation of the compensation policy and, if external advice was provided, it states the name of the external advisors that have given such advice..

See sections: B.1.14 & B.1.16.

Complies ☐ Complies in part ☐ Explain ☒

The maximum amount of the directors' compensation is fixed in article 24 (Remuneration of Directors) of the By-Laws and it is paid on the condition that a minimum dividend is paid to the shareholders and the legal reserves and those provided for in the By-Laws are met. In practice, the compensation is always lower than the sum provided for in the By-Laws. The mechanism for fixing the maximum compensation of the directors is described in more detail in section B.1.14 above.

Apart from the above, the Board of Directors makes its compensation policy public in the Annual Corporate Governance Report and the Annual Director Compensation Report. The latter will be issued after the end of the year to which this report refers and will be submitted to a vote (consultative) at the Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. as a separate item on the Agenda.

41. The Notes to the Financial Statements list the individual directors' compensation during the fiscal year, including:

- a) **A breakdown of the compensation of each director, to include where appropriate.**
 - i) **Attendance fees or other fixed compensation received as a director;**
 - ii) **The additional compensation received as chairman or member of a Board committee;**
 - iii) **Any compensation received under profit-sharing or bonus schemes, and the reason for the accrual thereof;**
 - iv) **Contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans;**
 - v) **Any severance package agreed or paid;**
 - vi) **Any compensation received as a director of other companies in the group.**
 - vii) **Compensation for the performance of senior management duties by executive directors;**
 - viii) **Any item of compensation other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the omission thereof detracts from a true and fair view of the total compensation received by the director.**
- b) **A breakdown of any delivery to directors of shares, share options or any other instrument indexed to the price of the shares, specifying:**
 - i) **Number of shares or options awarded during the year, and the terms and conditions for the exercise thereof;**
 - ii) **Number of options exercised during the year, specifying the number of shares involved and the exercise price;**
 - iii) **Number of options outstanding at the end of the year, specifying their price, date and other requirements for exercise;**
 - iv) **Any change during the year in the terms for the exercise of previously-awarded options.**
- c) **Information on the relationship, in such past fiscal year, between the compensation received by executive directors and the profits or other measures of performance of the company.**

Complies ☐ Complies in part ☐ Explain ☒

See sections: B.11, B.12, B.13, B.14, B.15 & B.16.

In compliance with the obligation introduced by Law 2/2011 on Sustainable Economy, Zardoya Otis, S.A. will publish an Annual Director Compensation Report for 2012 in terms similar to those employed in the 2011 Compensation Report..

42. **When there is an Executive Committee (hereinafter, "Executive Committee"), the breakdown of its members by director category is similar to that of the Board, and its secretary is the Secretary of the Board.**

See sections: B.2.1 & B.2.6.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

43. **The Board is always kept informed of the matters dealt with and the resolutions adopted by the Executive Committee, and all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.**

Complies ☐ Explain ☐ Not applicable ☒

44. **In addition to the Audit Committee mandatory under the Stock Market Act, the Board of Directors forms a single Nominating and Compensation Commission as a separate committee of the Board, or a Nominating Commission and a Compensation Commission.**

The rules governing the make-up and operation of the Audit Committee and the Nominating and Compensation Commission or committees are set forth in the Regulations of the Board, and include the following:

- (a) **The Board appoints the members of such Committees, taking into account the background knowledge, qualifications and experience of the Directors and the responsibilities of each Committee, discusses its proposals and reports, and receives a report, at the first meeting of the full Board following the meetings of such committees, on their activities and the work.**
- (b) **These Committees are formed exclusively of external directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior managers, when expressly resolved by the members of the Committee.**
- (c) **Committee Chairmen are independent directors.**
- (d) **They may receive external advice, whenever they feel this is necessary for the discharge of their duties.**
- (e) **Minutes are prepared of their meetings, and a copy sent to all Board members.**

See sections: B.2.1, B.2.3 & B.2.6.

Complies ☐ Complies in part ☒ Explain ☐

The Company has created a Nominating Commission but not a Compensation Commission.

At any event, the rules of operation of the Audit Committee and Nominating Commission appear in the Regulations of the Board of Directors and include those to which points (a) to (e) above refer.

45. **Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the Audit Committee, the Nominating Commission or, if they exist separately, to the Compliance or Corporate Governance Committee.**

Complies ☒ Explain ☐

See article 12 (Formation of Committees) of the Regulations of the Board of Directors.

46. **The members of the Audit Committee and, particularly, the Chairman thereof, are appointed taking into account their background knowledge and experience in accounting, auditing and risk management matters.**

Complies ☒ Explain ☐

See article 12.A) 1 of the Regulations of the Board of Directors (Formation of Committees).

47. **Listed companies have an internal audit function which, under the supervision of the Audit Committee, to ensure the smooth operation of the information and internal control systems.**

See section: B.2.3.

Complies ☒ Explain ☐

See article 12.A) of the Regulations of the Board of Directors (Formation of Committees).

48. **The head of internal audit presents an annual work plan to the Audit Committee; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each fiscal year.**

See section: B.2.3.

Complies ☒ Complies in part ☐ Explain ☐

See article 12 A) 2 (c) of the Regulations of the Board of Directors.

49. **Risk control and management policy specifies at least:**

- (a) **The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic**
- (b) **The determination of the risk level the company sees as acceptable;**
- (c) **Measures in place designed to mitigate the impact of the risks identified, should they materialize;**
- (e) **The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.**

See section: D.1.

Complies ☒ Complies in part ☐ Explain ☐

See article 12 (Formation of Committees) of the Regulations of the Board of Directors,

50. **The Audit Committee's role is:**

1. **With respect to the internal control and reporting systems:**

- (a) **To monitor the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting standards.**
- (b) **To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.**
- (c) **To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.**
- (d) **To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.**

2. **With respect to the external auditor:**

- (a) To make recommendations to the Board for the selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.
- (b) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.
- (c) To monitor the independence of the external auditor, to which end:
 - (i) The company reports a change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.
 - (ii) The Committee ensures that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, all other regulations established to safeguard the independence of the auditors;
 - (iii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.
- d) In the case of groups, the Committee favours the auditor of the group assuming responsibility for the audits of the companies that form part thereof.

See sections: B.1.35, B.2.2, B.2.3, B.2.4 & D.1

Complies ☒ Complies in part ☐ Explain ☐

See article 12. A) (Formation of Committees) of the Regulations of the Board of Directors.

51. The Audit Committee may cause any company employee or manager to appear before it, and even order their appearance without the presence of any other manager.

See section: B.2.3.

Complies ☒ Explain ☐

See article 12. A) 3 (Formation of Committees) of the Regulations of the Board of Directors.

52. The Audit Committee reports to the Board, prior to the adoption thereby of the corresponding decisions, on the following matters specified in Recommendation 8:

- (a) The financial information that the Company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.
- (b) The creation or acquisition of interests in special -purpose entities or entities registered in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- (c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.

See sections: B.2.2 & B.2.3.

Complies ☒ Complies in part ☐ Explain ☐

See article 12 (Formation of Committees) of the Regulations of the Board of Directors.

53. The Board of Directors seeks to present the financial statements to the shareholders at the General Shareholders' Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they

do exist, both the Chairman of the Audit Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.

See sections: B.1.32 & B.1.38.

Complies ☒ Complies in part ☐ Explain ☐

54. The majority of the members of the Nominating Commission –or of the Nominating and Compensation Commission, if one and the same– are independent directors.

See section:: B.2.1.

Complies ☐ Explain ☒ Not applicable ☐

The Company currently only has one director who meets the conditions to be considered independent.

55. The Nominating Commission has the following duties, in addition to those stated in the earlier Recommendations:

- (a) To assess the qualifications, background knowledge and experience necessary to sit on the Board, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- (b) To examine or organize, in the manner it deems appropriate, the succession of the Chairman and the chief executive and, if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.
- (c) To report on senior manager appointments and removals that the chief executive proposes to the Board.
- (d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

As stated in section B.2.3, these competencies are included in article 12.B) 2 of the Regulations of the Board of Directors

56. The Nominating Commission consults with the Company' s Chairman and chief executive, especially on matters relating to executive directors.

And that any board member may request that the Nominating Commission consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

Complies ☒ Complies in part ☐ Explain ☐ Not applicable ☐

As stated in section B.2.3, these competencies are included in article 12.B) 2 of the Regulations of the Board of Directors (Formation of Committees).

57. The Compensation Commission is responsible for the following duties, in addition to those set forth in the earlier recommendations:

- (a) To propose to the Board of Directors:
 - (i) The compensation policy for directors and senior managers;
 - (ii) The individual compensation of executive directors and other terms of their contracts..
 - (iii) basic terms and conditions of the contracts with senior managers.
- (b) To ensure compliance with the compensation policy set by the company.

See sections: B.1.14, B.2.1.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

58. The Compensation Commission consults with the Chairman and chief executive of the Company, especially on matters relating to executive directors and senior managers.

Complies ☐ Explain ☐ Not applicable ☒

G OTHER INFORMATION OF INTEREST

If you consider there to be any relevant principle or aspect in relation to the corporate governance practices applied by your company that has not been considered in the present Report, please mention it below and explain its content.

This section may include any other information, clarification or nuance related to the preceding sections of the Report, provided that it is relevant and is not repetitive.

Specifically, state whether the company is subject to corporate governance legislation other than the Spanish legislation and, if applicable, include any information that it is obliged to provide, other than the information required in the present report.

Binding definition of independent director:

Indicate whether any of the independent directors has or has had any relationship with the company, its significant shareholders or its managers which, had it been sufficiently significant or important, would have resulted in the director not qualifying for consideration as independent pursuant to the definition set forth in sub-section 5 of the Unified Code of Good Governance.

Yes ☐ No ☒

Name of the director	Type of relationship	Explanation

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on February 26, 2013.

State whether any Directors have voted against the approval of this report or abstained in relation thereto.

Yes ☐ No ☒

Name or corporate name of the director who has not voted in favour of this report	Reasons (vote against, abstention, absence)	Explain the reasons



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

REPORT OF THE AUDITORS ON “INFORMATION RELATING TO THE FINANCIAL INFORMATION OF INTERNAL CONTROL SYSTEM (FIICS)” OF ZARDOYA OTIS, S.A FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2012

To the Directors,

As requested by the Board of Directors of Zardoya Otis, S.A. (hereinafter, the Entity) and further to our proposal dated 31 January 2013, we have applied certain procedures to the “Information relating to the FIICS” included in section “F” of the information supplementing the Annual Corporate Governance Report of Zardoya Otis, S.A., pursuant to Article 61 bis of Stock Market Act for the year 2012, which summarises the Entity's internal control procedures for annual financial information.

Under Stock Market Act 24/1988 (28 July), as amended by Law 2/2011 (4 March) on Sustainable Economy, for financial years starting on or after 1 January 2011 the Annual Corporate Governance Report (hereinafter, ACGR) must include a description of the main features of the Entity's internal control and risk management systems in relation to the issuance of regulated financial information. In this regard, on 26 October 2011 the Spanish National Securities Market Commission (CNMV) published a Draft Circular amending the model Annual Corporate Governance Report to be published, including instructions as to the way in which each company must describe the main features of its FIICS. In a letter of 28 December 2011, the CNMV reminded companies of the above-mentioned legal amendments that must be taken into consideration when preparing the “Information relating to the FIICS” until the definitive publication of the CNMV Circular that will define a new ACGR.

For the purposes of subsection 7 of the content of the FIICS as per the model ACGR contained in the CNMV's Draft Circular, which instructs companies to mention whether the FIICS description has been reviewed by the external auditor and, if so, to include the report of the auditors, on 28 October 2011 the Corporations representing auditors published Guidelines and an illustrative model auditors' report (hereinafter, the Draft Guidelines). Additionally, on 25 January 2012 the Spanish Institute of Chartered Accountants issued Circular E01/2012, establishing certain additional considerations.

The Board of Directors is responsible for adopting suitable measures to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and improvements to the system, and the preparation and definition of the content of the accompanying Information relating to the FIICS.

It should be noted that, irrespective of the quality of design and functionality of the Entity's internal control system in relation to its annual financial information, the system can only provide reasonable assurance, but not absolute assurance, in connection with the objectives pursued, due to the limitations inherent in all internal control systems.

In the course of our audit work on the annual accounts, and pursuant to Technical Auditing Standards, our evaluation of the Entity's internal control was performed for the sole purpose of allowing us to establish the scope, nature and timing of the audit procedures applied to the Entity's annual accounts. Consequently, our appraisal of internal control, performed for the purposes of the audit of the accounts, did not have a sufficient scope to allow us to issue a specific opinion on the effectiveness of internal controls for regulated annual financial information.

In order to issue this report, we have applied exclusively the specific procedures described below and indicated in the Draft Guidelines which establishes the work to be performed, the minimum scope of the work and the content of this report. As the work resulting from these procedures has, in any event, a limited scope that is substantially less than that of an audit or a review of the internal control system, we do not express an opinion on its effectiveness, or on its design and operational efficiency, in connection with the Entity's financial information for the period 2012, described in the accompanying Information relating to the FIICS. Consequently, had we applied other procedures in addition to the ones stated in the Guidelines, or had we performed an audit or a review of the internal control system in relation to regulated financial information, other facts or aspects might have been detected and reported.

Additionally, as this special work is not an audit of the accounts and is not subject to the revised Audit Act introduced under Royal Decree-Law 1/2011 (1 July), we do not express an audit opinion in the terms of these regulations.

The procedures applied are listed below:

1. Reading and understanding of the information prepared by the Entity in relation to the FIICS attached, and evaluation of whether or not the information includes all the details required, following the minimum content described in the Annual Corporate Governance Report model in the Draft Circular of the CNMV.
2. Questions posed to personnel responsible for preparing the information indicated in point 1 above, in order to: (i) obtain an understanding of the preparation process; (ii) obtain information to determine whether the terminology employed fits the definitions contained in the reference framework; and (iii) obtain information on whether not the control procedures described are in place and operational in the Entity.
3. Review of the explanation documentation supporting the information indicated in point 1 above, which will consist mainly of the documentation made available to the persons responsible for preparing the FIICS descriptive information. This documentation includes reports prepared by the internal auditors, senior management and other internal or external specialists performing audit committee support functions.
4. Comparison of the information indicated in point 1 above with the insight into the Entity's FIICS obtained through the procedures performed during the audit of the annual accounts.
5. Reading of minutes of meetings of the Board of Directors, Audit Committee and other Entity committees in order to assess the consistency of the matters addressed in them in connection with the FIICS and the information indicated in point 1 above.
6. Obtainment of the letter of representation relating to the work performed, duly signed by the persons responsible for preparing and issuing the information indicated in point 1 above.



As a result of the procedures applied to the Information relating to the FIICS, no inconsistencies or incidents have been identified that could affect that information.

This report has been prepared solely in connection with the requirements of Stock Market Act 24/1988 (28 July), as amended by Law 2/2011 (4 March) on Sustainable Economy, and the Draft Circular issued by the CNMV on 26 October 2011 for the purposes of the description of the FIICS in Annual Corporate Governance Reports.

PricewaterhouseCoopers Auditores, S.L.

Originally signed by Gonzalo Sanjurjo Pose
Audit Partner

12 March 2013

Supplementary Information to the Annual Corporate Governance Report

**SUPPLEMENTARY INFORMATION TO THE ANNUAL CORPORATE
GOVERNANCE REPORT OF ZARDOYA OTIS, S.A. IN COMPLIANCE WITH
ARTICLE 61 BIS OF THE SECURITIES MARKET ACT**

FISCAL YEAR 2012

In accordance with the provisions of article 253 of the Capital Companies Act, at its meeting of February 26, 2013, the Board of Directors of Zardoya Otis, S.A. approved the annual financial statements and the individual and consolidated management report for the for the year running from December 1, 2011 to November 30, 2012. Likewise, it approved the Annual Corporate Governance Report for the same year (the “ACGR 2012”).

Pursuant to article 61 *bis* of Law 24/1988 of July 28, the Securities Market Act, introduced by Law 2/2011 of March 4, the Law on Sustainable Economy (“LSE”), the Board of Directors has resolved to include this Exhibit (the “**Exhibit**”) as supplementary information to the ACGR, in order to incorporate as fiscal year 2011, contents that, as per the new features introduced by the LSE, are not included in the current Corporate Governance Report model approved by the National Stock Market Commission Circular 4/2007 of December 27.

Thus, this Exhibit covers the provisions of article 61 *bis* h) of the Securities Market Act, which, in accordance with the contents of the third final provision of the LSE, is applicable to fiscal years starting on or after January 1, 2011.

The additional content to which said article refers is the following:

- A) Securities that are not traded on a regulated Community market stating, if applicable, the different classes of shares and, for each class of shares, the rights and duties it confers.**

At November 30, 2012, all the Company’s shares are of the same class, have the same voting rights and are tradable on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges.

- B) Any restriction on the transferability of the securities and any restriction on voting rights.**

At November 30, 2012 there is no restriction on the transferability of the shares or on voting rights. The Company has no securities in issue other than shares.

- C) Rules applicable to the amendment of the Company’s By-Laws.**

In accordance with the provisions of articles 285 onwards of the Capital Companies Act, any amendment of the By-Laws will be the competency of the General Meeting.

Firstly, article 14 of the By-Laws states that the Ordinary or Extraordinary General Meeting will have a valid quorum on the first call when the shareholders present or represented hold at least 60% of the subscribed capital with voting rights. On the second call, the Meeting will have a valid quorum when the shareholders present or represented hold at least 50% of the subscribed capital with voting rights.

Additionally, according to article 16 of the By-Laws, if it is resolved to make amendments to the By-Laws, a separate vote will be taken on each substantially independent article or group of articles. In all cases, the resolutions will be adopted by a majority of the capital that is either present or represented at the General Meeting.

- D) Significant resolutions adopted by the company that come into force, are amended or conclude in the event of a change in control of the company due to a public takeover bid and the effects thereof.**

The Company has not adopted any significant resolution that comes into force, is amended or concludes in the event of a change in control of the Company due to a public takeover bid.

- E) Agreements between the Company and its directors and management or employees that provides for indemnities when they resign or are unfairly dismissed or if the employment relationship comes to an end due to a public takeover bid.**

There are no clauses protecting any of the Company's directors, members of management or employees.

- F) Description of the main characteristics of the internal risk control and management systems in relation to the financial reporting process.**

F.1) Entity's control environment

State, mentioning their main characteristics, at least:

- F.1.1) The bodies and/or functions that are responsible for: (i) the existence and maintenance of an appropriate and effective ICFR; (ii) the implementation thereof; and (iii) the supervision thereof**

Article 3 of the Regulations of the Board of Directors states that the Board of Directors has the function of approving the risk control and management policy and regularly monitoring the internal reporting and control systems.

According to article 24 *bis* of the By-Laws and, in particular, article 12 (A) 2 (c) of the Regulations of the Board of Directors, the Audit Committee has the function of monitoring the efficacy of the Company's internal control, internal audit and risk control systems. Furthermore, in particular, the Audit Committee will be responsible for: (i) ensuring the independence and efficacy of the internal audit function; (ii) proposing the selection, appointment, re-appointment and removal of the person responsible for the internal audit function; (iii) proposing the budget for this service; (iv) receiving regular information on its activities; (v) reviewing the internal audit's annual work program and its annual activity focus; (vi) knowing any incidents that may arise while the annual internal audit work program is being carried out; (vii) verifying that senior management takes the findings and recommendations contained in its reports into account, and (viii) discussing any significant weaknesses in the internal control system (the "**Internal Control System**") noted in the course of the audit with the account auditors

In addition, the Audit Committee has the function of being informed of and supervising the process of preparing the financial information on the Company and Group, reviewing compliance with legal provisions, the accurate demarcation of the consolidated group and the correct application of accounting principles, ensuring the integrity thereof.

Lastly, article 12 (A) 2 (e) of the Regulations of the Board of Directors states that the Audit Committee must regularly review the internal control and management systems to identify, manage and make known the principle risks. In particular, the risk control and management policy states:

- The different types of risk (operational, technological, financial, legal, reputational, etc.) to which the Company is exposed, including financial or economic risks, contingent liabilities and other off-balance sheet risks;
- The fixing of the level of risk that the Company deems acceptable;
- Measures in place to mitigate the impact of the risks identified in the event that they materialize; and
- The internal reporting and control systems used to control and manage the above risks, including the aforementioned contingent liabilities and/or off-balance sheet risks.

The Company's Audit Committee is formed by three directors: the Chairman, Mr. José María Loizaga (independent director) and Mr. Angelo Messina (proprietary director) and Lindsay Harvey (proprietary director).

F.1.2.) The following elements if they exist, especially in relation to the financial reporting process:

F.1.2.1) Departments and/or mechanisms responsible for: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authorization, with an appropriate distribution of tasks and functions; (iii) the existence of suitable procedures to ensure that they are correctly made known within the entity.

The design and review of the organizational structure is the responsibility of the Human Resources Department and ultimate responsibility is held by the Chief Executive Officer in his functions as an executive director.

The more detailed definition of the resources needed is prepared by the relevant area together with Human Resources. This includes, therefore, both areas related to the financial reporting process and the rest of the Group's operating areas.

The Company and Group have an organization chart that includes all the functional areas.

In relation to suitable procedures to ensure that the information is made known correctly, all the information on the organization chart and organizational structure is in the Group intranet (the "**Intranet**"), to which all employees have access.

In addition, the Group Finance Department (the "**Finance Department**"), as the department responsible for preparing the financial reporting, has a matrix of responsibilities and segregation of functions that establishes the different levels of approval of each one of the activities and processes of the finance and operating departments.

F.1.2.2) Code of conduct, approving body, degree to which it is made known and training is given, principles and values included (stating whether there are any specific references to recording operations and preparing financial information), body responsible for analyzing non-compliances and proposing corrective actions and penalties.

The Company and the Group have an Internal Code of Conduct on Issues relating to the Securities Market, approved by the Board of Directors, and a Code of Ethics (the "**Code of Ethics**"), which is notified to all the members of the organization through the Intranet. Likewise, courses are held on the subject. They must be attended by all new recruits and include annual updates for all Company and Group employees.

The Code of Ethics is based on the following essential principles: (i) compliance with legal requirements; (ii) correct preparation of financial information, which must be

complete and accurate; and (iii) fair treatment of customers and other interested parties. Thus, the Code of Ethics does not merely require compliance with the laws, but represents a commitment to positive conduct that builds trust, promotes respect and shows integrity.

The principles established in the Code of Ethics are: (i) loyalty to the Company; (ii) meeting one's commitments; (iii) acting in good faith; (iv) respect for others; (v) accurate and true information; (vi) not compromising either safety or quality; and (vii) helping to detect and avoid bad practices.

The Group has a Good Business Practices Manager, who is responsible for implementing the Code of Ethics and ensuring that it is applied.

The Audit Committee conducts an annual review of the ethics compliance program for each year, which includes actions, those responsible for them, dates and current status. Likewise, it obtains information on the training and updating courses that each member of the organization must attend.

In accordance with article 12 of the Regulations of the Board of Directors, to which article 11 of the Internal Code of Conduct refers, the Audit Committee has the function of supervising effective compliance with the obligations included in the Internal Code of Conduct. In particular, the Audit Committee will be responsible for:

- Meeting the rules of conduct of the securities markets and the rules of the Internal Code of Conduct, their procedures and any other present or future supplementary rules and ensuring that they are met.
- Promoting awareness of the Internal Code of Conduct and the rest of the securities market rules on conduct by the obliged persons, insiders and the Group.
- Developing, if applicable, procedures and implementing rules that are deemed appropriate in order to apply the Internal Code of Conduct.
- Interpreting the rules contained in the Internal Code of Conduct and solving any doubts or issues that are raised by obliged persons or insiders.
- Conducting enquiries in disciplinary proceedings due to non-compliance with the rules of the Internal Code of Conduct by obliged persons or insiders.
- Proposing any revisions of or improvements to the Internal Code of Conduct that may be seen fit.

F.1.2.3) Complaints channel, which allows any financial or accounting irregularities to be notified to the Audit Committee, in addition to any non-compliances with the Code of Conduct or irregular activities in the organization, stating, if applicable, whether they are confidential.

The Group has a confidential communication channel that enables all Group employees to make suggestions or complaints, allowing their concerns to be heard swiftly, neutrally and in the strictest confidence.

The program provides:

- Confidentiality: the identity of the person sending a communication is protected.
- Neutrality: neither the side of the Management nor that of the employee is taken.
- Independence: the person responsible for the program does not report hierarchically to Management.
- Quality: the system works as an intermediary between the employees and Management while, at the same time, ensuring that communication is clear and comprehensible.

Thus, employees may make communications as follows:

Employees may make communications as follows:

- By telephoning a number free of charge.
- By completing a form and sending it by mail or fax to the relevant center.
- By using the program's application from anywhere with Internet access.

F.1.2.4) Training and regular updating programs for employees involved in preparing and reviewing the financial information and assessing the ICFR, covering at least accounting principles, audit, internal control and risk management.

The employees involved in preparing and reviewing financial information have sound knowledge of financial and accounting matters. Additionally, the Group has a training program for its employees, supervised by the Human Resources Department.

Furthermore, courses, seminar and work groups relating to updates in accounting legislation, audit, internal control and risk management are organized, since the Group holds agreements for regular training with a specialized provider in the accounting, financial, legal, tax and labour areas, among others.

F.2) Financial information risk assessment.

State at least:

F 2.1) The main characteristics of the process for identifying risks, including the risk of error or fraud, in relation to:

F.2.1.1) Whether the process exists and is documented.

The Group has a Risk Management System (the “**Risk Map**”), which is carried out by the Group's different operating and functional units and submitted to the Audit Committee and Board of Directors for review. The Risk Map is based on the integrated management of each and every one of the business processes and appropriate segregation of the risk levels, in order to attain compliance with the strategic objectives fixed by the Group.

F.2.1.2) Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; valuation; presentation, details and comparability; and rights and duties), whether it is updated and how often.

All the risks that could affect the financial reporting (operational risks) are assessed and quantified, in order to carry out regular monitoring of the controls designed to mitigate the risks identified. Operational risks are those that would cover the objectives of existence and occurrence, integrity, valuation, presentation, details and comparability and rights and duties.

The risk management is based on dynamic analyses for each one of the processes that make up the business units, so that those responsible for each one of the areas or departments of the organization identify and assess the potential risks.

F.2.1.3) The existence of a process for identifying the consolidated group, taking into account, among other aspects, the possible existence of complex corporate structures, instrumented or special-purpose entities.

The Group does not have a complex corporate structure. As may be seen from the Consolidated Annual Financial Statements, all the subsidiary companies are included in the consolidated group. The Finance Department, through the Consolidation Department, is responsible for the consolidation process. In close collaboration with the Legal Department, on the basis of decisions taken by the Board of Directors on corporate transactions of acquisitions, business combinations, disposals and mergers, among others, the consolidated group is determined together with the percentage interests that each company holds in its subsidiaries.

Following the best corporate governance practices, in order to meet recommendation 52 of the Unified Code of Good Corporate Governance, article 12 of the Regulations of the Board of Directors includes among the competencies of the Audit Committee the need to report to the Board of Directors prior to the latter's adoption of decisions on the acquisition of shares or interests in special-purpose entities or entities that have their registered office in countries or territories deemed to be tax havens, together with any other analogous transactions or operations that, due to their complexity, could impair the Group's transparency.

F.2.1.4) Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.

The different types of risk that comprise the Group's Risk Management System may be grouped principally into the following categories:

- Compliance.
- Operational.
- Strategic.
- Reputational.
- Financial.
- Legal.

Each one of these categories has controls and mitigating actions and they are reviewed and included in the annual work program of the Internal Audit Department (the "Internal Audit Department").

F.2.1.5) The entity's governing body that supervises the process.

The Audit Committee, in conjunction with the Internal Financial Reporting Control System, has the function of regularly reviewing the internal control and risk management systems, in order to identify and manage the main risks that might affect the Group's financial reporting.

F.3) Control activities

State, mentioning its main features, whether the entity has at least:

F.3.1) Procedure for review and authorization of the financial reporting and the description of the ICFR to be published in the securities markets, stating who is responsible, together with the documentation describing the flows of activities and controls (including those relating to the risk of fraud) for the different types of transactions that might have a material effect on the financial statements, including the financial closing

procedure and the specific review of significant judgements, estimates, valuations and projections.

The Finance Department consolidates and reviews all the financial information of the Company and its subsidiaries, including, for this purpose, the companies with registered offices in Spain, Portugal and Morocco. Once this information is known, it prepares the monthly, quarterly and half-yearly reports and the annual financial statements, among other items.

Likewise, the Finance Department submits the annual financial statements for review by the Audit Committee, as well as the half-yearly and quarterly financial statements and any other financial information that is sent to regulatory bodies or publications. The Audit Committee checks that the information is complete, accurate and sufficient to provide a true and fair view of the equity, the financial position, the Group's results and the cash flows, which are prepared in accordance with the legal framework for individual and consolidated purposes.

The Board of Directors approves all the financial information that the Group publishes regularly and approves the Annual Financial Statements and Annual Corporate Governance Report.

The review of the estimates and assumptions used is based on the Group's historical experience and other factors deemed reasonable. This procedure is included in a procedure manual on financial closing procedures.

F.3.2) Internal control policies and procedures for the information systems (among others, security of access, control of changes, how they are operated, operational continuity and segregation of functions) that support the entity's important processes in relation to the preparation and publication of the financial reporting.

The Systems Department acts directly in accordance with the rules related to the security of the information and, in addition, the Group Finance Department authorizes all accesses to sensitive systems that could affect the financial reporting.

The rules are based on placing controls on the security of access, control of changes, how they are operated, operational continuity and segregation of functions. All these rules are published in the Intranet in order to provide each one of the employees with access to them.

The Group has a series of actions that guarantee the correct running of operations when an incident occurs, in order mitigate or reduce to a minimum the possible materialization of an incident.

The Internal Audit Department includes a review of the proper working of the Internal Control System, both from a technological point of view and from the point of view of maintenance-oriented processes, in its annual work program.

F.3.3) Internal control policies and procedures intended to supervise the management of activities outsourced to third parties and those aspects of assessments, calculation or valuation entrusted to independent experts, which may have a material effect on the financial statements.

The relationship with any Group suppliers is conducted through the people specifically responsible in each business unit, both for goods and for services. Any selection of goods or services outsourced to third parties is made applying technical, professional and economic criteria.

The Internal Audit Department's annual work program includes the review of compliance with the rules relating to the main procedures for purchasing goods and services.

Any outsourcing concerning valuations entrusted to independent experts is conducted through the Finance Department and notified to the Audit Committee, since these valuations are included in the Group's financial reporting. In all cases, the Group Finance Department supervises whether the supplier is independent, experienced and prestigious both nationally and internationally.

F.4) Information and communication.

State, mentioning the main features, whether the entity has at least:

- F.4.1) A specific function responsible for defining accounting policies and keeping them updated (accounting policies area or department) and solving doubts or conflicts derived from the interpretation thereof, maintaining smooth communication with those responsible for operations in the organization, as well as an updated accounting policies manual that has been notified to the units through which the entity operates.**

The Finance Department, through its Accounting and Consolidation Departments, is responsible for reviewing accounting policies and rules and ensuring that they are updated for each of the Group's processes and units.

Likewise, the Internal Control Department has a smooth relationship with the Finance Department and those responsible for finance at each Group company and other units and corporate areas, with whom they establish any procedure updates that may be applicable.

All Group manuals and procedures are made known through the Intranet.

- F.4.2) Mechanisms for capturing and preparing the financial information with consistent formats applied and used by all the units of the entity or group, supporting the main financial statements and the notes, together with the information given on the ICFR.**

The Finance Department has the function of preparing the financial statements and the notes thereto through the Consolidation Department. In relation to the mechanisms for capturing and preparing the financial information, except for Otis Elevadores Lda. (Portugal) and Otis Maroc, S.A. (Morocco), the companies that form the consolidated group use the same reporting system and the same accounting policies and procedures, which allows the group to have a unified capturing mechanism that is in line with the accounting legislation in force at any given moment.

In addition, there are reporting packages for the companies that have their registered offices in Portugal and Morocco, which allows the financial reporting to be unified and made consistent and the policies and bases of presentation used by the Group to be met.

F.5) Supervision of the running of the system.

State, mentioning its main features, whether the entity has at least:

- F.5.1) ICFR supervision activities performed by the Audit Committee and whether the entity has an internal audit department whose functions include supporting the Committee in the supervision of the internal control system, including the ICFR. Likewise, explain the scope of the assessment of the ICFR performed in the year and the procedure whereby whoever is responsible for performing the assessment notifies the results, whether the entity has an action plan that describes possible**

corrective measures and whether the impact on the financial reporting has been considered.

The Company has an Internal Audit Department with systems and processes intended to assess, mitigate or reduce the main risks of the Company or Group by means of preventive measures and alerts of possible situations of risk.

Among its ICFR supervision activities, the Audit Committee reviews the financial information that is sent to the National Stock Market Commission on a quarterly basis.

In addition, the Audit Committee supervises the annual audit plan and monitors it. The head of the Internal Audit Department presents the conclusions of the work program and the tasks performed by said Department during the year to the Audit Committee

The Group's Internal Audit Department has 5 members, who have extensive knowledge in the areas of internal and external audit and management control, with experience in the operating part of the Group's units.

The Internal Audit Department has a work manual that establishes the procedures and functions to be performed by each one of its members.

The main functions of the Internal Audit Department are:

- Assessing the appropriateness, sufficiency and efficacy of the Group's internal audit system.
- Assessing compliance with the Risk Management System.

The Group has an account auditor which, as part of its procedures for auditing the annual financial statements, reviews the Internal Control System. At least once a year, the account auditor has a meeting with the Audit Committee at which it presents the conclusions of its work. In the event that any weakness or incident has been detected in the course of the auditor's work, the Audit Committee will establish actions and commits management to consider the actions established. During the year to which the report refers, the account auditor has not presented any weaknesses or incidents related to the Internal Control System in its conclusions.

F.5.2) Whether there is a discussion procedure whereby the account auditor (in accordance with the provisions of the Technical Audit Rules), the internal audit department and other experts may notify senior management and the internal Audit Committee or Directors of the entity of any significant internal control weaknesses identified during the processes of reviewing the annual financial statements or any others that have been entrusted to them. Likewise, state whether there is an action plan that attempts to correct or mitigate the weaknesses noted.

The Finance Department, the Internal Audit Department and the Audit Committee have regular and smooth communication with the Group's account auditor.

At the beginning of the year, the account auditor submits its audit work plan to the Finance Department. This plan includes the visit dates, objectives, companies to be audited and a list of the audit fees, so that they can be reviewed by the Audit Committee.

Throughout the audit process, the account auditor holds regular meetings with key personnel responsible for preparing the financial information, drawing preliminary conclusions in each one of the phases of the process.

Throughout the year or in any phase of the external audit process, the account auditor may meet with the Audit Committee.

At the end of the audit, as stated above, the account auditor presents its conclusions to the Audit Committee, which will assess any situation reported by the auditor and is considered by both the Internal Audit Department and the Audit Committee as actions to bear in mind.

F.6) External auditor's report

State:

F.6.1) Whether the ICFR information sent to the markets has been reviewed by the external auditor. If so, the entity should attach the relevant report hereto. Otherwise, state the reasons.

Report attached to the present Exhibit of the Company's 2012 ACGR.

Annual Report on Director Compensation

ANNUAL REPORT ON DIRECTOR COMPENSATION

1. INTRODUCTION

This report describes the compensation policy for the members of the Board of Directors of Zardoya Otis, S.A. (the “Company”), in compliance with the principle of transparent compensation and the obligation introduced by Law 2/2011 of March 4 on Sustainable Economy.

The report contains a description of the basic principles of the compensation policy that the Company applies to its directors also giving details of the different elements that comprise their compensation, based on the contents of the Company’s By-Laws and the Board of Directors Regulations.

The report has been prepared taking into account the content and the structure of the model attached as Exhibit 1 to the Draft Circular made public last year by the National Stock Market Commission.

2. THE COMPANY’S COMPENSATION POLICY FOR THE CURRENT YEAR

2.1. General principles and bases of the compensation policy

According to article 24 of the By-Laws and article 18 of the Board of Directors Regulations, the position of director of the Company will be remunerated.

Said article 24 of the By-Laws fixes global remuneration (the “By-Law stipulated compensation”) consisting of a share of 1.5% of the consolidated profit before tax. This amount can only be taken from the liquid profit (after tax) after the legal reserves and the reserves provided for in the By-Laws have been covered and a dividend of at least 10% of the paid-up share capital has been recognized in the shareholders’ favour.

This By-Law stipulated compensation will be distributed among its members in the manner freely determined by the Board of Directors, depending on (i) whether they sit on any Board committees or other bodies; (ii) whether they hold specific positions on the Board; (iii) their attendance of Board meetings; and/or (iv) their commitment to the service of the Company.

Furthermore, article 18 of the Board of Directors Regulations establishes the principles or criteria that should be taken into account when fixing the compensation of external directors. In particular, it states that this compensation will be the amount deemed necessary to remunerate the commitment, abilities and responsibility required by the position, although it must not be so high as to compromise their independence.

The director compensation policy has not changed in comparison with the preceding year, using solely the criteria established in the aforementioned articles 24 of the By-Laws and 18 of the Board of Directors Regulations.

Regarding the relative importance of the items of fixed compensation in comparison with the variable items, we must highlight the fact that, in 2012, the former represented 19% (15.6% in 2011) of the total and the Board of Directors does not foresee any changes in the decision-making process when deciding on the mix of the director compensation in forthcoming years.

2.2. Preparatory work and decision-making process for determining the compensation policy.

Article 3 of the Company's Board of Directors Regulations establishes, within the functions of the Board of Directors, the approval of director compensation. In particular, the Board of Directors must approve the compensation of the Company's executive director, who will receive an additional fixed sum for performing the executive functions.

The Company does not have a Compensation Commission and has not used the services of external advisors to determine its director compensation policy. Therefore, the Board of Directors itself, with the participation of all its members, is the body responsible for designing, approving and implementing its compensation policy.

The items of compensation applicable to the different types of director of the Company (executive, external proprietary, external independent and other external) are summarized below:

Applicable compensation items for the different types of director of the Company

Type	Number	Fixed compensation	Variable compensation	By-Law stipulated compensation	UTC long-term incentive plan
Executive director	1	YES	YES	N.A.	YES
External proprietary director	6	N.A.	N.A.	YES ¹	N.A.
External independent director	1	N.A.	N.A.	YES	N.A.
Other external director	1	N.A.	N.A.	YES	N.A.

2.3. Amount and nature of fixed components

2.3.1. Fixed compensation of Chief Executive Officer

As stated in point 2.2 above, only Mr. Pedro Sainz de Baranda y Riva and Mr. Bernardo Calleja Fernandez, both Company's Chief Executive Officers in 2012, received fixed remuneration for carrying out their executive duties. This fixed compensation does not include any guarantee or golden parachute clauses, notice periods, or no-compete, exclusivity, continuance or loyalty, or post-contractual no-compete covenants or agreements other than those established in the applicable Spanish labour legislation.

There is no extra compensation for holding the position of Chairman or belonging to Board committees or other bodies and no per diem expenses are distributed for attending Board meetings or meetings of the Nominating Commission or Audit

¹ Not all the external proprietary Directors receive the above mentioned By-Law stipulated compensation.

Committee. Notwithstanding, these circumstances will be taken into account when distributing the remuneration stipulated in the By-Laws, as stated in point 2.1 above.

2.3.2. UTC Recharge Agreement

In September 2010, a “Recharge Agreement” was signed with United Technologies Corporation (UTC), under which considers the possibility that certain Zardoya Otis executives who are also considered to be UTC Group executives because they hold important management responsibilities should benefit, depending on their performance and the attainment of joint objectives of Zardoya Otis, Otis and United Technologies Corporation (UTC), from the UTC long-term incentive plan, which includes UTC shares. The incentive plan allows Zardoya Otis to capture and retain highly-qualified members of management who provide important services to the Company and contribute to its success.

This Agreement is applicable to incentives awarded as from December 1, 2010 onwards.

In the case of the Company the effect of this Agreement for the directors represents in 2012, the amount of 63 thousand euros (58 thousand euros in 2011).

2.4. Amount and nature of the variable components

2.4.1. By-Law stipulated compensation

As stated above in point 2.1, article 24 of the By-Laws fix a compensation subject to certain quantitative limits, which is subsequently distributed by the Board of Directors among its members (with the exception of the Chief Executive Officer) on the basis of certain criteria.

In addition, we must highlight the fact that the Board of Directors adopted the following decisions at its meeting of July 19, 2012:

- (A) To limit the total amount of the remuneration stipulated in the By-Laws to 1,000,000 €.
- (B) To delegate the distribution of the remuneration stipulated in the By-Laws among the Company’s directors to the Chairman of the Board, applying the following criteria: on (i) whether they sit on any Board committees or other bodies; (ii) whether they hold specific positions on the Board; (iii) their attendance of Board meetings; or (iv) their commitment to the service of the Company; and
- (C) The payment of the first six months of 2012, for 500,000 € on account of the By-Law stipulated remuneration.

2.4.2. Variable compensation

The variable compensation for the Chief Executive Officer is based on performance and the attainment of joint objectives of Zardoya Otis, Otis and United Technologies Corporation (UTC) and is calculated considering the operating profit and cash flow obtained each year. The variable compensation is payable the following year once approved the Annual Accounts by the Board of Directors.

2.4.3. Other considerations

- (A) Regarding the types of director who benefit from the variable compensations systems, please see Chart in point 2.2 above in relation to the compensation items applicable in accordance with the type of director.
- (B) The basis of the variable compensation system and the methods for assessing performance used by the Company to distribute it may be found in the aforementioned articles 24 of the By-Laws and 18 of the Board of Directors Regulations.
- (C) No periods of deferral or delay in payment of the compensation of the members of the Company's Board of Directors have been established.

2.5. Characteristics of long-term savings systems

The Company has made contributions to pension funds and plans for the Company's Chief Executive Officers, Mr. Pedro Sainz de Baranda y Riva and Mr. Bernardo Calleja Fernandez, for an amount of 81 thousand euros in 2012 (55 thousand euros in 2011).

2.6. Indemnities in the event that a director ceases to hold office

Director compensation does not include any guarantee or golden parachute clauses, notice periods, or no-compete, exclusivity, continuance or loyalty, or post-contractual no-compete covenants or agreements in the event that a director ceases to hold office as such.

2.7. Conditions of the senior management contracts for executive directors

The compensation awarded to the executive director does not include any guarantee or golden parachute clauses in the event of dismissal or continuance, notice periods or no-compete, exclusivity, continuance or loyalty, or post-contractual no-compete covenants or agreements, other than those established in the applicable Spanish labour legislation.

2.8. Supplementary compensation in consideration for services rendered other than those inherent to the position

With the exception of the Chief Executive Officer, only executive director of the Company, none of the other members of the Board of Directors have rendered other services to the Company. Please see point 2.2 above regarding the specific characteristics of this supplementary compensation received by the Chief Executive Officer.

2.9. Compensation in the form of advances, credits and guarantees

The Company has not awarded any compensation to the directors has not granted any credits or guarantees for its account.

2.10. Other compensation items

No other compensation items are settled by Group entities apart from as explained in above.

2.11. Company's actions in relation to the compensation system to reduce risk exposure and adapt it to long-term interests

The composition of the Board of Directors (67% of its members are proprietary directors) guarantees that the director compensation policy takes the results that should be obtained by the Company in the long term into account.

Thus, with the sole exception of the executive director, who receives additional fixed compensation for performing executive functions in the Company, the remuneration of the Board of Directors is variable in its entirety, based on the Company's results. Furthermore, the quantitative limits contained in the Company's By-Laws and Board of Directors Regulations help to necessarily link director compensation to the Company's best long-term interests.

In addition, the Group is studying the implementation of specific measures which:

- (A) ensure the limitation of the risk in relation to those categories of employees whose professional activities have a significant effect on the entity's risk profile.
- (B) allow the return of the variable results-based components to be claimed when such components have been settled on the basis of data that have later been manifestly shown to be inaccurate; and
- (C) avoid conflicts of interest (derived from the Group's internal control system).

3. COMPENSATION POLICY PLANNED FOR FUTURE YEARS

The Company's Board of Directors has not, to date, considered reviewing the compensation policy established in article 24 of the By-Laws and article 18 of the Board of Directors Regulations for forthcoming years.

In the opinion of the members of the Board, the compensation policy that exists is the most appropriate, taking into account current economic circumstances, combined with the principle of moderation that has always guided the compensation policy applied by the Company. In this respect, the Board of Directors' decision to limit the total amount of the By-Law stipulated remuneration to 1,000,000 euros is especially important, being the third consecutive year of limitation.

4. SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY IN 2012 AND DETAILS OF THE INDIVIDUAL REMUNERATION RECEIVED BY EACH DIRECTOR

4.1. Compensation accrued in the Company

The total amount of the compensation accrued during the year 2012 was 1,505 thousand euros (1,567 thousand euros in 2011).

Details of the compensation accrued by each one of the Company's directors, by item, are shown below:

Details of the individual compensation (in thousands of euros) received by each director.

	Fixed Compensation	By-Law Compensation	Compensation for participation in Board Committees	Other	Total
Abajo García, Mario	-	200	-	-	200
Euro Syns, S.A	-	50	-	-	50
Dejoux, Pierre	-	-	-	-	-
Harvey, Lindsay	-	-	-	-	-
Loizaga Viguri, Jose Maria	-	200	-	-	200
Messina, Angelo	-	-	-	-	-
Otis Elevatos Company	-	500	-	-	500
Sainz de Baranda y Riva, Pedro	224	-	-	94	318
Calleja Fernandez, Bernardo	136	-	-	51	187
Zardoya Arana, Francisco Javier	-	50	-	-	50

Breakdown of the compensation in cash (thousands of euros) in the years 2012 and 2011.


Compensation item	2012	2011
Fixed compensation	194	204
Variable compensation	166	250
By-Law stipulated compensation	1,000	1,000
Other	145	113
TOTAL	1,505	1,567

4.2. Compensation accrued by the Company's directors as directors of other Group companies

The members of the Board do not perceive any compensation by their membership of the boards of Directors of other companies of the Group.

* * *

This annual compensation report was unanimously approved by the Company's Board of Directors at its meeting of February 26, 2013.



ZARDOYA OTIS S.A.

Golfo de Salónica, 73 - 28033 Madrid - Spain

Tel: 91 343 51 00 - Fax: 91 343 51 41

www.otis.com