



Letter from the CEO	2
Executive Bodies	3
Financial Data	4
Human Resources	8
Operating Areas	9
<i>Engineering and Consultancy</i>	11
<i>Services</i>	26
<i>Information and Communications Technologies</i>	31
<i>Health Care</i>	37
Corporate Development	44
<i>Highlights</i>	45
<i>R+D+i</i>	47
<i>International Business Activity</i>	49
Contact	59

Letter from the CEO

Luis Villarroya



Not many years can be said to have been quite as intense as this 2007. A great number of significant events for our company have taken place, setting out its future and ours. There has been a veritable unceasing whirlwind of changes, in the midst of which, nevertheless, **we have stood even steadier and produced excellent results.**

We must congratulate ourselves in this regard, particularly bearing in mind the fact that this has occurred in a less than favourable business environment. The forecast slowdown of certain business activities has only served to strengthen our conviction that **our diversification strategies have been the right ones.** The policy of internalisation that required so much hard work has borne fruit; repositioning in certain sectors is turning out to have been a good choice.

These are all things we had been working toward previously although we have redrawn our business perspectives to be ready for a major growth over the next three year period as **Plan 10** is prepared. This new strategic agenda has involved an elite group of professionals from all fields bringing along their own experience and realistic knowledge regarding market possibilities and this has enabled a joint picture to be put together which, though certainly ambitious, is perfectly attainable, including an acquisitions plan that will provide us with strength in strategic business activities.

Now is obviously the right time to make the leap forward. We would not only become a great leader company in the

markets we operate in but also a trusted and reputed partner, capable of responding to any request on the part of its clients while at the same time proposing improved, more sustainable solutions of greater service to society. It is only by means of improved efficiency and using procedures for continuous improvement, remaining ever open to innovation and being able to count of the best professionals who continually provide synergies that we find ourselves up to the challenge we are now faced with.

The main event to have taken place this year has, without a doubt, been the changed shareholder structure. **The presence of Magnum among our shareholders adds to our capabilities, providing financial muscle and a new more expeditious manner of proceeding,** in view of the assurance we can enjoy now of having expert knowledge on board from the largest private equity firm currently operating in our country.

This is what we believe in, the sum of total strengths. For that very reason one can only end by highlighting that none of this would be possible but for the fact that we have been able to rely on the best team of professionals that anyone could have, capable of meeting the challenges of these changing times without our clients necessarily even being aware of this as they simply receive the very best as a matter of course. **It just goes to show that a company can only ever be a leader when those who comprise it believe it to be so.**

Executive Bodies

Board of Directors

Ángel Corcóstegui Guraya, *President*

Luis Villarroya Alonso, *Vicepresident and CEO*

Ángel Catena Asúnsolo

Iñaki Echave Larrañaga

Enrique Leyva Pérez

Joaquín Llorente Malagón

João Talone

Advisory Committee

Juan Manuel Eguiagaray Ucelay

Martín Eyries Valmaseda

Luis de Guindos Jurado

Rafael Miranda Robredo

Pedro Pérez Fernández

Ignacio Santillana del Barrio

Cándido Velázquez-Gaztelu Ruiz

Management Committee

Javier Andreu Posse

Ignasi Cantarell Taxonera

Alberto Corbí López

Antonio Fernández Garitaonandía

Gonzalo García Alonso

Felipe García Berrio

Olga Ginés Ferrero

Gerardo Roiz de la Parra

Alfonso Rubio Barroso

José Sampedro Quijano

Javier Sanz Urbina

Members of the Board of Directors



FINANCIAL DATA

Financial Data

The balance at year end shows gross revenue at **195.9 million Euros**, comprising a **10%** increase over 2006 in line with the growth maintained over previous financial years.

By sector, the most notable increases occurred in **Health Care (33%)**, drawing on the advantages offered by repositioning, and also in international business activities, thanks to the impact of work carried out in developed countries and a strong presence in Eastern Europe.

Engineering has passed the 125 million Euro mark, constituting an increase of over **9%**. The most noteworthy point is nevertheless the fact that billing in this regard was spread across all business activities and levels were maintained as a result of substantial diversity in the face of market variations, with a significant increase in international receipts.

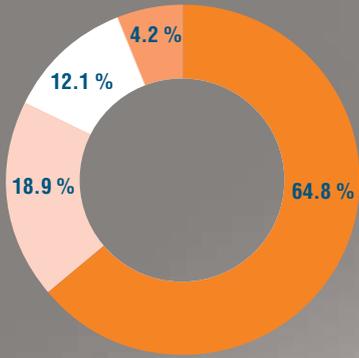
The **Services Sector** has suffered the first effects of slowdown in the sector and attained a similar annual figure to the previous year, standing at 36 million Euros, thanks to the effect of promotions and of business activity with a trend toward industrial construction.

The **Information and Communications Technologies Sector** has continued to grow thanks to the success of its strategy to provide services with great added value. Standing at around **23 million Euros**, growth reached almost **24%**, particularly significant as this confirms the internal reorganisation for this Sector, where the trend is to favour private clients and use partners to access sales.

The growth in the **Health Care Sector**, reaching **8 million Euros**, shows the success of commercial management and investments in consortiums, focussed priorities throughout 2006, which are bearing fruit alongside various different items of consultant work, providing significant added value.

Lastly, **our international billing grew by 30%**, as a result of maintaining traditional business activities, developing subsidiaries in **Eastern Europe** (where **40%** of outside production is located) and the strong move toward countries at a similar level of development as Spain, already standing at **28%**.

Sales Distribution



Gross Revenue

Million Euros

Engineering	126.8 €	64.8 %
Services	37.2 €	18.9 %
TIC	23.6 €	12.1 %
Health care services	8.3 €	4.2 %
Total	195.9 €	100.0 %

Sales evolution 2004 ~ 2007 (in million €)





Human Resources

Company growth in 2007 has been reflected in a large increase in the number of staff employed. **The total number of employees stood at 2144 at year end, up 14% over 2006.**

A similar type of balanced growth occurred across all business areas, most notably relating to **Information Technologies** business activities and also that arising from the various different kinds of contracting that has taken place within the international teams.

One might say that locating and integrating these particular professionals into our employee teams in the best possible fashion has proved the greatest challenge faced by the EPTISA Human Resources teams in 2007. This work has been complex due to the growing exodus abroad both of our professionals and of local personnel at branches. A further difficulty has been that of finding professionals with the right profile as required for Industrial Engineering and Computer Software specialisms.

If one takes levels of study, 46 % hold further degrees and standard degrees, 21% technicians have no university degrees and 33 members of staff are not academically qualified. The average age of employees remained the same at approximately 36.73 years old.

One should further point out the effort made to raise awareness of the company at university level and to recruit the most talented students during their final years of study. In order to do this we had stands at the main university employment fairs and this complemented the task of collaboration with Universities and other training bodies to increase our corporate image.

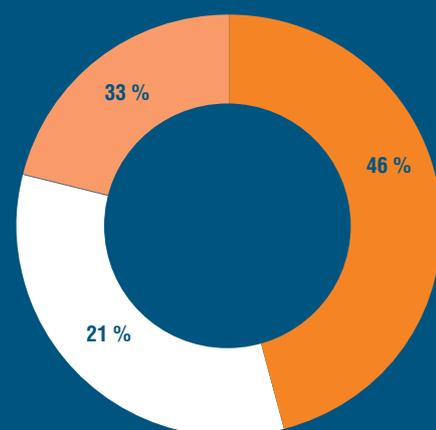
PLAN CRECE

Plan Crece continues in place and the initial positive results of this were visible throughout 2007. Current EPTISA culture was analysed during the first half of the year and set out in a series of interviews with questionnaires being

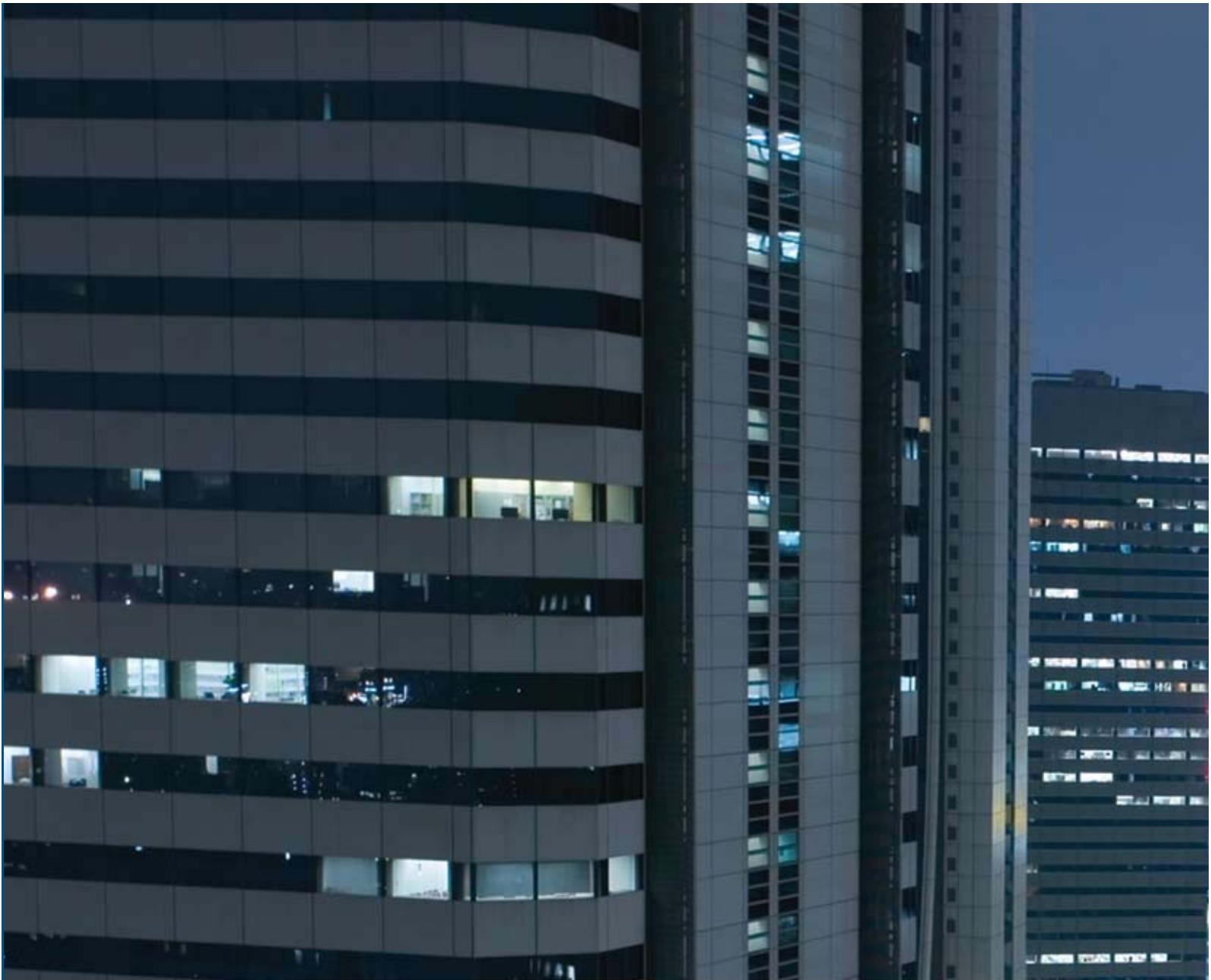
distributed among approximately 30% of the workforce, distributed across companies and by geographical areas to ensure that the sample was representative.

The second stage involved publication of these reports, analysing the information contained in order to draw conclusions with regard to the company culture and the differences that exist between the current situation and the future desired situation. The year drew to a close with the first developments in Information Technology sector taking place, while work carried on with regard to organising the rest of the company.

Human Resources



Graduates	46%
Non-graduated Technicians	21%
Other Staff	33%



OPERATING AREAS





Engineering and Consultancy

eptisa
ingeniería

Services

eptisa
servicios
adisa

Information and Communications Technologies

eptisa
tecnologías de la información

Health Care

eptisa
salud
casta

ENGINEERING AND CONSULTANCY



Engineering and Consultancy

Markets in the engineering sector have remained relatively stable throughout 2007 with a significant increase in the number of public sector tenders for the studies and projects business. Overall, the total number of bids for tender issued by Public Administrations has been practically the same or slightly higher than in 2006. It is important to point out that the autonomous community and local public bodies together have issued **50%** more tenders than Central Government.

Meanwhile, the private sector has seen a sudden slowdown, particularly with regard to residential property. In so far as rest of the construction industry is concerned, symptoms of distrust are appearing, except in the health sector, where a great deal of activity has been seen.

Something similar may occur with regard to PPP/PFIs, affected by the tendency on the part of the public sector to turn to systems of concessions. Within the private sector this industrial activity may continue to be a value that is rising, or at least remaining stable, insofar as business activity that can give rise to engineering services is concerned.

Within this context the EPTISA engineering and consultancy business line has behaved remarkably well during 2007. The volume of contracts was 10% higher than forecast at the start of the financial year and 30% above the 2006 contracting level. Equally, production, margins and profit were higher than forecast.

On the lists for greatest recognition in the market, EPTISA consolidated data continues in first place among Spanish civil engineering firms. The only companies ahead of us both in numbers of employees and billing are either those that can clearly be identified as industrial or where the construction company element serves to distort billing figures. The Sector Review published by the Swedish Federation of Consulting Engineers and Architects (November 2007) report backs up our position as market leaders. According to this study, **EPTISA engineering stands at No. 38 in Europe.**





TRANSPORT INFRASTRUCTURES

Within a more or less stable scenario of engineering projects, given that the Spanish Ministry of Public Works has kept up a very similar level of contracts for tender to the previous year, the Project and Consultancy Department has managed to achieve considerable improvement as far as contracts are concerned, surpassing forecasts by **20%**. Their figures have also been considerably higher than 2006 and are as planned for this financial period.

Noteworthy contracts for **road projects** include, among others, those involved in the tender for Section 4 on the A-2 motorway and the road extension from Navalcarnero to Móstoles, both for Ferrovial, the R1 road and A7 motorway projects at San Javier for Dragados, and the Road Safety reviews in Andalusia for the Ministry of Public Works' Roads Department. Along the same lines, the various different contracts in Ireland, particularly the M3 and M50 ring roads, stand out due to their size and strategic importance.

The most outstanding works have been achieved in two Autonomous Communities. On the one hand, in the Basque Country, one should mention the project to connect the A-8 and A-1 motorways at Maltzaga given its size, the supervision of the road project between Urretxu and Bergara, the Bidegorri construction projects – La Benedicta and the levelling of GI-3230 at Mutriku, all being carried out for different Basque Country public bodies, as well as the tunnelling between Rekalde and Irala for Bilbao Ria 2000.

Galicia also deserves a special mention, with the contracts for the Plisa access construction project for the Local Authority and for the AP9 toll motorway extension in Elivira-La Barcala and between the North Santiago and South Santiago junctions, for Autopistas del Atlántico, as well as the A-56 project, at the Ourense-Cambeo stretch, for the Ministry of Public Works.

With regard to **Air Transport**, we have continued to be contracted by AENA on various different projects at the Sabadell, Sevilla, Almería and Alicante Airports and also for a sizeable hangar at Vigo Airport.

As for the main work in relation to our business activity of **Works Supervision**, one should mention the Oscos-Límite de Lugo and Tineo-El Puelo stretches, both for the Principality of Asturias, the Laguna-Boecillo dual carriageway for Aldesa and the large-scale annual contracts for the maintenance of the Toledo and Guadalajara roads for the Castilla-La Mancha Authority.

On the other hand, in Catalonia we were contracted to manage works at Bellvitge and Sant Guim for GISA and the 22@BCN 2007 for the Barcelona City Council. We also managed to get the contracts for the Binéfar road and the A8 motorway between Villalba and Touzas, both with the Ministry of Public Works, the Burela port access for the Regional Galician Government and the Martutene-Hospital stretch of the A8 motorway in the Basque Autonomous Community. We have

EPTISA awarded design and supervision of the M50 in Dublin



The ring road around the Irish capital is one of the highest profile projects being carried out in the country

We are working to an ever greater extent on Irish roads, as part of our strategic commitment set out in Plan 10 for entering the market in countries with a level of development similar to Spain's by working hand in hand with large construction companies or Spanish concessions. Just as we are concluding the first major work which we achieved, the N25 around Waterford, another contract has confirmed our presence as the main Spanish engineering company operating in that country: the M50, Dublin's bypass motorway.

The M50 is currently a two-lane motorway around the city making a "C" shape on the East side. The heavy traffic which builds up has meant that those in charge of the National Road Authority (NRA) have decided to take steps to increase the capacity to three lanes and to further strengthen junctions between the M1 and the Sandyford interchange, improving the connections with the radial motorways coming out of Dublin.

The stretch in question, measuring 24 kilometres overall, is being built by the concession consortium made up of FCC, Sacyr and Hegarty. EPTISA is doing the design work, as well as supervising and certifying construction.

This has possibly been the most outstanding success of our strategy and has helped us attract ten more contracts in Ireland, and we shall be taking this further. The model will additionally be exported to and used in other countries in the Mediterranean area and in the United States, in order to gain local knowledge and build up references needed for a more permanent presence.

increased our position in Ireland taking on a contract with Sacyr to supervise the N6.

In **the railways sector** we have attracted large contracts such as the Escoriaza-Aramaio section for ADIF and the Ordizia-Itsasondo section for Euskal Trenbide Sarea, an extension between Atocha and Chamartín in Madrid for the Ministry of Public Works, and an extension of Line II of the Madrid Underground for Mintra. The supervision of the works at El Reino de Don Quijote should also be mentioned given the size of the project. Furthermore, within the airport sector, one should also mention the control and surveillance of the Airfield at Malaga Airport.

It would be remiss of us if we failed to mention the noteworthy business activity taking place with regard to **territorial action** where some major works are taking place, particularly expropriations at Campo de Cartagena for Aguas de la Cuenca del Segura and those at Extremadura 1 for ADIF, a client for whom we are also carrying removal of crossways in Catalonia. The expropriations of the National Road Department in Catalonia and the demarcation of boundaries at the Alicante coast for the Ministry of Environment are further noteworthy activities. A great deal of this business activity has taken place abroad, particularly the Darién land registry office, which was completed in the course of the year, as well as several different works achieved in Panama given the excellent profitability.

WATER AND ENVIRONMENT

As far as **Hydraulics and Environment** are concerned, there have not been very many projects put out to tender in the public sector by the Ministry of the Environment. Among the contracted works we would highlight the amended Project No 3 SAIH of the Guadiana river for the Hydrographic Confederation, the maintenance of Casares for Aguas del Duero, the Torrelaguna-Pinilla stretch for Canal de Isabel II, the Arroyo Charcones project for Andalusian Water Agency, the water supply of Baias and the cleaning up between Elgoibar and Mendaro, both projects for the Basque Government, the Bolivar project for the Vizcaya Local Authority, and the water supply of Rialb and the Salmorras reservoir, both for the Catalanian Water Agency.

Work has continued with the projects to supply water to the Galapagos Islands in the Republic of Ecuador. We have also been carrying out large-scale hydrogeological works, such as the Balearic Studies for the IGME and the recharging of aquifers for Canal de Isabel II. Other purely environmental work can be added to these, such as the actions at Udalaiz for ADIF, the turnkey project and construction of Cell 3 and the Miramundo consultancy for Biorreciclajes de Cádiz, the Environmental Impact Study for Grupo Pascual and several other works for 3M, Heineken, TNO, Sonae Sierra, etc.

Also, even though the amounts involved are not particularly high, one should mention multiple jobs being carried out in archaeology and palaeontology, given their social relevance and the prestige they bring to a multidisciplinary company.

As far as **our business activity of supervising works** is concerned, it's worth mentioning the contract for technical assistance to the canal for incorporation to the Torre del Águila dam for the Guadalquivir Hydrographic Confederation, those for hydraulic works at Toledo for the Castilla-La Mancha Regional Government and the San Vicente-Talavera stretch for Aguas de Castilla-La Mancha. At all events, due to the innovative techniques used and degree of social concern attracted, the most outstanding without a doubt can be said to be decontamination of the Flix Dam, where we manage the works.



EPTISA is managing the decontamination works of the Flix dam

The contract, worth 5.7 million Euros, is one of the most prestigious bids for tender put out with regard to the environment in Spain



The Flix dam, located on the Ebro river where it goes through said town, holds a great quantity of contaminated sludge which originates from old dumpings from the activities carried on by a succession of chemical facilities located on the right bank since the early 20th century, increased by changes in the river's fluvial dynamics due to construction of the Mequinensa and Ribarroja dams and the Flix dam itself. At this point in time it is estimated that there are some 100,000 m³ of potentially dangerous waste (basically from chlorine, soda and mercury dumping).

The social concern provoked by the discovery of the existence of said waste led to an Expert Committee being set up to look at the possible alternatives. After consulting more than 80 quite different bodies (Local Authorities, Universities, research centres, ecological associations, companies) the conclusion was that the best out of possible options was to extract the waste and to confine it in a controlled dumping site.

A 1.4 kilometre wall is being built to do this, in order to isolate the contaminated sediment from the Ebro waterway and this will be removed after the works have concluded. Dredging will need to take place on more than 700,000 m³ of waste which, after extracted, will be transported to a treatment facility, from whence they will be taken to a containment cell built to that effect by means of a conveyor belt over 6 kilometres long. This project also includes the construction of a treatment plant for the water that has been in contact with the contaminants.

This is an innovative project for Spain, where decontamination works under water sheets have been considerably less advanced in terms of size, technology and particularly safety requirements, as reflected in some very strict action protocols. The technical assistance to the works management, expected to last until 2010, is being carried out by EPTISA in joint venture with another sector company.



INDUSTRIAL QUALITY AND SAFETY

We keep seeing significant growth in this business activity over 2007, both with regard to certification and to the more classic quality control. We have continued to carry out a large number of small and medium sized works for many clients throughout the country from all our laboratories, with a total of 21 in the network which place us as the top Spanish construction quality control company, both building works and installations, civil works, environmental, geotechnical, pathology, etc.

In Castilla and León, we would point out the most significant as being the A-67 road (Osorno-Villaprovedo and Villaprovedo-Herrera), the Valladolid Ikea, the covered swimming pool at Toro, the Parquesol Institute for Tecprogesa, the Gamonal Health Centre in Burgos and the Auditorium in that city, the El Bayo-León Industrial Estate for Gesturcal, the Benavente water supply, and the quality control of municipal works for the Ponferrada Local Authority.

Large-scale works were also achieved in the Basque Country. The control of the second ring road around San Sebastian, the Urumea Junction – A-8 Junction stretch at Erreñería for the Guipuzcoa Infrastructure Agency, and the First Stage of the South Metropolitan Relief Road at the Ortuella-Portugalete, Santurtzi-Portugalete and Portugalete-Trapagarán junction stretches for Interbiak.

Certain works do, in any event, particularly stand out given their scope and size, such as quality control for the Los

Ahijones residential development in the Madrid province for the Compensation Board, as well as the public roadworks at Majadahonda for the Town Council. Another high value project was contracted for the Toledo Hospital, for the General Hospital Services of the Castilla-La Mancha Regional Government. Likewise, and even though the work was signed off during the first few months of 2008, it is particularly important to point out the effort made in Greece to become an ESPEL (Specialist Quality Control Consultant) in all public works that receive European funding.

Lastly, it is necessary to mention the control of underwater waters for Aguas de Galicia, that falls under our food industry activity.



EPTISA will manage quality for all public works in Greece

The contract value is over 12 million Euros

Having competed against both local companies and large international consortium, EPTISA won the contract to become the Greek government's "Expert Quality Control Specialist (ESPEL)".

The ESPEL is the body that supervises all works, in order to guarantee compliance with European quality standards for Public Works. EPTISA will be in charge of supervising and controlling all the infrastructures (metro, railway, roads, ports and airports) built by the Greek government and financed by the European Union over the next three years. The contract includes a provision for a further three-year extension.

The groundwork is going in for a civil works laboratory to be available for tests to be carried out and for six inspection teams. EPTISA has a central office in Athens and four regional headquarters so that it will be able to cover the whole of Greece, setting up an infrastructure that will comprise some 50 persons in total.

The contract will be 80% financed with funds from Feder and the remaining 20% provided by the Greek Government. Even though this is relating to public works, the bid for tender was placed by the Greek Ministry of Finance and Treasury, as provided for by law when the works involve such large sums.





PROJECT MANAGEMENT

It has also been a particularly active year for project management. **We have held our rating among the top five Spanish companies according to invoiced turnover.** The specific action toward integrated projects has meant that we have also been carrying out large scale architecture and engineering projects in the construction sector, both with regard to civil and industrial, public and private works.

Within the **distribution sector**, works continues on project management of shopping centre projects at Jinamar in Telde (Gran Canaria), Málaga, Abadiño and Portugaleta for Eroski, and Alegra in San Sebastián de los Reyes (Madrid) for Neinver. Along the same lines we have continued working on the Zaragoza IKEA up until the official opening date, whilst also working on the one in A Coruña. Cooperation with Inditex both for shopping centres and for logistics warehouses and offices has been kept up with action taken in Mecó, Tordera and Sabón.

With regard to **singular buildings** we have continued with integrated management of the project and works at the Balenciaga Museum in Guetaria, for the foundation of the same name, those at the Santa Caterina market and for the Quatre Camins Barcelona Prison Centre at Girona for GISA and the Llotja in Lleida.

Under this section dealing with one-off actions the **Overall Project Management** for all the works at the International Expo being held in Zaragoza from June 2008 onwards. The substantial investments, tight deadline and requirement to coordinate a large number of companies, suppliers, architects, engineers and each and every local project manager has been a great challenge which we are facing up to forcefully and keenly.

Despite the symptoms of slowdown we have continued to maintain a presence in the **residential buildings** sector and carried out construction management or project consultancy and works on a large number of promotions in 2007 for public clients and for some of the main property companies acting in our country, such as EPSA, Regesa, Sacresa, Riofisa, Nivell Superior, Artea, etc. Our work abroad is of special significance,

where we have started work on the first stage of a large promotion of homes in Constanta (Romania), for AMD Business Imobiliare, becoming a significant renown partner as a result of our presence and commitment to the local market over more than ten years.

In the **service sector** we have gained some new contract such as the professional offices at Bonaire (Valencia), for Riofisa, the building at Gran Vía nº 4 and offices for the OCU (Office for University Cooperation), in Madrid, and the Aerópolis building in Seville. We have also been working on the Vilafranca hospital for GISA, and on firefighting facilities in Torelló.

With regard to the **industrial works**, we have gained new works such as the warehouses for AIF Lincoln at San Fernando de Henares (Madrid), the extension of the Solán de Cabras facility in Cuenca, the Toyota facility in Sagunto, the two solar power facilities at Almuradiel and Manzanares (Ciudad Real) for Sunpower, a soya facility at Karrantza for Arka, a new warehouse for Galicia Auto Estampación at Rivadavia and several jobs for Citroën in Vigo.



Overall Project Management at Zaragoza Expo 2008

The Joint Venture EPTISA SECI is working on the last section of works for the event

Works at the EXPO have continued at a good pace. Planning forecasts have been adhered to and everything is in place to guarantee inauguration in June 2008. The Overall Project Management the event organisers introduced in Spain has thus proved effective.

This organisational body has ensured compliance with deadlines, quality and forecast budgets, acting to coordinate the teams involved in each specific action. A works that includes such a large number of varied infrastructures and buildings needs one sole point of responsibility, falling to a multidisciplinary company able to add in resources of all kinds,

either on a one-off or ongoing basis, with a large variety of specialist skills available.

Neither should be forgotten that, as well as the event itself taking place, this is effectively an urban development operation designed for the purpose of recovering the Ebro river and the Ranillas Stream for use by the city. Every step had to be planned to make the maximum use of the tight works deadline in view of all the restrictions. The Zaragoza Expo organisation needed right from the planning stage to outsource a major part of the professionals it required, which is why it contracted EPTISA before it even started, to carry out the Logistics Plan.

The works affect almost the whole of Meandro de Ranillas. There are in total some 150 hectares, of which 25 are areas strictly set aside for the Expo with the remainder being public spaces and garden areas called the Metropolitan Water Park. In terms of buildings, the area will have:

- The outstanding Water Tower
- All the buildings organised within the general superstructure and which will contain the pavilions with country exhibits
- The Aragon (8,700 m²) and Spain pavilions (6,000 m²)
- A 22,000 m² Conference Centre
- The largest river aquarium in Europe, measuring 6000 m²
- The so-called Bridge Pavilion, which will stand on both sides of the River Ebro
- A series of staffed buildings located outside the Expo area itself

Additionally, the Joint Venture is responsible, among other projects, for the Metropolitan Water Park with regard to coordination of works. At this time, our work is providing such good results that several different administrative bodies are continuing to have us take charge of new actions, such as the

Ebro weir and Vadorrey footbridge downstream from the Pilar Basilica for stabilising the water sheet, recovery of the Ebro coast near the Puente de Piedra bridge and river navigability works.



INTEGRATION OF MEASUREMENT AND CONTROL TECHNOLOGIES

2007 was a year for consolidating diversification strategies carried out in earlier years by **the Department for Integration of Control and Measurement Technologies**. The two Autonomous Communities selected as being the strongest have produced excellent results and served to consolidate our presence. Although various different types of work were carried out in each, business activity has been particularly outstanding with regard to each of them.

In the case of **Catalonia**, it was the auscultation system for urban works installed in the Terrassa railway. The success of this has helped the product to take off and resulted in contracts for further works both in the Catalan capital and in **Madrid**.

With regard to **Andalucía**, we have continued to build our presence there with very diverse works. One should point out those involving hydraulic works, providing instrumentation for some of the largest dams being built in our country, particularly those at La Breña or Los Melonares.

As far as **the international business activity** is concerned, work is ongoing in **China** to supply high-tech equipment to the Universities at Chuzhou and Zhoukou. Equally, as part of the strategy of creating a presence in **Eastern Europe**, a strong sales effort has been carried out focussing on **Turkey** and **Romania** and we expect this to bear fruit over the course of this year.

The remaining business activities have maintained their market share and produced some improvement to the products we provide. This is the case with **maintenance works on high voltage cables**, where contracts have been extended for Red Eléctrica Española and Grupo ENDESA, whilst the services being provided to them have been improved using an innovative laser-based technology which forecasts possible further problems relating to distances between cabling and the

ground, vegetation or any other factor where proximity might mean the installation becoming seriously affected.

Works on **Mesh-Wi-Fi networks** continue to gain ground in the market, partly due to this technology having become popular and partly thanks to the substantial sales activity undertaken over the course of 2007. The Valdespartera Ecocity network has been completed, where we have been assisting with the introduction of control and measuring equipment for networks management, using a remote system that allows to continuously update the information for several different services, such as water management, weather forecasting...

A substantial degree of activity has continued in **Measurement and Control Systems**. One facility particularly worth mentioning here is that installed in Gran Canaria where the Local Island Authority or Cabildo is the end client. This facility is particularly precise and technologically advanced and makes it possible to keep aware of water resources on the island, with complex orography, using a series of established control points configured to raise alerts if anything occurs and thereby avoid placing the inhabitants at risk.

Cooperation with the Ministry of Defence has continued with regard to **industrial testing equipment**, using a series of equipment testing systems along the same lines as other previous works. Lastly, it is important to mention that our commitment to innovation continues, demonstrated by termination of the weighing system for powdered materials. This has been successfully marketed, with over 300 introduced into plaster storage facilities in 2007 and the client portfolio looks likely to continue to expand at the same pace or even faster during 2008.



Computerised auscultation on railway works at the city of Terrasa

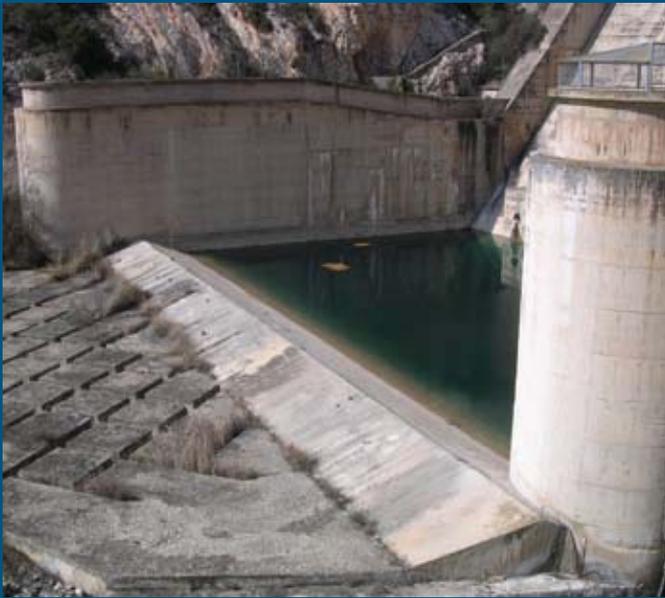
Instruments for tunnel control in Barcelona increase security of works

The double tunnel excavation which will extend the railway line to Can Roca has had a complex system of instruments capable of detecting the slightest movement on the ground and on the surface which might be caused as the tunnelling machine goes past. This provides the works management with real time information of the effect of works on the ground and the way these are affecting a security perimeter of between 30 and 50 metres.

The auscultation system comprises real time measuring equipment and other periodic controls. The final purpose of the installation is to know the effects of underground work on the subsoil and surrounding area, particularly with regard to nearby buildings, making it possible to react to possible effects by applying reinforcements to the ground and regulating the tunnelling machine's speed.

This has been installed all along the line, as well as at four stations where works are in hand (Rambla, Parc del Nord, Vallparadís and Can Roca). The analysis is being carried out on three levels, underground, at street level and on the facades of affected buildings. The most unusual are the computerised theodolites: equipment provided with a laser that sweep the area according to a pre-programming, bouncing off small prisms placed on the building facades. This gives a three-dimensional reading on the building positioning and its movements.

Information is transmitted by MODEM radio, Wi-Fi or GPRS to a web page which can be accessed by the technicians. It also has an alarm system which goes off if dangerous movements are detected and is therefore a crucial element for guaranteeing maximum security of the works. This is an example of instrumentation that combines several specialties in which EPTISA's Integration of Measurement and Control Technologies Department is an expert in, and which has already received several new orders for other works in Madrid and Barcelona.





SERVICES



Services

Despite the fact that 2007 saw the property promotion and construction industry come to a standstill, rather more abruptly than was expected, the EPTISA Services sector, dedicated to turnkey projects, has been practically able to continue to maintain both its sales turnover and the financial result from 2006.

It has been possible to keep up business activity within the residential design and development sector throughout this year. The challenge has been learning to diversify our business activity **and to reinforce services provided to the industrial and service business sectors**, fostering collaboration with other EPTISA areas and opening up markets in preparation for the forecast slump in future likelihood of new dwelling construction.

Under this policy work commenced during 2007 on the development of two residential care homes for the elderly, the first of these at Sama de Langreo (Asturias), providing 120 residential beds and the second at Coirós (La Coruña),

providing 60, both in joint arrangements with the Health Care sector and EPTISA engineering teams.

As far as the industrial sector is concerned we are building a warehouse to give a surface area of 2,430 m² that will operate both as a warehouse and Renault Dealership for Talleres Almagro.

Turnkey Projects development has continued in both Andalusia and Galicia. Two buildings, one with 118 and the other with 44 dwellings respectively have been completed and the keys handed over, at Cañada de los Cardos (Teatinos) in Malaga and 48 single family dwellings in the Municipal Area of Laracha in La Coruña. Equally, this year has seen the commencement of Stage 3 of the Teatinos development comprising 39 dwellings and Stage 2 of the Laracha development involving a further 14 single family dwellings.

EPTISA designs and develops a housing project near Coruña

The Urbanisation comprises 88 houses



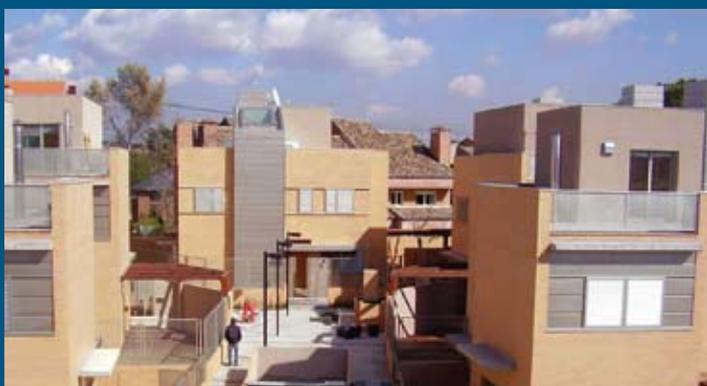
Continuing with the Business Sector of Design and Development carried out over the last few years by EPTISA Servicios, a substantial portion of the Monteclaro Residential Urbanisation project has materialised over 2007, located within the Laracha municipal area.

The residential urbanisation, located some 23 kilometres from La Coruña, comprises among other uses and facilities for 88 single family dwellings, a shopping area and land plot area for rotational use.

During 2007 work was completed on 48 of the detached houses and these were handed over to their owners for them to enjoy with all the installations in full working order. Work also commenced this year on a new phase comprising 14 units that are proving to be a great commercial success.







INFORMATION AND COMMUNICATIONS TECHNOLOGIES





The Information and Communications Technologies industry **has continued its positive growth of the last few years, forced along by corporate information systems, where the trend has been to integrate applications**, both with regard to introducing geographic software and also with regard to any type of consultancy. It continues to provide a large amount of work and opportunities for our companies.

Another fundamental tendency which explains the success in this area has been **Web technology 2.0** which allows work to be carried on from multiple users, which has meant a substantial increase in real time data deriving from the growth of applications for mobile devices (field work, localisation, etc....), useful for the widest range of sectors.

One could say that it has been public bodies in the main that have gone for this line of work, investing in programmes that will increase availability of information on the part of citizens. Their commitment to greater transparency and more user friendly technology has led to the creation of a multitude of developments aimed at making it possible for the user to consult, download and even to work on professional projects.

In this highly competitive environment which is nevertheless full of opportunities for our companies, the sector results have improved further over last year, with **a growth factor of around 20%** and an equal figure for growth in personnel. Although our major presence on the public market has been maintained, it was the private sector which made that growth possible. By

geographic area, billing has doubled in Catalonia, and this has caused us to offer localised services in the area.

GEOGRAPHIC INFORMATION SYSTEMS

The commitment to diversification and innovation, together with product development, is bearing fruit. New lines of work have been added in on top of the traditional services offered, particularly concentrating on private sector demands. Thus, developments have occurred in R&D to integrate our products with Business Intelligence tools (**Business Objects, SAS**) and ERP (**SAP, Maximo Spatial**), heavily used in financial industries and departments. Along the same lines, **marketing departments have been targeted with the adaptation of an ESRI solution, Business Analyst**, to the Spanish market for business analysis.

One of the advantages of this strategy lies in the growth of **new partners** specialising in the solutions we provide. This type of distribution has reached 30% in relation to Geographic Information Systems and continues to be a one of our priorities for future financial years, through the alliance plan for fostering integration with Microsoft, IBM y Business Objects technologies.

One should equally, with regard to said diversification, mention the increase in **Training activities**, which have doubled their turnover. In 2007, over 2000 professional

attended ESRI courses, some over the Internet using the e-aprendo platform. The courses offered have improved with the creation of training itineraries permitting a greater fit with market demands.

By sectors, one can identify the three which have been most significant for our business activity in Geographic Information Systems. One is the **Financial** sector, where contracts have been achieved with CECA (Spanish Federation of Savings Banks), offering an Geographical Information System for all Savings Bank federation associates; Caja Madrid, which uses a GIS to facilitate various types of information to cash point users; and Caifor, who insure the Caixa bank. We have also seen a significant increase in **Distribution**, with contracts for Correos (Spanish Post Office) and Carrefour, integration with Business Intelligence systems for learning about customer habits, and **public Transport companies**, with involvement in bodies running these in the two main Spanish cities, EMT (Madrid) and TMB (Barcelona).

As far as the traditional sectors are concerned, we have maintained the same market shares as in previous years. In the case of the **Defence industry**, we remain the industry benchmark. With regard to **Health**, we have provided our products and know how for optimising resource planning for client care and epidemiology.

A sizeable amount of business activity has also been seen for centres connected to the emergency services, from UME to 112, in a large number of Autonomous Communities and Local Authorities.

CONSULTANCY PROJECTS

Within the organisation undertaken throughout EPTISA over 2007, the furthest reaching changes can be said to have taken place in the **Information and Communications Technologies Department** in adapting their business activities for project development to new times. All their activity was structured in the most efficient manner in order to provide a service best adapted to client needs and to a market which grows ever more complex as we effectively become a provider of the broadest range of services on any given kind of project relation to information systems for any particular organisation.

All business sales activities have been restructured in the process of that reorganisation in order to be able to work on the most efficient structure according to client type: **Public Administration, Defence and Intelligence, Industry and Financial Services**. The production department, for its part, has restructured itself into Skill Centres: **GIS, Business Searches and Telecommunications**. In addition to this, it

should also be included the fact that the corporate areas of Innovation and Marketing, Quality and International have been set up.

With regard to new works, one of the most significant has been the Andalucian Health Service of the Andalucía Local Council, the Corporation Search engine for the Navarra Government, MAPFRE and the Galicia Autonomous Community Authority. Nevertheless, if any one project could be said to particularly stand out in 2007 this would without any doubt be the federated search engine for the Public Administrations Ministry, providing us with an opportunity to work at one and the same time with the other Ministries and with many other public bodies and this has given us a valuable point of entry into those that we had not worked with to date.

Further beyond that success, however, it is important to point out that the majority of our clients continue to have faith in us. Many of the most notable projects of previous years have led to new stages or works. This has been the case with the Ministry of Defence (renewal of the SICAMOFAS project), Canal de Isabel II, Barclays, Telefónica, and the Madrid and Castilla y León Council Local Authorities.

STRATEGIES FOR THE FUTURE

Our commitment to get closer to the client has led to new offices being set up in Leon and Cordoba. Although these centres are in the process of growing, they provide us with the additional advantage of having an important relationship with local Universities, and have also become a growing ground for the best professionals and points from which to broadcast our name and the technologies we offer. It is these things, together with alliances with American companies MetaCarta (who we furthermore used to introduce geo-search engines in Spain) and ADAPX, as well as the Uruguayan ICA Consultores, that will open up new markets for the future.

In addition to all this, of course, is the tremendous sales task which is set out as always at **the Annual ESRI Conference**, and also with our presence at important for a such as Tecnimap, the Public Administrations Information Technology fair, or the IDE Open Days, fora dedicated to Spatial Data Infrastructure in Spain.

The results of this reorganised sales activity was reflected in an award that goes to prove the excellent task we have carried out, granted by one of the most important companies in the world, the **"Award for outstanding achievement in Search"** awarded to us **by Google**. The fact that we are considered to be their best European partner for business search engines is true praise possibly anecdotal but nevertheless significant, for the strategies we have been following over the last few years.



060.es Search Portal

EPTISA has provided the Spanish Public Administration with a tool to pool all its data centrally

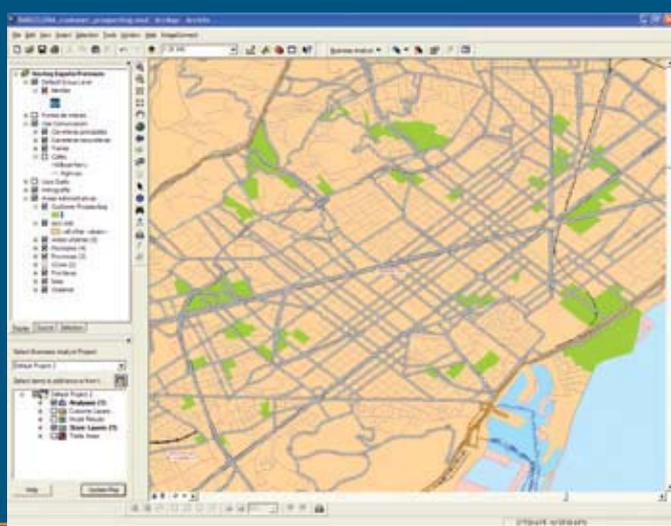
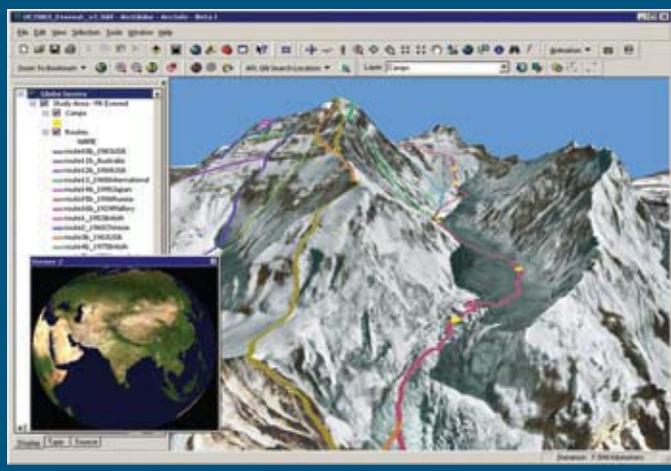
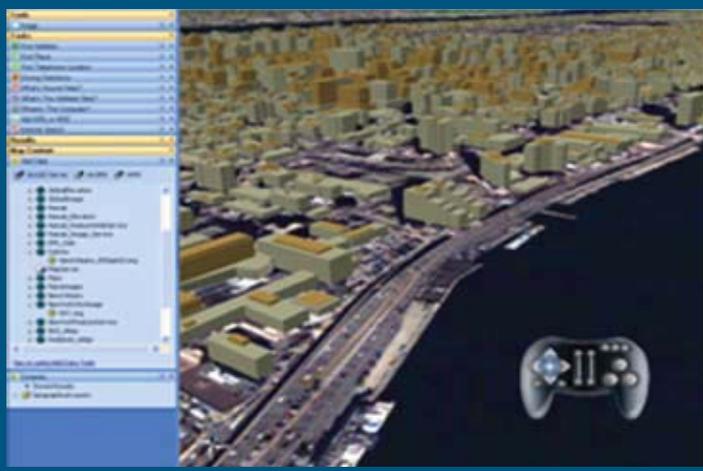
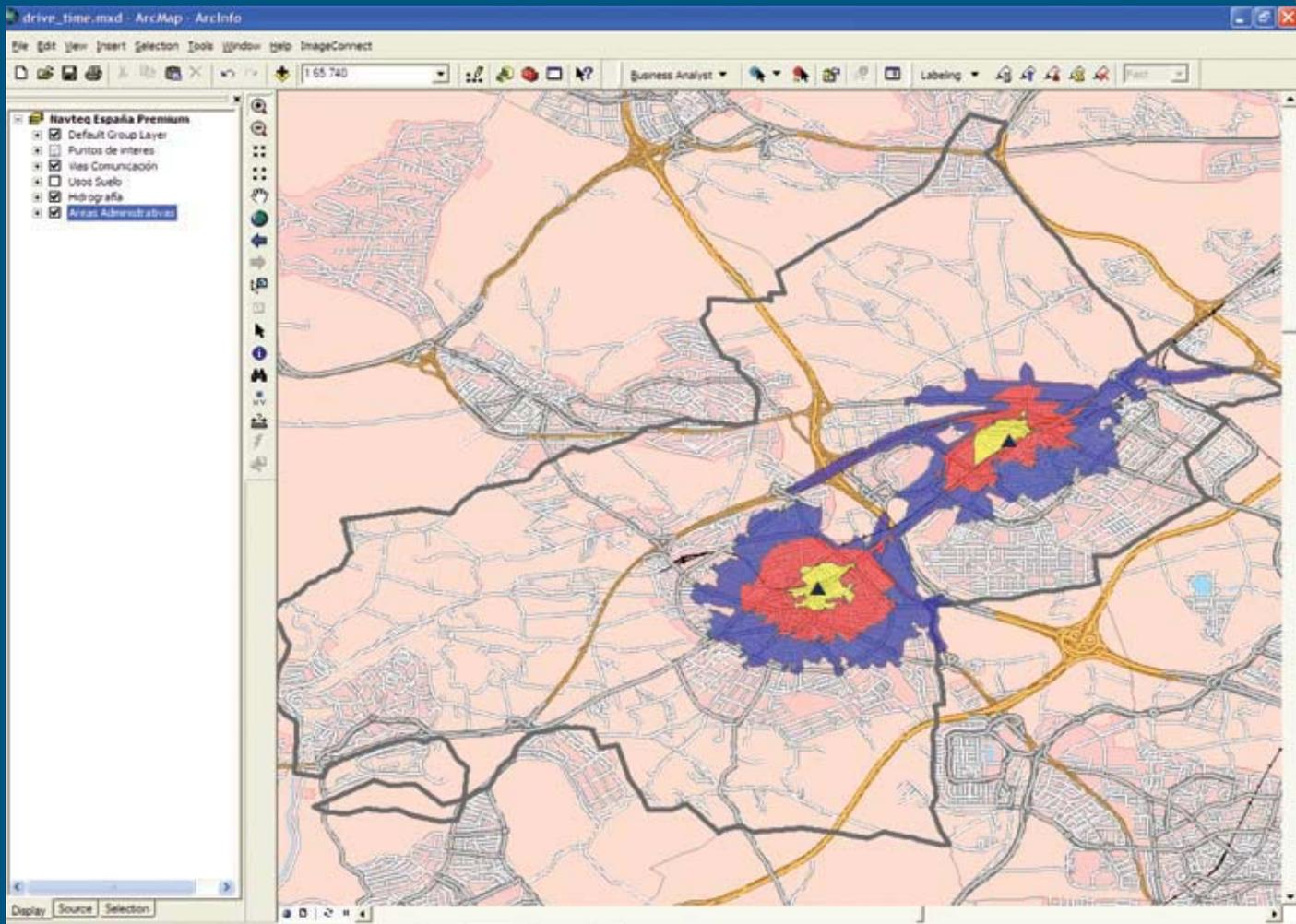
EPTISA Information Technologies has developed a new federated search engine for the www.060.es portal. It consists of a web page from which citizens and companies alike are able to access the more than 300 electronic services currently offered by the Government.

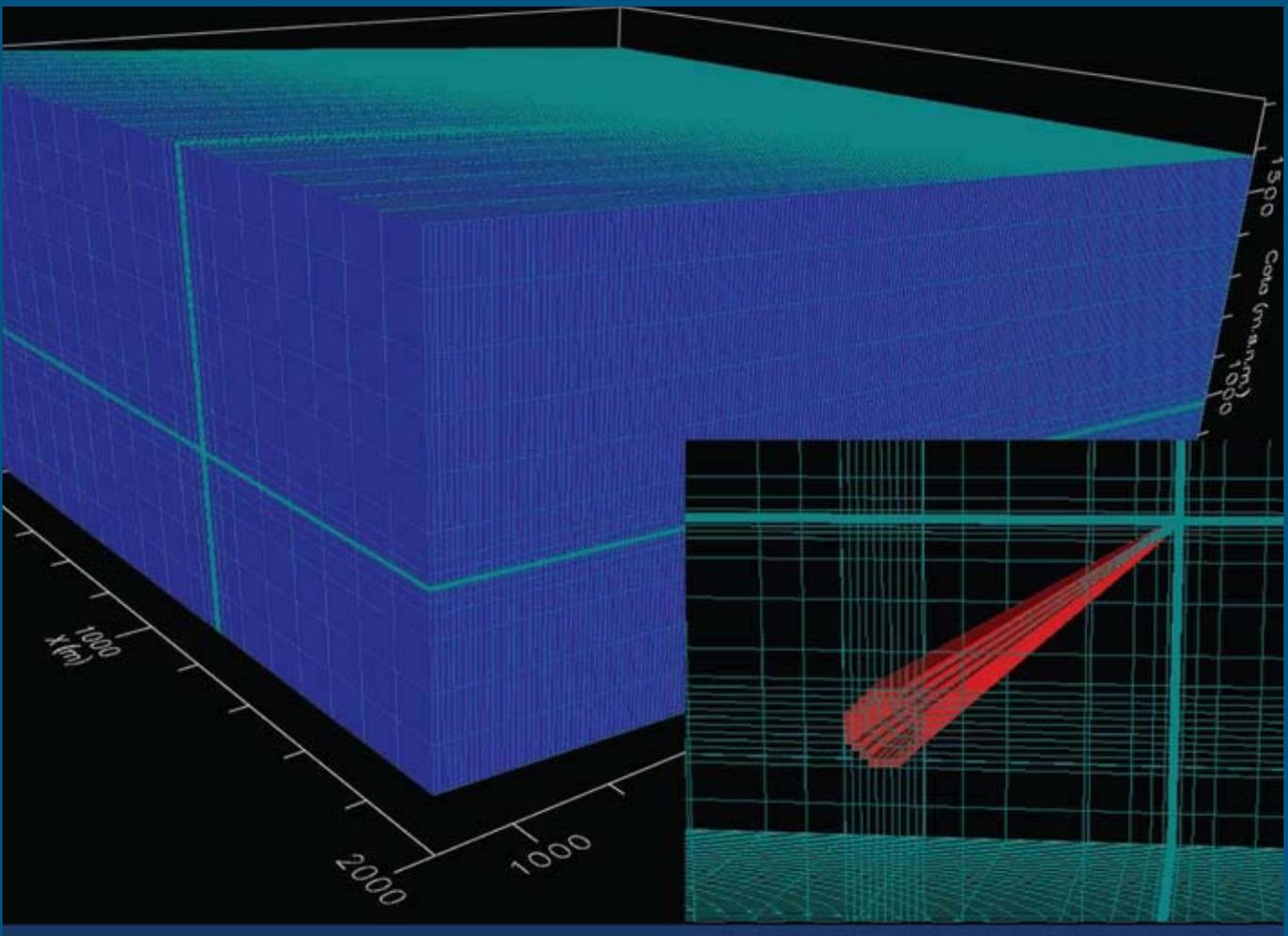
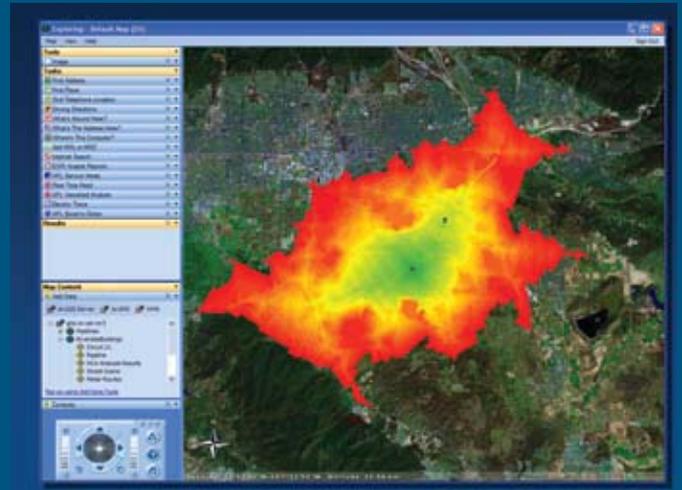
This has been developed using the latest advances in search engines and has provided the website concerned with an interface through which it can directly and intuitively access the different official steps offered by the Spanish Public Administration bodies over the Internet. In view of the fact it is federated, it has been designed to allow further additions as new services are developed.

Apart from the unquestionable advantages for the citizen of having all the information available through one single port of entry, the tool has been designed with the latest search engines using natural language, making it friendlier for any user no matter how inexperienced they may be.

Equally, it is a magnificent tool for use by the Administrations themselves, in that it will be providing a large amount of both quantitative and qualitative information about the items citizens are searching for and will also make it possible to adapt responses and extend the services which arouse the greatest interest.

This project has further given our Information Technologies department a great platform from which to enter one of its key markets, Public Administrations, many of which already work with our developments on their own websites or information systems and they are now able to gain a greater and more integrated vision which will enable them to better adapt their requirements to the end user of their services, i.e. the citizen.





HEALTH CARE



Health Care

Ever since the centres owned by EPTISA Health Care area became fully occupied, the strategic focus has been to seek diversification both with regard to activities and geographically. As part of **Plan 10**, the objective set by the company has been to triple the invoiced amount for this Department. The main lines to achieve this are to capitalise further on the Mental Health line and to break into new markets within the same sector.

Among these, the most noteworthy are the management projects for personality disorder units, work retraining centres and Special Care Centres for patients with serious and chronic illnesses. All this, while not forgetting the traditional activities as we form part of consortiums for the construction and management of care homes as technology partner and also our relationship with the Public Administrations enabling special agreements to be reached.

HEALTH CARE MANAGEMENT

As already pointed out, we are shareholders in the Residencias Nostem company for the construction and management of **two Centres located at Arrigorriaga and Balmaseda (Vizcaya)**. Completion and entry into operation are expected to take place during the first few months of 2008. A total of 372 beds will be managed there, doubling our current capacity and we expect these to be completed and operational in March and April 2009 respectively.

Having exported the same model, we have become part of a Construction, Management, Exploitation and Maintenance project for a Psychiatric and Psychogeriatric Centres at Sama (Langreo) partly subsidised with funds from the Programme for Economic Reactivation in the Coal Mining areas.

We have attracted shareholding from Sadim (Asturian Society for Mining Diversification), part of the HUNOSA Group, for this particular project and have the support both of the Langreo Local Authority and of the Asturias Social Wellbeing Authority.

Three EPTISA departments worked jointly on this project.

The Health department managed the project per se, while the Engineering department assisted with part of the design and the Services department, in conjunction with a local company, is developing the construction.

The special agreement with Madrid Community Mental Health Service further continues. This effectively means that we manage a total of 40 beds across two hospital units at our Arévalo facilities: a mixed patient Extended Stay Psychiatric Care Unit and the Psychiatric Residential Unit connected to the extended stay Psychiatric Care.



NEW DEVELOPMENTS

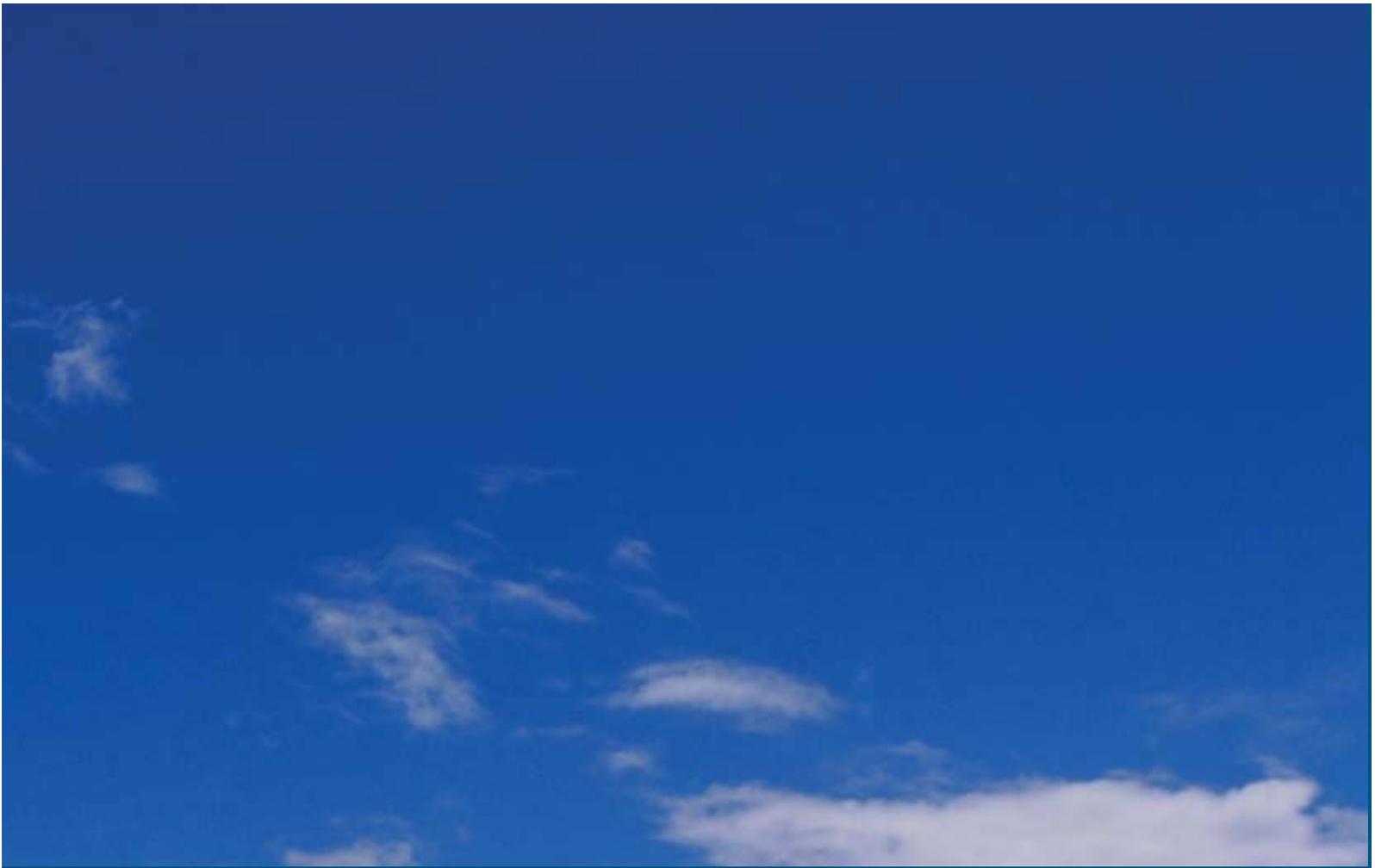
New activities within Specialist Health Consultancy have led to very different developments. On the one hand, EPTISA Health Care has been awarded the contract for managing the Madrid Salud Addiction Institute programme to provide methadone hydrochlorate. This body at the Madrid Local Council manages the manufacture, preparation and dispensing of that substance within 50% of the Municipal Network. Our team is equally responsible for managing Drug Addict Attention Centres, setting the quality standards to be applied in its daily operations.

Equally, an important sales task for strategic consultancy has been carried out for entities related to Health. The main market, logically, lies with the Public Administration and this has been the target of our initial tenders. Nevertheless work has also taken place throughout 2007 with private companies in this industry, carrying out market and feasibility studies in different geographic areas, such as in the case of Arco Atlántico Inmobiliario in the Bilbao and Alicante areas.

TRAINING AND PUBLICATIONS

In so far as training materials are concerned, essential for the purpose of gaining prestige in the industry, which will ensure that we are positioned as we hope to be in the market, we continue to be very active. We have broadened our relationship with **Madrid European University**, signing a specific collaboration programme and results of this are can already be seen in the following subject areas where speakers have been provided:

- Master in International Health Legislation. Health Law and Mental Health Seminar. Disability and Health Legislation
 - Podology Care Course
 - Optometry Care and Prevention Course
 - Postgraduate Masters Geriatric Physiotherapy II
 - Master in Drug Addiction Toxicology
 - Postgraduate in Clinical Psychology, under the Mental Health specialism
-



The other area of work publication work has been that we have continued with **our policy of editing specialist texts**. That activity, which is bringing us a great deal of prestige, has been led by our intention to diversify the disciplines taught in this regard, and we have managed, thanks to this, to demonstrate the overall potential our company has in expertise.

Thus, over the course of this year the texts **“Toxicology of Drug Addictions”**, coordinated by Santiago Delgado and Fernando Bandrés and **“Master Textbooks on Health Legislation”** have been published.

Lastly, making use of EPTISA Health Care experience in the industry, we put a Continuous Training programme in place for all our personnel, with the cooperation of various specialist training bodies. Throughout this year we have concentrated on the following subject areas: pressure ulcers, chiropody care, mechanic constraint, geroculture, psychiatric assistance and social skills for dealing with patients.

EPTISA Health Care handles methadone distribution for the Madrid Mental Health Programme

It prepares and dispenses the substance to all Drug Addiction Care centres across the Autonomous Community

EPTISA Health Care was the successful bidder in January 2007 for the special administrative contract to provide Methadone Hydrochloride to the Madrid Salud Addictions Institute Programme, through the Management of a Pharmacy Unit as well as Mobile Dispensing Units. The contract has been awarded for an initial period of three years, automatically renewable for a further three years.

EPTISA manages a Pharmacy Unit in charge of preparing the 1% Methadone Hydrochlorate, as set down under the Spanish National Formula, in accordance with the provisions of the quality programme presented. At the same time, it is in charge of four Mobile Units pertaining to Madrid Salud which, through a series of routes and stops, distributes and dispenses the Methadone Hydrochloride to all patients on the programme to use this substitute substance and within the Madrid Salud Care provision network.

The methadone is mainly given orally. It has been given out since 1992 on detox and maintenance programmes for people addicted to opium based pharmacy substances, particularly heroine, in the Madrid Community area.

This is supplied to various different Network points:

- Seven Drug Addict Care Centres
- Dual Pathology Centre (for people with other problems in addition to drug addiction)
- Damage Limitation Unit

EPTISA Health Care was awarded the contract having competed against some of the most powerful bodies in the social health sector, as part of its strategy of diversification toward specialist health and health service strategy consultancy and management.







CORPORATE DEVELOPMENT



Corporate Development

2007 has been a year full of important events. The fact that Magnum Industrial Partners has joined in our capital has served to finally set Plan 10 into motion, with a series of specific action programmes for all company areas.

Among these has been significant growth abroad, with special emphasis on countries with a similar level of development to Spain and which has in fact already taken place during this financial year, as well as a focus on R&D business activities, some of which also fall under this section.

Plan 10

A new and ambitious strategic plan for EPTISA has been prepared from the end of 2007 onwards, given the name of "**Plan 10**". This is in fact an adaptation of the forecasts for the 2006-2009 period, adapted to the new company circumstances for the company following the private equity company Magnum Capital Industrial Partners becoming a company shareholder and showing guidelines for attaining production of **461 million Euros in 2010**.

The aforementioned growth will be achieved by an increase over all current company activities, together with a programme of acquisitions to enable the services offered by the Group to be further deepened and diversified, revolving around engineering expertise. **The average forecast annual**

growth has been approximately 28%.

Insofar as organic growth is concerned, at the Group level this will be over **13%**, where it is expected that acquisitions will amount to production valued at **155 million Euros** in 2010.

An acquisitions policy has been provided for in order to achieve these figures and this will be in addition to the range of current services going into future markets and strengthen the company position both at a geographic level and with regard to services offered. The purchase of specific companies is intended to strengthen EPTISA presence in various Autonomous Communities. Equally, spectacular growth is expected in international activities, taking particular

advantage of the solid presence in Eastern Europe and diversifying in countries with similar levels of development to Spain hand in hand with Spanish concession holders and construction companies.

This ambitious Plan will serve as an operational guideline for all company action during the 2008-2010 period, for the purpose of positioning EPTISA as a leading Spanish company in engineering, consultancy and technical services worldwide.



New Shareholder Structure

Magnum Industrial Partners entered into an agreement last July with EPTISA, approved at the General Shareholders Meeting held on 26 of every month, for acquiring **60 per cent** of its capital. With an MBO carried out by a group of company executives, who took over the remaining 40%, the private equity company closed off its first investment in the Iberian market.

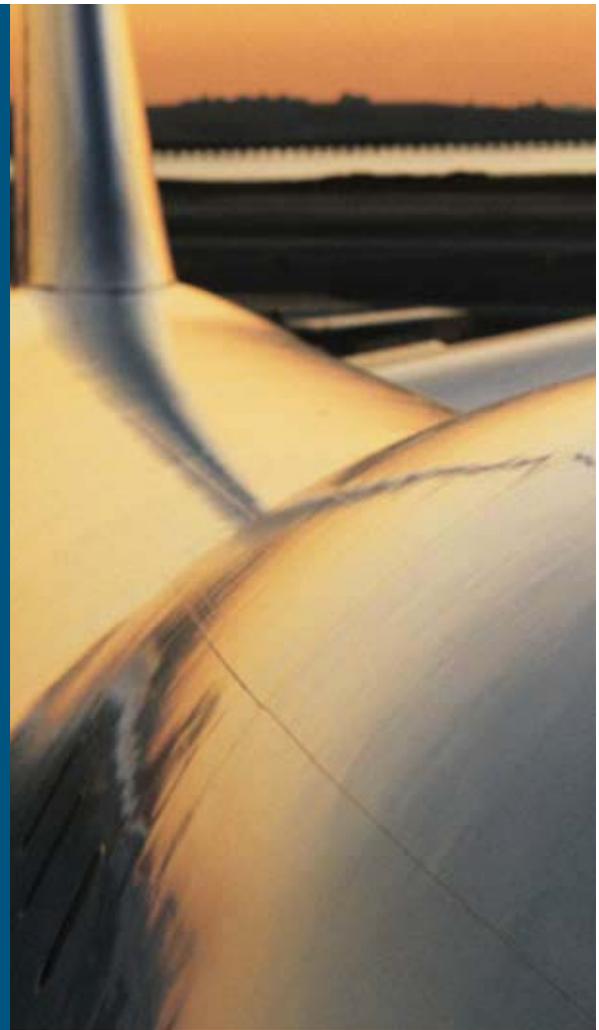
With this investment, Magnum wants to support our company and continue the company development taking advantage of the growth potential of its business activities in Spain and Portugal, as well as in other countries with a heavy demand for its business, providing financial backing for the spread set out above under Plan 10.

Magnum has funds available of over 800 million Euros between Iberian Peninsular and international investors. This investment meets one of its foundational principles, which is to invest as main shareholder in medium and large companies in the Spanish and Portuguese market.

Plan Crece

Throughout 2007, **the work of consultancy firm People Matters in EPTISA, under the title 'Plan Crece', has started to show its first results.** One must mention how successful the questionnaires have been, as they attracted a high degree of participation among our people.

The second stage will go ahead during 2008, setting out the markers to be followed so that that culture can be introduced making it possible to maintain and take care of the main asset of a company based on expertise, which is the people themselves.



The focus on **research, development and innovation** continues to be one of the main focuses for EPTISA in its **2008-2010** Strategic Plan. Improving procedures, developing more user-friendly for clients and increased safety and efficacy of works the company is involved in are the main objectives for developments which have taken place during 2007. The following should be pointed out in addition to the extension and improvement of some developments.

Solution for calculating earthworks on soft soil

A project is being carried out in collaboration with the Madrid School of Highway, Canal and Port Engineers Betancourt Foundation for **the purpose of designing and ausculting earthworks within works.**

In order to do this we have developed an innovative software calculation tool to gain knowledge regarding the behaviour of land areas that deform easily and the way they interact with the load on an earthwork being used to build on them.

The solution will be completed by a methodology which enables the development of earthwork works to be monitored using real time checks. This means that decisions can be made

regarding actions taken throughout the works and up until the final height of the earthworks has been achieved according to design. The final aim is for this tool to be useful as part of the auscultation plan, with the subsequent increase in safety and optimizing of resources.

Model for underwater flow for controlling the way this affects tunnel construction

The basic purpose of this project is to review and **predict the hydrological operation of subterranean waters** and the way that the aquifers act when they are subjected to tunnel construction.

A numeric model has been developed for this purpose comprising the necessary variables and parameters, as well as the operational laws so that water behaviour can be simulated when a tunnel is being bored.

The project is being developed in such a way that enables more to be learned about the parameters and factors which control underground water movement in the aquifer overall and to set out a reference framework for integrating and

organising the data collected to enable hypotheses to be drawn up regarding the least known aspect of the system dynamics.



Weighing system for powdered materials

The project for a system to weigh loose powder materials was completed in 2007. This involves complex instruments **which enable to know the degree of fill of silos for storage** of this kind of material and makes it possible to set automated processes in place on the basis of information obtained.

Once this was completed, then the outcome was tested by marketing the product and this has been successful. In 2007 alone over 300 uses in plaster storage facilities were achieved and the forecasts and initial results in 2008 confirm that the client portfolio will continue to grow at the same pace or faster still.

Integración with Financial Management Tools

Among the many company developments in the Field of Information Technologies in order to better adapt its products to client demand, the most relevant have been those with a tendency for integration with financial management tools. The most relevant solution have revolved around **Business Intelligence products** (Business Objects, SAS) and **ERP** (SAP, Maximo Spatial). This has served to open up an extensive market in financial departments, where georeferencing provides crucial support for managing company networks, which can further be combined with other elements of overall company information.

Along the same lines, emphasis was given to marketing departments adapting an ESRI solution, Business Analyst, to the Spanish market for business analysis. This is a simple and powerful tool for analysing and extracting conclusions regarding the location of clients and various forms of adapting what can be offered to a company for its needs and customary practices. This has been particularly well received over the first months of marketing in Spain.

International Business Activity

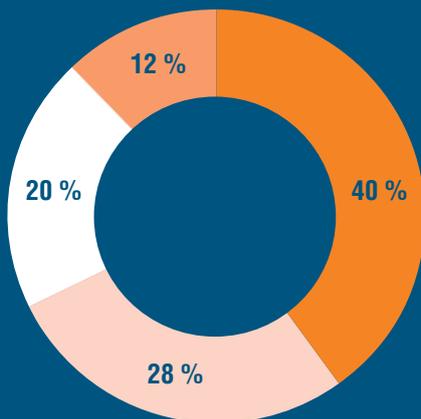
Financial year 2007 particularly saw solid growth that has served to reinforce EPTISA as a top Spanish civil engineering firm in so far as international presence is concerned. **Receipts were up by 27% over 2006.** The portfolio of international projects, as at year end, showed an increase of **30%** year on year, surpassing for the first time the figure of 60 million Euros and spread across the more than **30 countries** where EPTISA has been carrying on business.

The strategies that have enabled this growth to take place have been adaptability and proximity to local clients, maintaining high quality standards of services and diversification across markets and products.

One must also give due importance to our continued collaboration with European promoters in the construction industry in Eastern Europe and with large Spanish property dealers as they expand nationally. The trust that has been placed in EPTISA by the Greek Government is extremely important within the scope of the aforementioned targeting of countries that are at a similar stage of development to Spain, given they have awarded us the task of monitoring the quality of their new Infrastructures Plan, co-financed with European funds.

This section sets out developments achieved abroad through the auspices of subsidiary companies in place locally according to geographic criteria, thereby complementing the projects referred to in the sections dealing with the various different EPTISA business activities.

Distribution by Geographical Areas



Eastern Europe	40 %
Western Europe	28 %
America	20 %
Africa/ Asia	12 %

Head Offices



Central and Eastern Europe



Possibilities for these markets continue to be optimistic, as political stability is being ensured and there is a tremendous commitment in these countries to progress in connection with Europe. The recent adhesions have become the axis for development together with the countries whose membership is already in progress, such as those that have entered into agreement for Association with the European Union. **This involves a market comprising over 122 million people with an even more stable judicial and commercial framework and convergence with the European Union.**

Within this context, there has continued to be strong growth in 2007 of our presence in the region. Spearheaded by the subsidiary companies, business turnover has increased by over **50%** with regard to 2006 confirming our position as a leading engineering company in the water, transport and construction management sectors.

This substantial quantitative growth would not have been possible were it not for qualitative factors such as the human team, a flexible management system and a clear commitment to using local resources. A new local area branch was opened up in Sofia for this very reason, adding to those already in place in **Bucharest, Belgrade and Ankara.**

Our capability of providing services in these markets has attracted the trust of the private sector, where our market share has been growing year on year. 2007 drew to a close with an employee staffing level of over 100 persons across the four local area offices backed up by a further 150 professionals contracted to develop specific projects.

ROMANIA

Our business activity in Romania has continued to grow as it has over recent years. This has allowed us to deepen our strategy of drawing closer by means of opening up regional offices. Region 4 South-East was inaugurated, with its headquarters in Craiova and Region 6 North-East with headquarters in Cluj.

Permanent staff levels have also seen an increase of some 70 employees, in addition to which one should bear in mind a further 60 professionals contracted to work on the projects.

The activities which can be said to have helped the most in increasing our presence have been those in the Water and Environmental sectors, where we have attracted a substantial number of contracts with regard to supply. Particularly noteworthy are those relating to Suceava waste water

network and infrastructure (110,000 inhabitants), the organising of water and sewage services in the Timis region (317,000 inhabitants) and identifying and preparing projects to be financed by the Cohesion Funds in five country Districts, totalling a population of 1.5 million inhabitants.

If one adds these new contracts to those already being carried out in Craiova (340,000 inhabitants), Bistrita (86,000), Cluj (300,000) Ramnicu Valcea (120,000) and other smaller localities, **EPTISA has consolidated its reputation as a major water engineering firm in Romania, supplying some 2.1 million inhabitants amounting to 10% of the total population of the country.**

In relation to the above, the IMPEL project was successfully concluded, aimed at

environmental harmonisation and dealing with a market covering five Eastern European countries. Technical assistance for the I.P.P.C. and LCP European Union directives has also been provided and a Financial Resources Plan put in place and applied in the Water, Solid Waste and Biodiversity fields.

Another important sector has been **transport infrastructure**, where the combination of considerable experience in our own country in conjunction with knowledge of local Romanian reality has led us to increase our referral basis with several large Highway Safety contracts, such as the "Standards Road Construction, Design and Maintenance", and "Implementation of Road Safety Measures", while also providing advice to the Romanian Transport Minister for training staff in

Project Identification and Preparation to assist them in gaining European Union funding.

Lastly, the large scale construction industry activity being undertaken at this moment in time in Romania has provided us with several different design contracts for the residential sector and Health Care centres for the elderly, mainly in the cities of Constanza and Bucharest and these also provide Project Management and Works Supervision work. Equally, our understanding of local reality has helped us to attract work in management and town planning permits for residential projects in new areas, a very important task as far as this particular market is concerned.

BALKANS

The growing consolidation of our presence in the Balkans, where we have a substantial portfolio of contracts financed through the European Commission Pre-Adhesion fund, have led in 2007 to the need to considerably expand our staff in Belgrade. **It is important to note that work has been obtained in strengthening institutions, water, environment and transport, throughout all the Balkan countries**, which gives some idea of the successful sales and technical work carried out by our team in the area.

Along these lines, a feasibility study for a network to cross the country from East to West and the support project for the Public Health Institute laboratory network have just been completed in **Serbia**. We are also continuing to design and put into operation a large Hydrographic Information System at the national level.

The main projects in **Bosnia** have revolved around water: the project for improving management of the water basin at Neretva, financed by the Spanish government and a further study was contracted to review feasibility of the EDAR in Bihac.

We have won the tender for a new phase of the support project for the Environmental Ministry in **Montenegro** for setting up the Environmental Protection Agency and management of the BEI loan for developing the hydraulic infrastructure.

We provide consultancy services in **Albania** to the Ministry of Agriculture for setting up and managing agricultural cooperatives. Equally, we have continued to set the standards for highway design and construction standard and started another project aimed at facilitating the creation of SMEs by improving local government information and management services.

In the Former Yugoslav Republic of **Macedonia** work has been particularly successfully concluded on recovery of contaminated grounds areas, which we hope will lead to multiple investments, both public and private.

Our project supporting the Energy Ministry in **Kosovo** has continued to be successful and a new task has been contracted for improving the capabilities of the Environmental Agency and the various different local administrations in order to effectively introduce European Directives.

We won the tender for preparing the "Master Plan" for building the Sveto Brdo winter tourism complex which, with a planned investment standing at 56 million Euros, will be the only resort for winter sports in that country.

TURKEY

2007 saw the completion of EPTISA set up in **Turkey**, at the same time as we won several tenders to provide technical support work to local government management companies and water supply companies.

Early on in the year we were on the awarding body for an important project financed with EU funding for solid waste management and supervision of the construction of a new tip as well as shutting down the old tips in the city of Çanakkale (Northeast Turkey). This was considered to be pilot work in a sector which is hardly developed in Turkey such as waste management and this places us in a privileged position for continuing these business activities on an ongoing basis.

BULGARIA

Bulgaria has been the latest country to join up with the strategy for local implementation in the Eastern European countries, setting up their own delegation halfway through 2007. The objective is both to take advantage of and to improve our market share within the country as well as positioning to serve as a reference in areas such as Construction Management.

For the time being, the most important tasks have continued to be those related to environmental activities and financed by the European Union. Work has been carried out for the Environmental and Water Ministry in setting up the "Regional Solid Waste Management Units" in the regions of Montana, Ruse and Siliistra. For its part, the Ministry for Regional Development asked us for a surveillance programme for subterranean water in the border region of Dobrudja.

Lastly, new work was contracted at the end of the year to support the Bulgarian municipal areas helping them to identify projects which might attract financing from Structural Funds in the environmental sector, and helping to improve the rate at which these funds are taken up in Bulgaria.



Western Europe



As set out under the Strategic Agenda 2007-2009, **one of the main EPTISA objectives is to be able to compete against the major international consortiums in highly developed countries.** The trend to becoming a strategic partner with Spanish local representatives and building contractors has meant a series of sales efforts being carried out which, up to the present time, have crystallised into a stable presence in infrastructure work in Ireland.

We have several contracts in that country, among the most important of which is a ring road around Waterford, 23 kilometres long, where we lead project management on design, structures and geotechnics. A regional EPTISA office was set up in early 2007, consolidating our presence in the country.

All in all, a total of ten contracts as consultants or for carrying our basic project work and drawings have been achieved, both for Spanish consortiums and also as advisers to the Irish NRA (National Road Authority).

Particularly important are a 59 kilometre stretch of the M3 and the M50 in Dublin, measuring 24 kilometres, where we carry out the same activities as in Waterford also doing the design, as well as supervising the works and certifying construction.

Equally, the efforts that have been made in order to follow through with this strategy throughout 2007 crystallised into a large contract as ESPEL (Specialist Consultant in Quality Control) in Greece, for guaranteeing compliance with European quality standards for Public Works. EPTISA is in charge of supervising and controlling all infrastructures (metro, train, highways, ports and airports) built by the Greek government with European Union finance over the next three years.

America



Technical Support services for major Cooperation programmes, both Technical and Development related, have continued to carry on intense activity throughout 2007 in sectors such as Local and Rural Development, Cartography and Environmental Management, Water and Sewage, as well as disaster prevention and reconstruction.

Equally, as a back up to the traditional technical and turnkey project services, consultancy in the field of Economic Development has been stepped up alongside business activities in the field of international cooperation, Sector Development and Budgetary Support, thereby turning EPTISA into an international company of renowned prestige in both fields.

MEXICO AND CENTRAL AMERICA

In **Mexico** we have continued to provide advice to the Ministry for National Social Development in Chiapas for implementation of the sustainable integrated economic and social development programme.

In **Nicaragua**, Technical Assistance to the PROMAPER Programme is continuing to be provided at Ciudad Sandino, supervising 70 Kms of sewage network and a waste water management facility with a capacity of 6,050 m³/day. The SECO project, centred on the area of strengthening national institutions and public finance management, funded by Swiss Cooperation, has been seen to work well.

As far as the **Dominican Republic** is concerned, one must particularly mention the Technical Support we provide as advisors to the Government for designing and implementing the programme for support in the education sector. The ISPRI project has been contracted in this regard to provide support for the regional integration of the Dominican Republic with the EC, aimed at supporting negotiations with the EPA and improving its integration into CARICOM.

Technical Support has also been contracted in the Dominican Republic for the General Mining Bureau in order to strengthen it at institutional level and for setting up a National Geographic Services, within the

It is important to point out **the major presence in Central America** and to emphasize the importance of the trust that the European Union has placed in EPTISA, by renewing its services for a further three years as External Supervisor for the European Union's own programmes in Latin America. This contract as leader of an International Consortium means following through on 270 projects each year over a 3 year period in 30 countries in the Latin American, Caribbean and Pacific Region.

Training activities directed at civil servants working in development agencies has also continued in parallel with a focus on new instruments for cooperation and public-private alliances.

EU-SYSMIN Program, with the collaboration of the Spanish IGME.

The project to support institutions with responsibilities for youth violence in **El Salvador** is ongoing.

Work is being carried out in cartography and ortho-photographic generation services over the whole territory and this will serve as a basis for carrying out future land registration. Equally, we continue to develop Technical Support for the GAM Program, involving town planning for the San Jose Greater Metropolitan Area.

For its part, in **Panama** and as a continuation of tasks in Darien, we were contracted to carry out the Rural land

Registry for the Azuero Peninsula (200,000 Has), the Land Registry at Corregimiento de Tolé (18.000 Has) and the Land Regulation of Rural Areas for the Boquerón, Bugaba, Barú and Renacimiento districts in the Chiriquí province, as well as the Land Registry and Ownership Mapping for the Panamá Metropolitan Region. Consultancy services have also commenced to advise the Judicial Body with regard to strengthening and modernisation, having successfully concluded the project to improve the prison system. These tasks serve to reinforce our already wide international experience in Cartography, Land Registry and Geographic Information Systems.



ANDEAN COMMUNITY AND BRASIL

Work stopped on developing the Disaster Prevention project and Social Development in the State of Vargas in **Venezuela**, integrated involvement in the field of disaster prevention which constitutes one of the most outstanding actions in international co-operation.

In **Ecuador** work has started on distribution network works for the turnkey project for supplying water at the Santa Cruz and San Cristobal Islands in the Galápagos Province in collaboration with the FCC group.

Business activities have been developed in **Brasil, Argentina, Uruguay, Paraguay, Bolivia** and **Colombia** to evaluate and monitor coope-

ration projects, financed by the European Union. We are continuing to carry out a feasibility study for the Train Link between Fortaleza and Mucuripe in Brasil.

In **Peru**, in the Tourism and Environment sector, works have concluded to enable a feasibility study to be carried out, financed by F.E.V. funds, regarding exploitation of the Quistococha (Iquitos) Theme Park, in the heart of the Amazon.



Africa



During 2007, cooperation has been centred on **Angola**, where the Technical Support project to the Ministry of Agriculture on matters of food safety is ongoing since 2005.

A major project for Integration of Measurement and Control Technologies with the O.N.E. (Office National de Electricité) is being developed for maintenance of High Voltage Electricity Cabling.

It is worth mentioning the inclusion of EPTISA by USAID in the Framework Contract, within the Consortium led by Booz Allen Hamilton, over the next 4 years, as a multi-country activity in Africa over 2007, with a budget of up to 200 million US\$. The objective is to

provide institutional back up, training and consultancy for the fight against AIDS in 12 African countries.



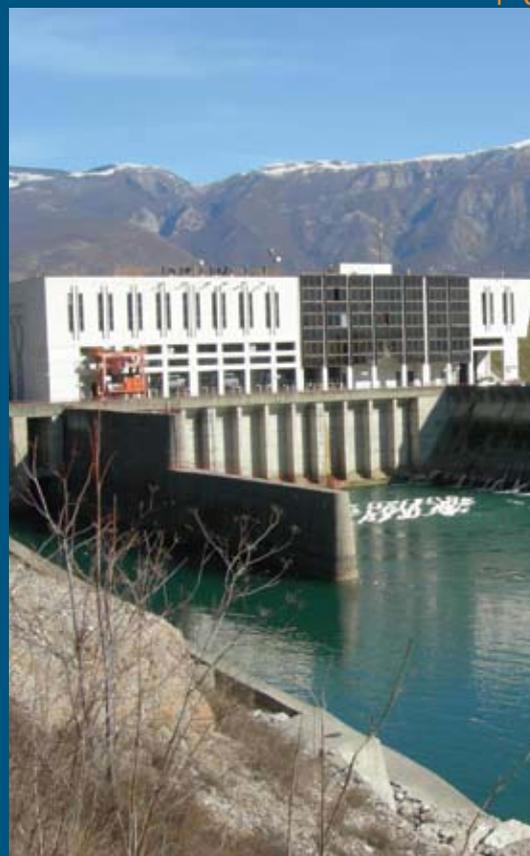
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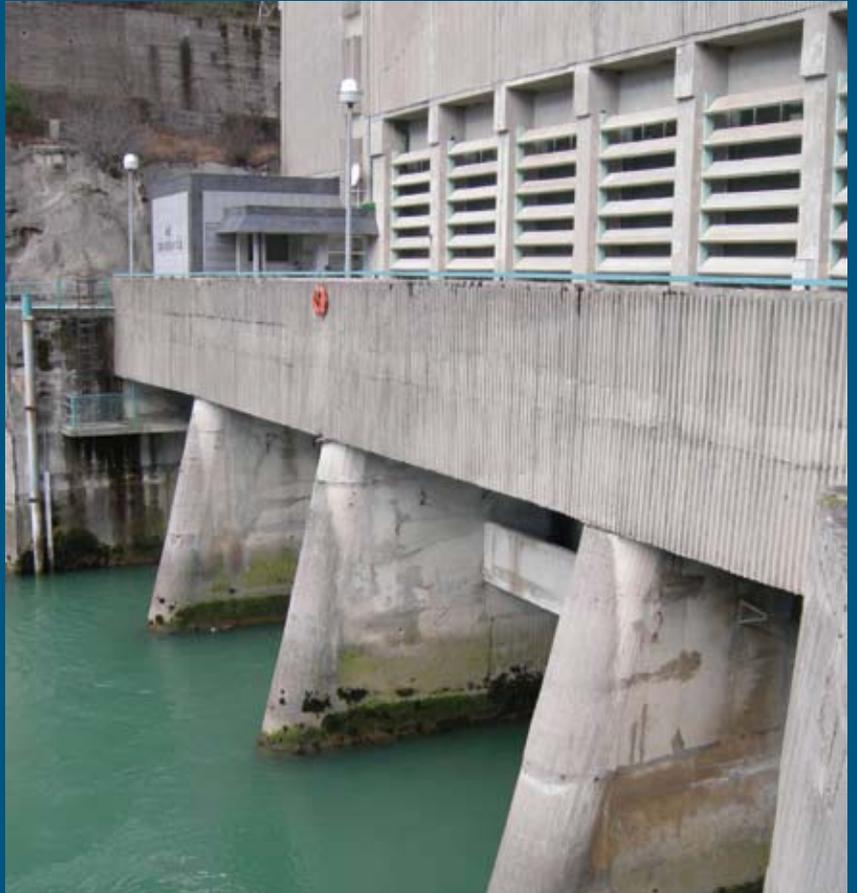


The first initial steps have been taken in 2007 with regard to the work contracted in **China** for improving educational equipment as part of the reforms of the Chuzhou and Zhoukou Universities. The projects have included performances in university halls and laboratories, as well as personnel training.

It is furthermore important to highlight that our collaboration protocols with two technology companies in **India** located at New Delhi are ongoing, in the fields of information technology, territory management and infrastructure development.

Both actions fall within the scope of other occasional activities which are serving to mark out EPTISA's position in this region.





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