2005 ANNUAL REPORT
We in business group GMV are firmly of the belief that behind every new need, behind every new problem, lie a challenge and a chance to innovate. Technology is not an end in itself; it is the means for making something brand new or something old better. In GMV we make use of existing products and services or, if necessary, we develop completely new ones to meet the specific and singular needs of our clients, furnishing tailor-made innovation and technology. We take on our clients’ challenges as our own, spurring us on to new heights of innovation.

GMV goes even beyond the requisites of its clients, exploring their real needs with a total readiness to find solutions. This allows us to come up with the right response, often imaginative, sometimes unique and always honest.
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In this annual report GMV premieres its new corporate image, with a single strong brand expressing the hallmark of GMV's five subsidiaries: the unswerving resolve to satisfy our clients' needs in a constantly evolving field like high technology, adopting their challenges as our own.

By its own organic growth GMV clocked up a turnover growth of over 10% this year; the value added component also increased, leading to an even high growth of the net turnover. In the Space sector GMV’s firm commitment to the European satellite navigation program Galileo over the last few years has borne fruit this year, winning GMV one of the pole positions among Galileo suppliers. This year it has been awarded four new contracts for the supply of key systems of Galileo’s ground infrastructure. GMV Space Systems Inc., GMV’s new US subsidiary launched in 2004, has already obtained its first contracts with NASA and with American satellite operators. GMV Soluciones Globales Internet S.A is GMV’s subsidiary specializing in information technologies for the general government, major companies and information security. This year it has celebrated its tenth anniversary. After a decade of development GMV is now one of the benchmarks in the competitive ICT sector, also carrying out increasingly important projects for the public sector. In the transport sector GMV has maintained its leadership in the market of intelligent systems for public passenger transport, while also improving its position in related markets like sea transport, offering new ideas and services. It is also exploring the possibility of applying Galileo to road and air transport, often in the context of major EU-financed R+D projects.

GMV’s sound financial position and its increasing results over recent years give us the chance to grow not only organically but also by buying stakes in other firms that are compatible with GMV’s business philosophy and goals. The first big step in this direction was taken in May 2005 with the purchase of a 58% stake in Skysoft Portugal, which thus became GMV’s second head office outside Spain. With a 60-strong staff, Skysoft is one of the frontrunners in Portugal’s space market and is also well positioned for taking part in defense projects; its collaboration with GMV will now strengthen its position even more in both markets. Skysoft also operates in the mobility area, where it has developed activities that are complementary with those of GMV Aerospace and Defence S.A. and GMV Sistemas S.A. in the transport sector and with those of GMV Soluciones Globales Internet S.A. in mobile telephone technologies. The activities of Skysoft and GMV are thus likely to produce many synergies, which can now be harnessed to the benefit of all group subsidiaries.

As a result of its increasing turnover, the upward trend of its business in the US and the takeover of Skysoft, GMV’s staff grew considerably in 2005; there are now nearly 700 highly qualified persons all committed to the ongoing growth of GMV. With subsidiaries in two continents and employees of diverse nationalities working throughout the world, GMV is making steady headway towards the goal of becoming a major company at world level.

* Graduated in Physics from Heidelberg University, Germany in 1994. During her stay in Germany she worked as researcher in the Max-Planck Institute for Chemistry, as teaching assistant in Heidelberg University and carried out diverse studies for IBM and ABB. She then moved to the US where she worked as researcher in Pennsylvania State University from 1999 onwards. She has been linked to Grupo GMV since 1998, when she was appointed Advisory Director of the Group Presidency, taking an active part in the policies of the business group founded by her father, Juan José Martínez García. In 2001, after the sudden death of Professor Martínez, she took over the presidency of Grupo Tecnológico e Industrial GMV S.A.
In 2005 GMV comfortably met the business development goals we set at the start of the year. The group’s own sales growth outstripped the targets originally set, while the successful completion of the purchase of a 58% stake in Skysoft Portugal added a further 8% to the turnover, bringing it up to over 55.5 million euros. Profits grew at an identical rate thanks to the maintenance of 5% profit margins on all sales. All this was accompanied by a notable commercial performance, enabling us to win almost 50% more contracts than in 2004. This growth was well balanced among the group’s different activity areas and this is an important qualitative and positive factor to take into account in weighing up the year’s results.

2005 bore witness to further progress in GMV’s international projection. Our American subsidiary, GMV Space Systems Inc., obtained its first contracts in the US market, hardly a year after it was set up. Furthermore, the abovementioned purchase of a controlling stake in Skysoft Portugal allowed us to tap into complementary technologies that have been built up by this firm over recent years in the aeronautics and transport sectors. It also enabled us to open up new horizons for the application of our products and solutions in the domestic Portuguese markets, especially defense, transport telematics and ICT. International expansion has also allowed us to draw from a larger pool of human resources in the new areas where the company is now operating.

It was very rewarding last year to see how our R+D+i efforts have borne fruit not only in the marketing of MOVILOC® fleet monitoring and tracking services but also in the development of our own inhouse simulator of minimally invasive surgery techniques insightMIST® or in the development of security solutions for ATM networks Checker. In all these cases our target customers have warmly welcomed these products, which we now expect to see translated into new business opportunities for the Group in the coming years.

Things bode well for 2006 and we are confident of matching or even excelling the results of the previous year. Our intention is to continue with the company’s international expansion. Our existing subsidiaries in Portugal and the United States, with the backing of the Group, are sure to go from strength to strength in their own activity sectors. But on top of this we have also decided to go all out in our endeavors to up our profile in the Asian market. This region of the world undoubtedly offers fine growth potential in most of the sectors in which the group operates; we cannot afford to ignore it. We also trust that the development of the programs we are involved in will afford us a solid base in 2006 to guarantee business stability.

In our view any firm hoping to triumph on the international stage has to make unstinting efforts to improve its brand. This is why, at the end of 2005, we embarked upon a project to redefine our brand architecture and boost our corporate image. Fruit of this effort is the new corporate image under which this annual report is published, a faithful reflection, we believe, of GMV’s spirit and hallmark: the unceasing drive to satisfy our clients’ demands, needs and aspirations, taking on any project as a challenge, a stirring chance for our personnel - our most valued asset - to test their mettle and hone their skills once more.

LETTER FROM THE CHIEF EXECUTIVE OFFICER

LUIS A. MAYO

* He began his professional career as collaborating professor in the school from which he graduated as an Aeronautics engineer in 1985: the Higher Technical School of Aeronautical Engineers (Escuela Técnica Superior de Ingenieros Aeronáuticos: ETSIA). He then joined GMV in 1986, participating in projects of various areas. In 1987 he joined the marketing department, combining his work there with project management tasks. From 1989 to 1996 he was head of GMV’s commercial development, running the Marketing Group. In 1996 he was appointed manager of GMV operations and then took on the post of Space and Defense Director in the new organization. Finally, on the strength of his experience and dedication, he was made CEO of the Group in 2001.
IN MEMORIAM

In March 2005 Félix García Castañer passed away. He was Vicepresident of the Board of Directors of Grupo Tecnológico e Industrial GMV, S.A.

For most of his career (1975-1998) he worked for the European Space Agency (ESA). In 1991 he became Director of ESA’s European Space Operations Centre (ESOC) in Darmstadt Germany, a post he held until the year he retired (1997).

After retiring from ESA (1988) Félix García Castañer joined GMV’s Advisory Board, which then benefited from his wealth of experience in the aerospace sector and his own particular serene yet painstaking working style. His support was particularly valuable in the weeks following the death of GMV’s founder, Professor Juan José Martínez García. In December 2001 Félix García Castañer became a member of GMV’s Board of Directors, taking on the board’s vicepresidency.

During all these years Félix García Castañer worked unwaveringly to secure a brilliant future for GMV, offering us his invaluable experience and priceless advice. From here we wish to render homage to his memory and the spirit that imbued his professional work at all times.
HISTORY OF THE COMPANY

In 1980 the Professor of the Higher Technical School of Aeronautics Engineers (Escuela Técnica Superior de Ingenieros Aeronáuticos) Dr. Juan José Martínez García, created the Flight Mechanics Working Group, the true germ of GMV. Four years later, in 1984, with a small group of collaborators all driven by the same enterprising spirit, he founded the firm that would later grow into the international business group GMV we know today.

From the word go GMV centered on the space and defense sector, taking its first steps in fields like mission analysis, flight dynamics, control centers, satellite navigation or simulation, all areas in which GMV is nowadays a leading light internationally. It started out with a small group of engineers that won a contract for ESA’s European Space Operations Centre (ESOC) in an open international tender. GMV then went from strength to strength, growing into a solid firm boasting a 100-strong staff by the late eighties. It participated actively in ESA’s first space missions and provided highly specialized services for the main international satellite manufacturers and operators. In a few short years the sheer quality of its work won GMV a cast-iron reputation in the European space sector. In 1988 it was declared to be a Center of Excellence in Orbital Mechanics by the European Space Agency.

In the early nineties GMV decided to branch out into other sectors by way of technology transfer. This gave rise to new business lines in the transport and telecommunication sectors and in the application of information technologies for the general government and companies in general. By breaking into these new areas GMV became a trailblazer in fields like internet or satellite navigation applications, still in an incipient phase in those days. GMV installed the first computer firewall system in
Spain and set up the first SMS-Internet gateway. In the transport field GMV became a pioneer in Spain in intelligent transport systems with the development of the first GPS-based fleet tracking and management systems.

The company thus began to transfer to other markets the experience built up in the space sector in control centers, geographic information systems (GIS), satellite navigation, telecommunications and data networks.

It was also during the nineties that GMV consolidated its position in the defense market, especially in the fields of command and control systems, military applications of satellite navigation systems and simulation.

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

In 2000 GMV set up the company Galileo Sistemas y Servicios S.L. (GSS) in collaboration with the main companies of the Spanish aerospace sector. The aim in doing so was to promote the development and operation of the European satellite navigation system Galileo. This new company therefore took a 12% stake in the European consortium Galileo Industries S.A., the main contractor for the development of the Galileo system; the other stakes are held by Alcatel-Alenia Space, EADS Astrium, and Thales.

In 2001 the founder and president of GMV, Professor Juan José Martínez García, passed away. This led to a change in the executive structure of the business group GMV. The presidency of the group was taken on by Dr. Mónica Martínez Walter while Luis Mayo took over the responsibility for general executive management.

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

As a result of this international expansion policy GMV took a crucial step forwards in 2004 with the creation of its US-based subsidiary, thus becoming a company trading in two continents. The new subsidiary centered its activities in the US aerospace market with the aim of carving itself out a niche as a tried and trusted supplier of the US industry and institutions of the sector.

In May 2005 the business group GMV confirmed its strategy of international growth and development with the purchase of a 58% stake in Skysoft, a Portuguese firm with business lines and markets very similar to those of GMV.

Our track record vouches for us: with over 20 years of history behind us GMV has evolved from a small company of aerospace engineering into a business group with a 700-strong staff operating in different hi-tech sectors and with a bulging international portfolio of clients.
Technological development is now accelerating at breakneck speed and change has become the byword of modern life. The institutions and companies making up our markets are therefore obliged to innovate continually to cater for these changes and rise continually to new challenges. New needs for improvement, new processes or operational problems crop up every day. Innovation, the incorporation of new technologies, is no longer just an opportunity to stand out from the pack; it has now become a must to avoid slipping back in the race.

In the global world we live in our clients have singular and complex needs and are faced with an increasingly complex and bewildering supply of products, solutions and services to choose from, constantly changing from day to day. To make matters worse, these products have not been designed with their specific and singular needs in mind but only with the aim of slotting into a prefabricated niche in the global market.

In GMV we are firmly of the belief that behind every new need, behind every new problem, lie a challenge and a chance to innovate. Technology is not an end in itself; it is the means for making something new or something old better. In GMV we make use of existing products and services or, if necessary, we develop completely new ones to meet the specific and singular needs of our clients, furnishing tailor-made innovation and technology. We take on our clients’ challenges as our own, spurring us on to new heights of innovation.
STRATEGIC POSITIONING

GMV’s competitive strategy is based on an in-depth knowledge of our clients’ needs with the aim of furnishing products adapted to meet their specific needs. GMV is capable of offering tailor-made solutions not only at a fair price but also with the necessary quality and flexibility to outperform the competition. Our aim is not simply to fob off on our customers a standard product designed for an anonymous market but rather to provide the best solution to their real needs, backed up by all the support they may need to guarantee a resounding success. GMV’s companies therefore tirelessly adapt their products and services in their pledge to furnish their customers with technological solutions that even exceed their expectations and increase the value of their business.

This strategy is backed up by a detailed knowledge of the technologies involved and the excellence of its staff. The employees, the operational model and the values of GMV’s business culture are all designed to ensure that each customer gets exactly what it needs.

GMV goes even beyond its customers’ expressed requirements to explore their real needs, tirelessly searching for new solutions that allow us to come up with the right response in each case, often imaginative, sometimes unique and always honest.
GENERAL DEVELOPMENT

In 2005 the business group GMV chalked up a turnover of 55.48 million euros, an 18% increase on 2004. This result once more represents a growth rate above the average of the sectors in which GMV’s companies do business. It was made possible by the sharp increase of the group’s business in the space sector and the buoyant performance in the other business lines.

One of the most important events of 2005 was undoubtedly the purchase of a majority stake in the technology company Skysoft Portugal. With this step GMV not only consolidated its business in the technological sectors of the Iberian Peninsula but also ushered in a new expansion strategy besides the organic growth of the group’s own business. Skysoft’s mix of business, processes and values fits in well with GMV’s, offering many synergies for both sides and the brightest growth prospects for the new Portuguese subsidiary. This new business venture also represents without doubt a challenging test of GMV’s ability to integrate new organizations into its structure, harness the new assets acquired and grow by way of takeovers.

Within the space sector GMV has further strengthened its position as one of the top European firms in the development of infrastructure for satellite navigation systems. In 2005 GMV was awarded four new contracts in the Galileo program, all obtained in open tenders and in the face of fierce competition from other companies in the European space industry. These new contracts bring the participation of the group’s set of companies in the Galileo program up to a sum of over 40 million euros, involving the supply of key systems for Galileo’s ground infrastructure. To these contracts must be added a significant participation in engineering and design tasks of the complete system. All in all GMV now ranks fourth in European participation in the
program, behind only the three European giants of the sector: Alcatel-Alenia Space, EADS and Thales.

Equally noteworthy within the space sector was GMV’s continued expansion in the USA. In 2005, only one year after its creation, GMV’s US subsidiary won its first contracts, boasting customers such as NASA, Honeywell, WorldSpace and Orbital Science. These results augur really well for the newborn US subsidiary’s future.

In the defense sector GMV made significant headway in several of its projects as specialist in command and control systems (C3I) for the army, security and surveillance systems for the navy and intelligence systems for the Ministry of Defense.

In 2005 GMV jockeyed expertly for a leading position in the new security initiatives being created in both the national and European fields as a result of the growing social concern about terrorism risks, organized crime and major natural disasters. Especially significant here is the GMV’s participation in the European Commission’s PASR - Preparatory Action on Security Research - and in ESA’s GMES program.

In the sector of information technologies a special mention must go to the tenth anniversary of GMV Soluciones Globales Internet S.A. (SGI), GMV’s specialist company in the provision of advanced products and services in the areas of information security, mobility and ICT integration for the general government, major companies, banking, insurance and telecommunications operators. Ten years in the saddle in such a bucking-bronco sector as ICT is no mean achievement, bearing out the soundness of the group’s long-term business strategy in this field. In 2005 it consolidated its position as specialist in solutions for the public sector, with particularly noteworthy work carried out for the Self-Governing Communities of Castilla y León, Castilla La Mancha and Andalucía and the Ministry of the Interior.

In the transport sector GMV has held onto its position as Spanish leader in the market segment of intelligent systems for public passenger transport. New contract awards for regional transport authorities such as the Consorcio de Transporte de Asturias, the Transportes Metropolitanos de Barcelona, the Transporte Urbano de Salamanca y León or the groundbreaking transport-on-demand for the Regional Council of Castilla y León all bear witness to the competitive edge of our products and services in this sector. Equally noteworthy in this field is the commercial takeoff of the MOVILOC® service, which can boast sales of almost one thousand units throughout the year. This service, put into operation in 2004, marked GMV’s debut in the operation and provision of internet-based fleet tracking and management services, using our own inhouse technology platform called palview®.
Finally, in the field of new business lines, mention must be made of GMV’s completion in 2005 of the development of the commercial version of its insightMIST® simulator for the learning and fine-tuning of arthroscopic surgery techniques, the group’s bridgehead venture in the health sector.

In short, in 2005 GMV improved its competitive position in all its traditional markets while notably upping its profile in the international markets and continuing its strategy of permanent expansion of its products and business lines on the strength of its R+D+I policies.

**MAIN FIGURES**

- Turnover: 55,5 M€
- EBITDA: 5,7 M€
- EBIT: 4,12 M€
- Net profit: 2,9 M€
- Number of employees: 664

![Pie chart showing revenue distribution: space & defense 54%, transport & industry 9%, telecommunications & e-business 37%]
Through its various subsidiaries GMV operates in seven main sectors: aeronautics, space, defense, security, transport, telecommunications and information technologies for the general government and major companies. The common denominator in all these sectors is GMV’s provision of integrated systems and products and services of a high technological content. Its activities take in the whole life cycle of the system, ranging from consultancy and engineering services through to the development of software and integration of turnkey systems and operation support.
ACTIVITIES IN 2005

AERONAUTICS

GMV works for the main manufacturers of the aeronautics sector and for organizations like AENA (Spanish Airports and Air Navigation Authority) and Eurocontrol as a specialist in engineering, software development and aeronautical systems, all under the strictest quality standards.

- Development of safety-critical software and systems under the standard RTCA DO-178
- Development of onboard software for certifiable avionics systems
- Development of experimental systems and equipment
- Integration of flight testing platforms
- Navigation systems
- GNSS infrastructure (SBAS, GBAS, LAAS)
- Air traffic management support systems
- Simulators
- Test beds
- Aeronautical telecommunications
In 2005 Eurocopter awarded GMV a project for the supply of a voice-and-data communication system and computer image-capturing equipment of the new Dauphin AS365 N3 helicopters purchased by the Secretaria General de Pesca Marítima (Maritime Fishery Secretariat General) for tasks of fishery surveillance. This represents an impressive start to GMV’s participation in Eurocopter, with more cooperation up and coming in the Tiger Program.

GMV continued its close collaboration with EADS-CASA in the improvement and development of the CN-235 aircraft simulator, not only for the Spanish version but also the Turkish and Korean versions. It also continued its activities for EADS-CASA within the EuroFighter program and its simulator, the ASTA (Aircrew Synthetic Training Aid). GMV has thus become one of the prime suppliers of this company in the field of real time systems and simulation.

As regards the activities of Skysoft, GMV’s subsidiary in Portugal, it won an important contract in 2005 from the GJU (Galileo Joint Undertaking) for the Helicity project, a system for the precise guidance of helicopters on emergency support missions in built-up areas. The aim of the project is to develop and demonstrate, in real emergency conditions, a preoperational navigation system for helicopter operations under critical conditions.

In 2005 GMV’s Portuguese subsidiary also completed the development of AVT, a set of avionic-software validation tests abiding by the specification ARINC 653. This is a promising market niche likely to produce commercial opportunities for the development of license validation services for the major avionics manufacturers. The tool has been used by Thales Avionics for verification of the MACS2 operations system used on the Airbus 380.
ACTIVITIES IN 2005

SPACE

GMV is winning itself a position as one of the world’s main suppliers of international space organizations and agencies and also of the main satellite constructors and operators.

With a 20 year track record behind it, GMV is one of the main international suppliers of software for satellite control centers and one of the main contractors of the ESA in this field, playing a key role in most of its space missions.

- Ground infrastructure of global navigation satellite systems (EGNOS, Galileo)
- Satellite control centers
- Flight dynamics systems
- Mission planning systems
- Data processing centers of earth observation satellites
- Scientific satellite operation centers
- Engineering, guidance, navigation and control
- Mission analysis services and tools
- Onboard software
- Simulator development
- Development of space applications
In mid 2005 an event of crucial importance for European satellite navigation strategy occurred: the official start of EGNOS operations. The information transmitted by the EGNOS system will improve the precision and integrity of the GPS system with the aim of using it in critical applications such as air navigation. This marks the end of ten years of effort, in which GMV has been responsible for developing the key system elements such as the CPFPS, the veritable brain of EGNOS - responsible for computing the corrections to improve performance and generating the integrity message that guarantees the system performance - or the EGNOS System Test Bed (ESTB), a system prototype that has been sending out test signals since 2000.

Another important development in 2005 came when the GSTB-V2 satellite was declared ready for operations. The GSTB-V2 represents the first step in the in-orbit validation stage of the European satellite navigation system Galileo. The first GSTB-V2 satellite, the GIOVE-A, was successfully launched on 28 December 2005. GMV played a key role in the ground infrastructure for mission control. As well as the flight dynamics system (FDS), GMV also supplied the following subsystems of the mission control system (MCS): the processing subsystem of the telemetry and telecommand (TM/TC) chains, the onboard software maintenance subsystem (OBSM) and the system database.

Without doubt the most significant development in this field of GNSS systems came with the definitive consolidation of GMV as one of the main suppliers of the Galileo system. In 2005 GMV was confirmed as winner of four contracts involving the supply of key systems of Galileo’s ground infrastructure as well as a significant participation in the engineering and design of the complete system. With a Galileo participation now worth about 40 million euros the technological group GMV has become the top Spanish supplier of Galileo and the fourth biggest in Europe, behind only EADS, Alcatel-Alenia and Thales.

At the beginning of the year, after a long international tendering procedure, the European Space Industry and Galileo Industries chose GMV for the complete development of two of Galileo’s critical subsystems, the OSPF and the IPF. Both the OSPF and the IPF are an essential part of the chain guaranteeing performance standards in safety-critical applications such as those used in air navigation. The OSPF, the veritable brain of the Galileo system, is one of its main computational centers, seeing to the synchronization and determination of the constellation satellite orbits. The IPF, for its part, plays a fundamental part in ensuring that users of the Galileo system are given information of the established precision. In late September GMV was also selected for providing the Flight Dynamics Facility (FDF) of the Galileo constellation. The FDF monitors the state and position of the satellites and also determines the necessary corrections and actions to ensure the satellites do not stray from their service orbits, thereby guaranteeing continuity in the service. At the end of the year, on the strength of its profound knowledge and experience in information security, the subsidiary GMV Soluciones Globales Internet S.A. (SGI) was selected for developing Galileo’s SPF (Service Product Facility). The main task of the SPF is the exchanging of critical and secure information; it acts as a communications interface between Galileo’s ground segment...
and the various external organizations outside the platform, with whom contact is established by means of standard IP communication protocols.

Within the field of satellite navigation mention must also be made of the activities being carried out by GMV through its Portuguese subsidiary Skysoft: collaboration is continuing with Septentrio in the EAGURCDE project, in which the Portuguese subsidiary is responsible for development of an advanced simulator of the Galileo navigation receiver, paving the way for tests and validation of the first receiver prototype.

In the same satellite-navigation area GJU (Galileo Joint Undertaking) awarded two contracts in 2005 involving the participation of GMV’s Portuguese subsidiary: firstly, the “Galileo Advanced Concepts” project, bound up with the programmable features of the payload and the introduction of new characteristics in Galileo and secondly the SWIRLS project for the development of a Galileo/GPS receiver for the professional market. Another two activities began in 2005 under a GJU contract. The first is GUTD (GNSS and UMTS Demonstrator), led by GMV’s Portuguese subsidiary, the purpose of which is to develop a simulator and prototype to help integrators and designers in the design, implementation and validation of algorithms combining GNSS and UMTS. The second is GLECIA (Ground Local Elements for Continuity Improvement on Airports), which will verify new methods and algorithms for integration of indoor navigation. Also in 2005, through its Portuguese subsidiary, GMV made significant headway in the ANASTASIA project (EC-FP6), the aim of which is to develop new technologies for the new generation of GNSS receivers for aeronautical use to cover all flight phases. These contracts have helped to strengthen GMV’s position in Europe in the segment of satellite navigation receivers.

In the area of control centers, the commercial satellite operator SES-Astra, contracted from GMV, through EADS-Astrium, a turnkey control system for the satellites Astra 1M and Astra 2B, based on hifly®. This represents definitive endorsement of the hifly® product on a grand scale, since SES-Astra belongs to SES-Global, the world’s second biggest communication satellite operator after the merger of Intelsat and PanAmSat. GMV has therefore now added this top-notch client to its portfolio and is rapidly winning itself a position as a key supplier of systems of this type. The contract includes migration of the control and operational data from the current system to hifly®, incorporating two new components of the family of products, hiflyViews and Archiva.

In 2005 GMV delivered to ESA version 4.0 of ESA’s general satellite control and monitoring system (SCOS-2000), which implemented key changes in the software development of this control system, including the first set of multi-mission requisites as well as many other changes, with reengineering and harmonization tasks.

ESA was also supplied with the CryoSat mission control and monitoring system plus support services for the launch and operations preparation campaign.

In the flight dynamics area GMV supplied CNES with the first version of the flight dynamics system of the ATV (Automated Transfer Vehicle) mission, a European vehicle that will periodically supply water, food and
replacement parts to the ISS (International Space Station) crew. The GMV-designed system includes: attitude control; monitoring of the onboard GNC functions; fuel-consumption calibration and management; trajectory and maneuver calculation; safety assessment and graphic animation. The contract was also extended to take in the second version.

After the international conference on focusSuite held in late 2004 Eumetsat evaluated various tools of this GMV-developed flight-dynamics family. In 2005 it decided to purchase CONSIGO, focusArt and Visualfocus, thereby covering a wide range of its orbital mechanics needs and helping to situate GMV as a key supplier in the development of Eumetsat’s validation and analysis suite.

On 9 November the planetary probe Venus Express was successfully launched and put into orbit. GMV has played an important part in this project right from its initial conception. Its activities include mission analysis, implementation of the orbital dynamics operational system and post launch backup. This work will continue throughout all the phases of the mission: verification, cruise phase, orbit insertion and routine.

Throughout 2005 the group’s recently created US subsidiary tapped into the technology and knowledge built up by GMV over 20 years to provide groundbreaking, high added-value solutions to the US space sector. With the support of GMV personnel in Spain, the subsidiary worked hard on the commercial promotion of its products. Only one year after its creation in May 2004 this spadework already bore its first fruit in 2005, not only in the securing of contracts but also in the positioning of the company in the US space sector.
Furthermore, halfway through the year, this subsidiary made a crucial breakthrough, opening up a highly promising line of collaboration with NASA by integration of hifly®/SCOS-2000 in the GMSEC laboratory of NASA’s Goddard space center. GMSEC (Goddard Mission Services Evolution Center) is a software evaluation center for satellite control centers. Different products are evaluated for each mission and a standard architecture is defined for inter-system message exchange; this allows updates and new products to be phased in easily. This first contract with GMSEC will serve as a showcase for displaying the product to the Goddard center, to the other NASA centers and also to other commercial operators.

Shortly afterwards the US subsidiary obtained a purchase order from Honeywell Technology Solutions for backup in a study commissioned by NASA’s Goddard Space Flight Center (GSFC). The aim of this study will be to carry out system interoperability tests (particularly for future joint NASA/ESA missions), to validate the GMSEC concept with integration of the new products and to increase of the number of components that can be selected for future NASA missions. This study also involved the integration and configuration in GMSEC of the products focusSuite, Visualfocus and deskTM, the telemetry distribution subsystem of hifly®. NASA and Honeywell personnel were also given demonstrations of the products installed.

At the end of the year a contract was won for updating the flight dynamics system of the two geostationary satellites of the US operator WorldSpace, for which a solution based on focusGEO will be supplied. GMV will also provide advanced flight dynamics modules for the collocation and collision-avoidance of geostationary satellites. These systems will be installed in WorldSpace’s control centers in Silver Spring, Maryland (USA) and Melbourne (Australia). This contract represents the first sale of a GMV product for a US satellite operator.

Finally, and also at the end of the year, focusSuite was selected by Orbital Sciences Corporation as the flight dynamics system for the satellite Thor II-R of the Norwegian operator Telenor. The award of this new contract for focusSuite, which benefited from close collaboration on each side of the Atlantic, represented an important breakthrough, allowing as it did the integration of a new satellite platform, the Star-2 platform of Orbital Sciences Corporation, into focusSuite, thus increasing this product’s potential range of platforms. As part of this contract the following components of the focusSuite family of products will be supplied: focusGEO, focusLEOP, Autofocus and Visualfocus.
During the year GMV’s Portuguese subsidiary successfully concluded phase III of SaNTA (Satellite Network Transport Architecture), a project geared towards implementation of Satcom TCP acceleration protocols. It will have more experimentation phases in 2006.

In the Earth Observation area, the Portuguese subsidiary completed its development of the IASI for the ground segment of Eumetsat’s EPS as well as continuing its support activities for the LandSAF (Land Surface Analysis Satellite Applications Facility) project, a support tool to increase the benefit of Eumetsat data related to the land, land-atmosphere interaction and biospheric applications, developed under coordination of the Portuguese Meteorological Institute.

Throughout 2005 the previous years’ rate of investment in research and development and innovation (R+D+i) was maintained in our ongoing drive to develop our own advanced inhouse range of products and services. The most important outlay to this end was the continued investment by GMV in the product families hifly®, focusSuite and flexplan, with the aim of maturing and strengthening these products and extending their capacities and functions. This ensures that we can continue to offer groundbreaking solutions and meet the ever-changing needs of our clients. Another very promising line of R+D+i in the GNSS area was the MAGIC project, a real-time demonstrator of a local navigation system, independent and highly configurable, based on Galileo and GPS.
GMV is a tried and trusted supplier of the armed forces and international defense organizations. Its activities in this field take in the engineering, design, development, integration and maintenance of defense systems covering their whole life cycle. The products provided in this area are capable of meeting the most demanding needs and are developed under strict quality standards.

- Engineering, development and integration of command and control systems C³I
- Processing of data and signals, intelligence systems
- Training, operational research and R+D simulators
- Development of military systems based on GPS, EGNOS and Galileo
- Onboard equipment, avionics software and test beds
- Logistic and maintenance services for systems and software
- Military space applications
- Physical and logical security systems and engineering
- Engineering and development of multimedia training tools
Within the activities carried out for the Ministry of Defense in the field of command and control systems C³I, GMV is continuing to work on the development of the CIO/CPL system (Operation and Information Center / Personnel and Logistic Post, in Spanish initials) for the anti-aircraft artillery. The system, a component of the Anti-aircraft Artillery Command Post, provides backup and automates the functions of planning, running, coordinating and controlling anti-aircraft defense operations. Particularly important work carried out in 2005 involved the generation of the software application and the production specifications.

Other important work in this field involved the commissioning of the Campaign Artillery Group Control and Command Post (PCGACA in Spanish initials) that GMV is developing for the Spanish army. In November the global operational tests were successfully carried out in a real environment. The Campaign Artillery Group GACA XII took a 25-vehicle setup to the San Gregorio training grounds (Zaragoza) comprising parts, command posts, observers and reconnaissance and topography items, equipped with cells of the PCGACA system that give automatic support to both its tactical and technical functions. After these successful tests a new contract was soon forthcoming for equipping the system with additional capacities. This new contract will produce the version of the system to serve as the basis for series production, with a view to equipping the army’s artillery units. These additional capacities include the development of a PCGACA-instruction and -training module providing each artillery group with low-cost instruction arrangements in their own barracks. A light version of the PCGACA is also being developed for the Parachute Brigade. Finally, PCGACA has been installed in the Artillery Academy and also in the TEAR Artillery Group of the navy’s marine infantry.

Half way through the year the SISI-VIDI project was officially handed over. This project was awarded to GMV by the navy the previous year. Its aim is to equip the various ships of the Spanish navy with a tool for managing and improving security and surveillance procedures, facilitating decision taking, cutting down emergency response time and ensuring that these responses are more effective.

GMV has renewed its activities with the navy’s Operational Military Research Cabinet (Gabinete de Investigación Militar Operativa: GIMO) with the SABIK project of anti-missile defense simulation and ALSA, a chaff launching system.

Finally in terms of navy work, GMV’s defense unit continued with its habitual work for the CAE (the Spanish Navy’s Teaching Aid Center) drawing up several multimedia courses on internal security, ship navigation and communications.

In the field of intelligence systems GMV continued its record of past success in EMAD’s Santiago Program, winning the contract for the last zonal evaluation station. GMV is therefore now responsible for the development of 4 of these stations.

The Ministry of Defense chose GMV to participate in the Coalition Warrior Interoperability Demonstration (CWID), an event that aims to test the degree of interoperability between automatic military systems, putting on exercises for this purpose. In this demonstration GMV presented the wireless network security solution emissary, implemented in the PCGACA (Campaign Artillery Group Command and Control Post), which combines the use of symmetric encryption and public key encryption.

Lastly, another important achievement in the year was GMV’s Portuguese subsidiary’s selection to contribute towards the definition and implementation of the onboard communications network for the tactical ship NAVPOL acquired by the Portuguese navy.
ACTIVITIES IN 2005

SECURITY

GMV’s clutch of subsidiaries includes GMV Soluciones Globales Internet S.A. (SGI), the company that has led the development of network-security and information-system technologies and services in Spain for over 10 years.
GMV provides engineering and integrated security solutions, crisis-management, emergency-management and intelligence centers.

- Engineering, security services and solutions for information networks
- Security auditing
- Security planning
- Unified user management
- Implementation of security management systems
- Securization of platforms, networks and services
- Security services (monitoring, detection of vulnerabilities...)
- Backup centers
- Perimeter surveillance and access control systems
- Advanced security systems incorporating the use of new technologies
- Emergency and crisis management systems, “112” emergency call centers
- Monitoring and management systems for security forces’ vehicles and personnel
In the field of engineering, security services and solutions for information networks and systems mention must be made of the development by GMV’s subsidiary Soluciones Globales Internet S.A. (SGI) of the wireless security management system for the Ministry of Agriculture, Fishery and Food (Ministerio de Agricultura, Pesca y Alimentación: MAPA) based on Emissary Wireless Security®. This product will provide MAPA with mechanisms of authentication, security, provision and management for 802.11b/g wireless networks.

Also within this field work began on the project for providing Grupo Antolín with a Managed Security Service including services of consultancy, auditing, 7x24 monitoring, incident management and help-desk. In setting this up GMV’s subsidiary has made use of both free distribution products and inhouse tools.

Other important contracts won in 2005 within the information security area included the security risk analysis for the bank Caja San Fernando, development of the perimeter security system for Grupo Mahou San Miguel and a perimeter firewall with load balancing for Universidad Pompeu Fabra.

There is currently a growing concern in Spain and in Europe as a whole about the increasing risks of terrorism, organized crime and major natural catastrophes. This is giving rise to new initiatives in the security field. In 2005 GMV managed to take up a competitive position in this new market, especially with its participation in the European Commission’s PASR (Preparatory Action Security Research) and the ESA’s GMES program.

Within the PASR program of the European Union GMV began in 2005 to develop the ISCAPS (Integrated Surveillance of Crowded Areas for Public Security) project, which aims to provide camera surveillance of crowded areas and automatic detection of suspicious behavior, and also the GEOCREW study, which concentrates on the use of georeferenced information for security purposes.

Another noteworthy development within the PASR program was the start of the SOBCAH project in 2005, involving the participation of Skysoft, GMV’s Portuguese subsidiary. The aim of the project is to use new technologies for the surveillance of borders, coasts and ports.

In the field of emergency management, the Comets project was accepted in 2005, a European R+D project of the EC’s 5th Framework Program. In the project GMV has set up a real-time control-and-coordination center of a heterogeneous fleet of unmanned air vehicles (UAVs) for the detection and monitoring of catastrophes.

Also within the emergency management field, GMV formed a joint venture in 2005 with the company Fedetec. This joint venture then won the contract for the project of “Supplying and Installing an Emergency Communications Coordination Center” for the Municipal Police of Valladolid. The technological solution provided involved the integration and coordination of all the communication systems used in the security and viability area of the City Council of Valladolid, as well as a centralized emergency management system.

Another important development in this area of emergency management and security was the winning of the European R+D project HARMLESS. This project will be run by a GMV-led European consortium. Its purpose is to study the use of EGNOS and Galileo in emergency and disaster management, humanitarian aid and support for the forces of law.

Finally in this area, mention must also be made of another contract awarded to GMV in 2005. The public undertaking SAICAR of the Government of La Rioja gave GMV the contract for implementing the emergency and warning system of Castroviejo Dam in La Rioja. The system, developed in collaboration with JPM Ingenieros, consists of a center for capturing signals from sensors fitted on the dam itself plus a series of sirens set up in the villages downstream from the dam and presence detection systems.

An important development in the field of maritime security was the award of the MARISS project, part of the GMES program, a joint initiative of the European Commission and the European Space Agency for global monitoring of the environment and security. The project aims to furnish integrated information on the position of vessels in specific zones to help Member States in all activities bound up with maritime security and navigation. GMV’s main role in the project is the provision of maritime security services for Puertos del Estado (the Spanish Seaport Authority) and for the Guardia Civil.

Another milestone within the field of maritime security in 2005 was the successful delivery to the Spanish Maritime Rescue Society (Sociedad de Salvamento Marítimo: SASEMAR) of the Integrated Operations Management System called SIGO (Sistema Integrado de Gestión de Operaciones). The aim of this application is to improve SASEMAR’s efficiency in all its salvage and rescue operations, interconnecting all its centers to a head office in Madrid.
ACTIVITIES IN 2005

TRANSPORT

GMV has been one of the trailblazing firms in Spain in designing, manufacturing and installing Intelligent Transport Systems based on GPS technologies. GMV’s solutions in this field are designed to improve operational efficiency and increase service quality.

- Bus Tracking and Monitoring Systems for passenger transport management
- Backup systems for the management of on-demand passenger transport
- Train tracking and monitoring systems for railway transport
- Software tools for transport services planning
- Fleet management products
- Electronic tolling systems
- Public-thoroughfare parking management systems
- AIS/VTS systems for maritime transport
- DGPS coastal networks for maritime transport
In 2005 several important contract awards consolidated GMV’s position as one of Spain’s leading firms in the supply of Tracking and Monitoring Systems for passenger transport fleets.

At the start of the year the company Autobuses Alcalá (Grupo Trapsa), part of the Consorcio de Transportes de Madrid (Transport Consortium of Madrid) awarded GMV the contract for setting up a Bus Tracking and Monitoring System based on GSM/GPRS mobile communications for the 56-bus fleet of Alcalá de Henares. This system was rounded out by a complete passenger information system using various announcement methods (INFOSAE system, street information panels, internet, mobile phone, PDA). This system will set the new standards for other passenger transport companies in Spain.

Half way through the year a contract was signed with the company SERMETRA for the operation of the Monitoring and Management Center for the ticket validation and sale system and the Bus Tracking and Monitoring System. This company is made up by the Metropolitan Transport Authority (l’Autoritat del Transport Metropolità: ATM) and Busmet Serveis (a company pooling most of the bus operators running under the Barcelona fare system).

Shortly afterwards a contract was signed with the company Castillo, urban bus concessionaire of the city of Jaén, for fitting their complete fleet with a next-generation Bus Tracking and Monitoring System. This new system will have onboard equipment on each bus, a GPRS-based communication system, a control center and 20 bus-stop panels giving passenger information.

At the end of the year the Asturias Transport Consortium awarded GMV the contract for the phased-in implementation of a Bus Tracking and Monitoring System on the 450 buses of the Consortium’s operators. The contract-winning system comprises the supply of the mobile equipment and integration thereof with the buses’ current monetic system, a groundbreaking control center based on the Web palview® platform, plus a real-time PDA information system designed for traffic inspectors in the street. This new award confirms GMV as the Spanish leader in setting up these Bus Tracking and Monitoring System for Passenger Transport Consortia (it is the supplier of the three existing systems: Sevilla, Asturias and Barcelona) and the only supplier of internet-based Bus Tracking and Monitoring Systems.

Lastly in this area, the contract was awarded for the supply and installation of the Bus Identification and Control System for the public transport fleets providing local interurban services in the metropolitan area of Salamanca. This contract further reinforces GMV’s position as the only supplier to date in Spain of multi-fleet Bus Tracking and Monitoring Systems, where various transport operators share a common infrastructure, with the consequent economies of scale, while accessing only their own private information.

As part of the large-scale project “León Digital City - Municipal Corporate Portal”, the City Council of León contracted GMV, in collaboration with the company Proconsi, for setting up a web-based information application of the Bus Tracking and Monitoring System.
In the area of vehicle tracking a special mention must go to the collaboration agreement reached with Siemens Business Services for the supply of fleet management systems for health services. GMV will be responsible for the first phase of a vehicle management system for SAMUR of Madrid. The system as developed will run the fleet of 33 ambulances, including the services of tracking, the sending out of emergencies and bluetooth connections to the on-board terminal.

The City Council of Madrid has once more placed its trust in GMV by awarding it the contract for setting up the new fleet tracking and management system for the fleet of cranes of the public undertaking Madrid Movilidad. This system implies a complete technological overhaul of the old system (also supplied and maintained by GMV) and also involves the supply of the Operational Management System hegex®, which incorporates groundbreaking innovations such as a GPRS-based communications system, mixed GPRS tracking or the sending of images in real time.

Furthermore the Regional Ministry of Public Works (Consejería de Fomento) of the Regional Council of Castilla y León (Junta de Castilla y León) turned to GMV for setting up and installing the equipment for the On-Demand Transport System of Castilla y León. The aim of the project is to improve the efficiency and profitability of rural public transport. It was launched the previous year and was completely designed and developed by GMV in collaboration with the Directorate General of Transport (Dirección General de Transportes) of the Junta de Castilla y León. It is a trailblazing system in Spain, now set up in 13 areas of Castilla y León spread throughout its nine provinces. It is already being used by 40% of the population living in those areas.

MOVILOC®, the ASP-based fleet management service set up by GMV in 2004, really took off commercially during 2005, building up a portfolio of clients from many different market segments (parcel delivery services, goods transport, commercial vehicles, fuel transport, refuse collection, etc.) adding up in all to nearly one thousand vehicles. Its clients include such outstanding names as BP transport operators and it has also signed a framework contract with the head office of Halcourier for supplying all franchised fleets. MOVILOC® is based on the platform palview® developed by GMV with the most modern GIS, GPS, GPRS technologies and secure web applications.

Particularly notable on a European R+D level was the award by Galileo Joint Undertaking of the GIROADS project. Led by the European Road Federation, GIROADS is the reference project of the European Commission’s 6th Framework Program for the study and investigation of Galileo applications in road transport. GMV has taken on responsibility for the technical management and research and development of such functions as automatic tolling.

As regards road applications of satellite navigation mention must be made of the active role played by GMV’s Portuguese subsidiary in the ARMAS project (Active Road Management Assisted by Satellite). Phase II of this project has a double goal. Firstly the implementation of a test-bed for advanced Intelligent Transport System (ITS) applications and
secondly investigating the critical aspects to do with reliability, integrity and fraud robustness of GNSS-based “automatic tolling”. In 2005 preparatory work also began on phase III of the project, which will begin in 2006.

In the same field of road transport GMV’s Portuguese subsidiary signed an important collaboration agreement in 2005 with the Portuguese road management firm Tracevia. The aim of the agreement is the development of a product for the management and control of motorway monitoring centers, especially those run on a “shadow toll” basis. As a result of this agreement this product was installed in 2005 in the traffic control center of the “SCUT do Grande Porto” (shadow toll of Grande Porto), opened in November 2005. The center incorporates diverse improvements for the early detection of incidents while the telematics equipment of the associated infrastructure is operating. On the strength of its proven track record of recent years the Portuguese subsidiary was also chosen to participate in various European R+D projects. Specially noteworthy here was the AGILE project (application of Galileo in the LBS environment) with the GJU, centering on GNSS-based tracking services for the market in general and in particular pedestrian mobility, combining GNSS tracking with CNP (Cellular Network Positioning).

In the field of sea transport GMV carved itself a niche as provider of telematic solutions for sea transport by winning the contract award for the design and implementation of the first AIS (Automatic Identification System) network on Spanish territory for Puertos del Estado. This network will give coverage to the whole coastal zone of the Atlantic (area of Galicia and the Strait of Gibraltar). Finally, a mention must also be made in this field of the participation secured by GMV’s Portuguese subsidiary in the European R+D project MARUSE, with the aim of introducing Galileo into maritime navigation.
ACTIVITIES IN 2005

TELECOMMUNICATIONS & INFORMATION TECHNOLOGIES
FOR THE GENERAL GOVERNMENT AND MAJOR COMPANIES

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

- Service quality maps
- High performance messenger service solutions
- Platforms for the integration of third party services
- Platforms of value added services based on JAIN/SLEE
- Platform and service monitoring services
- Platform and service backup and maintenance

INFORMATION TECHNOLOGIES FOR THE GENERAL GOVERNMENT AND MAJOR COMPANIES
GMV provides the most technologically advanced ICT products to improve the processes and innovation capacity of leading organizations. The general government, major companies and banks turn to GMV sure in the knowledge that they will be given secure solutions based on the experience of specialist professionals.

- Corporate mail and agenda solutions and synchronization with mobile devices
- Content management platforms
- Intranet, portals, document management platforms
- E-learning platforms
- Mobility solutions
- System and infrastructure architectures
- Process consultancy and technology consultancy
- System and information network security
GMV’s specialist subsidiary in this field, GMV Soluciones Globales Internet S.A. (SGI) celebrated its tenth anniversary in 2005. In a decade marked by the headlong development of internet and mobile telephony, the technological group GMV has built itself a solid reputation in ICTs on the strength of this subsidiary’s exemplary work. GMV’s subsidiary has collaborated with many of the biggest organizations of Spain and Europe in its task of meeting its clients’ objectives by means of new technologies. It has helped to shape the current panorama of information security in three main ways: firstly, with security-based architectures and services, secondly by means of consultancy aiming to make security an integral item in the management of organizations’ logical infrastructure and thirdly by collaborating in the setting up of groundbreaking services based on new mobile telecommunications and broadband. For clients ranging from the general government to major banking firms GMV has furnished solutions and services that are now kingpins of their business strategies. All this means that the firm can now look back with pride on its ten year track record.

In 2005 GMV confirmed its position as one of the main collaborators of the general government in its drive to bring in e-government.

At the start of the year GMV began work on the development, implementation and maintenance of the Single Administrative Information System of the Regional Council of Castilla y León (Junta de Castilla y León). The project consists of different phases taking in the design and construction of a new web portal for the Junta de Castilla y León, the integration of the e-government platform and the setting up of the intranet as the liaison framework for Junta staff. This collaboration also includes the award to GMV of the Peregrin®Alerta service, a pilgrims’ portal with messenger and positioning services offering pilgrims information on the Castilla y León section of the Camino de Santiago.
During the year GMV also finished setting up the Corporate Mail System for the Regional Council of Castilla la Mancha (Junta de Comunidades de Castilla-La Mancha), a turnkey project carried out wholly by the subsidiary, including the design, supply of hardware and software, implementation services, migration from the previous platform and three years of backup.

Work was also completed during the year on setting up the new content management platform for the Subdirección General de Atención al Ciudadano y de Asistencia a Víctimas (Subdirección General de Atención al Ciudadano y de Asistencia a Víctimas) of the Ministry of the Interior (Ministerio del Interior). This platform, developed by GMV’s subsidiary, will furnish the Subdirectorate with a system capable of verifying information integrity, minimizing human error and also creating, amending and linking pages in a simple way.

The Junta de Andalucía, meanwhile, inaugurated Spain’s biggest corporate e-mailbox system, developed in its entirety by GMV’s subsidiary. The project covered the phases of consultancy, integration and maintenance of a system sized for 125,000 users. The new system boosts security, improves performance and ensures scalability in a development environment based on free software.

As part of the development of EAI (Enterprise Application Integration) services, a start was made on the first phase of the EAI consultancy for the fashion and accessories company Loewe, centering on the automation and streamlining of its processes and also the provision of new functions and services with the aim of improving the company’s logistic chain.

As regards the web portal renewal project of the Universitat Autònoma de Barcelona (UAB), initiated the previous year, GMV is currently implementing the second phase, designed to harness all the possibilities of Extranet; work is also beginning on the construction of the Intranet.

In this same year Vodafone turned to GMV for setting up the evolution platform responsible for activation and deactivation of services (MAD) to record balance changes for prepayment users, with the aim of cutting down fraud.

To complement the general activity and development of projects, GMV furnished a series of general-purpose inhouse technological solutions through its subsidiary GMV Soluciones Globales Internet S.A. duly adapted to each particular client, these could then be a rich source of added value, helping each client’s products to stand out from the rest.
In 2005 the following inhouse products were developed:

· A security solution for ATMs, comprising two basic modules Checker and Queen:
  Checker is a JAM-integrated tool of the Dynasty company designed to provide security for ATM operations. Checker seeks to control the various data and/or information input points of the system instead of blocking any actions deemed to be unauthorized.
  Queen ensures control of the system’s information input points. Queen guarantees correct and reliable communication between the ATM and the bank’s central services, verifying the content of the exchanged data frames against specific bank protocols. This safeguards the ATM from internet attacks.

· Fábula: a business solution of Factoría Móvil that gives access to the world of entertainment through diverse mobile channels. Fábula allows the creation and management of quizzes, votes, chats and games based on the messenger service, through a publication and administration environment.

· EsLocator: the tracking channel of Factoría Móvil allowing incorporation of mobile telephone location information into business decisions. This information is obtained by means of operator-authorized access.

GMV has also kept up a high level of activity in this field in Portugal through its Portuguese subsidiary Skysoft. In 2005 this subsidiary kept up its successful collaboration with SIBS (Sociedade Interbancaria de Serviços, S.A.), the company responsible for Portugal’s complete network of ATMs and the main manufacturer of credit cards and debit cards. In 2005 GMV’s Portuguese subsidiary won two new contracts with this company, one for the setting up of a File Reception System and another for integration of its business process, compiling all banking information.
Right from the word go GMV has given top priority to its personnel policy. In GMV we are convinced that a staff of top professionals is the best way to gain a competitive edge over the rest. GMV as an organization aims to attract the best professionals and then ensure that they stay with the company to pursue their careers. GMV offers them a unique teamwork environment where their talent, imagination and personal endeavors are continually challenged and stimulated.

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

The growing number of Curriculum Vitae received each year proves that GMV is becoming one of the preferred employment sites for both university graduates and experienced professionals. Over 8000 candidatures were analyzed in the year and over 500 interviews were held to meet the need for new personnel in all GMV companies. The set of companies making up GMV closed the year with 664 employees; over 88% of them have university degrees and their average age is about 33.

Such a painstaking personnel-selection procedure involves a heavy outlay and so does GMV’s subsequent concern for the stable career development of its employees. Its human resource policy is therefore to maintain a high level of open-ended contracts, a rate of about 90% in 2005.
One of the main planks of the human resources policy is training, since the company’s activity sectors call for specialist and bang-up-to-date knowledge of the most advanced technologies. Training activities increased significantly in the year, both in terms of classroom hours and total outlay. In all about 470 training courses were held in 2005 on both an individual and group basis, adding up to a sum total of 14,565 training hours involving over 85% of GMV’s personnel.

GMV liaises permanently with study centers and universities throughout Spain, either by way of temporary agreements, with grants to help university students join the job market, or more permanent collaboration agreements in projects. In 2005, as fruit of these agreements, 60 students worked on a study grant with one of GMV’s companies. This habitual liaison with universities has been reinforced by the participation in various employment forums, university forums and company presentations.

Another example of this collaboration is the sealing of a commitment with the Universidad Politécnica de Madrid as sponsor of the Ibero-American Thematic Network Criptored, with the aim of promoting IT security not only in Spain but also in Ibero-America.

The GMV Chair, an academic initiative set up the previous year in collaboration with the Universidad Politécnica de Madrid (UPM) and the Higher Technical School of Aeronautical Engineers (Escuela Técnica Superior de Ingenieros Aeronáuticos: ETSIA) was particularly active in the year; it organized courses with the participation of leading figures; it also organized conferences and seminars and set up several initiatives on key dates such as Internet Day.

GMV makes sure its staff has access to the necessary tools and technology to expedite their daily tasks and also to help them understand in depth the organization’s processes. Along these lines GMV’s intranet Incorpora was further enhanced throughout the year, with a continuous improvement of the services it offers. It has by now become a meeting point for all staff and an efficient means of internal communication.
The commitment of GMV’s firms to their clients, the concern for excellence, innovation and continual improvement are all reflected in its quality management processes. GMV is mindful of the fact that quality assurance is not only a matter of obtaining a given certificate or title but also needs to pervade the daily work of the whole personnel. The organization to a man is pledged to the goal of achieving top quality in its products. They often participate in the design of procedures and attend all necessary courses so that they fully understand GMV's quality system and make sure it is applied in all the work they do.

The various firms of GMV are in possession of the quality certificates to match their areas of activity and specialization.

The subsidiary GMV Aerospace and Defence S.A. has certificates under the requisites of the ISO 9001: 2000 standards. It has also been awarded certificates to cover its various areas of activity, such as the EN 9100:2003, based on ISO 9001:2000 and specifically designed for developments in the aerospace area or the Pecal 110 and 150 certificates for defense activities.

In 2005 GMV Aerospace and Defence S.A. finally came with flying colors through the testing evaluation process for obtaining level 3 maturity under the CMMI model (Capability Maturity Model Integrated), a prestigious international certificate granted by an independent body after the most thoroughgoing evaluation. As yet only a very small and exclusive group of Spanish firms can boast possession of this international certificate.
The Quality Management System of the subsidiary GMV Soluciones Globales Internet S.A. also abides by the ISO 9001:2000 standard and it also has the certificates in keeping with its areas of activity such as the UNE-EN 71502:2004 standard, which makes an obligatory reference to the UNE ISO/IEC 17779:2002 standard for the security management code of good practice.

In mid 2005 the subsidiary GMV Sistemas S.A. completed the formal process for obtaining the ISO 9001:2000 certificate, the standard verifying that the requisites laid down in standard UNE-EN ISO 9001:2000 are duly met by the subsidiary’s Quality Assurance System adopted for the design, development, production and after-sales service of systems for the IT, transport, remote control and satellite-navigation centers.

As part of the second cycle of certification at the end of the year, the Quality Management System of GMV’s Portuguese subsidiary Skysoft successfully passed its audit under standard ISO 9001: 2000. The formal process also began for obtaining EN 9100: 2003 certification, specific for developments in the aerospace area of this subsidiary.

Lastly, GMV has committed itself to carrying out its activity within the parameters of sustainable development, maintaining the control and management of all the environmental aspects involved in its work. Hence the fact that the Environmental Management System covering the activities in GMV’s central Madrid site conforms to the UNE-EN ISO14001: 1996 standard.
GMV
IN THE WORLD
ANALYSIS OF THE
FINANCIAL SITUATION
THE COMPANY’S OVERALL FINANCIAL PERFORMANCE

GMV’s set of companies closed the financial year 2005 with a consolidated turnover of 55.5 million euros, representing an 18% increase on the total gross revenue of the previous year.

It should be stressed that over 10 percentage points of this 18% growth represented organic growth, while only the remaining 8 points corresponding to the purchase of a 58.34% stake in the capital of the company Skysoft Portugal Software e Tecnologias de Informação S.A., which contributed a revenue of 3.5 million euros to the consolidated financial statements.

In 2005 GMV’s set of companies chalked up a net post-tax consolidated profit of 2.9 million euros, representing an 18% increase in the net results figure. Stockholders’ equity thus increased by over 16% to 18.9 M€.

As for its valuation, the group recorded an end-of-year ROE in 2005 of 18%, with a sales margin of over 5%, an asset turnover of 6%, pushing the financial leverage indicator above 13%. As a result of this increase of financial leverage the net financial debt figure recorded in the balance sheet is about 5 million euros, still well within the maximum gearing ratio allowed by the financial structure.

Certain changes in the financial structure, already foreshadowed in previous years, were consolidated: reduction in the average weighted cost of the capital employed while the average yield of operating assets held steady; there was a significant capitalization of stockholders’ equity and economies of scale were increased by the operational leverage; a new 5% improvement in the debt service coverage ratio represents a more solid credit position with lower insolvency risks and a greater immunity to any rise in interest rates.

In terms of its financial evaluation, very positive end-of-year values were recorded in the liquidity and solvency ratios (ratios of 1.5 and 2.0 respectively), with a considerable increase in working capital over sales as a result of client investment needs.

The recorded increase in working capital is a combined effect of the growth of the business and the seasonality of sales, whereby a large part of the turnover tends to be recorded in the final months of the year. Thus, the client investment recorded in 2005 is higher than the 2004 figure. This seasonal sales bias is not inherently bound up with the productivity of GMV itself; rather is it the result of the commercial cycle of contracts, tenders and bid invitations in the year, as affected by the general situation. Since most of the year’s costs are labor costs, therefore, the client investment will not be accompanied by any increase in trade payables. This lack of correlation leads to a heavy outlay in working capital, with the knock-on effect of an increase in the net financial debt and a certain shackling of the balance sheet’s investment capacity. Furthermore, the consolidated effective tax bill for 2005 held pretty steady at the previous year’s figure of 20%.

These figures clearly show that the company is going through a business cycle of moderate and profitable growth on a more mature basis with no need for regular external financing. The recorded growth rate is well below the sustainable growth rate limits marked by the growth in ROE and is conducive to a lowering of the debt ratio and a better harnessing of investment opportunities in other business, which can be tapped into as quickly as market conditions allow.

The net result of all the above is that the operational cash flow stands at 4.4 million euros, the consolidated EBITDA at 5.7 million euros and the free cash flow for shareholders at one-and-a-half million euros.

DISTRIBUTION OF RESULTS

GMV maintains a conservative self-financing policy, plowing back practically all its profits to shore up its financial structure and ensure its financial autonomy.

These retained profits have enabled it to step up its investment in its own inhouse research and development projects. GMV’s total cumulative investment in its own R+D projects now adds up to over 6 million euros.

BUSINESS SUBSIDIARIES AND UNITS

GMV’s business units arose as the result of a diversification process to broaden the customer base and increase revenue in other related markets where the Group could offer its technological products. This process has had a beneficial effect on the revenue mix and the spread of market risk. This policy has been maintained and combined with an effort to spread into other geographical areas.

The corporate makeup established in 2001 has been maintained, with business units taking the legal form of joint stock companies. This was thought to be the best way of bringing their human, financial and material resources into line with the specific needs of each business and thus ensuring their long-term viability.

In May 2004 GMV completed the process of setting up the US company GMV Space Systems Inc. with the aim of filling a perceived gap in the target market with its own range of products and services. Early commercial opportunities have been harnessed to such good effect that
this subsidiary moved out of start-up phase in October 2005 and entered the operational phase, contributing thenceforth towards the group's revenue and turnover figures.

Additionally, in May 2005 GMV bought a 58.34% stake in the company Skysoft Portugal Software e Tecnologias de Informação S.A., which was then integrated fully into the group’s operations as one more subsidiary.

The company GMV Soluciones Globales Internet S.A. provides the legal structure for the activities of information technologies, telecommunications and security of systems and information networks while GMV Sistemas S.A. does likewise for our business unit dealing with transport- and logistics-engineering. GMV Aerospace and Defence S.A. still gives legal coverage to the space and defense activities and GMV Space Systems Inc. occupies an identical position in the US market. Skysoft, for its part, exploits the opportunities in Portugal to do with all the group’s target markets.

Above them all in the organization chart comes Grupo Tecnológico e Industrial GMV S.A. acting as parent company, supporting the whole value chain and laying down the strategic guidelines.

This organization model has proven to be fruitful in terms of business, resource efficiency, profitability and viability. With this business strategy, based on specialization in the various production lines and designed to make the processes more productive, GMV has been able to record a sharp growth in its whole set of activities.

**ANALYSIS OF THE SUBSIDIARIES’ PERFORMANCE**

The mixed strategy of organic growth of the existing companies and takeover-based growth has generated a rise in net income in all GMV’s lines of activity, especially in the space and defense market. There was also an improvement in the standard operating margin in all the group’s business segments, albeit with a somewhat uneven distribution.

In this year GMV’s subsidiaries have thus been able to keep up a satisfactory level of operational profitability in a turbulent and fiercely competitive environment that has tended to trim profit margins.

As for the performance in 2005, the space and defense business put in a very good showing, GMV Aerospace and Defence S.A. chalking up a 30% growth in net turnover. The figures of GMV Soluciones Globales Internet S.A. show an apparent fall in the gross turnover figure due to the change in the structure of our clients’ projects, with a lower purchase component of includable elements this year. In effect this business largely has the character of technological consultancy, in which there is a certain instability in terms of the distribution between equipment and materials includable in the production process, on the one hand, and the engineering and activities of greater added value, on the other. The orders made in 2005 by this subsidiary had a greater component of added value, recording a 22% growth in net turnover. The transport and logistics area - GMV Sistemas S.A. - recorded a 28% increase in gross turnover; given the cost structure of the products delivered to the clients, this results in a net turnover growth of over 6%.

In terms of EBITDA, GMV Aerospace and Defence S.A. recorded a value of 4 million euros, despite having made a big commercial effort to win itself a good position in the Galileo program and to increase its profile in the defense market. These efforts augur well for 2006 and subsequent years.

GMV Soluciones Globales Internet S.A. for its part, posted an EBITDA figure of 1.3 million euros, holding steady on the previous year. This makes it the group’s second biggest contributor of added value, with excellent development prospects for the coming year 2006.

Lastly, GMV Sistemas S.A. maintained the return on resources used with an EBITDA contribution of 0.4 million euros.

2005 was crucial for the consolidation of the market position of our business lines, in a time of sweeping changes and fierce competition in the market of telecommunications and IT applications. Working from this position of strength, the group now faces the stirring challenge of opening up new markets while integrating new products and services into existing ones.

As already pointed out, GMV set up the subsidiary GMV Space Systems Inc. in the United States in May 2004, taking up 100% of its shares. This company successfully transacted its pre-operational phase in October 2005 with excellent prospects for the coming years.

Following the financing program established in the business plan of GMV Space Systems Inc, the company received in 2005 the second tranche of the share capital and the necessary funds for setting up the business, to the value of 0.5 million US dollars, bringing the company’s share capital up to 0.9 million US dollars. Additional arrangements have been made with the subsidiary for long term financing to the value of 1 million US dollars. This brings GMV Space Systems Inc.’s long term financing up to 1.9 million US dollars, so the company’s financing structure is now closed for the timeframe 2004-2007, unless unexpected commercial success calls for changes in the business plan to allow for quicker growth.

The financial year of 2005 confirmed a consolidation of all our business lines, with satisfactory financial results, the formation of important strategic lines of action, all contributing to the establishment of GMV in a leading position in the market of hi-tech services. We foresee an even brighter picture for the financial year 2006.
BASIS OF CONSOLIDATION AND STAKES IN OTHER COMPANIES

The consolidated financial statements for the year include all subsidiary companies. In application of the equity method the basis of consolidation excludes only those companies where the stake held by Grupo Tecnológico e Industrial GMV S.A. is less than 20%, which are recorded in the financial assets of the consolidated balance sheet.

GMV holds a 14.3% stake in the company Galileo Sistemas y Servicios S.L., the other stakeholders being Indra Espacio S.A., Sener S.A., Hispasat S.A., AENA, EADS CASA and Alcatel Espacio.

The object of this joint venture, set up in July 2000 together with the main companies of the Spanish aerospace sector, is to promote the development, operation and commercial exploitation of applications and systems based on Galileo, the future European satellite navigation system. Galileo Sistemas y Servicios S.L. in turn holds a minority stake in the European company Galileo Industries S.A., together with Alcatel-Alenia Space, EADS Astrium and Thales.

INVESTMENT POLICY

The overall fixed asset investment in 2005 amounted to 2.8 million euros. Most of the tangible fixed asset outlay was spent on technical facilities and the necessary IT equipment for the day to day activity. This figure also includes the R+D investment made in 2005 in those germinal activities likely to capture market shares in the medium term.

In 2005 GMV made a big investment in training, adding up to over 0.6 million euros. It plans to continue this policy in the future. An increase of over 3% is scheduled for 2006, with the clear strategy of attracting and training highly qualified personnel.

USE OF EBITDA

GMV assesses the operational performance on the basis of several factors, including the main financial measurement of earnings before interest, taxes, depreciation and amortization (EBITDA), eliminating the effects of financing decisions and structures.

GMV considers EBITDA to be a good indicator of the operational strength and performance of its business activities, including the capacity of generating cash flow to finance debt and capital costs. The use of EBITDA cancels out the irregular effect in business segments of the depreciation of tangible fixed assets and intangible fixed assets as recognized in business combinations by the traditional accounting method.

In any case the EBITDA factor should be considered not as a substitute but rather as an addition to net operating profit and other measurements of financial performance presented in accordance with generally accepted accounting principles.

DECLARATIONS ON FORECASTS

Certain declarations in this document take the form of beliefs, estimates, expectations, projections or expressions of a similar significance. These expressions are expectations of the future. The final results might be materially different from said forecasts for many reasons, including the risk factors mentioned in the business analysis.

ACCOUNTING PRINCIPLES AND GENERAL VALUATION RULES

The annual accounts have been drawn up in due accordance with the following criteria:

- True and fair view of the company, as a result of applying the accounting provisions currently in legal force
- Application of the obligatory accounting principles as well as the generally accepted accounting principles
- No amendment whatsoever has been made to the accounts of the previous year, except for the application of new tax provisions
- Corporate income tax has been calculated and entered in the accounts in accordance with the fiscal criteria determining the taxable income and tax liability

The accounts have been drawn up in accordance with the generally accepted accounting rules and principles whilst also abiding by ruling legislation on the matter, which may be summed up as follows:

- Consideration of the company as a going concern
- Uniform valuation principles from year to year
- Prudence concept
- No inter-item offsetting on the asset or liability side of the balance sheet
- Application of purchase price in both fixed and current assets
EQUITY AND DIVIDEND POLICY

Ever since its foundation it has been the company’s policy to continuously build up equity by plowing back its profits. Thanks to this policy, fixed and current assets are largely self-financed, despite the major allocations made to cover long term investments; dependence on third party credit is therefore minimal.

As a result of this procedure, subsidiary companies were set up, fully funded from the word go through share capital to guarantee their viability and also drastically reduce their dependence on credit from the various financial institutions.

Apart from mortgage credits for financing real estate investments, the rest of the group companies’ financial needs are fully covered by their own equity or by short term credits taken out to meet one-off needs.

Throughout the Group’s twenty-plus year history, this self-financing philosophy has had a marked effect on the dividend policies pursued by the various companies making up the business group. The goal of self-financing has always prevailed clearly over that of possible dividend payouts. For this reason, in the course of the group’s first ten years of existence, despite healthy earnings, no dividends were distributed; rather, all funds remained in the hands of the respective companies.

After the initial establishment and growth phase in all GMV’s activity areas, the intention is to relax this dividend policy and introduce elements that will prove more attractive to shareholders, once the group has fully attained its across-the-board goal of overall consolidation.

TAX AND MERCANTILE SITUATION

The company has made all declarations for all taxes levied on its activity, in due accordance with the criteria laid down in ruling law. These declarations-settlements will be definitive upon inspection by the tax authority or after the legal four-year term has run its course.

The management of the board of directors, annual accounts and management report for the year ending on 31 December 2005 were all approved by the Extraordinary General Shareholders’ Meeting, universal in character as one hundred percent of the share capital of each company was represented therein. The annual accounts, containing the full biannual data required by current legislation were presented to the Meeting and signed by all directors of each company, as an indication of their agreement therewith. Approval was also given to the distribution of the year’s profit. The Extraordinary General and Universal Shareholders’ Meetings of each company and all agreements adopted have been duly certified by the secretary to the board of directors, with the approval of the president, as required by current legislation.
# BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

## CONSOLIDATED BALANCED 2005

<table>
<thead>
<tr>
<th>Assets</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td>13.458.801,46</td>
<td>14.692.178,03</td>
</tr>
<tr>
<td>Capitalised Expenses</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td><strong>13.458.801,46</strong></td>
<td><strong>14.692.178,03</strong></td>
</tr>
<tr>
<td>Inventories</td>
<td>500.168,70</td>
<td>1.495.531,72</td>
</tr>
<tr>
<td>Customer and Trade Debtors</td>
<td>16.558.761,95</td>
<td>23.234.474,28</td>
</tr>
<tr>
<td>Financial Account</td>
<td>3.199.352,02</td>
<td>5.028.763,04</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>20.258.282,67</strong></td>
<td><strong>29.758.769,04</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>33.717.084,13</strong></td>
<td><strong>44.450.947,07</strong></td>
</tr>
</tbody>
</table>

| Circulating Capital | 5.637.894,76 | 9.833.938,98 |
| Circulating Capital / Equity | 29,52% | 40,10% |

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholders’ Equity</td>
<td>16.148.918,22</td>
<td>18.827.304,61</td>
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<tr>
<td>Capital Grants</td>
<td>1.881.233,48</td>
<td>2.269.010,41</td>
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<tr>
<td>Minority Interests</td>
<td>0,00</td>
<td>504.262,94</td>
</tr>
<tr>
<td>Long-term Funding</td>
<td>1.066.544,52</td>
<td>2.925.539,05</td>
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<tr>
<td><strong>Total Long-term Funding</strong></td>
<td><strong>1.906.696,22</strong></td>
<td><strong>24.526.117,01</strong></td>
</tr>
<tr>
<td>Short-term Liabilities</td>
<td>13.381.776,81</td>
<td>18.610.619,08</td>
</tr>
<tr>
<td>Pagos Diferidos</td>
<td>1.238.611,10</td>
<td>1.314.210,98</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>14.620.387,91</strong></td>
<td><strong>19.924.830,06</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>33.717.084,13</strong></td>
<td><strong>44.450.947,07</strong></td>
</tr>
</tbody>
</table>

| Working Capital | 5.637.894,76 | 9.833.938,98 |
| Working Capital / Fixed Assets | 41,89% | 66,93% |

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of goods</td>
<td>11.187.774,56</td>
<td>11.620.029,03</td>
</tr>
<tr>
<td>Ancillary Services</td>
<td>3.187.540,80</td>
<td>4.093.660,93</td>
</tr>
<tr>
<td>Taxes</td>
<td>18.375,99</td>
<td>51.830,15</td>
</tr>
<tr>
<td>Employee Costs</td>
<td>27.290.998,03</td>
<td>33.803.544,56</td>
</tr>
<tr>
<td>Financial Expenses</td>
<td>420.382,99</td>
<td>479.906,26</td>
</tr>
<tr>
<td>Extraordinary Expenses</td>
<td>0,00</td>
<td>420.690,34</td>
</tr>
<tr>
<td>Period Depreciation and Amortization</td>
<td>1.497.069,15</td>
<td>1.580.481,08</td>
</tr>
<tr>
<td>Appropriations, Transfer to Provisions</td>
<td>533.614,80</td>
<td>-177.726,84</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>44.135.756,32</strong></td>
<td><strong>51.872.415,51</strong></td>
</tr>
<tr>
<td>Profit Tax</td>
<td>581.709,28</td>
<td>754.519,08</td>
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</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>45.996.986,13</td>
<td>53.206.307,39</td>
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<tr>
<td>Own Expenses Capitalised</td>
<td>887.681,01</td>
<td>1.768.647,13</td>
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<tr>
<td>Operating and Renewal Grant</td>
<td>217.705,87</td>
<td>417.377,46</td>
</tr>
<tr>
<td>Financial Income</td>
<td>17.423,77</td>
<td>66.415,32</td>
</tr>
<tr>
<td>Extraordinary Income</td>
<td>22.743,39</td>
<td>27.713,68</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>53.206.307,39</strong></td>
<td><strong>66.415,32</strong></td>
</tr>
<tr>
<td>Profit before Corporate Income Tax</td>
<td>3.006.783,85</td>
<td>3.614.045,47</td>
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<tr>
<td>Profit after Corporate Income Tax</td>
<td>2.425.074,57</td>
<td>2.859.526,39</td>
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</table>
## STATEMENT OF CHANGE IN FINANCIAL POSITION

### FINANCIAL CHART

**STATEMENT OF CHANGE IN FINANCIAL POSITION**

**CONSOLIDATED BALANCE 2005**

<table>
<thead>
<tr>
<th>APPLICATIONS OF FUNDS</th>
<th>ORIGIN IN FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Fixed Assets</td>
<td>Increase in Long-term Liabilities</td>
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<tr>
<td>Decrease in Long-term Liabilities</td>
<td>Increase in Equity</td>
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<tr>
<td>Decrease in Equity (dividend)</td>
<td>Consolidation of Minority Interests</td>
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<tr>
<td></td>
<td>Decrease in Fixed Assets</td>
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<tr>
<td></td>
<td>Resources obtained</td>
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<tr>
<td>Total Applications</td>
<td>Total Origins</td>
</tr>
<tr>
<td></td>
<td>Balance of Applications over Origins</td>
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<tr>
<td></td>
<td>(Decrease in Working Capital)</td>
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<td></td>
<td></td>
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<tr>
<td>2,813,857,65</td>
<td>2,664,148,92</td>
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<td>181,140,00</td>
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<td>2,994,997,65</td>
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<td>4,196,044,22</td>
<td>4,196,044,22</td>
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<tr>
<td>7,191,041,87</td>
<td>7,191,041,87</td>
</tr>
</tbody>
</table>

**APPLICATIONS OF FUNDS ORIGIN IN FUNDS**

**CONSOLIDATED BALANCE 2005**

**STATEMENT OF CHANGE IN FINANCIAL POSITION**