We in business group GMV are firmly of the belief that behind every new need, behind every new problem, lies 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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Letter from the Chief Executive Officer
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LETTER FROM THE PRESIDENT

MONICA MARTÍNEZ

In 2006 GMV continued to grow at a brisk rate. Turnover and EBITDA were both up on the previous year by almost 20%, while the group’s net profit grew by 15%.

Half of our revenue comes from the space sector. The signing of 5 contracts in the Galileo program makes GMV the third biggest European group and the biggest Spanish group in Galileo participation, behind only such giants of the sector as Thales-Alenia Space and EADS-Astrium. GMV has also consolidated its position as one of the world’s main suppliers of satellite control systems. A significant input here has been made by our USA subsidiary, GMV Space Systems, selling our star products of mission planning, communications payload management, flight dynamics and satellite control both to NASA and to satellite operators in the USA. Up and running since 2004, GMV Space Systems has already managed to build up a turnover this year of over one million dollars.

Skysoft Portugal, incorporated into GMV in 2005, has also shown a healthy growth rate, increasing its turnover by 28% in 2006. The integration of Skysoft into GMV has clearly been a resounding success, fuelling a fruitful contribution with other GMV companies in diverse sectors: witness Galileo in the space sector or the setting up of AIS networks for maritime control in the transport sector.

A sizeable part of our revenue is plowed back into R+D+i, winning GMV fifth place among all Spanish companies in terms of returns on the European Community’s Sixth Framework Program. In 2006, for example, GMV completed the development work on its arthroscopy training simulator insightMist®. We also chalked up the first sales of our new ATM security product checker®, and we have broadened the customer base of our tracking service MOVILOC®. Many other projects are now underway, helping to keep GMV at the cutting edge of the most advanced technologies.

From the strategic point of view, one of the key developments of the year was the renovation of the corporate image, bringing all the group companies, working in diverse technological sectors, under the same umbrella brand. For all their heterogeneity, these companies all share the same competitive spirit, the same unswerving desire to improve, the same creativity and flexibility in the ongoing quest for the best solution for each client. The GMV brand will hence boost our growth strategy based on continual innovation to reinforce our position in sectors we already operate in and help us branch out into new technological sectors where we can make a valuable contribution. It will also help us break into new geographical markets, all in keeping with the long-standing values and business independence that have helped us build up a cast-iron reputation and win the enduring trust of our clients.

* 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.
LETTER FROM THE CHIEF EXECUTIVE OFFICER

LUIS A. MAYO

2006 has been an interesting year in GMV’s development. On the one hand we have chalked up big growth rates in our long-standing areas of activity, consolidating our company’s leadership in those niches of the space sector that have accounted for the bulk of our activity in this field over the years, especially in control centers, satellite navigation infrastructure and mission analysis. We have also considerably increased our profile in the ICT sector for the general government and major companies, through our subsidiary GMV Soluciones Globales Internet S.A. Furthermore we have consolidated our benchmark position in the national market of telematics for passenger transport companies. In the defense and security sector we have won significant new contracts, such as installation of the I*Net node for the general purpose network of the Spanish Ministry of Defense or the information and communications systems for the future combat system within the COMFUT program, in collaboration with EADS. Lastly, our subsidiaries in the USA and Portugal have recorded healthy growth rates. GMV Space Systems Inc. has won its first contracts from NASA, Lockheed Martin and Orbital Sciences Corp. Skysoft, for its part, has won notable contract awards within the Galileo program and increased its business in national programs.

But alongside these undoubtedly significant events mention must also be made of other initiatives taken on by GMV this year to fuel further growth in the company in the future. Many of these initiatives are bound up with our investments in the development of new products. First and foremost GMV reached an agreement in 2006 with FICOSA Internacional S.A. to set up a joint venture with the remit of developing and marketing original equipment for automobile communications and tracking. These developments will try to tap into the strengths of both companies: on the one hand FICOSA’s wealth of experience in the automobile sector and its fractal-antenna products and on the other GMV’s expertise in the design and production of combined communications and tracking equipment, which has allowed us to launch onto the market such services as MOVILOC® or products like our fleet management systems for urban transport operators. Secondly, we have drawn on all our logical-security experience to develop a software product for system hardening of ATM networks: checker®. Thirdly, we have completed the development of our first simulator for the learning and fine-tuning of minimally invasive arthroscopy surgery insightMist®. Other products are also in the pipeline and are expected to be brought onto the market in 2007.
Also in 2006 we began negotiations with the company MASISCONVI S.A. for reaching an agreement on the incorporation of their range of electronic fare collection systems into our line of telematics products for passenger transport operators. This initiative materialized in 2007 in our taking of a controlling stake in this firm. We thereby reinforce our product range in this field, enabling us to meet the across-the-board needs of companies in this sector and setting ourselves up for breaking into other international markets.

GMV is a knowledge-intensive business group not only because we are convinced that this is necessary in general but also because of the particular market niches in which we operate. The group’s strategy therefore depends fundamentally on the recruitment of the best personnel and helping them to realize themselves in the firm. In 2006 we made a particular effort to set up and develop collaboration agreements with the main and most highly reputed Spanish universities in our fields of specialization. But we are well aware that this is not enough. In the coming years we plan to reinforce this strategy, broadening our network of agreements and seeking talent wherever it might be lurking, without being daunted by any mere cross-border red-tape. We will also increase our outlay in training not only to build up the necessary expertise in our technical staff but also to prepare middle and upper management to meet the challenges posed by the group’s growth.

I would not like to miss this chance of thanking all GMV employees, our partners and collaborators, our clients and all other related organizations and persons for their cooperation and the trust place in our group for yet another year. We are convinced that GMV is bound to play a social role over and beyond the duty to its shareholders. With the collaboration of all concerned we take on the responsibility for spreading the benefits of our activity further afield beyond the limits of the group.

Thanks, yet another year, to everyone.

* 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.
GOVERNING BODIES
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT
MANAGEMENT OF SUBSIDIARY COMPANIES
BOARD OF ADMINISTRATORS

President
MÓNICA MARTÍNEZ WALTER

Director
JAVIER LÓPEZ ESPAÑA

Member of the Board
SUSANA MARTÍNEZ WALTER

Secretary
ENRIQUE REVILLA PEDREIRA

EXECUTIVE MANAGEMENT

Chief Executive Officer
LUIS A. MAYO MUÑIZ

General secretary
ENRIQUE REVILLA PEDREIRA

Human Resources and Informatic Systems
IGNACIO RAMOS GOROSTIOLA

Administration, Finance and Accounting
FCO. JAVIER MARTÍNEZ CENDEJAS

Corporate Business Development
MIGUEL ÁNGEL MARTÍNEZ OLAGÜE

MANAGEMENT OF SUBSIDIARY COMPANIES

GMV AEROSPACE AND DEFENCE, S.A.
JESÚS B. SERRANO MARTÍNEZ

GMV SPACE SYSTEMS, Inc.
THERESA W. BEECH

GMV SISTEMAS, S.A.
JUAN A. MARCH GARCIA

GMV SOLUCIONES GLOBALES INTERNET, S.A.
LUIS F. ÁLVAREZ-GASCÓN PÉREZ

SKYSOFT PORTUGAL, S.A.
ALBERTO DE PEDRO CRESPO
GMV was born in 1984 as fruit of the business initiative of Professor Dr. Juan José Martínez García. 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 their infancy 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 now 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 European Satellite Navigation Industries GmbH (formerly called Galileo Industries S.A.), the main contractor for the development of the Galileo system; the other stakes are held by Thales-Alenia Space and EADS Astrium.

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 A. Mayo Muñiz took over the responsibility for general executive management.

In the following years GMV entered upon a new stage with a twofold objective: firstly to maintain its business independence and secondly to develop a future plan that would guarantee ongoing profitable growth both in its traditional areas and 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 long-standing 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 target 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 aerospace engineering company into a business group with an almost 800-strong staff operating in different hi-tech sectors and with a bulging international portfolio of clients.

GMV’s new corporate identity was officially launched in September 2006. The reason for revamping the corporate identity was to bring it into line with the actual situation of the business group GMV. The group has now broken into many new sectors and expanded its business internationally. To make sure the corporate brand does not lag behind this new reality we decided to carry out a thoroughgoing overhaul of the group’s identity, unifying all the corporate brands under a single denomination. All the subsidiaries now have the new GMV brand as a single corporate identity. The aim is to convey the image of a well-knit multinational business group working in many different technological sectors, all pulling together towards the same forward-looking aim of onward growth.
Our goal is to support our client’s processes by dint of technologically advanced solutions, providing integrated systems, specialized products and services covering the whole life cycle. These range from consultancy and engineering services up to the development of software and hardware, the integration of turnkey systems and operational backup.

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 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.
**A NEW FORWARD-LOOKING BRAND**

GMV has recently broken into many new sectors and expanded its business internationally. To make sure the corporate brand does not lag behind this new reality GMV decided in 2006 to revitalize the whole group’s corporate image, rethinking the existing brands and their architecture.

We therefore undertook a thoroughgoing review of the corporate identity. The aim in doing so was to capture the essence of our range of products and services and convey the image of a well-knit multinational business group working in many different technological sectors, all pulling together towards the same forward-looking aim of onward growth.

This new brand architecture unifies all the corporate brands under a single denomination. The whole business group and all the wholly owned subsidiaries will have the GMV brand as their single corporate identity.

The single brand architecture is possible thanks to the business outlook shared by all GMV’s various subsidiaries. All of them, each in its own sector, furnish advanced solutions, integrated systems and specialized products and services with a similar competitive strategy. The goal is to supply each individual client with exactly what it needs, offering it the best total solution, adapted to its own requirements and including all the backup it might need to obtain the best possible result. This strategy is backed up by an in-depth knowledge of technologies and the sheer excellence of its professionals. The employees, the operational model and the shared business values of all GMV’s subsidiaries are geared towards ensuring that each client gets exactly what it needs.

The new image draws on this common denominator to create a unified image in keeping with the strategy, culture and common roots of the whole group: continual innovation, unstinting desire to improve, keenness for challenge and leadership in technological excellence.

The group’s business structure has not been affected by this change in image. In the interests of greater clarity, however, and to bring them into line with the new corporate image, two of the companies’ names have changed slightly: GMV S.A. is now called “GMV Aerospace and Defence S.A.” while Soluciones Globales Internet S.A. has changed its name to “GMV Soluciones Globales Internet S.A.”.
In 2006 the business group GMV posted a turnover of 66.5 million euros, a 20% increase on 2005. This growth was organic, resulting from the joint growth of all business lines in which GMV’s various subsidiaries operate. The growth of these subsidiaries’ turnover was higher than the forecasts for the year.

Despite GMV’s expansion into other sectors, the space sector continues to account for the biggest share of its turnover (51%) and net profits. 2006 was clearly an excellent year for GMV in this sector. In 2006 GMV consolidated its position as the world’s second biggest supplier of satellite control systems. By the end of 2006 over 70 satellites of the world’s main manufacturers, operated by the main agencies and operators, were being controlled by GMV systems. Moreover the winning of over €40 million worth of contracts for the development of Europe’s navigation system, Galileo, made GMV Europe’s third biggest participator in the development of the Galileo system and the biggest in Spain. GMV is also responsible for developing the two critical systems of the ground segment. Finally, 2006 marked GMV’s takeoff in the US space sector with the signing of the US subsidiary’s first two contracts with clients as important as NASA and Lockheed Martin. After these landmark successes GMV has become the only European firm whose flight-dynamics and satellite-control systems are being simultaneously used in Europe and in the USA: in Europe at the operations center of ESA, EUMETSAT and CNES and in the USA at NASA’s Goddard Space Flight Center.

In the defense sector GMV is still making headway in its strategy of becoming the benchmark supplier of Spain’s armed forces in command and control systems, electronic warfare and information technologies. In 2006 GMV pulled off two especially important feats in this field: the EADS-led consortium of which GMV forms a part won the contract from Spain’s Ministry of Defense for the Future Combat System (Combatiente...
In the aeronautics sector GMV continued its years-long collaboration with EADS-CASA in some of the most important programs, on the strength of which we have been selected as one of the preferred suppliers of onboard software.

2006 was also a key year for GMV in the transport sector, with a further steepening of its upward trend. Once more in 2006 GMV won almost all the contract awards for fleet management systems of public transport operators, with particularly important awards for the transport systems of Barcelona, Ourense, Lleida and Ibiza. These new contracts made GMV the top supplier of fleet management systems in Spain in 2006. Furthermore, the award by France Telecom (Orange) of the contract for the supply and operation of its fleet management and tracking platform for all its European operations opens up the brightest prospects for the telematics platform palview® on whose development GMV has been working for the last few years.

In the information technologies sector GMV has traditionally been supplying advanced solutions and services in the areas of information security, ICT integration and mobility solutions for the general government, major companies, banks, insurance companies and telecommunications operators. In 2006 GMV significantly increased its business in the general government segment, carrying out important projects for the development and implementation of portals and mail and content-management platforms for various government authorities, including the Spanish Ministry of the Interior, the Higher Council of Scientific Research (Consejo Superior de Investigaciones Científicas: CSIC), the Guardia Civil, and the Regional Councils (Juntas) of Andalusia and Castilla y León. One of the most important events in this area, however, and specifically in the specialized field of information system security, came with the sale to the Brazilian bank Bradesco of the ATM security hardening product, checker®, to be fitted throughout the bank’s ATM network. With this far-reaching operation GMV is now beginning to reap the fruits of the investments made in the development of inhouse products in this field.

In the healthcare sector the most noteworthy event was undoubtedly the commercial launch of the arthroscopy-surgery training simulator (insightMist®) with many presentations and courses in Europe, USA and Asia. This has sparked off huge interest, auguring well for sales in the coming years. Investment is still being made in the development of this simulator, including new functions, while significant progress has also been made in the development of a new and complex laparoscopy simulator, to be launched commercially next year.
For its part GMV’s Portuguese subsidiary, Skysoft, saw its turnover increase by 28% in 2006 after its incorporation into GMV in 2005; its sales rose by 45% with a threefold increase in its pre-tax profits. The Portuguese subsidiary has also managed to win qualification as supply firm of the Portuguese Ministry of Defense, boding well for development prospects in this field in Portugal.

In short, throughout 2006, the business group GMV as a whole has once more recorded sharp growth rates and has begun to reap the fruits of its product-development investments in recent years. The most conservative turnover forecasts for 2007 suggest a figure of over 70 million euros. But GMV has not only grown in size; it has also improved its competitive position in the different market segments it trades in; it has notably upped its international profile and continues with its strategy of permanent expansion of its products and business lines on the strength of its R+D+I policy. Finally the decided bid for a single and strong brand in this year will no doubt pay off in terms of an increased growth capacity in all GMV’s business areas.

### MAIN FIGURES

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<tr>
<th>Category</th>
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<tr>
<td>Turnover</td>
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<td>EBITDA</td>
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<tr>
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<td>€4.8 million</td>
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<tr>
<td>Net profit</td>
<td>€3.3 million</td>
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<td>Number of employees</td>
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GMV provides integrated systems, specialized hi-tech products and services. Its activities take in the whole life cycle of the system, ranging from consultancy and engineering services up to the development of software and hardware, the integration of turnkey systems and operational backup. These products and services are offered through its various subsidiaries to eight different sectors: Aeronautics, Defense, Space, Healthcare, Security, Information Technologies for the general government and major companies, Telecommunications and Transport.
ACTIVITIES IN 2006

AERONAUTICS

GMV works for the main manufacturers of the aeronautics sector as well as organizations like AENA (Spanish Airport and Air-Navigation Authority) and Eurocontrol as a specialist in engineering, development of aeronautics software and systems under the strictest quality standards. The most important areas of activity for the aeronautics sector are the following:

- Development of safety-critical systems and software 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)
- Backup systems for air traffic control
- Simulators
- Testbeds
- Aeronautical telecommunications
At the start of 2006 GMV handed over to Eurocopter the first unit of the 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. Later, in February, the first system installed on the helicopter passed all tests with flying colors in Eurocopter’s Marseilles site.

In 2006 GMV was officially listed by EADS-CASA as preferred supplier of onboard software, after several years of providing this service on an ad-hoc basis. This has enabled it to considerably increase its activity in the development of aeronautical safety-critical software. In particular, GMV develops safety-critical software for the air-to-air refueling control unit (“Tail Boom”) of EADS-CASA. This software has been developed with the strictest standards, such as RTCA DO-178B, with some parts in Level A, and applying the most advanced IMA (Integrated Modular Avionics) concepts and the standard ARINC 653.

Also as part of the “Tail Boom” air-to-air refueling system, the first flight tests of which have been started, GMV continued in 2006 to work on the development of this system’s control laws, then to be implemented in the abovementioned control unit.

As part of the European Technology Acquisition Programme (ETAP) for the development of air combat technology, GMV is participating in two programs under the leadership of EADS-CASA. One of them has the remit of exploring, using and checking technology for mission planning, guidance and control of Unmanned Combat Air Vehicles (UCAV); the objective of the other is the independent validation of avionics systems using several technologies (simulation or virtual prototyping). This contract marks the start of activities under RDP 1.7 IDEFIX of said program. The specific role of IDEFIX is to validate a development environment for certification only of the modified parts of a distributed real-time avionics system instead of the complete system anew. GMV is the leader in developing an application under the model laid down in the ASAAAC standard as well as generating the blueprint for integration in a real IMA (Integrated Modular Avionics) platform.

Halfway through the year a start was made on two new projects enabling GMV to take part in two star programs of the armed forces: the Tiger attack helicopter and the A400M transport aircraft. In the Tiger program, under contract with Eurocopter, GMV will provide the software design, development and testing for the mission and attack computer AMCSG (Armament and Mission Computer and Symbol Generator); in the A400M project, under contract with EADS-CASA, GMV will develop several simulation models for the landing gear and other aircraft systems.

In the mid nineties GMV, in cooperation with the Spanish Navy, broke new ground worldwide in the development and experimentation of GPS-based instrumental approach systems on aircraft carriers and unpaved landing strips. As continuation of this work, an important milestone came in 2006 with the operational materialization of this type of system. In 2006 the Directorate General of Armaments and Material
(Dirección General de Armamento y Material: DGAM) awarded to GMV the contract for studying the feasibility of said system in keeping with the PAPS methodology, called SISCAR.

September 2006 saw the presentation of the SOFIA project (Safe Automatic Flight Back and Landing of Aircraft), a European Commission project led by ISDEFE, a project in which GMV is participating through its Portuguese subsidiary Skysoft. The SOFIA project will establish a system permitting the automatic flight-back and landing of aircraft in the event of hostile actions or emergencies. GMV’s input centered on design of the procedures for integrating the flight reconfiguration function (FRF) in the airspace and definition of this system’s database requisites.

The same month saw kick-off of the AIR project as part of the “Innovative Triangle” initiative of the European Space Agency. Led by GMV’s Portuguese subsidiary, the aim of the project is to study the feasibility of real-time space and time partitioning of the operating system RTEMS using the approach adopted in the standard ARINC 653. This project is proof of the degree of maturity and experience built up by GMV in ARINC 653 systems of modular avionics and in the real time operating system RTEMS.

The Helicity system, developed by GMV’s Portuguese subsidiary Skysoft, was validated in December 2006. The development is funded by the European Commission as part of Galileo’s R+D activities and its aim is to provide aid for instrumental approach and landing of helicopters in extreme situations using satellite navigation. The activities in the project represent one of the first attempts at European level to assess the operation and performance of the EGNOS system with helicopters, above all in critical missions with this type of aircraft.
In 2006 GMV directly began to collaborate with the integrated logistic support section of EADS, a collaboration that is expected to increase in the future. In this case it involved the development of a trainer of different multifunction displays of the F-18 combat aircraft. GMV has been working for EADS-CASA for some years on the development of components for the simulators of other aircraft, such as the Eurofighter (ASTA simulator - Aircrew Synthetic Training Aid, and Interim Training), CN-235, C-295, etc, and also on the development of specific system trainers for some of these aircraft.

In 2006 GMV continued to participate in various international groups for aeronautical standardization and specification of approach and landing systems, the UAVs, system security and development of the standard RTCA DO-178B.

Finally, within the field of aeronautics, mention must be made of GMV’s activity this year for EUROCONTROL and AENA. GMV collaborates actively with EUROCONTROL on maintenance and development tasks of the PEGASUS tool as well as providing expert advice on GBAS systems (ground based systems for approach and landing support based on satellite navigation). PEGASUS is a tool originally designed for supporting the operational validation of EGNOS, then subsequently amplified to take in GBAS. Moreover, in the framework of the OPTIMAL project, GMV is participating in the development of the backup tools and updating of the onboard equipment and software used by AENA for testing new advanced types of flight procedures based mainly on SBAS and GBAS.
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 top two international suppliers of software for satellite control centers and one of ESA's main contractors in this field, playing a key role in most of its space missions.

- Satellite control centers
- Flight dynamics systems
- Ground infrastructure of global satellite navigation systems (EGNOS, Galileo)
- 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
The various contracts won throughout 2006 consolidate GMV’s position as the world’s second biggest supplier of satellite control centers and flight dynamics systems for satellites. At the end of 2006 over 70 satellites of the world’s main manufacturers, operated by the main commercial agencies and operators, were being controlled with systems developed and supplied by GMV.

Throughout 2006 GMV’s diverse products for the control of satellites (hifly®, flight dynamics (focusSuite), communications payload management (smart rings), and mission planning (flexplan), have enabled GMV to swell its client portfolio.

On March 11 an Ariane rocket launched the satellites SpainSat and Hot BirdTM 7A of the operators Hisdesat and Eutelsat respectively. This marked a red letter day for GMV as the first launch carrying two satellites for which GMV had developed and integrated both the satellite control system and the flight dynamics system.

One month later, after an orbit validation phase carried out by Loral Space Systems, Hisdesat took over control of the SpainSat satellite from Arganda del Rey using the systems furnished by GMV: the satellite control and monitoring system, the flight dynamics system focusGEO and the mission tool Matool.

On August 4 the satellite Hot BirdTM 8 was successfully launched, the biggest satellite controlled by Eutelsat and the most powerful ku-band broadcasting satellite in Europe. To back up the operations of this satellite, GMV has supplied the flight dynamics system and the satellite control system, including the supply of a multi-mission, latest-generation satellite control center.

GMV also managed to increase the scope of its contract with the satellite operator WorldSpace for updating the current orbital dynamics system, including new tools from the focusSuite family for its satellites AsiaStar and AfriStar. As a result focusSuite was successfully installed in WorldSpace’s two control centers, one in Maryland (USA) and the other in Melbourne (Australia).

In 2006 GMV won several contracts with another of the world’s main satellite manufacturers, Orbital Sciences Corporation (OSC). At the beginning of the year focusSuite was selected for controlling the satellite Thor-II-R to be used by the Norwegian operator Telenor. In a second contract Orbital chose the flight dynamics software for geostationary satellites focusGEO for the satellite MEASAT-1R of the Malaysian telecommunications satellite operator MEASAT. Shortly afterwards Orbital purchased Matool, GMV’s mission analysis tool. Finally focusLEO, the GMV-developed flight dynamics tool for low earth orbit satellites (LEO), was chosen as backup for the NASA’s OCO mission (Orbiting Carbon Observatory). The object of this mission, run by the Jet Propulsion Laboratory (JPL), is to measure carbon dioxide in the earth’s atmosphere.

Another of the tools of the focusSuite family, visualfocus, was fitted in the control center of EUMETSAT’s polar system as the main display tool for satellites and the ground segment.
On November 8 a Proton rocket successfully launched the satellite Badr-4 of the Arab operator Arabsat, placing it in transfer orbit. At this moment the GMV-developed control system, based on its hifly® product and fitted in EADS-Astrium’s Toulouse site, began to correctly receive and process the satellite’s telemetry. Since then it has been supplying a perfectly satisfactory support to the satellite’s operations, including the activation and verification of onboard subsystems, execution of the maneuvers for placing the satellite in definitive geostationary orbit and deployment of the solar panels.

Another of GMV’s satellite control products, smart rings, designed for controlling the satellite’s communications payload, also made its USA debut. At the end of 2006 a contract was signed with Lockheed Martin for configuring and adapting the smart rings product to the satellite AMC-14 of the satellite operator SES Americom. This represented GMV’s first contract not only with Lockheed Martin, one of the world’s biggest companies in the aerospace sector, but also with the US satellite operator SES Americom. Shortly afterwards GMV signed a contract with SES-Sirius, a company of the SES-Astra group, for supplying a payload management system for the satellite Sirius-4. The project implies the supply of a system also based on the smart rings product that will allow payload engineers to decide on the best configuration at each moment to meet the transmission and service-quality needs agreed with the clients.

In 2006 GMV’s US subsidiary pulled off another significant feat in winning GMV’s first contract for the supply of operational software to NASA. GMV and Honeywell Technology Solutions signed a contract for supply of GMV’s flexplan product as a mission planning and programming system for the LRO (Lunar Reconnaissance Orbiter), NASA’s next moon mission. With this contract flexplan has consolidated its leadership position in the planning of space missions, since it is now being used by three major space agencies: NASA, ESA and EUMETSAT.

The set of contracts won throughout 2006 by GMV’s US subsidiary with NASA, Lockheed Martin, Orbital Science Corporation and World Space makes this another year of significant inroads into the select US space market. Only two years after this subsidiary was set up, we can now safely claim that GMV has managed to gain a solid footing in the USA, winning the trust of the most important clients in this market. A bright future now beckons.

In 2006 GMV continued to forge its longstanding relationship with the European Space Agency (ESA) dating right back to 1984.

Its already fruitful relationship with ESA’s European Space Operations Centre (ESOC) was further enhanced with the award of the framework backup contract for ESOC’s Navigation Support Office. This contract ensures continuity of GMV’s ten-year long work for ESOC under the flight dynamics contract. The end of the year also saw the kick off of the GDBS (Generic DataBase Software) project within GMV’s framework contract GDS7 with ESOC. This project is part and parcel of ESOC’s standardization program called “ESA Ground Operation System” (EGOS); its aim is to improve interoperability and cut costs in ground segment systems.
In May the “Automation of the Life Cycle: Automatic Test Generation” project kicked off, coordinated by GMV’s Portuguese subsidiary Skysoft. In this project ESA will try to define an automated space-software testing process.

In July ESA gave GMV the contract for the development of a design tool for Guidance, Navigation and Control (GNC) systems during the terminal phase of spacecraft designed to impact near-earth objects. This tool, called CLEON, will serve for the design of guidance systems to be used on the asteroid-deflecting mission Don Quijote.

 Shortly afterwards ESA chose the bid presented by GMV in collaboration with CIMSA and IDS for the PARACHANT project. The aim of this project is to analyze possible antenna integration in the parachutes of the future exploration probes of Mars, Venus and Titan. This groundbreaking concept will enable the surface of the parachutes to be better harnessed for fitting higher gain antennae.

At the end of the year GMV began the ELCOGEO project, a trailblazing ESA project to study electric-propulsion collocation strategies for geostationary satellites, then implementing a new mission analysis tool in Matlab/Simulink. The project taps into GMV’s solid experience in station keeping for satellites of this type and also boosts its capacity of giving expert advice to operators on this type of propulsion in the future.

The consortium formed by GMV and Glasgow University has been chosen by ESA for developing ASTROTOOL, a library of Matlab astrodynamics functions for the preliminary design of missions. This project is highly important for GMV, for two main reasons. Firstly because it won the contract in an open international tender, fighting off fierce competition from over 20 other bids. Secondly, because this contract is probably the first step in a development with excellent growth prospects, since future mission analysis work is likely to be carried out largely in high level environments such as MATLAB.

Finally, within the context of ESA projects, special mention must go to the resounding success of the far-reaching SMART-1 mission. On September 3rd the controlled moon impact marked the end of ESA’s first
moon probe, called SMART-1. GMV has been involved in the mission from the first mission analysis studies right up to the culmination of the project, implementing new flight dynamics tools for operations with electric propulsion. GMV’s team of engineers has been working throughout the three-year mission on all the critical operations of the probe, from its launch up to its lunar orbit collocation and final impact on the moon’s surface. The experience gleaned from navigation of SMART-1 will be applied to future ESA missions, such as Bepi Colombo.

Also within the field of scientific missions, in this case led by CNES (the French Space Agency), the advanced space telescope COROT was launched on December 27. This mission has the twofold aim of detecting Earth-like planets orbiting other stars and secondly to probe the mysterious inner structure of the stars themselves. The mission has a sizeable Spanish input coordinated by the Astrophysics Institute of Andalusia (Instituto de Astrofísica de Andalucía). GMV is playing a crucial role in this mission by supplying fundamental parts of the mission control center.

On October 19, Europe launched the MetOp satellite, the first of a new generation of meteorological satellites designed to improve global weather forecasting and enhance our understanding of climate change; it will also allow much earlier detection of serious weather events.

GMV has been involved in the project practically from the word go; it has participated in the development of key systems and subsystems both of the satellite and of its ground segment. The experience thus acquired now represents one of GMV’s most wide ranging and comprehensive participations in any space mission to date.

GMV has developed two of the three key systems of EPS-MetOp’s mission control ground segment, the flight dynamics facility (FDF) and the mission planning facility (MPF), also providing consultancy backup in the third element, the mission control and monitoring center (MCS).

As regards the payload operation ground segment, in charge of the data processing, GMV has played a crucial role in the processing chain of three of the main sensors: the Global Ozone Monitoring Experiment (GOME-2, the GNSS Receiver for Atmospheric Sounding (GRAS) and, through our subsidiary Skysoft, the Infrared Atmospheric Sounding Interferometer (IASI).

Within the area of earth observation programs, mention must be made of GMV’s important and growing participation in the major European program GMES for global monitoring of the environment and security, jointly brokered by the European Commission and the European Space Agency. GMV is playing a very active part in many of the program projects, leading some of them at the head of European consortiums.
The Spanish Meteorology Institute (Instituto Nacional de Meteorología: INM) approved final reception of the project “Supply and Installation of 19 systems for reception of EUMETCast transmissions”, a project developed by GMV and Prodete, the purpose of which is the installation and implementation of a system for receiving meteorological products scattered around the various centers of INM.

In 2006 the international community witnessed the coming into operation of the first experimental satellite (GIOVE-A) of Europe’s future satellite navigation system, Galileo. GMV was the company chosen by the European Space Agency for conducting the first analyses of the signal given out by the satellite and characterizing the performance of the onboard clocks.

But without doubt the most far-reaching event in the field of satellite navigation was the ratification of GMV as one of the main industrial suppliers of systems of this type, with the signing of 5 contracts under the Galileo program. With a turnover of more than €40 million, these contracts involve the development and supply of four key Galileo systems as well as a significant participation in the engineering and design tasks of the complete system. This makes GMV the top Spanish supplier of Galileo and the third biggest in Europe, behind only Thales-Alenia Space and EADS-Astrium. Among the key components of the Galileo program, GMV is developing the elements responsible for the final system performance, the OSPF and the IPF. The OSPF, the veritable brain of the Galileo system, is responsible for precision calculation of satellite orbits, while the IPF is responsible for calculating the integrity data enabling GMV to be used for safety-critical applications such as those of Civil Aviation. In the control segment GMV is responsible for the flight dynamics facility, FDF, which calculates the operational orbit and height of the satellites and carries out necessary maneuvers to ensure correct antenna placement and pointing at all times. GMV is also responsible for developing the Service Product Facility, SPF, which allows the exchange of information between Galileo, users, service providers and other external systems such as the GPS system.
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. They cover the following areas:

- Command, control, communication and intelligence 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 testbeds
- 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
One of the most momentous events of 2006 in this area came when a consortium led by EADS-CASA was awarded the development of the R+D program “Future Combat System” (“Combatiente del Futuro”: COMFUT) by the Directorate General of Armaments and Material (Dirección General de Armamento y Material: DGAM) of the Spanish Ministry of Defense. Within this project, which has a 24.5 million euro budget, GMV has a key role, being responsible for the design and development of the command and control system and also the information and communications system (ICS). GMV is also participating in the development of the mother vehicle (armored track vehicle Pizarro and light armored wheeled vehicle VAMTAC) and also the instruction and training equipment. The ICS, the true heart of the COMFUT system, provides soldiers with all necessary information for carrying out their mission, a key feature here is “situational awareness”. The result of the project will be 36 complete prototype equipments for fitting out a section of the army. This project sets GMV up nicely in an activity with huge prospects for the future. After this three-year R+D phase the Ministry of Defense plans to equip 3000 soldiers up to 2011 and another 6000 up to 2013.

GMV has continued its work in developing artillery command and control systems, for campaign purposes (the Campaign Artillery Group Control and Command Post - PCGACA in Spanish initials) and the anti-aircraft artillery (CIO/CPL system - Operation and Information Center / Personnel and Logistic Post, in Spanish initials - as part of the COAAAS program). In 2006 the PCGACA was topped up with a cabinet training system, including an instructor position, a part simulator and a simulator of the environment seen by the Advanced Observer. Combined with the PCGACA itself, this new facility will give members of the artillery group a more efficient training in the use of the system. A simplified version of the PCGACA was developed in 2006 for the Parachute Brigade. Finally, in this same year, GMV was also awarded the contract for the development of the landing artillery for the marine infantry of the Spanish Navy, the PAFAD system.
The DGAM awarded GMV the complete development of a Landing Craft Control System for the Naval Group, to be fitted on the amphibious assault ships Galicia and Castilla and on the LCMs of the Spanish Navy. The aim of this groundbreaking project is to allow crew members in the assault ship’s Combat Information Center (CIC) to control the landing craft during the assault phase of an amphibious operation.

Work has continued, as in previous years, to work on the development of evaluation stations as part of the electronic warfare program of The Spanish Defense Staff (EMAD). In 2006 GMV was awarded the development of new stations.
Within the technological development program of the Future Ground Combat System (FSCT in Spanish initials), GMV has been awarded two demonstration programs. The first falls within the sphere of satellite navigation systems and their military applications; it involves the development of advanced GNSS equipment (GPS and EGNOS) in urban environments. The second tackles the development of a complete demonstrator of DDS (Data Distribution Service) technology for real time systems. This is publication/subscription middleware for distributed systems, developed in response to the limitations of CORBA in systems of this type.

As already pointed out in the section dealing with activities in the aeronautics sector, GMV’s participation was confirmed in 2006 in two of the star programs of the armed forces: the Tiger attack helicopter and A400M transport aircraft.

Fighting off fierce competition from elsewhere, a GMV-led joint venture, involving the participation of Interoute, has won from the Spanish Ministry of Defense the contract for setting up the infrastructure and communications services of the I*Net Model within the Ministry of Defense’s general purpose network. This model falls within one of the action areas of the Plan Avanza designed to develop public digital services in the interests of improving the services provided by the general government, improving the citizens’ quality of life and the efficiency of companies.

For the Ministry of Defense’s Command and Control Network GMV has been awarded the contract for implementing the network’s first two MIS nodes (Military Information System).

Finally, GMV continued in 2006 to foster the internationalization of its defense activity, obtaining the first collaborations with the European Defence Agency (EDA) and taking an active part in several of NATO’s working groups.

For its part GMV’s Portuguese subsidiary, Skysoft, has won official classification as supply firm of the Portuguese Ministry of Defense, opening up the brightest development prospects in this field. Special mention must be made of the participation of the Portuguese subsidiary in setting up the internal communications network of the Portuguese Navy’s future Multipurpose Logistic Ship (Navio Polivalente Logístico: NAVPOL). Another significant achievement of this subsidiary was its incorporation into the associations Danotec (Associação das Empresas de Defensa, Armamento e Novas Tecnologias) and AFCEA (Armed Forces Communications and Electronic Association) related to the Defense area in Portugal.
HEALTHCARE

Information and telecommunication technologies, simulation by means of virtual reality techniques and digital image processing are all new arrows in the quiver of healthcare professionals, giving them a whole new set of techniques and resources to work with. GMV draws on the technologies developed for the defense and aerospace sectors to create groundbreaking spin-off products for healthcare.

- Surgical training simulators based on virtual reality
- Anatomical modeling
- Telemedicine and telenursing systems
- Mobility solutions
- Vehicle management and tracking systems
- Aid systems for disabled people
2006 saw the commercial launch of the arthroscopy training simulator (insightMist®), a development that GMV has been working on for several years. Promotion activities included many presentations and courses in hospitals, medical organizations and institutions in Europe, America and Asia. These events have sparked off widespread interest and won favorable comments from the top international experts in this area. For example, the Teaching Committee (Comisión de Docencia) of the Spanish Arthroscopy Association (Asociación Española de Arthroscopia) officially declared insightMist® to be a useful tool for the teaching of minimally invasive surgery.

During 2006 GMV continued to invest in the ongoing development of the insightMist® product, adding important new functions to the existing simulator. In this same field it also started to work on the development of a new, even more complex simulator for laparoscopy training, expected to be ready for market presentation in 2007.

GMV is responsible for the design and integration of SAFE, a Europe-wide early warning system of epidemiological outbreaks. The project, currently in requisite-specification stage, is being carried out in close collaboration with experts of the World Health Organization. Preoperational demonstrations will test its potential for managing epidemiological outbreaks, natural disasters and terrorist attacks.

GMV is also playing a key role in GlobAer, a project for measuring the air concentration of aerosols throughout the world. The PROMOTE project has drawn on the GlobAer technology to come up with a response to the health problems caused by desert dust blown in from Africa. Under this project processors will be installed to obtain real time information on dust conveyance.

One of the most important developments in the management and tracking of healthcare vehicles was the collaboration arrangement with Siemens Business Services to equip the emergency healthcare service of Madrid, SUMMA 112, with a geographical information system. The system incorporates all necessary functions for SUMMA workers to deal in real time with emergencies, resources and agents involved and then work up the information afterwards.
GMV has been Spanish leader in the development of network security services and technologies and information systems for over ten years now. GMV provides engineering products and integrated solutions for security, intelligence centers, emergency management and crisis management.

- Engineering, security services and solutions for information networks and systems
- Security auditing
- Security planning
- Unified user management
- Implementation of security management systems
- Security hardening of platforms, networks and services
- Security services (monitoring, detection of vulnerabilities...)
- 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
Within the PROFIT program GMV is participating in two important projects subsidized by the Ministry of Industry, Tourism and Trade (Ministerio de Industria, Turismo y Comercio) in information system security matters: Seguridad 2020 and €-Confidential.

GMV began working on the Seguridad 2020 project in August 2006. The remit of Seguridad 2020 is to come up with a global solution for the definition and securization of digital territories in intelligent environments, taking into account such factors as interoperability, standardization, social and legislative aspects. The aim is to establish a reference framework for confidence in the information systems, comprising methods, architecture, models and guides to ensure an advance in the actual state of the art in this matter. As a result diverse demonstrators will be developed for such areas as banking, transport and government.

For its part the €-Confidential project kicked off in 2006 with the objective of developing a platform for the security hardening of sensitive applications such as internet voting or banking operations. The platform to be developed will ensure trustworthy performance of the most delicate operations, such as authentication, data encryption and management and passwords.

Another important event in the field of information systems security came in 2006 when the company Expofinques, leader in the market of real-estate services, turned to GMV for providing remote and secure access to its corporate information systems. The aim of the project is to furnish offices and remote users with secure access to corporate data and applications, using a standard web browser.

Also in 2006 the Cadastre Directorate General (Dirección General del Catastro), a dependent body of the Ministry of Economics and Finance (Ministerio de Economía y Hacienda), awarded GMV the contract for setting up a secure perimeter environment for its information systems. After the first phase of the project, centering on the implementation of the various systems of perimeter security forming part of the solution, there will follow a phase of operational management of the infrastructure. Development of the project takes in the different technologies of firewalls, intrusion detection systems, antivirus, bandwidth management and centralization of events.

The Abengoa group, through its subsidiary Telvent, took on this year the implementation and certification of its Information Security Management System, with the collaboration of GMV as technological partner. The activities carried out in the project included the selection of the information elements to be managed by the ISMS, analysis of the risks these elements are exposed to, selection and implementation of the most urgent security measures, development of a whole body of documents for the system and the development of specific tools for backing up the systems lifecycle.

Mahou San Miguel also turned to GMV for security hardening of its network infrastructure. GMV fitted a firewall system to increase perimeter security and also mechanisms for detection and prevention of intrusion.
The VPN services set up offer the possibility of accessing the company’s information from external and unsecure networks guaranteeing the control, confidentiality, integrity and security of communications.

In 2006 GMV set up the Managed Security Services (MSS) for Grupo Antolín. These services include support for the administration and operation of the security infrastructure, monitoring, incident management, backup and maintenance, vulnerability auditing and intrusion testing.

Finally, in this account of the most important business in the information systems security area, GMV is collaborating with the Information and Communications Subdirectorate General (Subdirección General de la Información y de las Comunicaciones) of the Ministry of Economics and Finance in the IT security area. High level technical support is being supplied from its site to the internet access security infrastructure and also technical advice for hardening and optimizing its systems.

The Harmless project has kicked off under the 6th Framework Program with the aim of spreading the use of EGNOS and Galileo for emergency and disaster management, humanitarian aid and law enforcement. The project, run by a GMV-led consortium of eleven entities, includes analysis of technical aspects and demonstration and identification of the most promising applications.

In the area of access control GMV won an important contract from the Ministry of Defense for the supply and integration of all the equipment (turnstiles, surveillance cameras, card readers, biometric sensors, license plate readers, etc.) for controlling access of visitors and staff to a series of the ministry’s buildings, including the main ministry building. The whole system is managed with a GMV application that implements all the functions required of systems of this type.

Within the area of emergency and disaster management, an international encounter of K9 search-and-rescue teams was held in October with the purpose of identifying new technologies to simplify search and rescue operations. The result was the identification of a groundbreaking system called osmographer, involving a positioning device fitted to the dogs to send the information collected to a central unit that also receives information from one or several local meteorological units and reconstructs the zone covered by the dog. A European patent application has been made and GMV intends to complete the development of the system and launch it onto the market next year.

GMV is participating in several projects of the European security project GMES such as: MARISS, LIMES, MARCOAST and PROMOTE. In MARISS GMV has taken on responsibility for providing maritime security services for Puertos del Estado (the Spanish Seaports Authority) and the Guardia Civil and is also performing the service for Portuguese end users, such as the Portuguese navy and the authorities of the Madeira and Azores islands. The object of the LIMES project is to define and develop pre-operational services based on space technology to back up EU security management in the various areas of interest. In MARCOAST GMV’s Portuguese subsidiary will offer a service for the detection of illegal discharges and the tracking and identification of offending ships.
Lastly, the PROMOTE service takes in a series of atmospheric services offered in collaboration with the Portuguese meteorological service.

GMV is playing a key role in several projects of the Preparatory Action Security Research (PASR) of the European Commission, through its Spanish subsidiary and its Portuguese subsidiary. This participation was further stepped up in 2006. The most important projects here are SAFEE (Security of Aircraft in the Future European Environment, where we are responsible for analysis of the threat, including terrorism and management of the response), ASTRO+ (demonstration of the possibilities of using Space facilities - earth observation, telecommunications and navigation - in crisis management operations), SOBCAH (research into the surveillance of border coastlines and harbors in Europe), ISCAPS (real time reduction of the risk of malicious events in crowds of people), GEOCREW (development of a global architecture for the use of geospatial data to improve crisis situations), and WINTSEC (development of secure wireless communications).

The public undertaking SAICAR, of the Government of La Rioja, has awarded to JMP Ingenieros and GMV the contract for setting up an emergency and early warning system on the Castroviejo dam near Logroño. Legislation due to come into force in coming years will make such dam alarm systems obligatory so this contract bodes well for future business in this field.

In 2006 GMV also increased its business in the field of monitoring and management of vehicles and personnel for the security forces, winning the contract for enlarging the management system of the Local Police of Málaga. This contract includes GMV’s fleet management server hegeo® and 14 operator posts distributed around the various districts.

Another important development within the field of police-vehicle management and monitoring was the selection of GMV in October 2006 by the Catalunya police force (Mossos d’Esquadra de Catalunya) for developing a platform using the TETRA network of the Regional Government (Generalitat) of Catalunya to provide GPS tracking of the terminals of the Mossos d’Esquadra and feeding this tracking information into a web-based management application.

Finally, to round out this account of GMV’s activities in the field of emergency management, in 2006 the Environment Directorate General of La Rioja (Dirección General de Medio Natural de la Rioja) awarded GMV the project for monitoring and managing the forestry-surveillance and fire-fighting vehicle fleet. The new system will be grafted onto the technological platform of the emergency center 112 SOS Rioja, also set up and maintained by GMV.
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.

- Passenger-transport fleet management systems
- Electronic fare collection systems
- Backup systems for the management of on-demand passenger transport
- Fleet management systems for railway transport
- Software tools for transport services planning
- Fleet management products and services
- Electronic tolling systems
- Public-thoroughfare parking-management systems
- AIS/VTS systems for maritime transport
- DGPS coastal networks for maritime transport
In 2006 the joint venture led by GMV and also involving the participation of Landata won the contract for supplying and setting up the onboard passenger information system on the bus fleet of Transports Metropolitans de Barcelona (TMB). The project involves fitting nearly 1000 buses with a sophisticated system wholly designed and made by GMV, together with LED-technology onboard displays and audio systems for visually impaired passengers. Shortly afterwards GMV won a new TMB tender for migrating the buses not possessing a fleet management system to the new GMV-developed system.

The Autoritat del Transport Metropolità (ATM) decided in 2006 to modernize the mobile communications system of the fleet management system previously installed by GMV in a joint venture with INDRA on an analog trunking network, upgrading to GSM/GPRS communications. This new project involves adapting the onboard software of 550 vehicles running with ATM’s fleet management system. In 2006 ATM again turned to GMV for the supply and installation of a firepass to guarantee the integrity and confidentiality of the internet-conveyed data.

GMV won a public tender held by the City Council of Ourense for awarding the city’s fleet management system. The contract signed with the AVANZA group, concessionaire of the service, involves equipping 36 buses and also the installation of three bus-stop passenger information panels.

TUVISA (Transporte Urbano de Vitoria, S.A.) awarded to GMV a project for the installation of closed-circuit surveillance cameras and passenger information system for the bus fleet running on the night service.

Turning to the electronic-tolling area, the field-test analysis of Phase II of the ARMAS project was brought to a conclusion this year together with the handover of the associated documents. The project, being run by a consortium including GMV’s Portuguese subsidiary Skysoft, proves the feasibility of tolling based on GPS, EGNOS and its combination with other sensors. Phase III of the project, now underway, will introduce significant technical and functional improvements while testing the system in real conditions and putting the developed technology through its paces.

Within the same field of electronic tolling based on satellite navigation, GMV is fine-tuning the first prototype of its allroad equipment. This GNSS equipment has been specially designed to support electronic tolling applications based on GPS and EGNOS. Its most important feature is its incorporation of GNSS positioning integrity technology. GMV has been conducting research into such technology since 2003 and has four international patents in the pipeline. The most important commercial breakthrough came when Transport for London chose a prototype of the allroad equipment for taking part in a campaign of tests being carried out in London with the aim of modernizing its Congestion Charging system for the city center. The test results are highly promising; GMV’s equipment was in fact the only equipment participating in the London tests with position integrity, a sine qua non for guaranteeing a reliable tolling system in any circumstances.
“Rita” is the name given to the product developed by GMV’s Portuguese subsidiary in collaboration with the company Tracevia for shadow-toll motorway monitoring centers. In October 2006 it completed its development phase and a new, more complete version was put into operation in the SCUT shadow toll system of the Oporto motorway.

In the maritime transport area, in 2006 the port authorities of Azores and Madeira ran a bid invitation for the supply and installation of two networks of AIS (Automatic Identification System) stations. The contract was awarded to GMV and will imply close collaboration between GMV’s Spanish and Portuguese subsidiaries.

Shortly after the abovementioned contract award GMV was selected for setting up another network of AIS stations throughout the Canary archipelago, a contract falling within the MACAIS project. The network will be made up by 7 shore-based AIS stations on each island of the archipelago, plus 2 shipborne mobile AIS stations on the ships designated by the Maritime Transport Directorate General (Dirección General de Transporte Marítimo) of the Canary Islands.

These two projects, together with the AIS networks set up by GMV in 2005 on the coast of Spain for the Spanish Seaports Authority (Puertos del Estado), make GMV the most experienced integrator of networks of this type in the area.

The web-based fleet management system run by GMV under the tradename MOVILOC® received further commercial endorsements in 2006.

For example GMV signed an agreement with the Spanish Association of Paper and Cardboard Recoverers (Asociación Española de Recuperadores de Papel y Cartón: REPACAR) for offering its associate members the MOVILOC® service. The Association pools 90% of the companies of the sector and boasts over 120 associates and a total vehicle fleet of 3000. An agreement was also signed between GMV and ANCOPOR-ANTA (the Spanish Association of Pig Merchants and the Spanish Association of Animal Transport) allowing GMV to offer MOVILOC® to all these associations’ members. At the end of the year, moreover, GMV signed a collaboration agreement with the Spanish Association of Infrastructure Operation and Maintenance Companies (Asociación de Empresas para la Conservación y Explotación de Infraestructuras: ACEX) for the definition of an information system based on a single positioning system to streamline the operations of the road maintenance fleet.

A ringing endorsement of this whole track record came when the IRF (International Road Federation) recognized the excellence and innovativeness of the web-based fleet service MOVILOC® awarding it the prestigious prize Global Road Achievement Awards in the category of intelligent transport systems and traffic management.

At the beginning of the year GMV became a signatory to the European Road Safety Charter, one of the European Commission’s main initiatives to achieve its general goal of halving road deaths by 2010. GMV’s remit here is mainly to complete the road-transport-related projects of the 6th
Framework Program on which it is currently working, contributing research and development activities into technologies for the systematic surveillance of traffic law abidance. It has also undertaken to incorporate a tachograph into MOVILOCUS® so that this fleet management service can help operators to watch out for the roadworthiness of their vehicles and the safety of their drivers, thus helping to improve overall road safety.

GMV is also participating in M-TRADE, the European FP 6 project run by the Galileo Joint Undertaking, whose objective is to analyze and evaluate the advantages of introducing GNSS positioning technology into multi-modal freight transport and also to furnish the technological wherewithal for running combined transport in the main trans-European corridors.

GMV is also leading another of the European FP 6 projects run by Galileo Joint Undertaking, namely REPOSIT, a research project centering on the study of a groundbreaking system for preventing crossroad collisions by means of V2V (vehicle to vehicle) communication technologies and relative GPS.

At the end of the year a demonstration brought to an end the first phase of the AGILE project for the application of Galileo to location based services (LBS). This is an FP 6 project run by the Galileo Joint Undertaking (GJU) in which GMV’s Portuguese subsidiary is participating. The project will contribute to the success of the first LBS applications using the Galileo system. This project takes on new services such as monitoring, management and safety of personnel, navigation based on street maps and urban guides, finding nearby areas of interest or publicity of nearby commercial outlets, analyzing the advantage that EGNOS and Galileo might contribute to each one of them.

One of the most important events in the field of telematic transport solutions was the inauguration in December 2006 of the GMV-developed number-plate recognition system for Madrid’s Municipal Transport Company (Empresa Municipal de Transportes: EMT). The system consists of several vehicles fitted with Automatic Number Plate Recognition (or ANPR) equipment. This equipment is integrated with an IT and communication system, enabling EMT to detect and automatically report any improper occupation of the bus lane, an infraction that clogs up the flow of buses.

Along the same lines Madrid’s Regulated Parking Service (Servicio de Estacionamiento Regulado) needed a system to avoid unauthorized parking or double parking in regulated zones. TRADESEGUER, in cooperation with GMV, has therefore provided a system similar to the one described above. In the first phase six inspection vehicles will be completely fitted out with the ANPR system.
ACTIVITIES IN 2006

INFORMATION TECHNOLOGIES & TELECOMMUNICATIONS
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
During 2006 GMV continued to provide development, consultancy, infrastructure and backup services for Vodafone. Worthy of special mention here is the statistical data collection and analysis project SECOR, which allows Vodafone to gather real time statistical information (over 10,000 integrated nodes). This system enables an effective preventive control to be kept over operations and ensures the swift detection of any incidents. Vodafone also relies on GMV as a technological partner for achieving such business targets as the reduction of operational costs, by means of the migration to free-distribution software and replacement of the company’s existing platforms (such as Qtall or Alertas VFLive! systems). In 2006 GMV also provided backup and message consultancy services to Vodafone, TIBCO and VFLive!, as well as infrastructure projects for provision of high-availability services. Lastly, mention must also be made of the unlimited distribution and implementation of personalized versions of the VFnet product for cellphone internet connections, offering a flexible and personalized service suited to the particular needs of Vodafone. Finally GMV gave backup to Vodafone for improving the Vodafone Live! discharge service by means of a failed-discharge notification service using SMS and Wap Push.

Another development for telecommunications operators was the project for consultancy and implementing the ICT infrastructure-capacity management process of Telefónica Móviles. This project is especially important in that it tackles implementation of the ITIL methodology in the information-system processes of one of the biggest telecommunication operators. Processes of this type help to guarantee the capacity of the infrastructure and improve service availability. To implement them an analysis is made of the impact of commercial promotions, a proposal is made of measures to guarantee the agreed service level and finally an annual system-capacity plan is prepared to prioritize the necessary investments.

Late in the year the RED project got underway, in which GMV is participating as part of a consortium of 14 European companies. The project is part of the CELTIC European initiative, which pools research and development projects in the telecommunications sector. In the project GMV is acting as national coordinator, contributing in the areas of incident detection and management console.

Continuing with its ongoing product investment policy, GMV has incorporated a new product called e-nmediato into its range of products for telecommunications operators. The e-nmediato product is a program that can be installed on a laptop or PDA for making quick and easy internet connections using a GPRS/3G device such as a cell phone or PCMCIA card.

During the commercial development of its own-brand fleet management service MOVILLOC®, GMV has built up a bulging portfolio of customers from various transport sectors, giving it valuable first-hand experience of the operational procedure of different business processes. This inside knowledge has enabled it to phase in new functions and performance features to the platform supporting this service, GMV’s palview® platform, thereby building up a complete and powerful tracking-based service platform that outperforms any other similar system on the market.
in terms of functions, flexibility and stability. Proof of this superiority is that GMV, fighting off fierce international competition, managed in 2006 to win the framework contract of France Telecom (Orange), whereby palview® will in future be the only platform used by all Orange’s operators in countries like the UK, France or Spain for offering GPS-tracking-based vehicle management services. The contract also includes supply of GMV’s mobile device GPS-GPRS A-30 to be fitted onboard the vehicle for liaison with the central server of palview®. This contract, to be performed over the coming years, opens up new and promising prospects for GMV as “end-to-end” provider of platforms of value added services for telecommunications operators and service providers.

GMV’s experience in the implementation of contents management platforms for universities like the Universidad Autónoma de Barcelona or regional governments like the Junta de Castilla y León has enabled it to win several contracts in this field during 2006. Witness the platforms set up for the Ministry of the Interior, the Higher Council of Scientific Research (Consejo Superior de Investigaciones Científicas: CSIC) or the Guardia Civil. Within this same area it also provides services of consultancy, contents definition and an on-line contents management platform for the Directorate General of Civil Protection and Emergencies (Dirección General de Protección Civil y Emergencias) of the Ministry of the Interior.

Also for the Ministry of the Interior it adapted and migrated the web systems of this ministry’s Penitentiary Work portal. The aim of this project is to migrate job training contents, previously managed independently, to the MIR platform for drawing up forms for specifications queries.

Further confirmation of GMV’s experience in the implementation of large platforms for the general government came when the Regional Ministry of Innovation, Science and Enterprise (Consejería de Innovación, Ciencia y Empresa) of the Regional Council of Andalusia (Junta de Andalucía) won an award for the corporate email box system developed by GMV the previous year. The project covers the phases of consultancy, integration and maintenance of a system dimensioned for over 125,000 users, the biggest in its category to date.

Another project developed for the Junta de Andalucía, this time the Regional Justice Ministry (Consejería de Justicia) was the process map, the managerial balanced scoreboard and master plan of projects using the EFQM methodology.

In May GMV won the contract for the corporate portal of BASE, autonomous organization of the Provincial Council (Diputación) of Tarragona, set up for providing local tax services to the municipalities of the province of Tarragona. The aim of the project is to endow BASE with a corporate portal integrating mail, timetable, agenda and corporate applications using single-sign-on mechanisms.

GMV is still collaborating with the Junta de Castilla y León in several projects within the Single Administrative Information System. Foremost
among them is the project for setting up the basic structure of the portal of Feria Labora for the 2006 trade fair and subsequent years. The project has been developed for the European Business Innovation Centers, the liaison body between the Junta and the private companies carrying out projects for it.

Also within the Junta de Castilla y León, this time for the Regional Ministry of Culture and Tourism (Consejería de Cultura y Turismo) GMV is developing the Rabel project, an action plan bringing together different action lines for remodeling the infrastructure and services of the libraries of Castilla y León. This plan identifies different projects: the creation of a new library portal to centralize all information and the centralization of the various provincial and regional libraries.

Together with the company TB Solutions, GMV is participating in the project for migrating the current Tax Portal of the Junta de Castilla y León to the Single Administrative Information Service platform. The portal, including all the legislative and taxation information, is one of the most heavily visited portals of the region.

Another noteworthy project carried out for the Junta de Castilla y León is the groundbreaking Peregrin@Alerta project, a mobility service giving pilgrims information on the Castilla y León section of the Camino de Santiago pilgrimage path. The system includes a messaging service platform capable of dealing with use statistics and also sending and receiving short messages. It also includes a multimedia contents manager for giving pilgrims information and location services through mobile devices.

Other work carried out for regional governments, this time for the Junta de Castilla La Mancha, was the implementation of the high-performance Sun Multi-Master directory architecture, active-active Directory Server.

BBVA turned to GMV for the development and implementation of the Security Incidents Balanced Scorecard. The project involves the development of an application responsible for obtaining and running the web-accessible security incidents balanced scorecard for bank executives.

GMV’s Portuguese subsidiary, Skysoft, has recently begun to collaborate with the City Council (Ayuntamiento) of Lisbon for ensuring the development and backup of two critical IT systems, of the Cadastre and the Geographical Information Department.

Last but not least the Portuguese subsidiary has been incorporated into the agreement signed between the Portuguese government and Carnegie Mellon University (CMU). The purpose of this agreement is to set up a top-quality, internationally recognized teaching and research plan in Portugal on such matters as information technologies, critical infrastructure, risk management, technology, innovation and policy and basic sciences.
Right from the word go GMV has made its personnel policy one of the cornerstones of its whole business project. In GMV we are convinced that a staff of top professionals is the best way to gain a competitive edge over the rest. GMV as an organization therefore aims to attract the best professionals and then ensure that they stay with the company to pursue their careers and realize their full potential. GMV offers them a unique teamwork environment where their talent, imagination and 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.

To keep pace with its brisk growth rate at home and abroad GMV has taken on a significant number of new personnel, resulting in a 17% rise in staff numbers this year. GMV closed the year with 750 employees; 90% 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 2006.
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. To develop the professional skills of its employees GMV works with an integrated training model to pinpoint its employees' knowledge and expertise. Training activities increased significantly in the year, both in terms of classroom hours and total outlay. In all, about 439 training courses were held in 2006 on both an individual and group basis, adding up to a sum total of 14,949 training hours involving over 77% 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. This habitual liaison with universities has been reinforced by an increasing participation of GMV in various employment forums, both national and international.

The GMV Chair, an academic initiative set up between the Polytechnic University of Madrid (Universidad Politécnica de Madrid: UPM), the Higher Technical School of Aeronautical Engineers (Escuela Técnica Superior de Ingenieros Aeronáuticos: ETSIA) and GMV, continued with its work of training, research, development and innovation by holding courses, seminars and conferences involving the participation of professors and leading experts.

In 2006, in collaboration with the Business Institute (Instituto de Empresa) and Oracle, GMV set up the Chair in Information System Risks (Cátedra de Riesgos en Sistemas de Información), with the aim of bringing home to the executives of Spanish companies the importance of managing the risk deriving from the use of information systems. This chair aims to make itself a benchmark forum for swapping knowledge and experiences among professionals of the sector, doing so by means of specialized studies and the holding of conferences for analysis and debate.

Lastly, further liaison and collaboration with the university world was sealed with the incorporation of GMV’s Portuguese subsidiary into the agreement signed between the Portuguese government and Carnegie Mellon University (CMU). The purpose of this agreement is to set up a top-quality, internationally recognized teaching and research plan in Portugal on such matters as information technologies, critical infrastructure, risk management, technology, innovation and policy and basic sciences.
The commitment of GMV’s firms to their clients, their concern for excellence, innovation and continual improvement are all reflected in its quality management processes.

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

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. Since 2005 it has formed part of the small and exclusive club of Spanish firms that have obtained 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. Furthermore, a plan has already been put in place for raising the level of CMMI classification to the next highest level of this demanding quality-assurance model.

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 standard UNE ISO/IEC 17779:2002 code of practice for security management. In 2006 it obtained certification of its Information Security Management System under the standard ISO 27001:2005.
The subsidiary GMV Sistemas S.A. is also in possession of certification under ISO 9001:2000, the standard guaranteeing that the subsidiary’s quality assurance system adopted for the design, development, production and after-sales service for the sectors of telematics, transport, remote control and satellite navigation conforms to the requirements of the standard UNE-EN ISO 9001:2000.

The quality management system of GMV’s Portuguese subsidiary, Skysoft, meets the requisites of the standard ISO 9001: 2000. During the year work continued on the formal process begun the previous year for obtaining EN 9100: 2003 certification, a specific standard for developments in the aerospace area, and a start was made on the process for obtaining level 3 of CMMI (Capability Maturity Model Integrated).

Lastly, GMV has committed itself to carrying out its activity within the parameters of sustainable development, keeping a proper control over all the environmental aspects involved in its work. Hence the fact that the Environmental Management System covering the activities in GMV’s central Madrid site conforms to the UNE-EN ISO14001: 1996 standard.

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 all 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.
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ANALYSIS OF THE
FINANCIAL SITUATION
THE COMPANY’S OVERALL FINANCIAL PERFORMANCE

GMV closed the financial year 2006 with a turnover of more than 66 million euros, representing an increase of nearly 20% on the total gross revenue of the previous year. This turnover growth is completely organic, since no corporate stakes were purchased in 2006 to add an extraneous input to the sales figures.

In 2006 GMV posted a net post-tax profit of 3.3 million euros, representing a 15% rise in the net results figure. Stockholders’ equity thus increased by over 18% to more than 20 million euros.

As for its end-of-year valuation, GMV recorded a 19% ROE, with a sales margin of over 5%, an asset turnover of 6%, pushing the financial leverage indicator above 4%.

As a result of this increase of financial leverage the net financial debt figure recorded in the balance sheet is about 7 million euros, still well within the maximum gearing ratio allowed by the financial structure. This increase brought about a slight alteration in the liability structure with an increase in indebtedness over and above the relative growth of the non-interest bearing liabilities, an increase that in turn finances the rise in fixed assets.

The financial leverage therefore rose slightly, with a concomitant increase of the debt service coverage ratio; this keeps the company’s financial structure within a very solid credit position with lower insolvency risks and a higher immunity to any rise in interest rates.

GMV intends to raise the financial leverage to cover the company’s planned new outlays in fixed assets. The most important of these in the short term is the phase-3 enlargement of the head office in Tres Cantos.

Certain changes in the financial structure, already foreshadowed in previous years, showed further signs of consolidation in 2006: 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 enhanced by the growing size of the business.

In terms of its financial evaluation, very positive end-of-year values were recorded in the liquidity and solvency ratios (1.45 and 1.90 respectively), with hardly any change in the debt to equity ratio. This means that the financial structure is still ideal for harnessing capital-intensive growth opportunities calling for a higher degree of financial leverage.

The growth of the business fuelled a moderate rise in working capital although its weight fell in relation to total assets employed.

The recorded variation 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. 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 offset by any equivalent increase in trade payables in the balance sheet. The accounts receivable figure registered in 2006 is therefore higher than in the preceding year, albeit with a lower investment level.

As a net result of all the above, the financial statements show a clear process of growth: sales up by 20%, working capital up by 18%, the ratio of accounts receivable to short-term financial debt holding steady at 1.18, and a strong, almost one-to-one relationship between the growth in net profit and the growth in sales.

The consolidated effective tax bill for 2006 has hardly changed on the previous year, standing at about 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 5.2 million euros, the consolidated EBITDA at 6.8 million euros, and the free cash flow for shareholders at one million euros.

<table>
<thead>
<tr>
<th>MAIN FINANCIAL FIGURES</th>
<th>2005</th>
<th>2006</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total turnover</td>
<td>55.5</td>
<td>66.5</td>
<td>19.8%</td>
</tr>
<tr>
<td>NOPAT</td>
<td>3.3</td>
<td>4.0</td>
<td>18.6%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>4.4</td>
<td>5.3</td>
<td>19.1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>5.7</td>
<td>6.8</td>
<td>19.0%</td>
</tr>
</tbody>
</table>
DISTRIBUTION OF RESULTS

GMV maintains a conservative self-financing policy, plowing back practically all its profits to shore up the business group’s 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 7 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 set of companies making up GMV has been maintained unchanged, with business units taking the legal form of joint stock companies (sociedades anónimas). This is 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 our own range of products and services. Commercial opportunities have been harnessed to such good effect that this subsidiary has already broken even and begun to contribute towards revenue and profit. Still modest as yet, this profit looks likely to increase sharply in coming years.

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. This company has consolidated its position in the Portuguese space market, chalked up a 28% turnover increase in 2006, and multiplying its pre-tax profit threefold.

The company GMV Soluciones Globales Internet S.A. provides the legal structure for the network engineering and applications activities while GMV Sistemas 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 in Europe and GMV Space Systems Inc. occupies an identical position in the US market. Skysoft, for its part, exploits GMV’s target-market opportunities in Portugal.

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

We recorded 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 the rest of the 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.

We have recently introduced some new products and plan to launch more in the future. We are also looking to expand our business to geographically scattered markets. The general gross margin may be trimmed in the future, due firstly to this expansion in products and markets (some of these activities having tighter margins) and secondly to the constant downward price pressure exerted by the competition in certain business areas.

To a certain extent these new products and services are still in start-up phase. This calls for an outlay both to develop the new product and to gain a footing in the new market. We are confident that this will then usher in a phase of rapid growth with brighter financial results.
As for the performance in 2006, the space and defense business put in a very good showing, recording a 15% growth in net turnover and making an additional input of 5.5 million euros to the business increase.

The areas of ICTs for general government and major companies and security posted a 19% increase in gross turnover with a 2.5 million euro input of additional business.

The area of transport telematics and logistics recorded a 33% growth in gross turnover and an additional gross sales input of nearly 2 million euros.

**BUSINESS SEGMENT HIGHLIGHTS**

<table>
<thead>
<tr>
<th>Revenues Streams (segment) (gross sales)</th>
<th>2005 % on total</th>
<th>2006 % on total</th>
<th>delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space &amp; Defense</td>
<td>35.5</td>
<td>40.9</td>
<td>15.22%</td>
</tr>
<tr>
<td>e-solutions &amp; telematics</td>
<td>13.2</td>
<td>15.7</td>
<td>19.18%</td>
</tr>
<tr>
<td>Transport &amp; Logistics</td>
<td>5.5</td>
<td>7.3</td>
<td>32.97%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>54.2</td>
<td>64.0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues Streams (segment) (net sales)</th>
<th>2005 % on total</th>
<th>2006 % on total</th>
<th>delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space &amp; Defense</td>
<td>26.9</td>
<td>30.9</td>
<td>14.85%</td>
</tr>
<tr>
<td>e-solutions &amp; telematics</td>
<td>8.3</td>
<td>9.6</td>
<td>15.94%</td>
</tr>
<tr>
<td>Transport &amp; Logistics</td>
<td>2.9</td>
<td>4.1</td>
<td>40.56%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>38.1</td>
<td>44.6</td>
<td>17.04%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBITDA (segment)</th>
<th>2005 % on total</th>
<th>2006 % on total</th>
<th>delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space &amp; Defense</td>
<td>4.0</td>
<td>4.7</td>
<td>17.81%</td>
</tr>
<tr>
<td>e-solutions &amp; telematics</td>
<td>1.3</td>
<td>1.6</td>
<td>20.23%</td>
</tr>
<tr>
<td>Transport &amp; Logistics</td>
<td>0.4</td>
<td>0.5</td>
<td>26.85%</td>
</tr>
<tr>
<td>Total EBITDA</td>
<td>5.7</td>
<td>6.8</td>
<td></td>
</tr>
</tbody>
</table>

GMV’s second biggest contributor of added value, with excellent development prospects for the coming year 2007.

Lastly, GMV Sistemas S.A. maintained the return on resources used with an EBITDA contribution of 0.5 million euros.

The financial year of 2006 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 2007.

2006 was a crucial year for consolidating the market position of our business areas, in a time of sweeping changes and fierce competition in the telecommunications and telematic applications market. This poses a sterling challenge in terms of breaking into new markets and integrating the new business into the existing market of our products and services.

**INVESTMENT POLICY**

The overall fixed asset investment in 2006 amounted to 5.7 million euros. The main outlay here was the purchase of a plot of land in the Parque Tecnológico de Madrid in Tres Cantos to cater for ongoing growth. The rest of the expense in tangible fixed assets corresponded to necessary IT equipment and fixtures necessary for the normal business activity. This figure also includes the R+D investment made in 2006 in those germinal activities likely to capture market shares in the medium term.

In 2006 GMV made a big investment in training, adding up to over 0.8 million euros. It plans to continue this policy in the future. An increase of over 6% is scheduled for 2007, 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.

**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 financial needs of GMV’s companies are fully covered by their own equity or by short term credits taken out to meet one-off needs.

Throughout GMV’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 GMV has fully attained its across-the-board goal of overall consolidation.

**STATEMENT BY THE GOVERNING BODY**

The current Joint Stock Company Act in Spain (Ley de Sociedades Anónimas) requires the various governing bodies of companies, whatever may be their composition, to prepare in each financial year economic and financial statements giving a true and fair view of the affairs of each company. They must also provide the corresponding profit and loss account for each individual company for the financial period in question.

To the best of the directors’ belief, the various companies comprising GMV have properly compiled the economic and financial statements, using correct accounting procedures, and applying the criteria set forth in the accounting and management regulations contained in Spain’s General Accountancy Plan, and have done so in a manner consistent with those submitted in previous financial periods.

The members of the various governing bodies are responsible for guaranteeing that the companies have correctly complied with all tax and mercantile requirements, and are expressly charged with ensuring that all information required for the financial period in question has been duly deposited at the Mercantile Registry.

The business group GMV has drawn up for the first time the consolidated financial statements for 2006 and also the corresponding consolidated management report. In due accordance with current mercantile law these documents will be deposited, in July 2007, in the corresponding mercantile register together with the auditing report.
## BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### BALANCE SHEET 2006

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>12,889,141.72</td>
<td>16,552,051.51</td>
</tr>
<tr>
<td>Deferred charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total fixed assets</td>
<td>12,889,141.72</td>
<td>16,552,051.51</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,495,531.72</td>
<td>2,906,513.52</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>23,234,474.28</td>
<td>27,780,573.74</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>26,145,527.58</td>
<td>30,743,547.34</td>
</tr>
<tr>
<td>Trade services on account</td>
<td>-3,947,723.02</td>
<td>-3,793,930.40</td>
</tr>
<tr>
<td>Other debtors</td>
<td>1,036,669.72</td>
<td>830,956.80</td>
</tr>
<tr>
<td>Cash</td>
<td>5,028,763.04</td>
<td>5,950,737.04</td>
</tr>
<tr>
<td>Total current assets</td>
<td>29,758,769.04</td>
<td>36,637,824.30</td>
</tr>
<tr>
<td>Total assets</td>
<td>42,647,910.76</td>
<td>53,189,875.81</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholders’ equity</td>
<td>17,024,268.30</td>
<td>20,207,172.99</td>
</tr>
<tr>
<td>Capital grants</td>
<td>2,269,010.41</td>
<td>2,599,253.17</td>
</tr>
<tr>
<td>Minority interests</td>
<td>504,262.94</td>
<td>578,180.03</td>
</tr>
<tr>
<td>Long-term funding</td>
<td>2,925,539.05</td>
<td>4,486,469.94</td>
</tr>
<tr>
<td>Interest free credits</td>
<td>530,333.66</td>
<td>980,194.22</td>
</tr>
<tr>
<td>Long term funding</td>
<td>2,395,205.39</td>
<td>3,506,275.72</td>
</tr>
<tr>
<td>Total Long-term Funding</td>
<td>22,723,080.70</td>
<td>27,871,076.13</td>
</tr>
<tr>
<td>Total short term liabilities</td>
<td>19,924,830.06</td>
<td>25,318,799.68</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>42,647,910.76</td>
<td>53,189,875.81</td>
</tr>
</tbody>
</table>

| Working capital | 9,833,938.98 | 11,319,024.62 |
| Working capital/Equity | 43.28% | 40.61% |
| Working balance | 9,833,938.98 | 11,319,024.62 |
| Working balance/fixed assets | 76.30% | 68.38% |

### PROFIT AND LOSS ACCOUNT 2006

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of goods</td>
<td>11,620,029.03</td>
<td>13,804,221.83</td>
</tr>
<tr>
<td>Ancillary Services</td>
<td>4,093,660.93</td>
<td>5,809,156.93</td>
</tr>
<tr>
<td>Taxes</td>
<td>51,830.15</td>
<td>36,617.27</td>
</tr>
<tr>
<td>Employee Costs</td>
<td>33,803,544.56</td>
<td>39,793,878.27</td>
</tr>
<tr>
<td>Financial Expenses</td>
<td>479,906.26</td>
<td>676,233.91</td>
</tr>
<tr>
<td>Extraordinary Expenses</td>
<td>420,690.34</td>
<td>20,364.52</td>
</tr>
<tr>
<td>Period Depreciation and Amortization</td>
<td>1,580,481.08</td>
<td>2,004,138.93</td>
</tr>
<tr>
<td>Appropriations, transfer to Provisions</td>
<td>-177,726.84</td>
<td>266,993.09</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>51,872,415.51</td>
<td>62,411,604.75</td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>754,519.08</td>
<td>788,810.90</td>
</tr>
<tr>
<td>Turnover</td>
<td>53,206,307.39</td>
<td>64,267,908.99</td>
</tr>
<tr>
<td>Own expenses capitalized</td>
<td>1,768,647.13</td>
<td>1,539,533.38</td>
</tr>
<tr>
<td>Operating grants</td>
<td>417,377.46</td>
<td>628,304.73</td>
</tr>
<tr>
<td>Financial Income</td>
<td>66,415.32</td>
<td>42,105.72</td>
</tr>
<tr>
<td>Extraordinary Income</td>
<td>5,956,469.94</td>
<td>4,486,469.94</td>
</tr>
<tr>
<td>Total Income</td>
<td>55,486,460.98</td>
<td>66,484,046.23</td>
</tr>
<tr>
<td>Pre-tax profit</td>
<td>3,614,045.47</td>
<td>4,072,441.48</td>
</tr>
<tr>
<td>Post-tax profit</td>
<td>2,859,526.39</td>
<td>3,283,630.58</td>
</tr>
</tbody>
</table>
# CASH FLOW STATEMENT

## OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax</td>
<td>2,859,526.39</td>
<td>3,283,630.58</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,580,481.08</td>
<td>2,004,138.93</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>4,440,007.47</td>
<td>5,287,769.51</td>
</tr>
<tr>
<td>Net finance expense</td>
<td>479,906.26</td>
<td>676,233.91</td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>754,519.08</td>
<td>788,810.90</td>
</tr>
<tr>
<td>EBITDA</td>
<td>5,674,432.81</td>
<td>6,752,814.32</td>
</tr>
</tbody>
</table>

(Increase) / decrease in trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase / (decrease) in trade and other receivables</td>
<td>-7,671,075.35</td>
<td>-5,957,081.26</td>
</tr>
<tr>
<td>(Decrease) / increase in provisions</td>
<td>75,599.88</td>
<td>509,813.67</td>
</tr>
<tr>
<td>Deferred income (capital grants)</td>
<td>-417,377.46</td>
<td>-628,304.73</td>
</tr>
<tr>
<td>Cash flow generated from operations</td>
<td>1,281,086.67</td>
<td>4,470,425.71</td>
</tr>
<tr>
<td>Tax paid</td>
<td>-754,519.08</td>
<td>-788,810.90</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>526,567.59</td>
<td>3,681,614.81</td>
</tr>
</tbody>
</table>

## INVESTMENT ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure - plant and equipment</td>
<td>-1,916,973.14</td>
<td>-4,885,612.77</td>
</tr>
<tr>
<td>Capital expenditure - intangible assets</td>
<td>-896,884.51</td>
<td>-781,435.95</td>
</tr>
<tr>
<td>Net cash flow from investing activities</td>
<td>-2,813,857.65</td>
<td>-5,667,048.72</td>
</tr>
</tbody>
</table>

## FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net new debt (debt increase + debt repayments)</td>
<td>3,468,330.01</td>
<td>2,651,903.13</td>
</tr>
<tr>
<td>Capital Grants and subsidies on capital</td>
<td>805,154.39</td>
<td>958,547.49</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-479,906.26</td>
<td>-676,233.91</td>
</tr>
<tr>
<td>Dividends paid to equity shareholders</td>
<td>-181,140.00</td>
<td>-228,407.78</td>
</tr>
<tr>
<td>Paid-in capital</td>
<td>0.00</td>
<td>127,681.89</td>
</tr>
<tr>
<td>Minority Interests</td>
<td>504,262.94</td>
<td>73,917.09</td>
</tr>
<tr>
<td>Net cash flow from financing activities</td>
<td>4,116,701.08</td>
<td>2,907,407.91</td>
</tr>
</tbody>
</table>

(Decrease) / increase in cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>3,199,352.02</td>
<td>5,028,763.04</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>5,028,763.04</td>
<td>5,950,737.04</td>
</tr>
</tbody>
</table>