

Environmental Services

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- Aluminum, salt slags and zinc waste recycling. Industrial Waste Management, Industrial and Hydrocarbon Cleaning. Environmental Engineering (engineering and construction for water treatment and waste management).





International leader in industrial
waste treatment and environmental
engineering

The 2004 financial provided clear evidence of Befesa's commitment to the strategic plan it drew up a few years ago. It was a year in which new projects were undertaken, especially organic growth and the consolidation of restructuring processes undertaken in previous years. The former is intended to create a project portfolio that will enable Befesa to maintain its historic growth levels in the future. The latter is to strengthen and add value to Befesa's position in some of the activity fields it operates in.

The last three years have been intense as regards investment, divestment and restructuring operations. Once this significant effort had been made the company had to arrange, restructure and optimize its position in the market. And this is precisely what Befesa undertook to do this year, responding to the commitments established in its Strategic Plan and at the beginning of the 2004 financial year itself.

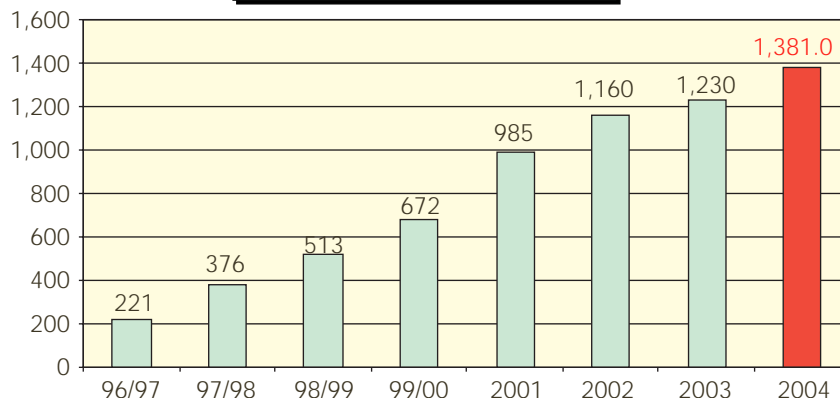
The activity structure launched in the 2003 financial year was consolidated in 2004, and to this end several mergers were made in the Industrial Waste Management, Environmental Engineering, and Industrial and Hydrocarbon Cleaning business units. This merging process went beyond a simple judicial restructuring of the companies and affected all their areas. New commercial, industrial, logistics, and information system management models were implemented, and at the same time, the management teams of the different units were strengthened.

In addition to the above, 2004 was witness once again to Befesa's undertaking to increase its presence abroad. Being aware of the potentiality of our activity for under-developed markets, Befesa continued, either with the launching of new activities in countries in which it already operated, be it on a small scale, or with the setting up of new companies in areas where Befesa had not yet begun to provide its services.

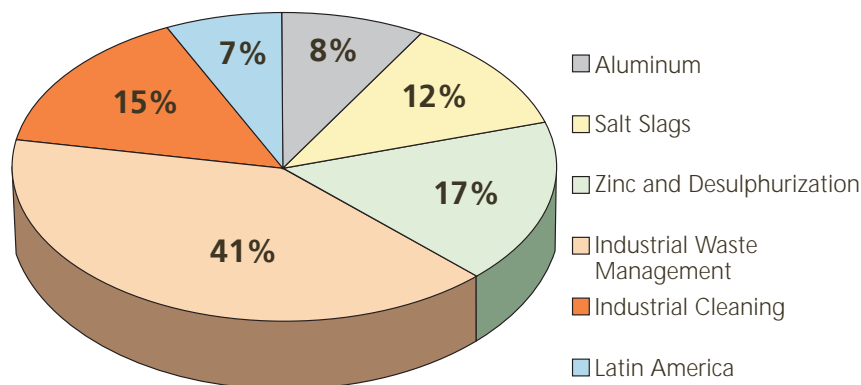
Once again, Befesa increased the number of treated tons and, in 2004, treated almost 1.4 million tons of industrial wastes, a 16% increase on the previous year, and since its establishment approximately 7 million tons. It has therefore contributed greatly to

environmental protection and the efficient reuse of resources in which nature is lacking. Of the 1.4 million tons treated in 2004, more than 567 thousand tons were returned to the production cycle by recycling processes.

Treated Wastes (thous. Tm.)



% by Line of Business 2004



As was the case last year, Befesa made a significant effort in terms of R&D&I investment, focusing on the processes at the top of the pyramid with established hierarchies between minimization, reuse, recycling, valorization and disposal of wastes. The well-made investments were particularly important in enabling the wastes delivered to our facilities to be recycled and valorized.

From a Quality and Environment point of view, Befesa promoted the progressive implementation of environmental management systems standardized and certified according to standard ISO 14001, and the progressive implementation of quality management systems certified in accordance with standard ISO 9000 in all its main activities. It is of the opinion that the strict requirements derived from these systems are the surest guarantee the company can offer its shareholders, customers and the Public Administration, as well as to society as a whole, in relation to its commitment to the sustainable development of its activities. Thus, in 2004, the companies that already had their Environmental Management Systems implemented in accordance with ISO 14000 were responsible for 87% of the billing and those with ISO 9000-certified Quality Management Systems represented, at the same time, 97% of these sales.

In 2004, Befesa's sales were 363 million euro, a 2 percent increase on the 2003 figure. Ebitda for 2004 was 38 million euro, almost the same as the previous year and this, in spite of the divestments made towards year-end 2003. Earnings before tax at the close of the 2004 financial year were 11.4 million euro, a 6.5 percent increase on the previous year, while the earnings after tax were 20.5 million euro as a consequence of the activation of the tax deductions that were pending application. All the magnitudes of Befesa's profit-and-loss account for the 2004 financial year indicate a clear recovery, especially in the aluminum recycling activity. All the above allows us to conclude by stating that, in spite of the divestments, Befesa has not only managed to maintain practically the same magnitudes, but also to reposition those for whom the market conditions were less favorable.

Befesa's consolidated balance sheet for the 2004 financial year show assets of 518 million euro, which is a 10 percent increase on the previous year as a consequence of the investments Befesa has been making in almost all its business units.

Business Units

Aluminum Waste Recycling

Befesa's Aluminum Waste Recycling business unit's mission is the treatment of any kind of aluminum-content waste or scrap without generating solid wastes during the treatment process. Our objective is zero dumping.

This unit is responsible for all the activities related to the providing of collection and treatment services for the abovementioned wastes, the manufacturing and marketing of aluminum alloys, and the design, construction and installation of aluminum and zinc recycling equipment.

Befesa, through Befesa Aluminio Bilbao, Befesa Aluminio Valladolid and Galdan is the undeniable leader in the Spanish market and one of the main players at European level.



During the past year, this unit underwent a successful reorganization process, under which non-profitable activities unrelated to the recycling activity were abandoned, which enabled us to improve the competitiveness of the unit's companies. In spite of there not having been any significant improvement in market margins – large drop in prices and a significant reduction in demand -, and as a consequence of the abovementioned restructuring, the Aluminum Recycling business unit improved its figures quite considerably, in relation to treated waste volume, manufactured alloys and results achieved.

The pool of Befesa companies in this business unit treated close to 115,000 tons of waste, 17% more than in the previous year.

Within the unit's activities, we would mention the Trading activity which has commercialized and acted as intermediary for 17,400 tons.

Likewise, the Technology division, dedicated to the design, construction, installation and commissioning of turnkey facilities for the aluminum and zinc industry, this year passed the figure of 100 facilities executed in 40 countries since it commenced activities.

The main activities in 2004 by the Technology division were:

- Design of a new transportable waste compactor model for it to be demonstrated to potential customers.
- Modification of Aluminium Dunkerque's ingot conveyor belt, adaptation of the "Remetal" running out wheel and enhancement of the cooling system.
- Design and manufacturing of two zinc tapping lines (one for 25 kg ingots and the other, semiautomatic, for jumbo-sized 1,000 kg ingots), which were sold to the Indian primary zinc manufacturer, Hindustan Zinc.
- Design and manufacturing of three ingot mold belts to be brought into operation in 2005 with a stack-loader, for Balco, in India.



- Completion of the contract for the supply of a zinc ingot mold line for Skorpion, in Namibia. This was the first time for us to apply our know-how to the zinc sector. The line is in operation with production levels never before achieved with this material.

Salt Slag Recycling

Salt slag is a hazardous toxic waste generated during the aluminum waste recycling process. The recovery of salt slag is the alternative to dumping and the



object is to separate the metallic aluminum, the salt and aluminum oxide to enable reuse of all the components. This activity, together with that developed by the Aluminum Waste Recycling business unit, enables us to close the recycling cycle completely and integrally exploit the aluminum-content wastes, with the activity being considered one of zero dumping.

The company possesses the only in-house technology salt slag recycling facility that currently exists in Spain, in Valladolid, which, with an installed capacity in excess of 110,000 tons/year, provides a service for almost all the secondary aluminum foundries in Spain and, during the process, recovers a small quantity of powder produced during the aluminum waste crushing process.

Likewise, Befesa Salts Slags, based in Whitchurch – Shropshire, United Kingdom, with a 70,000-ton/year treatment capacity, can treat the entire volume of salt slag generated in the United Kingdom and is the only facility of its kind in the country. The facility treats all the salt slags produced in the United Kingdom; from 50,000 to 60,000 tons/year.

During the year, Befesa Salt Slags signed long-term agreements with all the British producers. Furthermore, the facility manages aluminum waste it removes from different aluminum works throughout the United Kingdom. Some of this waste is commercialized directly and some is grinded at its facilities to recover the aluminum content. The powders generated during the grinding process are valorized together with the salt slag.

During the year, some 146,000 tons of waste were treated (salt slag and aluminum waste grinding powders), a five percent increase on the previous year. In addition, around 29,000 tons of aluminum waste was treated at the United Kingdom facility compared to the 24,000 tons treated the previous year.

From a commercial point of view, investments were made in both companies to optimize processes and maintain the facilities. Thus, at Befesa Escorias Salinas, the main cooling tower was renovated as was the roof of the warehouse, and new collectors were



installed to improve gas extraction during the oxide washing phase. On the other hand, at Befesa Salt Slags, a new screen was installed in the grinding plant to increase the salt slag powder production capacity and a new dehydration and salt extraction system to cope with the increase in salt production as a consequence of the increase in the number of tons of treated waste.

Likewise, the contacts made in previous years have been kept up with companies from other European countries to contract aluminum salt slags and grinding powders with the objective of, whenever the case arose, fully covering the treatment capacity of both facilities. At the present time, some contracts have been signed for 2005 and the intention is to continue with these negotiations so that, in the medium term, they may be used in a business unit expansion process.



Zinc and Desulphurization Waste Recycling

Befesa's Zinc and Desulphurization waste recycling activity is carried out by Befesa Zinc Aser, Befesa Zinc Sondika, Befesa Zinc Amorebieta and Befesa Desulfuración.

During the year, Befesa Zinc Aser's facilities received approximately 110,000 dry tons of powder from electric-arc steel mills and from foundries, and 2,950 dry tons of other wastes with high zinc content. This meant that, for the second consecutive year since the company commenced activities, one hundred percent of the raw materials supply was procured on the home market.

In this respect, we would underline the satisfactory meeting of the tons covered by the long-term agreements signed with Oñeder and Arcelor for Befesa Zinc Aser to manage the powders collected from the smoke filters installed at all the main Basque steel mills.

Taking into account the above figures, throughout its sixteen and a half year existence, Befesa Zinc Aser has already recycled something over 1,570,000 tons of damp powders that contained some 350,000 tons of zinc, and about 18,500 damp tons of other wastes rich in this metal, with which close to 557,000 dry tons of Waelz Oxide have been produced with an average of 59.1 percent of zinc, equivalent to almost 330,000 tons of recovered zinc metal.

The commercialization and sale to end customers of the Befesa Zinc Aser manufactured product has been entirely the responsibility of Befesa Zinc Comercial, the company that has found an outlet for a total of 42,500 tons of Waelz Oxide over the period.



Thanks to the radical change made by Befesa Zinc Aser, in 2001, to its raw materials capturing commercial strategy, centered on substituting steel powders from abroad with waste from the home market, these last three years have seen a progressive recovery of the mean unitary margin generated by the treatment and elimination service for these materials, which, in the period in question, increased spectacularly (reaching 15.9% compared to the 3% rise registered in 2003) as a consequence of the disappearance, in this case, of the shipping and logistics costs involved to supply powders from other countries.

In 2004, Befesa Zinc Sondika recycled 9,450 tons of different zinc wastes at its facility, most of which came from the galvanizing industry. This represents a 47 percent increase on the 6,419 tons recycled the previous year.



Moreover, Befesa Zinc Amorebieta recycled 11,000 tons of different zinc wastes, a quantity similar to that of the previous year. We would stress the 2,200 tons of raw zinc ashes and the 1,450 tons of zinc scrap; with a stable recycled quantity being maintained in the case of the former, and a 12% increase achieved in the latter compared to the same period the previous year. Furthermore, 2,000 tons of high-purity zinc wastes were treated, an amount similar to that of the previous year.

Befesa Desulfuración's facility, located in Barakaldo, Biscay, initially conceived as an industrial plant for the production of sulfuric acid from pyrites, is now another example of Befesa's commitment to the environment. Since 1995, subsequent to its re-conversion, Befesa Desulfuración recycles waste sulfur retained by oil refinery filters.

Befesa Desulfuración is now a recycling facility capable of solving one of the oil companies' environmental problems, applying the cleanest and safest process for waste sulfur exploitation. At the same time, the products obtained – sulfuric acid and oleum (a composite with a high SO₃ concentration level), are of very high quality and are readily accepted by customers in the chemical, paper, pharmacy, food, manure and fertilizer, and water treatment industries.

In 2004, some 104,000 tons of sulfur from desulphurization waste were processed to obtain a production of 320,000 tons of acid equivalent, with an associated generation of electric energy of 79,000 MWh which, once in-house consumption is taken into account resulted in sales of 51,000 MWh of excess energy. Both figures, that of production and excess electric energy, are absolute records in the pyrites phase, and sulfur phase.

Industrial Waste Management

Befesa Gestión de Residuos Industriales provides specialized hazardous and non-hazardous industrial waste collection, transportation and management services to companies and public bodies in Spain

and Portugal. For this purpose, it has strategically-based technical-commercial regional offices and production facilities throughout the peninsula. These enable the company to provide an integral service for industrial waste producers, employing a treatment hierarchy in which priority is given to the minimization, reuse, recycling, valorization and disposal of wastes.

During 2004, the new structure of Befesa Gestión de Residuos Industriales was consolidated. This is the fruit of the merging of all the companies previously involved in the business unit of the same name. This new company has a highly-qualified and experienced human team and the most advanced and complete facilities in Spain, among which we would mention, an extensive network of transfer centers, as well as final management facilities dedicated to waste inerting and physicochemical treatment and disposal. Likewise, the company's market in the northern area, in Cantabria and the Basque Country, is being strengthened through agreements with other authorized waste management companies and the contracting of new commercial agents.

Moreover, 2004 saw the opening of the first of a series of non-hazardous waste management facilities. This was the non-hazardous waste transfer and classifying center in the municipal district of Ajalvir (Madrid) to reinforce the integral waste service for our customers. This inauguration is to be followed by that of the center in Alcalá de Guadaíra, Seville.



Likewise, GRC, the company in Palencia that manages the deposit for the Cerrato district Pool of Villages, was acquired. This will enable Bgri to develop its non-hazardous waste activity in this region's market in forthcoming years.

From a commercial point of view, the treatment possibilities for our customers were broadened upon the Nerva center in Huelva incorporating a new non-hazardous waste disposal line and widening the typology of the wastes that can be managed at the center. We thus anticipated the requirements legislation will impose for deposits in 2005. Moreover, the size of the deposit basins at Nerva and Cartagena was enlarged and their waste handling and conditioning and laboratory facilities and equipment improved. An evaporation-condensation facility for lixiviate treatment was also installed at the Cartagena center.

Befesa Gestión de Residuos Industriales managed a total of 586,062 tons of industrial wastes, a 22 percent increase on the previous year's figures.

Industrial and Hydrocarbon Cleaning

The Industrial and Hydrocarbon business unit is formed by Befesa Tratamientos y Limpiezas Industriales; Befesa Gestión de PCB, Befesa Plásticos and Befesa Técnicas del Suelo.

Befesa Tratamientos y Limpiezas Industriales was established in 2003 following the merging of four companies. The company carries out its activities in the industrial services sector for customers from the public and private sectors through a wide-ranging offer of services that includes solid, liquid and sludge suction and blowing, high-pressure cleaning works, extremely high pressure water applications for demolition, cutting and specialized cleaning operations, waste management and treatment at the customers' own facilities, and tank cleaning services at refineries and large oil-producing facilities, chemical cleaning services,

charging, loading, unloading and management of used catalysts, as well as the contaminated lands management and remediation activity.

The company's customer portfolio comprises large companies, among which we would especially mention oil companies and multinational companies from the chemical and electrical sectors, small and medium-sized companies, private individuals and municipal districts.

The situation of the market on which the company is focusing is characterized by the tendency in companies towards the outsourcing of services not directly related to production, stricter legislation and standardization, and a productive model that is seeking to be more agile and flexible. Thus, in 2004, Befesa Tratamientos y Limpiezas Industriales continued to develop a strategy designed to consolidate a type of company capable of providing specialized industrial services and of adapting to market needs.

In 2004, the structuring of the company and operations organization on the basis of three geographical regions (Asturias, Basque Country in the north; Catalonia, Aragon and Levant in the east; and Andalusia-Levant in the south), and five fields of activity with their corresponding technical managers, was completed. Furthermore, the





integral management service for large-size customers was consolidated and the investment plan initiated in 2003 was completed. The company now has unique capacities for the handling of pulverulent materials and has consolidated its tank cleaning and mobile unit capacities.

In relation to production, we would mention the more than 120,000 tons processed by the facility Befesa operates for CEPSA at its refinery in Algeciras, the more than 10,000 tons processed by the mobile units for different customers, and the contracts awarded to clean five large diameter tanks, in Spain, and two tanks, in France. The awarding of the contracts in France has definitively consolidated the launching of these operations at European level, through the participated company ET2C, which was set up with SODI, from the Veolia group.

At another type of facility, the Industrial Cleaning and Hydrocarbon business unit also recycles most of the country's greenhouse plastic sheeting through Befesa Plásticos, and Befesa Gestión de PCB offers an efficient solution for PCB-contaminated equipment.

Befesa Gestión PCB specializes in providing efficient collection, transportation and disposal solutions for PCB-contaminated transformers, condensers and materials. In 2004, it confirmed its leading position against the rest of the national managers by increasing its market share by more than 55 percent, of the total number of PCB-contaminated items treated, according to figures published by the

Asociación de Empresas Gestoras de Residuos y Recursos Especiales (Asegre).

Some 2,700 tons of PCB-contaminated equipment and materials were treated at the Company's facilities, a volume that confirms the strength of the company in a year in which the Spanish market as a whole experienced a significant drop in the number of tons treated.

On the other hand, Befesa Plásticos specializes in the manufacturing of special low-density polyethylene plastic grain by recycling the sheeting used as greenhouse covering. In 2004, over 13,000 tons of sheeting and used irrigation piping were recycled at its facility and production in excess of 10,500 tons was achieved.

In addition, last year, the Industrial and Hydrocarbon Cleaning business unit undertook a new activity through Befesa Técnicas del Suelo, dedicated to the remediation of contaminated land.

Environmental Engineering

Befesa's Environmental Engineering activities are focused on the construction and operation of infrastructure, and the providing of services for the integral water cycle, and waste management.

The acquisition of Codesa was a relevant event in 2004 in this field. It is a company specialized in water treatment, supply, purification, and in hydraulic and environmental activities oriented towards public administration and the private sector.





Together with the integration of its management team, an in-depth reorganization of the Environmental Engineering business unit was carried out, resulting in it being structured into two lines of activity:

- A. Construction, where Befesa Construcción y Tecnología Ambiental, Befesa Fluidos and the recently acquired Codesa have been integrated. To develop growth and better exploitation of the synergies between the three companies, seven regional branch offices were set up (central, southwest, southeast, Murcia, Autonomous Region of Valencia, Catalonia, north and abroad). They are all common for the three companies.
- B. Operation. In the water sector, the activity is developed through Befesa's participation in the company Agua y Gestión. In the waste sector, through Befesa's participation in several Joint Ventures with waste treatment center operation contracts and in the company called Procesos Ecológicos Vilches, proprietor of the pig slurry treatment facility in the province of Jaen. The company Iniciativas Hidroeléctricas, concessionaire of the operation of the Cerrato working fall in Palencia, is also active in this sector.

Befesa Construcción y Tecnología Ambiental maintained its leading position on the home desalination market and is an ever-growing reference abroad. In 2004, it was awarded two important contracts with Codesa that will require a 230-million euro investment, in Algeria, one in Skikda and the other in the town of Beni Saf, close to Oran. Befesa

has a fifty percent shareholding in the consortium through Befesa Construcción y Tecnología Ambiental, and Codesa.

The plants at Skikda and Beni Saf will have a 100,000 and 150,000 cubic meter/day desalination capacity, respectively, and will provide a water supply for some 500,000 inhabitants in Skikda, and 750,000 in Beni Saf. Reverse osmosis technology will be employed at both plants.

In the Hydraulic Works sector, with the company having been awarded several new contracts during the year under the National Irrigation Plan, it consolidated its traditional leading position in this activity. The rest of the activity included water supply and purification works, hydroelectric power plants, water treatment, automatic information and control systems, and waste facilities.

On the other hand, Befesa Fluidos specializes in industrial water treatment for the private sector, in incoming, process and wastewaters, and complements its activity with others such as powder capturing, and the handling of fly-ash and slag in Thermal Power Plants.

Continuing with the tendency in previous years in the water market, there was an increase in the number of calls for bids from the Ministry of the Environment itself and its State-owned Catchment Basin Companies, and from the Ministry of Agriculture, Food and Fisheries through the State-owned Agricultural Infrastructure Companies, responsible for the investments being made in the modernization of



irrigation systems under the National Irrigation Plan, and from the rest of the public sector in general.

The re-directing of the National Hydrological Plan, with the elimination of the Ebro Transfer System, not only did not seriously weaken the activity in the hydraulic market, but opened up enormous perspectives for Environmental Engineering through trust being put in desalination. The Autonomous Regions and local authorities responsible for urban wastewater purification and treatment works continued to invest strongly to have them completed in 2005, as specified in regulation 91/271.

On the foreign market, the company's presence in international calls for bids increased, which resulted in the awarding of contracts that will enable the sustained growth of the business unit.

Other relevant contracts:

Befesa Construcción y Tecnología Ambiental:

Irrigation modernization:

- Irrigation system Modernization and Consolidation works for the User Community of the Carlet Common Irrigation Ditch, in Valencia.
- Irrigation system Modernization for Guiamets reservoir users' community, in Tarragona.
- Phase I of the Irrigation System Improvement and Modernization project for the Babilafuente Canal User Community, in Salamanca.
- Two captured water pumping stations and the first section of the drive pipeline for the Segriá Sud irrigation project, in Lerida.
- Enlargement modernization and consolidation of the Sur-Andévalo User Community's irrigation area.

Hydraulic works:

- The connection of Villanueva de Cordoba to the north of the province's water supply system.
- Supply works for the new urban districts of Malaga.
- Itoiz dam-toe power station, in Navarra.



Information and Control Systems

- The Automatic Hydrographic Information System (SAIH) in the river Duero catchment basin, for its Hydrographic Confederation, which will enable management and operation of the basin's hydraulic resources to be implemented, and improvement of the meteorological information required for flood forecasting and tracking with the aim of minimizing them and gaining maximum control over possible damages.
- Regulation Improvement and Automation of the Villoria Canal Irrigation Area.

Waste treatment and management

- Four waste transfer centers in Guadalajara: Sigüenza, Molina de Aragon, Cifuentes, and Yedra.



Befesa Fluidos:

- Treatment plant for effluent from the slag extinguishing area and B.O.F. water treatment plant for dumping into a public waterway through the Steel Mill's perimetric canal, complying with the legislation in force, for Aceralia, at its facility in Aviles.
- Maintenance of Abengoa Bioenergy's bioethanol production facility effluent treatment plant, in Teixeira, Galicia.
- Bioethanol production facility effluent treatment plant, for Biocarburantes Castilla-Leon.
- River Tormes water draw-off settlement tank for the bioethanol production process at Babilafuente, Salamanca.
- Supply of spare parts for the main air-conditioning units at IEC's thermal power plant, in Israel.
- Emptying of the scarfing circuit's rectangular settlement tank, at Aceralia's factory, in Aviles.
- Effluent treatment plant for Ecoinsa, in Barcelona.

Codesa:

- Management contracts for the Catalonia Water Board, under the service operation, conservation, maintenance and improvements modality, for the treatment systems of: Avinyó, Bâscara, Ventalló, Vilamalla, Sauscamallera, Sant Miquel de Fluviá, Cerviá de Ter i Vilajuïga, in Gerona, and L'Espuga de Francolí, in Tarragona.
- Benamahoma, Grazalema collector and STW, in Cadiz.
- Improvement works on recreation areas of several nature parks in southern Alicante.

Main construction activities in 2004

Befesa Construcción y Tecnología Ambiental:

- Abroad, El Carigán Potable Water Treatment Plant was brought into service. The works were executed under the Loja Potable Water Master Plan.
- In desalination, completion of the works and testing of Almeria seawater desalination plant and El Atabal de-brining plant.
- Completion of the works to change the Villarreal (Castellon) Irrigation Area's traditional system to a localized system.



- Works continued on the modernization, automation and remote control monitoring of the hydraulic infrastructure of Sector B-XII of the Lower Guadalquivir, in Iebrija, Seville.
- Completion of the Negratín-Almanzora water transfer works, in Granada/Almeria.
- Works continued on Section I, Cortes Drive (Valencia) on the Júcar-Vinalopo water transfer pipeline.
- Completion of the works on the general collectors, discharge outlet and the Teulada-Moraira Sewage Treatment Plant.
- Completion of the construction and bringing into operation of the Guadalajara Urban Waste Treatment Center.
- Providing, in 2004, of operation, conservation and maintenance services at the STWs of the Eastern Sector, in Barcelona.
- Providing of operation, conservation and maintenance services for the Collectors and STW of Activity XIII of the Autonomous Region of Madrid's 100% Treatment Plan.
- Providing of Automatic Hydrological Information System maintenance and operation services for the Guadalquivir's Catchment Basin.

Befesa Fluidos:

- Completion of the Lixivate Treatment Plant at the Talarrubias Urban Solid Waste Plant, in Badajoz.
- Completion of the construction of the



seawater draw-off and demineralization chain for the Barranco de Tirajana Combined-Cycle Thermal Power Station on the island of Gran Canaria.

- Cooling tower for the secondary circuit of the blast furnace for Aceralia's factory at Veriña, in Gijon.
- Lixiviate atmospheric evaporation plant for Trademed's waste treatment facility, in Cartagena.
- Completion of the contracts for Aceralia's factory, in Aviles:
 - Enlargement of the LDA steel cooling circuits.
 - New GCK compressor room.
 - Enlargement of the B.O.F. Gas Scrubbing and Sludge Treatment System.
 - Wastewater Treatment and Recycling at Cok Batteries Sulfates Plant.
 - New location for Sulfuric Acid and P.S.A. storage and supply on East-Lamination.
- With only testing pending, the Effluent Treatment Unit for the Primary Stage of the urban waste deposit was completed.
- The Lixiviate Treatment Plant for the Los Ruices-Limasa Environmental Center, in Malaga, is in an identical situation as the above.

Codesa:

- Completion of Ence's (National Cellulose Company) effluent treatment plant, in San Juan del Puerto, Huelva.
- Completion of the enlargement of the Sewage Treatment Works (STW) at Baena, in Cordoba, put out for tender by Giasa.
- Works continued on the construction of Ence's effluent treatment plant, in Pontevedra.
- Montemayor STW in Cordoba is under construction for Gestión de Infraestructuras de Andalucía.
- Treatment works and services for the affected areas of the Aznalcóllar Environmental Activities Park, in Seville. .
- Work is being carried out on the Facinas (Municipal District of Tarifa) collector and STW project, the spills from which affect the Los Alcornocales Nature Park, in Cadiz.
- In Tarifa (Cadiz), the Wastewater Treatment Facility for the urbanization is being built for Atlanterra Inmobiliaria.

- The Arcas del Villar and Villar de Olalla STWs are under construction in Cuenca, for the Department of Public Works of Castilla La Mancha.
- Enlargement of the Paterna de Rivera (Cadiz) potable water treatment plant.
- Wastewater pumping stations at Lubet are under construction for Aguas de Cádiz.
- Improvement of Pobla Tornesa STW for Castellon County Council.



Main Operation activities in 2004

Since the 2003 financial year, Befesa holds, through Befesa Construction y Tecnología Ambiental and Codesa, a 36% shareholding in the company Agua y Gestión de Servicios Ambientales, S.A., established jointly with the Ayesa Group, Codesa and Itsmo94, vastly experienced companies in the water sector and in providing public services. It also has strong financial backing upon the savings bank El Monte de Piedad y Caja de Ahorros de Sevilla y Huelva holding a financial interest as well. Over this period, Agua y Gestión has managed the Municipal Services of El Ejido (Elsur), Almería, and the Water Services of Baena, in Cordoba, of Barbate and Vejer, in Cadiz, Herrera, in Seville, and Puebla D. Fabrique and Ugijar, in Granada. In this way, Agua y Gestión manages the water supply for 150,000 inhabitants in Andalusia.

In the waste plant management activity, in 2004, operation services continued to be provided for the Urban Waste Selection and Composting Plant in Utrera, Seville, with a population of 100,000, for the Pool of Municipal Districts of the Lower Guadalquivir area, and for the waste deposit owned by Consorcio del Poniente Almeriense, in El Ejido (Almería), capacity 140,000 inhabitants. Upon completion of the works in 2004, operation of the Guadalajara Urban Waste Treatment Center commenced. Its treatment capacity is for 200,000 inhabitants, 80,000 tons/year and it was built for the Castilla La Mancha Regional Government.

In addition, the pig slurry treatment activity continues through the operation of the Vilches treatment plant, in Jaen.

