

## Consolidated Balance Sheets

Prepared in accordance with US GAAP

(In thousands of Euros, except share and per share amounts)

	As of December 31, 2004	As of December 31, 2003
	<u>2004</u>	<u>2003</u>
Assets:		
Current assets:		
Cash and cash equivalents	€ 80.515	€ 27.735
Restricted cash	8.028	-
Available-for-sale securities and other short-term investments	1.231	3.311
Investments held at cost	-	25.490
Derivative contracts	4.046	2.816
Accounts receivable (net of allowances of € 2,165 in 2004 and € 2,145 in 2003)	84.536	68.287
Unbilled revenues	36.683	25.706
Due from related parties	37.848	65.863
Inventory	10.760	11.361
Deferred tax assets	3.751	7.267
Other current assets	659	646
Total current assets	<u>€ 268.057</u>	<u>€ 238.482</u>
Other investments	2.137	2.856
Property, plant and equipment, net	53.586	48.251
Prepaid expenses and other assets	3.198	134
Deferred tax assets	18.004	7.034
Other intangible assets, net	9.789	8.400
Goodwill	13.689	11.347
Total assets	<u>€ 368.460</u>	<u>€ 316.504</u>
Liabilities and shareholders' equity:		
Accounts payable	€ 123.278	€ 84.859
Billing in excess of costs and estimated earnings	16.466	10.880
Accrued and other liabilities	7.696	12.092
Income taxes payable	11.778	8.500
Deferred tax liabilities	3.096	2.327
Due to related parties	6.194	60.637
Current portion of long-term debt	9.208	8.826
Short-term debt	18.748	24.186
Short-term leasing obligations	1.960	879
Derivative contracts	2.602	3.917
Total current liabilities	<u>€ 201.026</u>	<u>€ 217.103</u>
Long-term debt less current portion	16.875	25.791
Long-term leasing obligations	4.130	914
Other long term liabilities	8.747	9.754
Deferred tax liabilities	323	2
Unearned income	525	474
Total liabilities	<u>€ 231.626</u>	<u>€ 254.038</u>
Minority interest	863	1.259
Stock compensation plan, net	-	874
Shareholders' equity:		
Common stock, 3.005 € par value, 29,247,100 shares authorized and outstanding, same class and series	87.889	60.101
Additional paid-in capital	40.319	-
Deferred Compensation	(3.305)	-
Cumulative other comprehensive income (loss)	(3.364)	(431)
Retained earnings	14.432	663
Total shareholders' equity	<u>€ 135.971</u>	<u>€ 60.333</u>
Total liabilities and shareholders' equity	<u>€ 368.460</u>	<u>€ 316.504</u>



Consolidated Statements of Operations  
Prepared in accordance with US GAAP

(In thousands of Euros, except share and per share amounts)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2004	2003	2004	2003
Revenues	€ 113.354	€ 91.683	€ 312.571	€ 257.732
Cost of revenues	91.013	72.109	245.578	202.149
Gross profit	22.341	19.574	66.993	55.583
General and administrative	5.000	2.127	21.446	18.807
Sales and marketing	4.190	4.490	10.118	9.091
Research and development	4.981	6.869	11.060	11.278
Depreciation and amortization	2.443	875	7.904	5.943
Impairment charges	-	1.589	-	1.589
Total operating expenses	16.614	15.950	50.528	46.708
Income from operations	5.727	3.624	16.465	8.875
Financial (expense), net	530	(2.258)	(2.313)	(4.381)
Other income (expense), net	(8)	(601)	88	(665)
Total other income (expense)	522	(2.859)	(2.225)	(5.046)
Income before income taxes	6.249	765	14.240	3.829
Income tax expense (benefit)	3.741	(1.647)	4.749	(809)
Net income before minority interest	2.508	2.412	9.491	4.638
Profit attributable to minority interests	1.283	(101)	654	(124)
Net income	€ 3.791	€ 2.311	€ 10.145	€ 4.514
Earnings per share				
Basic and diluted net income per share	€ 0,14	€ 0,12	€ 0,47	€ 0,23
Weighted average number of shares outstanding				
Basic and diluted	27.064.405	20.000.000	21.775.752	20.000.000

## Consolidated Statements of Cash Flows

Prepared in accordance with US GAAP

(In thousands of Euros, except share and per share amounts)

	Year Ended December 31,		
	2004	2003	2002
Cash Flow from operating activities:			
Net income before minority interest	€ 9.491	€ 4.638	€ 5.045
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	9.015	5.945	4.128
Impairment of investments held at cost	-	1.589	2.290
Foreign exchange (gains) losses	882	3.535	(361)
Allowance for doubtful accounts	307	1.627	-
Deferred income taxes	(6.364)	4.356	2.565
Compensation related to the stock compensation plan	2.258	407	467
Gains on sale of investments	(88)	-	-
Change in operating assets and liabilities:			
Accounts receivable	8.195	2.534	(5.629)
Inventory	3.166	7.343	(4.930)
Unbilled revenues	(10.830)	(7.289)	(7.249)
Accounts payable, related parties and other assets	3.706	(11.431)	5.414
Billing in excess of cost and estimated earnings on uncompleted contracts	5.237	(4.989)	3.038
Accrued and other liabilities, related parties payable	(8.045)	(3.833)	1.502
Due to temporary Joint Ventures	8.129	-	-
Net cash provided by operating activities	€ 25.059	€ 4.432	€ 6.280
Cash Flows from investing activities:			
Restricted cash - guaranteed deposit of long term investments and commercial transactions	(8.028)	49.681	(49.681)
Due from related parties	2.651	(5.915)	11.122
Purchase of available-for-sale securities	-	(1.077)	-
Maturities of available -for-sale securities	-	312	-
Metso acquisition, net of cash	-	(20.428)	-
Purchase of property, plant & equipment	(4.931)	(3.547)	(19.834)
Acquisition of investments, net of cash	(7.043)	-	-
Disposals of investments	30.889	-	(35.847)
Recovery of cost of guarantees	-	869	-
Proceeds from sale of fixed assets	-	-	1.162
Net cash (used in) provided by investing activities	€ 13.538	€ 19.895	€ (93.078)
Cash flows from financing activities:			
Proceeds from long-term debt	1.982	16.894	17.142
Repayment of long-term debt	(11.371)	(1.588)	(15.360)
Proceeds and repayment of short-term, net	(5.439)	5.922	15.853
Proceeds from issuance of common stock, net	60.518	-	-
Due to related parties	(30.183)	(40.088)	95.738
Capital contributions related to Telvent Factory Holding AG	(3.624)	-	-
Dividends paid	-	(6.197)	(8.400)
Net cash (used in) provided by financing activities	€ 11.883	€ (25.057)	€ 104.973
Net (decrease) increase in cash	€ 50.480	€ (730)	€ 18.175
Net effect of foreign exchange in cash and cash equivalents	(950)	(4.266)	(2.308)
Cash and cash equivalents at the beginning of period	27.735	32.731	16.864
Joint venture cash and cash equivalents at the beginning of period	3.250	-	-
Cash and cash equivalents at the end of period	€ 80.515	€ 27.735	€ 32.731
Supplemental disclosure of cash information:			
Cash paid for the period:			
Income taxes	€ 439	€ 167	€ -
Interest	€ 6.419	€ 8.254	€ 3.975

Reconciliation between US GAAP and Pro forma Income and EPS  
(In thousands of Euros, except share and per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2004	2003	2004	2003
GAAP basis income before income taxes	€ 6.249	€ 765	€ 14.240	€ 3.829
Adjustments to income before income taxes				
Amortization of intangibles	588	369	2.307	1.807
Stock compensation plan expenses	1.199	7	2.258	407
Mark to market derivatives	(1.241)	(1.650)	(207)	(237)
Impairment Charges	0	1.589	0	1.589
Total Adjustments	547	315	4.358	3.566
Adjusted income before income taxes	<u>€ 6.796</u>	<u>€ 1.080</u>	<u>€ 18.598</u>	<u>€ 7.395</u>
Income tax provision	(3.513)	1.539	(5.484)	(297)
Profit attributable to minority interests	990	(101)	654	(124)
Pro forma Net Income	<u>€ 4.273</u>	<u>€ 2.518</u>	<u>€ 13.768</u>	<u>€ 6.974</u>
Earnings per share				
Basic and diluted net income per share	<u>€ 0,16</u>	<u>€ 0,13</u>	<u>€ 0,63</u>	<u>€ 0,35</u>
Weighted average number of shares outstanding				
Basic and diluted	<u>27.064.405</u>	<u>20.000.000</u>	<u>21.775.752</u>	<u>20.000.000</u>