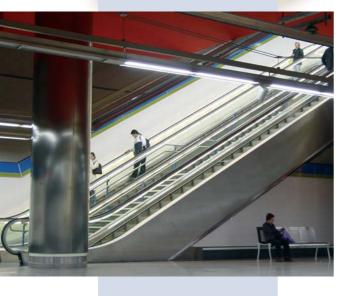
Annual Report 2006



Annual Report for the year:

1-12-2005 to 30-11-2006

presented by the Board of

Directors at the General

Meeting of Shareholders held

on April 23, 2007 upon the

first call, or April 24, 2007 upon the second call.

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Zardoya Otis S.A.

Golfo de Salónica, 73 28033 Madrid - España Telf: 91 343 51 00 fax: 91 343 51 41

April 23, 2007

Dear Shareholders

In general terms, 2006 was another excellent year, as you can see if you analyze the two charts that, as always, we include at the beginning of our Management Report and the comments on them that I make below.

Firstly, I inform you that the financial statements corresponding to the consolidated accounts for 2006 have been formulated under International Financial Reporting Standards (IFRS). These standards have also been applied to the key data for the year 2005 to enable us to compare the two years. The years up to 2004, inclusive, have not been modified.

Profit before tax was 240.2 million euros, representing an increase of 11.4% on the preceding year.

Regarding the net profit of 154.3 million euros, which showed growth of 7.5%, it was lower than would have logically been expected, due to the inevitable reduction in the tax credit as a result of the lower corporate income tax rates.

Total sales showed an extraordinary increase of 12.2% and the 16.2% rise in New Sales should be highlighted.

In principle, these figures could make one think that the profit should have grown in the same proportion and, therefore, I should clarify that, basically, they are due to contracts obtained for very specific installations: the Madrid Metro, the Barcelona Metro and the Repsol Tower in Madrid, the tangible and intangible benefits of which will be seen in future years.

Orders received for New Sales grew by 23%, a very significant percentage that has allowed us to reach historical records of 217 million euros in orders received and 160.3 million euros in the backlog of unfilled orders for New Sales.

Service, which continues to represent approximately two thirds of our billing, showed an annual increase of 10.7%.

We have 226.831 units under maintenance.

In respect of dividends, we paid out four quarterly dividends in 2006 for a total gross amount of 155 million euros, representing an increase of 15.5% on the preceding year.

The December 2006 dividend was the 108th quarterly dividend distributed uninterruptedly over 27 consecutive years, with constantly rising annual amounts.

In June, a new capital increase was carried out in the proportion of one new share for every ten old shares. It was our 28th bonus issue.

Turning to Stock Market Data, our shares ended the year 2006 at 22.98 euros, which represented an annual increase of 18.12%. This, added to the profitability of 3.04% obtained from dividends, gives a total annual profitability of 21.16%.

Stock market capitalization at the year end was 6,019 millions, which means that the mythical figure of 1 trillion of the old pesetas was surpassed.

Once again, the PER rose and reached 39.0.

A comparative analysis of the evolution of the capitalization of Zardoya Otis, S.A. in relation to that of the IBEX 35 gives the following result: the stock market capitalization of our shares has grown by 1,716.4% since January 1, 1990, when the IBEX 35 came into operation. In the same period, said Index has grown by 371.6%. In summary, our stock market capitalization grew 4.62 times more than the IBEX 35 between January 1, 1990 and December 31, 2006.

As an exception, I feel I should confirm a piece of news from the year 2007, although I imagine you are all already aware of it. I am referring to the sale of the land of our Madrid plant, located in Calle Méndez Álvaro, which was concluded in January 2007. The selling price was 76 million euros and the net profit obtained 66 million euros.

To replace this plant, land has been purchased in Leganés, where we hope to begin the building work in 2007 and complete it in 2009.

Lastly, I have the pleasure of informing you that, for the year 2007, the Board of Directors has the intention of :

- Maintaining the four quarterly dividends.
- Proposing a new bonus issue at a ratio of 1 new share for every 10 old shares for the approval of the General Meeting.

If this capital increase is approved, it will be our 31st capital increase and the 28th bonus issue. And I would like to end by expressing, on my own behalf and on behalf of the Board of Directors, our deep gratitude to:

- Our customers, without whom we would not exist.
- All those who work for and with our Group, without whose effort and dedication we would not be what we are.
- Our company's shareholders, assuring them that we will do everything possible to maintain the confidence they have placed in us.

Yours faithfully

F. Javier Zardoya



Board of Directors

	POSITION	CAPACITY		%HOLDING IN SHARE CAPITAL
Mr. Francisco Javier Zardoya García	Chairman	Shareholde Representa		0.181
Mr. Mario Abajo García (1)	Deputy Chairma	n Executive		0.264
Mr. José María Loizaga Viguri*	Deputy Chairma	n Independer	nt	0.077
Mr. Angelo Messina (1)*	Board Member	Shareholde Representa		-
Mr. Sandy Diehl (1)	Board Member	Shareholde Representa	. —	-
Mr. Bruno Grob (1)*	Board Member	Shareholde Representa		-
Otis Elevator Company (1) (Mr. Johan Bill)	Board Member	Shareholde Representa		-
Euro- Syns, S.A. (Mr. Jesús María Fernández-Iriondo)	Board Member	Shareholde Representa		10.622
Investment, S.A. (Mr. Francisco Javier Zardoya Arana)	Board Member	Shareholde Representa		0.243
				11.387
United Technologies Holdings, S.A. (2)				51.067
TOTAL				62.454

Mr. Mario Abajo García	CEO
Mr. Pedro Sainz de Baranda y Riva	General Manager
Mr. Alberto Fernández-Ibarburu Arocena	Secretary

⁽¹⁾ Represents the parent Compañy United Technologies Corporation (U.T.C.)

⁽²⁾ United Technologies Corporation (U.T.C.) holds 51.067% of the share capital. a través de United Technologies Holdings. S.A.

^(*) Members of the Audit Committee.

Hey Data at November 30

(Fiscal year end)

(Consolidated figues in millions	nsolidated figues in millions of euros) % varia					ance over	prior year			
annual results	2006	2005	2004	2003	2002	06	05	04	03	02
	(1)	(1)				(1)	(1)			
Profit before tax	240.2	215.6	200.6	179.9	155.4	11.4	7.5	11.6	15.8	20.4
Profit after tax (2)	154.3	143.5	130.7	116.1	98.1	7.5	9.8	12.6	18.4	19.
EBITDA	249.7	226.6	209.8	193.5	170.8	10.2	8.0	8.4	13.3	25.3
Cash-Flow Gross dividens	164.4 155.0	156.3 134.2	139.6 119.8	131.2 101.4	113.8 87.2	5.2 15.5	12.0 12.0	6.4 18.1	15.3 16.4	21.1 16.5
(1) IFRS adoption (2) Aft	ter Minority in	terest								
% variance over prior year										
SHAREHOLDERS' EQUITY	2006	2005	2004	2003	2002	06	05	04	03	02
	(1)	(1)				(1)	(1)			
Capital and Reserves	127.8	91.9	99.0	91.6	81.9	39.1	(7.2)	8.0	11.8	6.9
(1) IFRS adoption										
							% varia	ance over	prior year	
SALES DATA	2006	2005	2004	2003	2002	06	05	04	03	02
New Installations	200.6	172.7	159.2	171.7	168.8	16.2	8.5	(7.3)	1.7	16.8
Service	524.9	474.2	443.4	413.6	388.4	10.7	6.9	7.2	6.5	10.1
Total Exports	72.7	62.9	74.6	61.9	59.4	15.5	(15.6)	20.5	4.2	0.3
Export to Portugal (3)	(12.3)	(9.1)	(11.6)	(10.8)	(11.0)	35.4	(21.4)	7.2	(1.7)	(15.5
Net Exports (without Portugal)	60.4	53.8	63.0	51.1	48.4	12.2	(14.6)	23.3	5.5	4.7
Total	785.9	700.7	665.5	636.4	605.6	12.2	5.3	4.6	5.1	11.5
(3) Deduced as they are already included in	consolidated	sales.								
							% varia	ance over	prior year	
NEW INSTALLATIONS	2006	2005	2004	2003	2002	06	05	04	03	02
Orders received	217.0	176.1	181.3	152.2	182.0	23.2	(2.9)	19.2	(16.4)	20.7
Backlog	160.3	149.4	129.6	109.9	124.6	7.3	15.3	17.9	(11.8)	10.4
_							% varia	ance over	prior year	
SERVICE DATA	2006	2005	2004	2003	2002	06	05	04	03	02
Units under maintenance	226,831	219,167	210,428	203,447	194,487	3.5	4.2	3.4	4.6	5.9
Maintenance centers	351	340	338	329	325	3.2	0.6	2.7	1.2	0.3
							% varia	ance over	prior year	
MANPOWER	2006	2005	2004	2003	2002	06	05	04	03	02
Total manpower	5,510	5,262	5,109	5,045	4,974	4.7	3.0	1.3	1.4	4.



Stock Market Data at December 31

(Euros)

SHARE CAPITAL	2006	2005	2004	2003	2002
Shares written off	_	_	_	_	855,321
Number of shares before share capital increase	238,121,066	216,473,697	196,794,270	178,903,882	162,639,892
Share capital increase (bonus). Ratio	1x10	1X10	1X10	1X10	1X10
Number of shares at December 31	261,933,172	238,121,066	216,473,697	196,794,270	178,903,882
Par value	0.10	0.10	0.10	0.10	0.10
Share capital (Millions)	26.2	23.8	21.6	19.7	17.9
PROFIT PER SHARE	2006	2005	2004	2003	2002
Profit after Tax	0.589	0.603	0.604	0.590	0.548
P.A.T. adjusted by capital increase		0.548	0.499	0.443	0.375
Adjusted P.A.T. variance (%)	7.5	9.8	12.6	18.4	19.1
EBITDA per share	0.953	0.952	0.969	0.983	0.955
EBITDA adjusted by capital increase	10.3	0.865	0.801	0.739	0.652
Adjusted EBITDA variance (%)	10.2	8.0	8.4	13.3	-
DIVIDEND PER SHARE	2006	2005	2004	2003	2002
Dividend per share paid in calendar year	0.651	0.620	0.609	0.567	0.536
Dividend adjusted by capital increase		0.564	0.503	0.426	0.366
% variance adjusted dividend	15.50	11.99	18.15	16.36	16.53
PRICE PER SHARE	2006	2005	2004	2003	2002
Price	22.98	21.40	18.87	16.50	12.55
Price adjusted by share capital increase	10.1	19.45	15.60	12.40	8.57
% Adjusted price variance	18.1	24.7	25.8	44.6	31.8
annual yield of one share (%) (*)	2006	2005	2004	2003	2002
Dividend	3.042	3.286	3.691	4.518	5.144
Increase in market value	18.121	24.748	25.800	44.622	31.793
Total	21.163	28.034	29.491	49.140	36.937
	L 1.105	20.05		131110	50.551
(*) Calculated with dividends paid in the calendar year for a share				13.1.10	30.337
(*) Calculated with dividends paid in the calendar year for a share	e owned on January 1 a	nd valued at closing price	on December 31.		
(*) Calculated with dividends paid in the calendar year for a share	e owned on January 1 at	nd valued at closing price	on December 31.	2003	2002
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions)	e owned on January 1 al 2006 6,019	nd valued at closing price 2005 5,096	on December 31. 2004 4,085	2003 3,247	2002 2,245
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%)	2006 6,019 100.0	2005 5,096 100.0	2004 4,085 100.0	2003 3,247 100.0	2002 2,245 100.0
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions)	e owned on January 1 al 2006 6,019	nd valued at closing price 2005 5,096	on December 31. 2004 4,085	2003 3,247	2002 2,245
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%)	2006 6,019 100.0	2005 5,096 100.0	2004 4,085 100.0	2003 3,247 100.0	2002 2,245 100.0
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS	2006 6,019 100.0 802	2005 5,096 100.0 683	2004 4,085 100.0 506	2003 3,247 100.0 332 2003	2002 2,245 100.0 223
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions)	2006 6,019 100.0 802	2005 5,096 100.0 683	2004 4,085 100.0 506	2003 3,247 100.0 332	2002 2,245 100.0 223 2002 22.9
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times)	2006 6,019 100.0 802 2006 39.0	2005 5,096 100.0 683 2005 35.5	2004 4,085 100.0 506 2004 31.2	2003 3,247 100.0 332 2003 28.0	2002 2,245 100.0 223
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*)	2006 6,019 100.0 802 2006 39.0 9.9 100.48	2005 5,096 100.0 683 2005 35.5 13.6 93.52	2004 4,085 100.0 506 2004 31.2 11.7 91.67	2003 3,247 100.0 332 2003 28.0 22.2 87.36	2002 2,245 100.0 223 2002 22.9 10.6 88.85
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE	2006 6,019 100.0 802 2006 39.0 9.9	2005 5,096 100.0 683 2005 35.5 13.6	2004 4,085 100.0 506 2004 31.2 11.7	2003 3,247 100.0 332 2003 28.0 22.2	2002 2,245 100.0 223 2002 22.9 10.6
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE Zardoya Otis, S.A.	2006 6,019 100.0 802 2006 39.0 9.9 100.48	2005 5,096 100.0 683 2005 35.5 13.6 93.52	2004 4,085 100.0 506 2004 31.2 11.7 91.67	2003 3,247 100.0 332 2003 28.0 22.2 87.36	2002 2,245 100.0 223 2002 22.9 10.6 88.85
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE Zardoya Otis, S.A. Market capitalization at December 31 (€ Millions)	2006 6,019 100.0 802 2006 39.0 9.9 100.48 2006	2005 5,096 100.0 683 2005 35.5 13.6 93.52	2004 4,085 100.0 506 2004 31.2 11.7 91.67	2003 3,247 100.0 332 2003 28.0 22.2 87.36	2002 2,245 100.0 223 2002 22.9 10.6 88.85
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE Zardoya Otis, S.A. Market capitalization at December 31 (€ Millions Market capitalization at January 1, 1990 (€ Millions	2006 6,019 100.0 802 2006 39.0 9.9 100.48 2006) 6,019 ins)	2005 5,096 100.0 683 2005 35.5 13.6 93.52 2005	2004 4,085 100.0 506 2004 31.2 11.7 91.67 2004 4,085	2003 3,247 100.0 332 2003 28.0 22.2 87.36 2003	2002 2,245 100.0 223 2002 22.9 10.6 88.85 2002
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE Zardoya Otis, S.A. Market capitalization at December 31 (€ Millions) Market capitalization at January 1, 1990 (€ Millio (start of IBEX-35)	2006 6,019 100.0 802 2006 39.0 9.9 100.48 2006) 6,019 ns) 331	2005 5,096 100.0 683 2005 35.5 13.6 93.52 2005 5,096 331	2004 4,085 100.0 506 2004 31.2 11.7 91.67 2004 4,085 331	2003 3,247 100.0 332 2003 28.0 22.2 87.36 2003 3,247 331	2002 2,245 100.0 223 2002 22.9 10.6 88.85 2002 2,245 331
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE Zardoya Otis, S.A. Market capitalization at December 31 (€ Millions Market capitalization at January 1, 1990 (€ Millio (start of IBEX-35) Market capitalization variance since Jan. 1, 1990	2006 6,019 100.0 802 2006 39.0 9.9 100.48 2006 0 6,019 15,688	2005 5,096 100.0 683 2005 35.5 13.6 93.52 2005 5,096 4,765	2004 4,085 100.0 506 2004 31.2 11.7 91.67 2004 4,085	2003 3,247 100.0 332 2003 28.0 22.2 87.36 2003	2002 2,245 100.0 223 2002 22.9 10.6 88.85 2002
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE Zardoya Otis, S.A. Market capitalization at December 31 (€ Millions) Market capitalization at January 1, 1990 (€ Millio (start of IBEX-35)	2006 6,019 100.0 802 2006 39.0 9.9 100.48 2006 0 6,019 15,688	2005 5,096 100.0 683 2005 35.5 13.6 93.52 2005 5,096 331	2004 4,085 100.0 506 2004 31.2 11.7 91.67 2004 4,085 331	2003 3,247 100.0 332 2003 28.0 22.2 87.36 2003 3,247 331 2,916	2002 2,245 100.0 223 2002 22.9 10.6 88.85 2002 2,245
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(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE Zardoya Otis, S.A. Market capitalization at December 31 (€ Millions Market capitalization at January 1, 1990 (€ Millio (start of IBEX-35) Market capitalization variance since Jan. 1, 1990 % variance market capitalization since Jan. 1, 1990 % inter-annual variance market capitalization IBEX-35	2006 6,019 100.0 802 2006 39.0 9.9 100.48 2006 0 6,019 ins) 331 5,688 20 1,716.4 18.1	2005 5,096 100.0 683 2005 35.5 13.6 93.52 2005 5,096 4,765 1,437.7 24.7	2004 4,085 100.0 506 2004 31.2 11.7 91.67 2004 4,085 331 3,754 1,132.7 25.8	2003 3,247 100.0 332 2003 28.0 22.2 87.36 2003 3,247 331 2,916 879.9 44.6	2002 2,245 100.0 223 2002 22.9 10.6 88.85 2002 2,245
(*) Calculated with dividends paid in the calendar year for a share TRADING DATA Market capitalization (Millions) Trading frequency (%) Effective value traded (Millions) STOCK MARKET RATIOS PER (price/net profit: number of times) PER variance (%) Pay-out % (dividends paid/net profit) (*) STOCK MARKET INDEX VARIANCE Zardoya Otis, S.A. Market capitalization at December 31 (€ Millions Market capitalization at January 1, 1990 (€ Millio (start of IBEX-35) Market capitalization variance since Jan. 1, 1990 % variance market capitalization since Jan. 1, 1990 % inter-annual variance market capitalization IBEX-35 IBEX 35 at December 31 IBEX 35 at start (January 1,1990) Variance IBEX 35 since Jan. 1, 1990	2006 6,019 100.0 802 2006 39.0 9.9 100.48 2006 0,019 ins) 331 5,688 00 1,716.4 18.1 14,147	2005 5,096 100.0 683 2005 35.5 13.6 93.52 2005 5,096 4,765 1,437.7 24.7	2004 4,085 100.0 506 2004 31.2 11.7 91.67 2004 4,085 331 3,754 1,132.7 25.8 9,081	2003 3,247 100.0 332 2003 28.0 22.2 87.36 2003 3,247 331 2,916 879.9 44.6 7,737	2002 2,245 100.0 223 2002 22.9 10.6 88.85 2002 2,245
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^(*) See explanation on page 18 of the Management Report.





Management Report on the Zardoya Otis Group

Presentation of the Annual Accounts



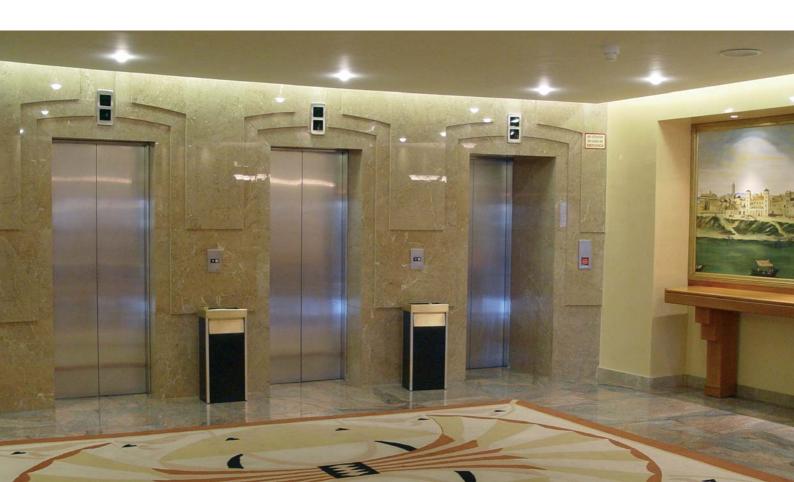
In accordance with the provisions of current mercantile legislation, we present the Consolidated Annual Accounts, formulated by the Directors of Zardoya Otis, S.A., below. Law 61/2003 establishes the obligation to adopt the International Financial Reporting Standards (IFRS) for years commencing from January 1, 2005 onwards for consolidated groups the shares of which are listed on a regulated market of any European Union member state.

Since the accounting year of all the Zardoya Otis Group companies commences on December 1, the year 2006 is the first in which the Group's consolidated accounts have been prepared in accordance with the new rules. The Notes accompanying the consolidated financial statements of the Zardoya Otis Group include the accounting principles

applied and provide, in explanatory notes, details of the most important captions, showing the movements in 2005 and 2006 in two columns. Although the new IFRS are only obligatory for the year 2006, these rules have also been applied to the 2005 figures, in order to present a consistent comparison of the two years.

These Consolidated Annual Accounts of the Zardoya Otis Group for the year ended November 30, 2006 were signed by the members of the Board of Directors at the meeting held in Madrid on February 28, 2007.

Likewise, both these Annual Accounts and the Management Report for the year have been reviewed and certified by the firm PricewaterhouseCoopers Auditores, S.L.



Profit and Loss





The consolidated profit before tax was 240.2 million euros in 2006, 11.4% higher than the 215.6 million euros of 2005.

The consolidated EBITDA grew by 10.2% in 2006, following the upward trend of 2005 and 2004.

The consolidated profit after tax and minority shareholders was 154.3 million euros, 7.5% up on the 143.5 million euros obtained in 2005. The reason for the lower growth in the net profit in comparison to the profit before tax recorded is the fact that the impact of the tax credit on the tax figure at the 2006 year end was lower than in previous years as a result of the tax reform, which will reduce the corporate income tax rate applicable to our Company to 32.5% in 2008 and 30% in 2009.

The reduction in the tax credit and, therefore, in the net consolidated profit for the year represented 4.7 million euros. Without this impact, the consolidated profit after tax and minority shareholders would have been 159.0 million euros, representing growth of 10.8% (instead of 7.5%) on the 2005 figure.

The net profit per share was 0.589 euros in 2006, which should be compared with the profit per share of 0.548 euros in 2005. This latter value was reached after applying the relevant adjustment resulting from the capital increase (0.603 euros/1.10 shares). When these two figures are compared, the resulting growth is 7.5%, on which the impact of the

tax reform had an appreciable effect.

5.2% higher than in 2005.

At the year end to which this analysis refers, the cash flow was 164.4 million euros, i.e.

Total Sales



Total consolidated sales for the year 2006 grew by 12.2%, reaching 785.9 million euros, in comparison with the 700.7 million of 2005.

By areas of activity, the behaviour of the businesses may be summarized as follows:





New Sales

Work completed: The value of work completed in New Installations rose by 16.2% in 2006, the highest growth over recent years, as a result of the growing backlog of unfilled orders, among which some one-off contracts, such as the Barcelona and Madrid Metros or the Repsol Tower in Madrid. The door activity of the company Rolltore also contributed to this increase. This company, acquired in 2005, was consolidated in the fourth quarter of 2005 and, therefore, did not show a full year's activity in said year.

New Sales billing represented 25% of total billing in 2006.

Orders received: Orders received for New Sales in 2006 totalled 217.0 million euros, 23.2% higher than the figure achieved in 2005, which was 176.1 million. Especially important in 2006 was the contract for Line 3 of the Madrid Metro, which was the largest contract in the history of Zardoya Otis. It is scheduled for completion in 2007.

Backlog of unfilled orders: As a result of the favourable trend in the building industry in the last few years and the one-off contracts that have been obtained, the backlog of unfilled orders has shown an upward trend every year, reaching the highest value in the Company's history in 2006: 160.3 million euros, 7.3% up on 2005 and 29.8% higher than the backlog of unfilled orders existing only four years previously.

The unfilled orders existing at the beginning of the year 2007 represented a volume of more than 10 months' New Installations activity, which will presumably mean an appreciable growth in this activity during 2007.

Service

Sales: Overall Service billing totalled 524.9 million euros, 10.7% more than in 2005 and the highest growth attained over the last five years.

The importance of the Service activity within Zardoya Otis' business structure was again obvious in 2006, since it represented 67% of total Consolidated Sales.

Units under maintenance of the Zardoya Otis Group: At the 2006 year end, the increase was 3.5% on the preceding year. The growth in absolute terms was 7,764 units, with a total of 226,831.

Exports

Finally, net export billing (not including sales to Portugal) rose from 53.8 million euros in 2005 to 60.4 million euros in 2006, showing an increase of 12.2% and thus recovering from the circumstantial drop in 2005. In 2006, net exports had a percentage share of 8% in the Group's total consolidated billing.



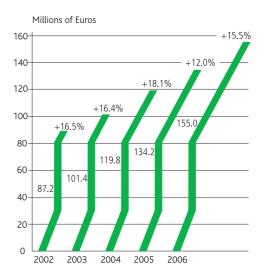


Dividends

The dividends distributed and paid during the calendar year 2006 were:

Numbe	er 2006	Gross per share	Shares entitled to dividend	Total gross dividend
105	March 10. 2006	0.155 euros	238,121.066	36,908.765.23 €
106	June 12. 2006	0.155 euros	238,121.066	36,908.765.23 €
107	September 11. 2006	0.155 euros	261,933.172	40,599.641.66 €
108	December 11. 2006	0.155 euros	261,933.172	40,599.641.66 €

TOTAL DIVIDENDS PAID IN THE CALENDAR YEAR 2006 155,016.813.78 €

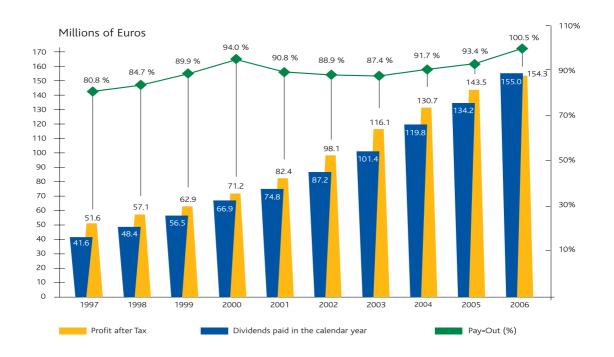




Dividends paid in the calendar year

The first and second quarterly dividend were paid to the total of outstanding shares, 238,121,066, while the 23,812,106 shares from the 1 x 10 bonus issue that took place on June 15, 2006 were also entitled to the third dividend, distributed on September 11, 2006, and the fourth, paid on December 11, 2006. Thus, the total number of shares entitled to dividends rose to 261,933,172.

Dividends paid in 2006 totalled 155.0 million euros, in comparison with the 134.2 million euros of the preceding year. This represented an increase of 15.5% and meant a pay-out of 100.5%, continuing with the progressive increase in this rate over recent years.



Evolution of Capital



Capital increase



After the first quarterly dividend charged to the 2006 profit had been distributed, on June 15, 2006, the capital increase approved by the General Meeting of Shareholders held on May 31, 2006 took place.

The ratio was one new share for each ten old outstanding shares, by means of the issuance of 23,812,106 new bonus shares charged to the Voluntary Reserve, for an amount of 2,381,210.60 euros.

The subscription took place between June 15 and 30, 2006, inclusive. As a result of this increase, the capital stock rose to 26,193,317.20 euros, represented by 261,933,172 shares with a par value of 0.10 euros each.

The new shares were entitled to the dividends paid after the closing date of the increase and, therefore, received the dividends distributed on September 11 and December 11, 2006.

The new shares were listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, effective August 3, 2006.

Treasury Stock

The Board of Directors did not make use of the authorization to acquire treasury stock granted by the General Meeting of Shareholders of May 31, 2006. At the date of the present General Meeting of Shareholders, no Zardoya Otis Group company holds treasury stock.



Stock Market

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The Stock Market closed a much more brilliant year than expected, with a rise of 31.8%, the highest since 1998, after a chain of several historical highs and positive balances in eleven of the twelve months of the year. The avalanche of mergers, purchases and other corporate transactions worked the miracle and allowed the Spanish market to beat the rest of the European markets, which recorded much more moderate gains. There have now been four years with a positive result, giving an accumulated revaluation of 134%. The IBEX-35 —the index that groups the stock market's main securities—showed a revaluation of 31.79% in 2006.

The stock market boom was supported by the favourable behaviour of business results, which grew by around 10% in Europe. This allowed the European market to obtain gains of around 15% in the year. Specifically, Frankfurt advanced by 21.9%, Paris by 17.5% and London by 10.7%.

The Spanish market stood out with a heavy gain of 32%, closer to the spectacular revaluations attained by the stock markets of China and India, with rises of 34% and 36%, respectively. The Latin American markets obtained gains of over 30%. The main reason for this improved evolution was the cascade of corporate transactions and also the rumours that circulated in this respect, which provoked heavy price rises in many securities. The building companies' entry into the energy companies was another of the year's key factors.

All these movements, together with the deceleration of the real estate market —the stock market's main rival—pushed the Ibex-35 upward and it reached levels that had never been seen in its 175 years of history, attaining a new historical record of 14,420.8 points.

There were also moments of anxiety in 2006. In May, we saw continuous falls and, at the beginning of June, the IBEX-35 fell back to 10,700 points. The recovery was forged from August onwards, thanks to the truce provided by oil prices, which had reached a historical high in June, when Brent rose to 78 dollars a barrel. The downward rectification took the pressure off inflation, reducing expectations of new rises in interest rates. Both the trading volume and capitalization of the Spanish market exceeded a trillion euros. Payments to shareholders which, at almost 23,000 million euros, tripled those of 2000, also reached record levels. In short, although 2006 was a year of turmoil, it was also very beneficial for the shareholders, especially for small savers.



Evolution of Zardoya Otis, S.A.

The quoted price at the 2006 year end was 22.98 euros per share, which meant a revaluation of 18.1% in comparison with the 19.45 euros at which, after the relevant adjustments had been applied, the share ended the preceding year, as a result of the 1 x 10 bonus issue that took place in June 2006. The PER was 39.0 at the year end. With the sole exceptions of 1992 and 1999, the stock market capitalization of Zardoya Otis has maintained a firm upward trend of sustained growth for 26 years now, based on the level of profits and the policy of creating value for the shareholder.



The following chart shows the history of the variation in the stock market capitalization of the Company and of the IBEX-35 from the time at which this Index came into operation on January 1, 1990.

1. Stock Market Evolution

Base 100 = 1 / 1 / 1990 (Beginning of operation IBEX-35)





Stock market

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In the usual way, to allow the evolution of our shares to be analyzed historically, we provide a chart with the key figures since 1990, the year when the selective index IBEX-35 first appeared



Historical Stock Market Data (Euros)

Share Price

Date	Capital Increase and Splits	Last Price	Adjusted Price	Variance %	P.E.R.	Pay-Out % (*)	Market Capitalization (Mill. Euros)
dec-74		37.68	0.05		14.3		13.30
dec-90		63.71	1.34	5.69	13.8	80.14	350.2
dec-91	1 x 5	61.30	1.54	15.46	14.0	75.49	404.4
dec-92		52.23	1.32	(14.80)	11.0	79.80	344.6
dec-93	1 x 10	81.74	2.26	72.15	17.0	80.79	593.1
dec-94	1 x 10	82.28	2.51	10.73	17.4	57.36	656.8
dec-95	1 x 10	79.63	2.67	6.46	17.0	98.42	699.2
dec-96	1 x 10	90.75	3.35	25.36	19.5	100.85	876.5
dec-97	1 x 10	106.68	4.33	29.31	22.0	80.78	1,133.4
dec-98	split 5 x 1 and 1 x 6	26.62	6.30	45.56	28.9	84.73	1,649.8
dec-99	split 2 x 1 and 1 x 10	9.77	5.09	(19.26)	21.2	89.89	1,332.1
dec-00	1 x 10	9.35	5.35	5.27	19.7	94.01	1,402.3
dec-01	1 x 10	10.42	6.50	21.49	20.7	90.83	1,703.6
dec-02	1 x 10	12.55	8.57	31.79	22.9	88.85	2,245.2
dec-03	1 x 10	16.50	12.40	44.62	28.0	87.36	3,247.1
dec-04	1 x 10	18.87	15.60	25.80	31.2	91.67	4,084.9
dec-05	1 x 10	21.40	19.45	24.75	35.5	93.52	5,095.8
dec-06	1 x 10	22.98	22.98	18.12	39.0	100.48	6,019.2

^(*) Dividends paid in the calendar year / Profit after tax

Creating Value for the Shareholder

(U)

In the company's more than 30 years' history on the Stock Exchange, one of the main priorities of the Board of Directors of Zardoya Otis has always been creating value for the shareholder, measured as total remuneration: revaluation of the share value plus dividends plus other monetary contributions. Zardoya Otis, S.A. was one of the first companies in Spain to pay four quarterly dividends on a regular basis (in 1979) and is the only one that has maintained this policy uninterruptedly over the last 27 years. The dividend paid on December 11, 2006 was the 108th dividend to be paid by the Company since the commencement of the policy of regular payments, which, furthermore, have been for growing amounts each year.

The dividend pay-out, which was 80% at the beginning of the eighties, has risen gradually and reached 100.5% in 2006. Zardoya Otis, S.A. is the only company on the Spanish Stock Exchanges to have followed a policy of bonus issues -25 in the last 26 years-, paying out the same dividend for all the new shares issued.

As may be seen in the Stock Market Data chart, in 2006, the total annual profitability of a share acquired on January 1, valued at the closing price on December 31, comprised one part relating to the dividend received and another relating to the variation in the adjusted share price. In 2006, this total profitability was 21.2%.





Forecast Evolution

Once again, the deceleration in the building market anticipated by the experts and analysts did not materialize in 2006. The homes market remained at levels almost similar to previous years. To this, the significantly dynamic nature of the infrastructure markets -metros and airportsshould be added.

This favourable environment was reflected in the orders obtained by Zardoya Otis in 2006, resulting in a growing backlog of unfilled orders.

In the light of these factors (and, primarily, the markedly anti-cyclical nature of a very significant part of our activity), we can contemplate 2007 with moderate optimism.



Technical and Commercial Information

Madrid Metro, The Largest Contract in the History of Zardoya Otis



The Madrid Autonomous Region awarded Zardoya Otis a contract for supplying and installing 85 elevators and escalators in the project for expanding the capital's underground train network. This contract, the largest ever obtained by the company to date, also includes an agreement for maintenance of these units for three years. Zardoya Otis is installing 23 elevators of the model GeN2 Premier, the main characteristic of which is its exclusive flatbelt traction system and machine roomless design, and 62 escalators of the 513 NPE model.

These 85 units are distributed among the seven new stations that are being built as a result of the southward extension of Line 3 of the Madrid Metro, a project that is scheduled to be completed in the year 2007.



Technical and Commercial Information

The Otis GeN2 Comfort model, a success in terms of sales and recognition



The Otis GeN2 Comfort elevator, launched in spring 2005, became consolidated as the company's star product last year and was extremely well received by the customers. A total of nearly 4,000 units were sold, distributed between the domestic market and units exported.

Thanks to the flat-belt technology patented by Otis, the GeN2 Comfort elevator is more reliable, silent and respectful of the environment than other models that use traditional steel cables. In addition, the gearless machine included in the GeN2 Comfort and its permanent-magnet engine significantly reduce energy consumption. In 2006, the magazine Actualidad Económica acknowledged the Otis GeN2 Comfort as one of the best ideas of the year in the social responsibility category. "The best ideas" awards make an annual selection of the most-innovative products, services, initiatives and campaigns presented in the Spanish market each year. In last year's edition, Zardoya Otis was the only company in the sector whose product was included among the great innovations of 2005.

Manufacturing

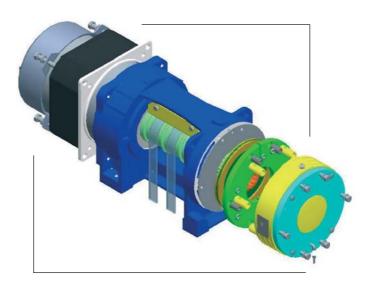
For the third year running, the demand for our products showed an upward trend. Thus, in elevator supplies, we reached a historical record, dispatching more than 12,000 units from our plants, both for the national market and as exports to 76 countries spread over every continent. This is good proof of the competitiveness of our products in terms of both quality and cost.

The pressure on raw material prices, mainly copper and nickel, was maintained during the year, which meant spectacular rises in the prices of basic components for elevator construction, such as engines, cables, innox, etc. This, added to the growth in logistics costs derived from the crude oil price rise in an increasingly global environment, resulted in a rise in the cost of the product. In order to offset the impact of the cost increase as far as possible, improvements were made to the plants and supply chain and changes were made to the designs as a result of the benchmarking carried out by multidisciplinary teams of the Otis Group and the ideas obtained through the suggestions program.

Among the projects executed by the R&D Department, the development of a new gearless machine with permanent-magnet technology should be highlighted. It is the most complete and efficient one on the market and Otis has authorized its use worldwide in the latest models of the GeN2

range. Our plants are successfully undertaking the transition to the new technologies for gearless machines and machine room-less elevators without reducers, which are becoming prevalent in the market because they save space in the building, are more silent and require less energy consumption for performing the same function: transporting people within buildings comfortably and reliably, with the maximum safety.

Specifically, the GeN2 Comfort already represents 25% of the Madrid plant's billing and the San Sebastián plant has dispatched more than a thousand units of the GeN2 machine model developed by our engineering.



Manufacturing and Engineering

Zardoya Otis will have a new Engineering and Production Centre in Leganés

***** (Z**)

Zardoya Otis has bet on continuity and will build its new plant in the Madrid Autonomous Region, specifically in the Leganés Technology Park in the municipality of Leganés, not too far from its current facilities.

To do this, it has acquired two plots with a total area of 30,282 square metres, allowing a total surface area of 33,108 square metres to be built. The new plant building project will cost 40 million euros and work is scheduled to be completed in 2009. The new Engineering and Production Centre will furnish Zardoya Otis with greater innovation capacity in the development and manufacture of its elevators in Spain, which will allow us to provide better services to our customers and consolidate the company's leading position in the Iberian

Zardoya Otis' history of innovation and its advanced production technology have been fundamental factors in avoiding the plant's delocalization in favour of countries with emerging economies, thus allowing the jobs of the current employees to be maintained.

elevator market.

The facilities provided by both the regional government and the City Councils of Leganés and Madrid to make industrial land with good transport facilities available has been another key factor in making the decision to remain in the Madrid Autonomous Region. The land of the current Madrid plant, located in calle Méndez Álvaro, has been sold to the real estate group Nozar for a total amount of 76 million euros, including the financial cost of the payment of the selling price in instalments. Zardoya Otis' estimated profit on the transaction will be 66 million euros. Likewise, Zardoya Otis has signed a rental agreement for the building with the new owner, which will allow it to continue to carry on its industrial activity until the new Leganés plant becomes available. The annual cost of this agreement is 840,000 euros. The Leganés Technology Park, aimed at research and advanced technology companies in both the productive and tertiary sectors, has been promoted by the Madrid Autonomous Region, the Leganés City Council and the Carlos III University.



Méndez Álvaro, 60 years of activity

The Otis plant in Madrid, located in calle Méndez Álvaro, was inaugurated in the year 1944 with a built area of 8,000 square metres, which was subsequently expanded to the 12,000 it currently occupies.

Over all this time, the plant has operated at full capacity and elevators that have made history in the company and been great sales successes have come out of its facilities. In this respect, we should highlight the Otis 2000 E, designed by its Engineering Centre in 1994, 53,000 units of which have been manufactured, or the Otis 2000 VF-MRL, which entered the market in the year 2000 and has already reached 20,000 units,

or, most recently, the GeN2, production of which commenced in 2006. A third of all this production has been exported to more than a hundred countries all over the world. Its Engineering Centre has developed leading edge technologies, applied mainly to the apartments segment, which is the majority segment of the building industry in Spain. The Madrid plant, like the whole Company, has certified under the ISO 9001 Standard since 1992 and has held the AENOR certification for its environment management system, in accordance with the UNE-EN ISO 14001:1996 standard, since 2001.



Safety and Environment

Safety



Year after year, safety plays a leading role in Zardoya Otis, as shown by its complete Safety, Health and Environment Management System, which has been efficiently implemented in all the work centres and was supported by the certification of the external company Audelco in 2006.

The success of this System is due to the involvement and commitment of all the levels of the Company to a constant improvement in Safety.

On the basis of the example and leadership shown by Management every day in their commitment to the Company's Safety Policy and the support of the workers' representatives in the Safety Committees, together with the innovative development of safer equipment, tools, methods and work processes, the continuing education in safety received by technical personnel,



February 26 is Safety Day, February 26 is Safety

the concern to improve the safety standards of our products and the collaboration of our technical staff and customers, our forecast safety objectives are met year after year. This involvement is also made extensive to our employees' families, who participate in all the safety initiatives taken in the Company through the Annual Safety Poster and Drawing Contest for employees and their families. By including drawings and messages of the winning posters in



the annual safety agenda and informing of the most relevant issues and outstanding aspects relating to safety in the Company magazine, we are able to increase all possible aspects and facets of safety awareness.

Among the safety initiatives that have been in place for years is holding "Safety Day" at all our work centres on February 25 each year. This year's motto stressed the fact that safety is not something that should be considered one day a year, but throughout the whole 365 days. Thanks to all these actions, based on risk evaluations and the daily identification of the dangers of our job, preventive measures, work methods and safety instructions and procedures are developed to help us to make our workplace safe for everyone, all the time, in every job. Customers and users distinguish us from the rest of the companies in the sector because of these aspects and value us positively as one of the safest companies with one of the most complete Health and Safety Management Systems.

Environment

Given the growing importance of everything related to the environment and the conservation thereof in our work, now that there can be little doubt as to the current and future problems concerning the climate change that is commencing, Zardoya Otis has made every effort to, firstly, reduce the carbon dioxide emissions into the atmosphere by means of an increase in the energy efficiency of its products and, secondly, drastically reduce —or eliminate—the use of contaminating agents in its manufacturing, transport, assembly and recycling processes.

These efforts have been acknowledged by a number of national and regional authorities and by various organizations, which have recognized our company as the pioneer in energy saving in transport within buildings and in the conservation of the environment. Special attention should be drawn to our cooperation with the Madrid Autonomous Region, which is very active in this field. At the request of said Autonomous Region, we have written the chapter on elevation equipment in its recently-published Guide to Energy Efficiency in Residents' Associations and gave a talk on this subject at the I Conference on Energy Efficiency in Buildings of Homes, held in Madrid on November 20, 2006.

In the future, Zardoya Otis will continue to work to be the leading company in satisfying its customers through innovative products and services that respect the environment.

Human Resources

Headcount

The Zardoya Otis Group had 5,510 employees as of December 31, which represented an increase of 4.7% on the preceding year. The new personnel are intended to provide better attention to the pending elevator installations on our backlog of unfilled orders and to provide customers with an improved maintenance service. 517 recruitment processes were carried out in the year, which was record recruitment for Zardoya Otis. All these new employees, after the appropriate period of training in Safety, technical know-how and practical experience, now fully participate in the Company's activity. 89% of the Company's employment contracts are permanent, a total of 305 contracts having been converted into

permanent contracts in 2006.

Service excellence

For the first time, the recruitment interviews were carried out in accordance with the management by competency model included in Otis' Service Excellence program. In order to define the key competencies of each job, the Company's best sales representatives, mechanics and supervisors were interviewed and a list was drawn up with the characteristics required to be able to provide our customers with Service Excellence. During 2006, Company management staff were trained in this interviewing technique, which makes it more likely that the right final candidate will be chosen in accordance with the competencies detected. Likewise, more than 1,800 employees were evaluated internally under the Service Excellence program in order to recognize the competencies defined and develop and promote the best profiles, adapting individual and collective training plans.



Training and Development

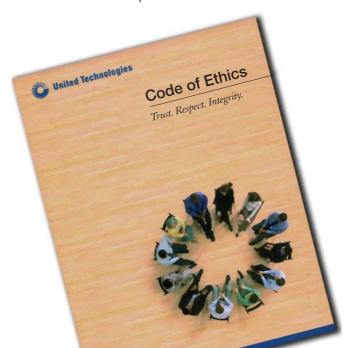
A total of 174,000 hours of training took place in the company, equivalent to a total of 38 hours per person per year.

We should highlight the effort made to disseminate the new UTC Code of Ethics, more than 90% of our employees having received training in this respect, together with the heavy increase in on-line training courses on ethics, basically imparted to the Company's senior management staff. A total of 35 people commenced or

continued their education under the UTC Scholarship Program, three of whom were studying for an MBA at the prestigious IESE business school.

A total of 90 scholarship-holders worked in the company during 2006 in the areas of Area Management, Purchases, Finance, Sales of New Installations, Services Sales, Human Resources, the different plants and various area offices and branches.

Given the importance of English in a world that is becoming increasingly globalized, the Company introduced a new language learning system, placing emphasis on professional English and the specific vocabulary of Otis and including participation in intensive courses with professional contents.



Internal Communication

In 2006, there was a heavy increase in internal communication within the Company, which is considered a basic tool in uniting the employees and encouraging them to be proud to belong to the Company. This was also one of the greatest demands of the employees as a result of the survey conducted in 2005 and Management has become convinced that it is one of the areas to be reinforced.

The main actions carried out were the result of the favourable progress of the Company's Strategic Plan. The sales success of the Otis GeN2 Comfort elevator model, which will affect the Company's most immediate future, led to our designing a CD-Rom with the most relevant information and features of this system and distributing it among Zardoya Otis' non-technical personnel, so that they could acquire an overview of the product, thus making each employee into a spokesperson for this technology. The announcement of the fact that the

Madrid plant would not be delocalized and the building of a new Engineering and Production Centre in Leganés meant that an ambitious global communication plan was brought into operation, addressed to all Zardoya Otis' relevant groups, with special emphasis on the employees.

The preparation of a catalogue including all the social welfare benefits that the Company places at its employees' disposal was another of the most significant initiatives put into practice during 2006.

Social Action



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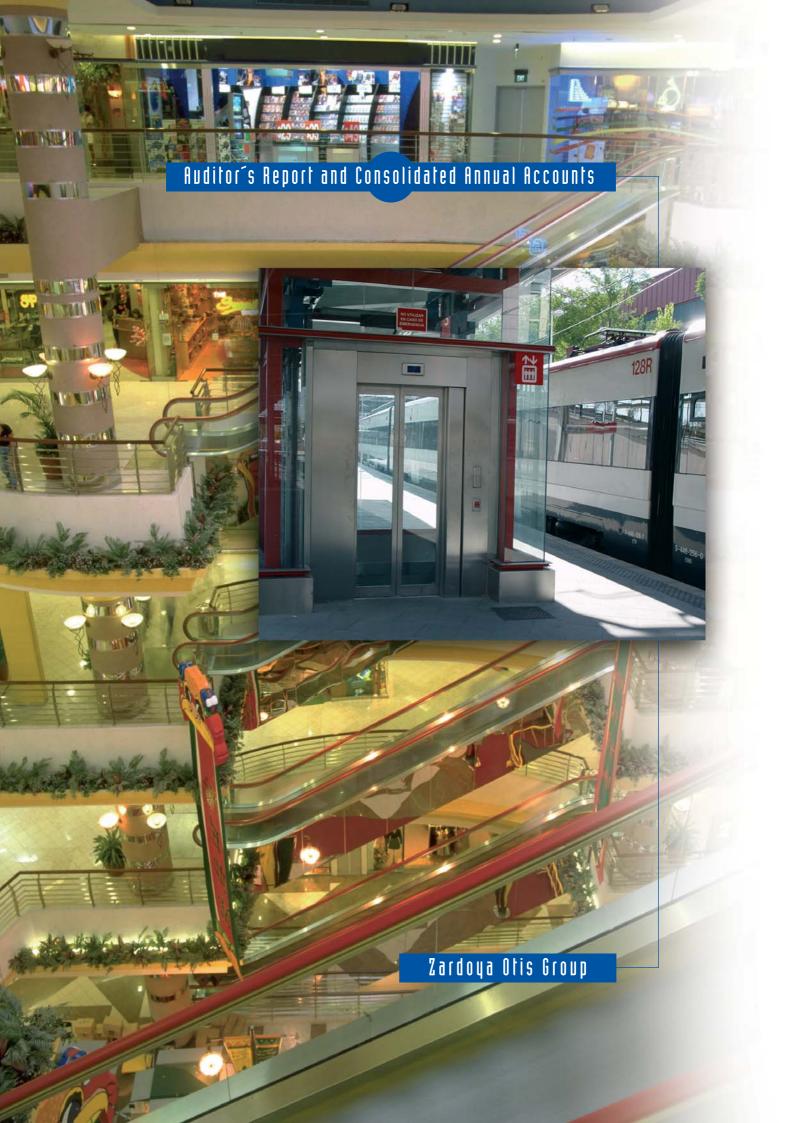
Zardoya Otis continued to collaborate with Special Olympics, providing volunteers for the different sports activities carried out with the physically and mentally disabled and contributing a certain amount of money for each satisfaction questionnaire that customers return to the Company. Likewise, we continued to support the Nantik Lum Foundation in the production of notebooks made by hand by the indigenous women of the Chiapas region (Mexico). Through micro-credits, these women receive the initial financing to enable them to prepare small handmade items for which they receive an economic consideration that allows them to maintain their families. In addition to the initial payment, Zardoya Otis sends these women the money obtained from the sale of the notebooks among its employees.

Finally, in 2006, Zardoya Otis collaborated with the NGO Save the Children on two programs: one was to collect old mobile phones, while the other was the children's marathon "Kilometres of Solidarity", whereby a sum is paid this organization for each kilometre covered by the children who participate in the race.









Audit Committee

The Audit Committee has held six meetings in 2006, at which it has deliberated and informed favourably to the Board of Directors on the following points:

- Review of the information on the four quarterly reports sent to the Stock Market National Commission and the Stock Exchanges.
- 2. Reports on the payment of quarterly interim dividend charged to the profit for the fiscal year 2006.
- 3. Increase in share Capital.
- 4. Follow up of the Internal Control Plan 2006.
- 5. Financial Information Rules (IFRS).
- 6. Corporate Governance Report.
- **7.** Review, with the external auditors, of the individual Annual Accounts and those for the consolidated group for the year 2006, later on formulated by the Board of Directors.
- **8.** Proposals to the Board of Directors for the appointment of auditors for Zardoya Otis, S.A. and the consolidated Group for the year 2007.
- **9.** Review of the intercompany transaction with the majority shareholder Group of Zardoya Otis, S.A.
- 10. Review of the application of the Technical Assistance Contract with Otis Elevator Company.

The minutes of the meetings of the Audit Committee are in the possession of the Secretary to the Board of Directors.



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Free translation of the auditor's report originally issued in Spanish on the consolidated annual accounts for the first financial year prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of a discrepancy, the Spanish language version prevails.

AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of Zardoya Otis, S.A.

We have audited the consolidated annual accounts of Zardoya Otis, S.A. (Parent Company) and its subsidiaries (the Group), consisting of the consolidated balance sheet at 30 November 2006, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes to the consolidated annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Parent Company. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with auditing standards generally accepted in Spain, which require the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.

The accompanying consolidated annual accounts for 2006 correspond to the first consolidated annual accounts prepared by the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS - EU), which generally require that the financial statements include comparative information. In this respect, for comparative purposes and in compliance with Spanish Corporate Law, the Parent Company's Directors have presented the amounts for the previous year, that have been restated to comply with IFRS-EU effective at 30 November 2006, together with the amounts for 2006, for each of the items in the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes to the consolidated annual accounts. Therefore, the figures for the previous year differ from those contained in the consolidated annual accounts for 2005 which were prepared in accordance with the accounting standards effective in that year. The differences resulting from the application of IFRS-EU to consolidated equity at 1 December 2004 and 30 November 2005 and to the consolidated results for 2005 of the Group are set out in note 4 to the accompanying consolidated annual accounts. Our opinion refers solely to the 2006 consolidated annual accounts. On 3 March 2006 we issued our audit report on the consolidated annual accounts for 2005, prepared under accounting standards effective in that year, in which we expressed an unqualified opinion.

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In our opinion, the accompanying consolidated annual accounts for 2006 present fairly, in all material respects, the consolidated financial position of Zardoya Otis, S.A. and its subsidiaries as at 30 November 2006 and the consolidated results of their operations, changes in consolidated net equity and consolidated cash flows for the year then ended and contain all the information necessary for their interpretation and comprehension in accordance with International Financial Reporting Standards as adopted by the European Union which are consistent with those applied in the preparation of the consolidated financial statements for the previous year, which are included in the accompanying consolidated annual accounts for 2006 for comparative purposes.

The accompanying consolidated Directors' Report for 2006 contains the information that the Zardoya Otis, S.A.'s Directors consider relevant to the Group's position, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the aforementioned Directors' Report agrees with that of the consolidated annual accounts for 2006. Our work as auditors is limited to checking the consolidated Directors' Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the accounting records of Zardoya Otis, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Jefan Hundr/

Stefan Mundorf Partner

February 28, 2007

Zardoya Otis Group Consolidated Balance Sheet

at November 30, 2006 and 2005 (In thousands of euros - EThs)

	2006	2005
ASSETS		
NON CURRENT ASSETS		
Fixed assets	17,773	15,209
Intangible assets	41,014	33,682
Other investments	3,812	1,280
Deferred tax assets	29,008	32,445
	91,607	82,616
CURRENT ASSETS		
Inventories	28,727	22,208
Current financial receivables	311	328
Accounts receivable	248,264	209,209
Cash and cash equivalents	142,549	159,895
	419,852	391,640
TOTAL ASSETS	511,458	474,256

	2006	2005
EQUITY		
Share capital	26,193	23,812
Legal reserve	5,239	4,763
Consolidated and other reserves	60,310	59,567
Retained earnings	154,092	143,514
INTERIM DIVIDEND PAID	(118,108)	(102,825)
MINORITY INTEREST	6,020	5,869
TOTAL EQUITY	133,746	134,700
LIABILITIES		
NON CURRENT LIABILITIES		
Borrowings	10	43
Wellfare commitments	37,794	43,036
Other liabilities	2,126	2,126
	39,930	45,205
CURRENT LIABILITIES		
Trade and other payables	269,059	230,839
Current tax liabilities	50,101	46,778
Borrowings	1,553	1,948
Other liabilities	17,069	14,786
	337,782	294,351
TOTAL LIABILITIES	377,712	339,556
TOTAL EQUITY AND LIABILITIES	511,458	474,256

Zardoya Otis Group

Consolidated Profit and Loss Accounts

For the years ended November 30, 2006 and 2005 (In thousands of euros - EThs)

	2006	2005
Sales	785,910	700,738
Other income	2,146	2,257
Changes in inventories	6,232	306
Raw materials used	(276,263)	(230,426)
Employee compensation and benefit expenses	(214,144)	(202,481)
Depreciation, amortization and impairment charges	(8,028)	(10,540)
Other expenses	(56,308)	(46,084)
OPERATING PROFIT	239,545	213,770
Financial income	5,124	4,287
Financial expenses	(2,920)	(3,206)
Net exchange rate differences	482	(208)
Share of (loss)/profit of associates	6	7
Other (expenses) income	(2,084)	988
PROFIT BEFORE TAXES	240,152	215,639
Income tax expense	(84,162)	(70,287)
PROFIT FOR THE YEAR	155,990	145,352
ATTRIBUTABLE TO:		
Equity shareholders of the Company	154,283	143,514
MInority interest	1,707	1,838
EARNINGS PER SHARE FOR PROFIT ATRIBUTABLE		
TO THE EQUITY HOLDERS OF THE COMPANY		
DURING THE YEAR (in Euros per share)		
- Basic	0,61	0,63
- Diluted	-	-

Zardoya Otis, S.A. Group Consolidated Statement of Changes in Equity

For the years ended November 30, 2006 and 2005 (In thousands of euros - EThs)

		Attributable to	Minority Interest	Total net Equity		
	Capital	Legal Reserve	Consolidation and other Reserves	Retained Earnings		
Balance at 1 december 2004	21,647	4,329	55,002	39,795	4,654	125,427
Distribution of income 2004		434	8,082	(130,741)		(122,225)
Dividend relating to 2004				91,313		91,313
Profit of the year				143,514	1,838	145,352
Capital increase	2,165		(2,165)			-
Interim dividend 2005				(102,825)		(102,825)
Business combinations					1,100	1,100
Other			(1,352)	(367)	(1,724)	(3,443)
Balance at 30 november 2005	23,812	4,763	59,567	40,689	5,869	134,700
Distribution of income 2005		476	4,012	(143,704)		(139,217)
Dividend relating to 2005				102,825		102,825
Capital increase	2,381		(2,381)			-
Profit of the year				154,283	1,707	155,990
Interim dividend 2006				(118,109)		(118,109)
Business combinations					(59)	(59)
Other			888		(1,496)	(2,384)
Balance at 30 november 2006	26,193	5,239	60,310	35,984	6,020	133,746

Zardoya Otis, S.A. and its subsidiaries

Notes to the Consolidated Financial Statements 2006 and 2005 (In thousands of Euros – EThs)

NOTE 1. GENERAL INFORMATION

Zardoya Otis S.A. (the Company) and its subsidiaries (together the Group) have the main business activity of the manufacture and installation of elevators, the provision of the related maintenance service, and export of equipment for its installation abroad. The Group operates throughout national territory and has two manufacturing plants in Madrid and San Sebastian and a modernizations centre in Munguía (Vizcaya).. Zardoya Otis S.A. is a limited liability company incorporated and registered in Madrid. The address of its registered office is in Golfo de Salónica, 73 Madrid.

United Technologies Holding S.A. incorporated in France, holds an interest in the Group of 51,07 % of the shares of the Company. The company is a dependent of the UTC Group, incorporated in the United States of America. The company is listed on the Madrid, Barcelona, Bilbao y Valencia stock exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on February 28, 2007 and are pending on the approval of the Annual Shareholders' Meeting. Nevertheless, Management considers that the above mentioned accounts will be approved as presented.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of Preparation

The consolidated financial statements of the Group as of November 30th, 2006 have been prepared in accordance with "International Financial Reporting Standards (IFRS)" adopted for application in Spain and in force at that date. These financial statements are the first to be prepared under the mentioned standards. The following policies have been applied consistently to all the years presented.

Up to the end of FY 2005, inclusive, The Group has presented its Consolidated Financial Statements in accordance with the rules of the Spanish Commercial Law and "Plan General de Contabilidad" (Spanish GAAP). As this rules differ from IFRS criteria in some areas, the Group has restated the figures for FY 2005, in order to present comparative information according to IFRS.

The reconciliation and detail of differences arising from the impact of transition from Spanish GAAP to IFRS on Group equity are included in Note 4.

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2.2 Consolidation

Subsidiaries are all companies over which the Group has the power to govern the financial and operating policies and, in this case a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group unless the information provided by the Company is not sufficiently reliable and its effect on the consolidated accounts is not material. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets delivered, equity instruments issued and liabilities incurred or accepted at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

The consolidated financial statements have been prepared applying the full integration method to the accounting records of Zardoya Otis, S.A., and its subsidiary companies, by including all the balance sheet and profit and loss items in the accounting records. Certain reclassifications have been made in order to improve the presentation of the consolidated financial statements, and the related minority interests are accounted for.

Inter-company transactions and balances are eliminated. Likewise, profits generated between related parties but not yet billed are also eliminated.

The list of subsidiaries and information thereon are as follows:

		Shareholding				
			2006		2005	
		Book	Value	Book	Value	-
Company and registered office	Business	%	Euros Thousands	%	Euros Thousands	Parent Company
Ascensores Eguren, S.A.	Instalation & Service of Elevators	100.00%	7,220	100.00%	5,806	Zardoya Otis, S.A.
Ascensores Ingar, S.A.	Instalation of Elevators	100.00%	-	100.00%	100	Zardoya Otis, S.A.
Elevadores del Maresme, S.A.	Instalation & Service of Elevators	80.00%	165	80.00%	165	Zardoya Otis, S.A.
Ascensores Serra, S.A.	Instalation & Service of Elevators	75.00%	605	75.00%	605	Zardoya Otis, S.A.
Mototracción Eléctrica Latierro, S.A.	Manufacturing of Elevator motors	51.00%	493	51.00%	493	Zardoya Otis, S.A.
Puertas Automáticas Portis, S.A.	Instalation & Service of automatic doors	100.00%	437	100.00%	437	Zardoya Otis, S.A.
Otis Elevadores Lda. (Portugal)	Instalation & Service of Elevators	100.00%	11,742	100.00%	11,742	Zardoya Otis, S.A.
Inelda-Ind. Nacional Elevadores Lda.	Instalation & Service of Elevators	100.00%	-	100.00%	-	Otis Elevadores Lda.
Masel Otis Elevadores Madeira Lda.	Instalation & Service of Elevators	60.00%	-	60.00%	-	Otis Elevadores Lda.
Asistencia Técnica Electromecánica Lda.	Instalation & Service of Elevators	100.00%	160	100.00%	160	Otis Elevadores Lda.
Savirel Lda.	Instalation & Service of Elevators	100.00%	48	100.00%	48	Otis Elevadores Lda.
Elevaçores Lda.	Instalation & Service of Elevators	100.00%	305	100.00%	305	Otis Elevadores Lda.
Ascensores Pertor, S.L.	Instalation & Service of Elevators	94.13%	15,094	94.13%	15,067	Zardoya Otis, S.A.
Acresa Cardellach, S.L.	Instalation & Service of Elevators	97.62%	8,315	97.62%	8,315	Zardoya Otis, S.A.
Conservación de Aparatos Elevadores Express, S.L.	Instalation & Service of Elevators	100.00%	1,771	100.00%	1,771	Zardoya Otis, S.A.
Admotion, S.L.	Research development anufacturing of electronic equipment	75.00%	21	75.00%	132	Zardoya Otis, S.A.
Mantenimiento de elevadores Soler, S.L.	Instalation & Service of Elevators	100.00%	3,327	-	814	Zardoya Otis, S.A.
Rolltore, S.A.	Instalation & Service of automatic doors	80.00%	2,319	80.00%	2,319	Puertas Autom. Portis, S.A.
Rolltore Centro, S.L.	Instalation & Service of automatic doors	80.00%	1,781	80.00%	1,781	Puertas Autom. Portis, S.A.
Rolltore Sur, S.L.	Instalation & Service of automatic doors	100.00%	(337)	80.00%	(337)	Puertas Autom. Portis, S.A.
Rolltore Cataluña, S.A.	Instalation & Service of automatic doors	85.00%	770	85.00%	770	Puertas Autom. Portis, S.A.
Rolltore Aragón, S.L.	Instalation & Service of automatic doors	90.00%	135	90.00%	135	Puertas Autom. Portis, S.A.
Automatismos Costa Brava, S.L.	Instalation & Service of automatic doors	84.00%	42	84.00%	42	Puertas Autom. Portis, S.A.
Grupo Lagi, S.L.	Instalation & Service of Elevators	60.00%	5	-	-	Zardoya Otis, S.A.
Ascensores Lagi, S.L.	Instalation & Service of Elevators	100.00%	144	-	-	Grupo Lagi, S.L.
Elevadores Lagi, S.L.	Instalation & Service of Elevators	100.00%	143	-	-	Grupo Lagi, S.L.
Puertas Lagi, S.L.	Instalation & Service of automatic doors	100.00%	114	-	-	Grupo Lagi, S.L.

2.3 Segments Information

A business segment is a group of assets and operations engaged in providing products of services that are subject to risks and returns that differ from those of other business segments. A geographical segment is engaged in providing products of services within a particular economic environment that are subject to risks and returns that differ from those of segments operating in other economic environments. Each of the segments is assigned the costs that it has directly incurred and has its own functional structure. Common or shared costs are allocated based on time or usage of the resources.

2.4 Foreign currency translation

(a) Functional currency

The consolidated financial statements are presented in thousand of Euros, which is the Company's functional and presentation currency

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

2.5 Fixed Assetst

Land and buildings comprise mainly the production centres in Madrid and San Sebastián. All fixes assets are stated at historical cost, including the revaluation carried out under the applicable Laws; less subsequent depreciation and impairment, with the exception of land.

Historical cost include expenses that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.as follows:

Buildings	50 & 33 years
Machinery8,	10, 13 & 4 years
Cars	5 & 6 years
Furniture, fittings and equipment	10. 4 & 13 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and included in the income statement. The value of the tangible fixed assets includes the effect of the revaluation carried out Spanish Legislation in the year 1996, following the Royal Decree Law 7/1996 of June 7. The aforementioned revaluation was carried out only in the parent company, Zardoya Otis, S.A.. For the purposes of the first implementation of IFRS, acquisition cost has been considered, with no further revaluation under IFRS.

2.6 Intangible Assets

(a) Maintenance contracts and other related intangibles

The amounts correspond to the acquisition cost of elevator maintenance contract portfolios acquired either directly as a portfolio of contracts or as a consequence of a business combination. Their amortization is carried out systematically over a period of five to twenty years, depending on the characteristics of the portfolio.

Trademarks and other related assets are shown at historical cost. They have a defined useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives. They are regularly tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(b) Research and Development cost

Unlike the Spanish rules, research expenditures are recognised as expenses when incurred and are not recognised as an asset since they do not meet requirements to be capitalized under IFRS.

2.7 Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization and are tested regularly for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Financial investments

Financial assets include investments in companies other than subsidiaries and associates, financial receivables held for investment purposes, and investments held until maturity. Financial assets are recorded at their fair value, including additional direct charges. Permanent impairment is provided as a direct reduction in the securities account.

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and reevaluates this designation at every reporting date.

Guarantees and deposits are shown at the amount paid.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities longer than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the balance sheet and recorded at cost. They are subsequently measured at amortized cost using the effective interest method.

2.9 Derivative financial instruments and hedging activity

The Group occasionally maintains commitments in foreign currency of non significant value originated by the acquisition of equipment to be installed in special projects. These cases are covered by forward contracts the impact of which is included on the income statement, as net financial cost, in accordance with the accrual method.

Financial assets available for sale

Financial assets held for sale are non-derivative financial assets or those that are placed in this category or are not classified in any other category. They include non-current assets unless Management intends to dispose of the investment in the 12 months following the balance sheet date.

Acquisition and disposal of investments are recognized on the date they are negotiated, i.e. the date on which the Group makes the commitment to acquire or sell the asset. Investments are initially recognized at their fair value plus transaction costs. Investments are eliminated from the accounts when the rights to receive cash flows from them have expired or been transferred and the Group has substantially transferred all the risks and benefits derived from ownership thereof.

When securities classified as available for sale are sold or incur losses due to a decline in value, the accumulated adjustments to the fair value are included in the income statements as losses or gains on the securities.

2.10 Inventories

Inventories are valued at the lower of market value or average cost of acquisition or production. Finished goods and work in progress includes costs directly attributable to the products in question as appropriate to their period of production.

2.11 Trade and other Receivables

(a) Trade receivables

Trade receivables are recognised initially at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

(b) Contracts in progress

Contracts in progress are valued at the cost incurred, plus the expected profit margin, based on the stage of advancement of the contract, in proportion to the difference between the total estimated cost and the contract price.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings and as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Progress billings not yet paid by customers are included within 'trade and other receivables'.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and cash placements maturing at 30 days in accordance with the contract for the provision of financial services signed with United Technologies Treasury Center and United Technologies Corporation (the parent company of Otis Elevator Company) for the provision of services and optimisation of the placement of cash surpluses, exchange insurance and other

Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

2.13 Deferred Taxes

The consolidated profit and loss account for the year includes the corporate income tax expense, which is calculated considering the corporate income tax accrued during the year and the effect of deferral of the differences arising between the taxable income and the book profit before tax that will reverse in future years, together with the tax credits and allowances applied by Group companies.

Deferred tax is calculated on the basis of the timing differences that arise between the tax bases of assets and liabilities and their carrying amount on the consolidated financial statements. Deferred tax is determined using tax rates that have been or are about to be approved by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred taxes are recognised to the extent that it is likely that future taxable profit will be available to offset the timing differences.

2.14 Wellfare commitments

In accordance with Royal Decree 1588/1999, whereby the Regulations on Pension Commitments between companies and employees were enacted which provides that pension commitments acquired by companies must be externalised and arranged through a group life insurance policy or pension plan, and the amendment introduced by Law 14/2001 concerning the transitional period for the formalisation or adaptation thereof, on November 7, 2002 and November 14, 2002, respectively, the Company signed, with both insurance companies, the framework agreements regulating the technical, economic and legal conditions of the group insurance policies in order to arrange the pension commitments acquired by the company with its current and retired employees.

The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The Group has decided to apply the corridor method for the recognition of actuarial net gain or losses. The corridor test implies that only actuarial gain or losses in excess of 10% of the greater of the present value of the defined benefit obligation at the balance sheet date or the fair value of plan assets are recognized in the year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

2.15 Provisions

In general, the Group recognizes a provision when is legally or contractually liable or when past practices have created an implicit obligation.

2.16 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts and after sales within the Group have been eliminated. Revenue is recognised as follows:

(a) Income from installations contracts

Income from elevator installation is recognized based on their estimated percentage of completion. Periodic corrections are made to the estimates so that the margin of profit or loss that will result at the end of the contracts will not differ substantially from the margins applied while the contracts were in progress.

(b) Income from maintenance contracts

Income from maintenance contracts is apportioned on a straight-line basis as it accrues. Invoicing may be on a monthly, quarterly, six monthly or annual basis depending on the terms laid down in the agreements signed with the customers. The necessary entries are made to recognise advance invoicing.

(c) Interest incomes

Interest income is recognised using the effective interest method.

2.17 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability on the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.18 Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

2.19 New IFRS rules and interpretation CINIIF

The IASB has recently approved and published certain new accounting rules, improvement to existing ones and interpretation CINIIF enforced as from 1 november 2006, which have not been applied by the Group to these consolidated financial statements. Of them, only CINIIF 4, "Determining whether an arrangement contains a lease" could be applicable. The Group will apply CINIIF 4 based on the facts and circumstances existing as of 1 november 2006. No change in the accounting for the Group current agreements is expected to arise from the application of CINIIF 4.

NOTE 3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), cash flow and fair value interest rate risk, credit risk, and liquidity risk. The Group's risk management program is focussed on identifying, evaluating and covering financial risks to minimize the potential negative impact on financial results.

(a) Market Risk

(I) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure in respect mainly to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

The Group's risk management policy is to hedge future commercial transactions for import of materials, the Group entities use forward contracts negotiated with UTC treasury Center.

(II) Price Risk

The Group is not substantially exposed to commodity price risks.

(b) Credit Risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of installations are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure with any financial institution.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

(d) Cash Flow and Fair value interest rate Risk

As the Group does not hold important financial assets, income and operating cash flows are substantially independent of changes in market interest rates.

NOTE 4. TRANSITIONING TO IFRS

4.1 Basis for first IFRS application

The consolidated financial statements as of November 30, 2006 are the first consolidated financial statements prepared according to IFRS, The Group has applied IFRS 1 in the preparation thereof.

Adoption date for Zardoya Otis is December 1, 2005. The Group has prepared its opening balance sheet according to IFRS as of that date.

In the preparation of its first consolidated financial statements under IFRS 1 rules, The Group has choosen to apply all mandatory exemptions and some of the optional exemptions to retrospective application of IFRS.

Exemptions from retrospective application:

ZARDOYA OTIS has choosen to apply the following exemptions from retrospective application of IFRS:

(a) Welfare commitments

ZARDOYA OTIS will recognise all accumulated actuarial gain and losses as of 1 December 1, 2005.

(b) Derecognition of financial assets and financial liabilities

Assets and liabilities derecognised before December 1, 2005 will not be recognised in the first IFRS financial statements.

(c) Estimates

The estimates made under a company's previous GAAP are revised only to correct errors and for changes in accounting policies.

(d) Assets held for sale and discontinued operations

The Group does not hold any assets that met the criteria to be classified as held for sale at that date.

4.2 Reconciliation between NIIF and Spanish GAAP (PCGE)

A reconciliation has been prepared to show the impacto of transition to NIIF in the Group

Summary of adjustments to Net equity:

	1 December 2004	30 November 2005
Net PCGE Equity	135,018	144,845
Formation Expenses	(3)	-
R+D Expenses and Amortization	0	-
Assets acquired through lease contracts	(771)	(51)
Deferred tax assets	4,657	7,247
Other investments	(29)	(29)
Provision for impairment of receivables	4,011	858
Wellfare commitments recognition	(18,409)	(18,975)
Provisions	953	805
Net NIIF Equity	125,427	134,700

The most significant adjustments that take place in Group equity as a result of the application of IFRS are the following:

Fixed assets: Formation expenses and R&D expenses are reclassified as neither of them are considered assets under IFRS.

Business combinations have been reviewed based on the respective acquisition contracts to identify the intangible assets, mainly maintenance portfolios, assign their useful lives and amortize them accordingly.

Deferred tax assets: The current time limit of ten years on payments established by Spanish GAAP for deferred taxes originated by welfare commitments has been eliminated. Also, deferred taxes are recalculated based on the adoption of IFRS.

Welfare commitments and other employees benefits: Past service obligations are valued at their present value, plan assets resulting from externalization at their fair value and the actuarial gains or losses are recognized. Net profit or loss replaces the current account payable to insurance companies included under Spanish GAAP. The actuarial value of the commitments acquired with current Zardoya Otis, S.A. personnel for length-of-service awards is included.

Bad debt Provision: The calculation is adjusted. Under Spanish GAAP, tax criteria were used to include the estimate of the portion of accounts receivable that the Group will not be able to collect in accordance with the terms of the contracts that originated the receivable.

Conciliation of balance sheet as of 1 december 2004

_	PGC	Transition to IFRS	IFRS
ASSETS			
Non current Assets			
Fixed Assets	13,660	-	13,660
Goodwill	13,956	(13,956)	0
Intangible Assets	5,887	14,135	20,022
Financial accounts Receivable	3,520	(3,520)	0
Investment in non consolidated subsidiaries	5,020	(29)	4,991
Financial Investments	512	-	512
Deferred tax assets	20,754	8,512	29,266
	63,309	5,142	68,451
Current Assets			
nventories	124,224	(103,220)	21,005
Trade account Receivables	216,789	(26,286)	190,503
Financial Accounts Receivable	303	-	303
Cash and Cash equivalents	172,509	-	172,509
Fiming adjustments	908		908
	514,733	(129,505)	385,228
Total Assets	578,042	(124,364)	453,679
QUITY			
Chareholder's equity			
Share capital	21,647	-	21,647
egal Reserve	4,329	-	4,329
Other reserves	64,960	(9,959)	55,002
Retained Earnings	39,428	367	39,795
Minority Interest	4,653		4,654
Total Net Equity	135,017	(9,592)	125,427
LIABILITIES			
Non current assets			
Borrowings	-	-	-
Deferred tax liabilities	-	-	-
Retirement Benefit obligation	-	50,080	50,080
Provisions	-	-	-
ong Term payables	31,671	(31,671)	
	31,671	18,409	50,080
Current Liabilities			
Trade and other payables	284,597	(90,880)	193,717
Current income tax liability	75,824	(36,081)	39,743
Borrowings	2,105	-	2,105
Provisions	26,581	(6,218)	20,363
Maintenance billing in advance	-	19,885	19,855
Fiming adjustments	22,247	(19,858)	2,389
	411,354	(133,182)	278,172
Total Liabilities	443,025	(114,773)	328,252
Total Equity and Liabilities	578,042	(124,364)	453,679

Reconciliation of balance sheet as of November 30, 2005

	PGC	Transition to IFRS	IFRS
ASSETS			
Non current Assets			
Fixed Assets	15,209	-	15,209
Goodwill	29,751	(29,751)	0
Intangible Assets	3,182	30,500	33,682
Financial accounts Receivable	3,021	(3,021)	0
Financial Investments	1,309	-	1,280
Deferred tax assets	21,036	11,409	32,445
	73,508	9,108	82,616
Current Assets			
Inventories	131,660	(109,452)	22,208
Trade account Receivables	240,014	(30,805)	209,209
Financial Accounts Receivable	328	-	328
Cash and Cash equivalents	159,895	-	159,895
Timing adjustments	344	(344)	0
	532,241	(140,601)	391,640
Total Assets	605,749	(131,493)	474,256
EQUITY			
Shareholder's equity			
Share capital	23,812	-	23,812
Legal Reserve	4,763	-	4,763
Other reserves	69,526	(9,959)	59,567
Retained Earnings	40,879	(190)	40,691
Minority Interest	5,867		5,867
Total Net Equity	144,847	(10,149)	134,700
LIABILITIES			
Non current assets			
Borrowings	43	-	43
Deferred tax liabilities	-	-	-
Retirement Benefit obligation	-	45,162	45,162
Provisions	-	-	-
Long Term payables	26,186	(26,186)	
	26,229	18,976	45,205
Current Liabilities			
Trade and other payables	293,199	(62,360)	230,839
Current income tax liability	85,908	(39,130)	46,778
Borrowings	1,948	-	1,948
Provisions	24,104	(9,318)	14,786
Timing adjustments	29,514	(29,514)	0
Total Liabilities	434,673	(140,322)	294,351
Total Equity and Liabilities	460,902	(121,346)	339,556
Total Liabilities and Net Equity	605,749	(131,493)	474,256

Conciliation of income statement for the year ended 30 november 2005

	PCGE	Transition to IFRS	IFRS
Sales	702,995		702,995
Supplies	(230,120)		(230,120)
Personnel Cost	(200,275)	(2,006)	(202,481)
Depreciation of assets	(12,638)	2,098	(10,540)
Other expenses	(43,047)	(3,037)	(46,084)
Operating Profit	216,914	(3,144)	213,770
Financial income	4,287		4,287
Financial expenses	(3,206)		(3,206)
Net exchange rate differences	(208)		(208)
Share of (loss)/Profit of associates	8		8
Other	988		988
Profit before taxes	218,784	(3,144)	215,639
Income tax expense	(73,242)	2,954	(70,287)
Profit for the year	145,542	(190)	145,352

NOTE 5. SEGMENTS INFORMATION

Zardoya Otis has fixed achieving Service Excellence as its main goal. From this standpoint, the objective is to satisfy vertical transport users throughout the full cycle of the product, starting from the design and manufacture of elevators, integrating the technological advances that made the Group the market leader, not only applied to new but also to existing buildings, and including their maintenance and replacement.

Given the high level of integration of all the activities in our business and the fact that, for management purposes, the organization is divided geographically into branches that act as profit centres, any segmentation other than the division into the different UGE's that form the Group is not easy or, in our opinion, meaningful. These are the smallest profit-generating units within the Group, to which assets are assigned for the purpose of measuring their profitability.

				Asset	<u>s</u>	
		Operating	g		Depreciation	
	Sales	profit/loss	S	Total	charge	Liabilities
2006						
Zardoya Otis Group - Spain	751,339	210,469)	421,631	6,772	325,604
Otis Elevadores Group - Portugal	82,485	27,973	3	89,827	1,256	52,108
Eliminations - intra-group transactions	(47,913)	1,304	1	-	-	-
IFRS adjustments		(201))			
Consolidated	785,910	239,545	5	511,458	8,028	377,712
			Sales	Operating	; Profit	%
2006						
Zardoya Otis, S.A. (addition of 95 branches)		6	625,287	193,	119	30.88
Group companies in Spain - Elevators (16 companies)			92,766	15,	002	16.17
Otis Elevadores Group - Portugal			82,485	27,	973	33.91
Total Elevators		8	300,538	236,	094	29.50
Group companies in Spain - non Elevators (10 companies)			33,285	2,	348	7.05
Total Group		8	333,823	238,	442	28.60
Eliminations - intra-group transactions		(47,913)	1,	304	
IFRS adjustments				(2	(01)	
Consolidated		7	785,910	239,	545	30.49

NOTE 6. FIXED ASSETS

Detail and balances of fixed assets are as follows:

	Land &		Furniture, fittings	
-	Buildings	Machinery	& equipment	Total
As of 1 december 2004				
Cost of valuation	9,189	23,512	38,306	71,007
Acc. Depreciation and Impairment	(6,412)	(19,849)	(31,087)	(57,348)
Net book valueEThs	2,777	3,663	7,219	13,659
2005				
Opening net book value	2,777	3,663	7,219	13,659
Business combinations	-	732	1,429	2,161
Increases	-	633	5,281	5,914
Decreases	(2)	-	(1,933)	(1,933)
Depreciation	(230)	(1,270)	(3,092)	(4,592)
Other				
Net book valueEThs	2,545	3,758	8,906	15,209
2006				
Opening net book value	2,545	3,758	8,906	15,209
Business combinations	-	-	38	38
Increases	67	518	6,819	7,404
Decreases	(43)	(1)	(1,494)	(1,538)
Depreciation	(212)	(1,055)	(2,072)	(3,339)
Other	-	-	-	
Net book valueEThs	2,357	3,220	12,196	17,773

The fixed assets figure includes assets in progress for a total value of EThs 486 in 2005 and EThs 3.564 in 2006.

As of 30 November 2005 and 2006 the following fixed assets items are fully depreciated:

	2006	2005
Land & Buildings	2,645	2,645
Vehícles & Machinery	16,570	15,936
Furniture, Fixtures & Equipment	28,027	26,795
EThs	47,242	45,376

Of the total fixed assets net of depreciation, the value of which is EThs 17,773 a total of EThs 683 is in Portugal. There are not other fixed assets outside Spanish territory.

It is the Company's policy to take out all the insurance policies thought necessary to cover the possible risks which could affect, among other things, tangible fixed assets.

NOTE 7. INTANGIBLE ASSETS

It is the company policy to recognize those intangible assets acquired from a third party.

The detail and balances of the main categories of intangible assets is as follows:

	Maintenance		
_	Contracts	Other	Total
As of 1 december 2004			
Cost or valuation	57,829	381	58,210
Acc. Amortization and Impairment	(37,858)	(331)	(38,189)
Net book valueEThs	19,971	50	20,021
2005			
Increases	-	-	-
Business combinations	20,317	-	20,317
Amortization	(4,684)	(18)	(4,702)
Other	(1,954)		(1,954)
As of 30 november 2005			
Cost or valuation	76,192	381	76,573
Acc. Amortization and Impairment	(42,542)	(349)	(42,891)
Net book value	33,650	32	33,681
2006			
Increases	913	42	955
Business combinations	10,536	-	10,536
Decreases	(400)	(199)	(599)
Amortization	(3,753)	192	(3,561)
Other	-	-	-
As of 30 november 2006			
Cost or valuation	86,316	224	86,540
Acc. Amortization and Impairment	(45,369)	(157)	(45,526)
Net book valueEThs	40,947	67	41,014

The useful life of the elements of the intangible assets, mainly maintenance contracts, is based in the average lenght of said contracts.

NOTE 8. TRADE AND OTHER RECEIVABLES

	2006	2005
Trade receivables	238,176	201,698
Less: Provision for impairment of receivables	(25,691)	(23,015)
Trade receivables - Net	212,485	178,683
Amount due from customers for contract works	10,527	8,251
Other accounts receivable	9,562	8,358
Prepayments	825	342
Receivables from related parties	14,865	13,575
TotalEThs	248,264	209,209

There is no risk concentration in relation to trade receivables since the Group has a large number of customers.

The total amount of the cost incurred at the balance sheet date was EThs 141,471 (2005: EThs 109,452). This amount includes profits recognized (less recognized losses) on all contracts in progress for EThs 3,963 (2005: EThs 2,500).

NOTE 9. INVENTORIES

	2006	2005
Raw materials	20,589	14,400
Work in progress	8,138	7,808
EThs	28,727	22,208
NOTE 10. CASH AND CASH EQUIVALENTS		
	2006	2005
Cash in banks	8,244	6,086
Short term bank deposits	59,519	62,333
Short term deposits UTC related parties	74,785	91,476
EThs	142,548	159,895

The effective interest rate of the short term deposits varies from 2.17% to 3.42% (2005: from 1.85% to 2.27%), their average maturity is 30 days.

Short-term deposits with UTC are cash placements maturing at 30 days, in accordance with the contract for the provision of financial services signed with United Technologies Treasury Center and United Technologies Corporation (the parent company of Otis Elevator Company) for the provision of services and optimization of the placement of cash surpluses, exchange insurance and other. These deposits have accrued interest during the year at an average interest rate of 2.08% (2.51% in 2003), which exceeds the market rate by 0.10 percentage points.

For cash flow statements, cash and cash equivalents and bank borrowings amounts to:

	2006	2005
Cash and cash equivalents	142,548	159,895
Bank overdrafts	-	-

NOTE 11. SHARE CAPITAL

		Ordinary	Treasury	
	Nº Shares	Shares ————	Stock	Total ——————
November, 30 2004	216,473,697	216,473,697	-	216,473,697
Capital Increase	21,647,369	21,647,639	-	21,647,639
November, 30 2005	238,121,066	238,121,066	-	238,121,066
Capital Increase	23,812,106	23,812,106	-	23,812,106
November, 30 2006	261,933,172	261,933,172	-	261,933,172

The share issues carried out in 2005 and 2006 were bonus issues charged to voluntary reserves.

The share capital consists of 261,933,576 (2005: 238,121,433 shares) bearer shares with a par value of 0.10 euros each (2005: 0.10 euros per share), fully subscribed and paid up as follows:

	Shares		% of par	% of participation	
	2006	2005	2006	2005	
United Techonologies Holdings, S.A	133,762,063	121,601,875	51.07	51.07	
Euro-Syns, S.A.	27,821,690	25,292,444	10.62	10.62	
Otros accionistas minoritarios	100,349,419	91,226,747	38.31	38.31	
	261,933,172	238,121,066	100.00	100.00	

All the shares of Zardoya Otis, S.A. are listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges.

At the Shareholders' General Meeting held on May 31, 2006, the following resolution was adopted: to increase share capital against the Voluntary Reserve, in proportion to one new share for every ten old shares, by 2.381.210,60 Euros. Once completed the capital increase, capital amounted to 26.193.317,20 Euros and consisted of 261.933.172 shares with a par value of 0.10 euros each. The new shares were entitled to the dividends paid after the date of the capital increase and therefore participated in the second interim dividend paid against 2006 profits on September 11, 2006. The increase was carried out from June 15, 2006 until June 30, 2006, both dates inclusive. The new shares were listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges effective August 3.

NOTE 12. LEGAL RESERVE

The legal reserve has been recognised under the provisions of the Commercial Law, article 214 which requires a 10% of annual profit be set aside until 20% of the amount of share capital is reached.

The legal reserve is not distributable and can be used to offset losses incurred if no other reserves are available; in that case, the reserve must be replaced with future profit.

Detail of legal reserve by Company as of 30 November 2006 and 2005 is as follows:

	2006	2005
Company		
Zardoya Otis, S.A.	5,239	4,763
Ascensores Eguren, S.A.	-	-
Ascensores Ingar, S.A.	13	13
Ascensores Serra, S.A.	48	48
Elevadores del Maresme, S.A.	12	12
Mototracción Eléctrica Latierro, S.A	63	63
Grupo Otis Elevadores (Portugal)	429	427
Puertas Automáticas Portis, S.A.	12	-
Ascensores Pertor, S.L	10	10
Conservación de Aparatos Elevadores Express, S.L.	354	354
Acresa Cardellach, S.L.	1,990	1,990
Admotion, S.L.	-	-
Grupo Rolltore, (subsidiary of Puertas Automáticas Portis, S.A.)	62	-
Grupo Lagi, S.LEThs	1	-

NOTE 13. RESERVE FOR SUBSIDIARY COMPANIES AND OTHER RESERVES

	Subsidiary		
	Companies	Other reserves	Total
As of December 1, 2004EThs	30,746	24,256	55,002
Profit 2004	26,669	4,144	30,813
Dividends paid in the year	(22,731)	-	(22,731)
Capital increase	-	(2,165)	(2,165)
Other	(903)	(449)	(1,352)
As of November 30, 2005EThs	33,781	25,786	59,567
Profit 2005	30,053	(1,362)	28,691
Dividends paid in the year	(24,677)	-	(24,677)
Capital increase	-	(2,381)	(2,381)
Other	(434)	(456)	(890)
As of November 30, 2006 FThs	38 723	21 587	60.310

Detail of other reserves by companies as of 30 November 2006 and 2005 is as follows:

	2006	2005
Company		
Zardoya Otis, S.A.	31,546	35,745
Ascensores Eguren, S.A.	(4,547)	(6,448)
Ascensores Ingar, S.A.	(1,590)	(1,507)
Ascensores Serra, S.A.	445	445
Elevadores del Maresme, S.A.	349	349
Mototracción Eléctrica Latierro, S.A.	635	635
Grupo Otis Elevadores (Portugal)	22,593	22,477
Puertas Automáticas Portis, S.A.	281	128
Ascensores Pertor, S.L.	2,800	2,800
Conservación de Aparatos Elevadores Express, S.L.	3,498	3,360
Acresa Cardellach, S.L.	14,172	11,536
Admotion, S.L.	-	-
Grupo Rolltore, (subsidiary of Puertas Automáticas Portis, S.A.)	171	-
Grupo Lagi, S.L.	(84)	
First implementation of IFRSEThs	(9,959)	(9,959)
	60,310	59,567

NOTE 14. PROFIT FOR THE YEAR

Companies' contributions to the Zardoya Otis Group accounts including the portion allocated to minority interests are as follows:

	2006		20	005
	Consolidated	Atributable to	Consolidated	Atributable to
	profit	minority interest	profit	minority interest
Company				
Zardoya Otis, S.A.	122,840	-	113,461	-
Ascensores Eguren, S.A.	1,414	-	1,901	-
Ascensores Ingar, S.A.	(260)	-	(89)	-
Ascensores Serra, S.A.	1,476	492	1,357	452
Elevadores del Maresme, S.A	1,154	271	973	226
Mototracción Eléctrica Latierro, S.A	314	301	508	488
Grupo Otis Elevadores (Portugal)	20,338	350	19,388	526
Puertas Automáticas Portis, S.A.	(268)	-	153	-
Ascensores Pertor, S.L.	2,084	130	1,504	93
Conservación de Aparatos Elevadores Express, S.L	2,072	-	2,136	-
Acresa Cardellach, S.L.	2,518	42	2,058	30
Admotion, S.L.	(111)	(37)	(161)	(53)
Grupo Rolltore				
(subsidiary of Puertas Automáticas Portis, S.A.)	730	170	325	76
Grupo Lagi, S.L.	(18)	(12)	-	-
	154,283	1,707	143,514	1.838

The following distribution of profits is subject to approval at the Shareholders' Annual General Meeting:

	2006	2005
Available for distribution		
Net profit available for distribution	148,715	140,681
EThs	148,715	140,681
Distribution		
To legal reserve	524	476
To voluntary reserve	30,082	471
To dividends	118,109	139,734
EThs	148,715	140,681

NOTE 15. TRADE AND OTHER PAYABLES

	2006	2005
Suppliers	36,776	29,901
Payables to related parties	15,545	11,761
Other accounts payable	101,364	82,385
Goods received not invoiced	5,913	8,713
Notes payable	2,137	1,335
Progress billings not yet paid by customers (Note 8)	69,361	57,911
Maintenance billing in advance	24,497	29,401
Other	13,466	9,432
EThs	269,059	230,839

The amounts payable to affiliated companies are partly in foreign currency, and there are no other significant amounts payable in foreign currency. The heading "Affiliated companies" includes balances denominated in foreign currencies other than Euro-, the equivalent value of which amounts to EThs 2.254.

NOTE 16. PUBLIC TREASURY

	2006	2005
Receivable Balances		
Social Security	25	202
Withholding tax	265	174
Deductions under VAT	769	433
VAT recoverable	6,378	4,624
EThs	7,437	5,433
Payable Balances		
Provision for corporate tax	75,537	68,370
Corporate tax payments on account	(44,190)	(39,130)
Witholdings made	2,395	4,288
Credit for VAT	2,361	2,521
VAT invoiced	8,730	5,952
Social Security	5,246	4,751
Other tax payables	22	26
EThs	50.101	46.778

NOTE 17. DEFERRED TAXES

Deferred tax assets and liabilities are compensated if the right to such compensation against current taxes is legally recognized.

	2006	2005
Deferred tax to be recovered after more than 12 months	26,783	29,314
Deferred tax to be recovered within 12 months	2,225	3,131
EThs	29,008	32,445
	2006	2005
Beginning of Period		
Business combinations	32,445	29,266
P&L impact	(3,437)	3,179
End of PeriodEThs	29.008	32.445

	Welfare commitments	Assets Depreciation	Other	Total
As of December 1, 2004EThs	27,966	764	536	29,266
P&L impact	3,102	(409)	486	3,179
Business combinations	<u>-</u>	-	-	-
As of november 30, 2005EThs	31,068	355	1,022	32,445
P&L impact	(3,056)	(63)	(318)	(3,437)
Business combinations	-	-	-	-
As of November 30, 2006EThs	28,012	292	704	29,008

In 2006, the Group recognized the impact of the corporate income tax rates changes that were anounced which will affect the Group in the fiscal year 2007/2008. The mentioned impact affects deferred tax by an amount of EThs 4.763.

NOTE 18. WELFARE COMMITMENTS

	2006	2005
Balance recorded:		
Employees on the payroll	31,064	34,938
Retired employees	6,730	8,098
EThs	37,794	43,036
Provisions for the yearEThs	4,304	4,723

The amounts recognized in the accounts have been determined as follows:

	2006	2005
Present value of obligations financed	86,190	87,527
Expected return on plan assets	(54,816)	(47,086)
	31,374	40,441
Unrecognized net actuarial gain	6,420	2,595
BalanceEThs	37,794	43,036
The fiscal year change in obligation recognized is as follows:		
	2006	2005
Deciming of povied	42.020	
Beginning of period	43,036	47,178
Diferencias de cambio	4,304	4,723
Employer contributions	(9,547)	(8,865)
End of periodEThs	37,794	43,036
The main actuarial-financial assumptions employed are:	2006	2005
The discount rate varies depending on		
the lenght of the obligation betweeen	3.95-4.50	3.40-4.30
Mortality tables	PER2000P	PER2000P
Estimated retirement age	62 years	62 years
The amounts charged to P&L are as follows:		
	2006	2005
Current service cost	2,660	2,547
Interest cost	3,442	3,524
Expected return on plan assets	(1,798)	(1,348)
TotalEThs	4,304	4,723

The calculation of fair value of plan assets has been done in accordance with paragraph 104, IFRS 19, which allows the equalization of assets and obligations.

However, these obligations were externalized and subject to a financing plan with the insurance companies to be included in 2012. In consequence, only the portion of plan assets effectively paid at the balance sheet date has been considered for the equalization of the obligation.

NOTE 19. SALES

_	2006	2005
Service	524,922	474,156
New Installation	200,017	172,182
Export	60,356	53,887
Other Sales	615	512
EThs	785,910	700,738
NOTE 20. EMPLOYEE BENEFITS		
-	2006	2005
Wages and salaries	161,535	150,124
Social Security & Other	48,305	47,634
Pensions cost	4,304	4,723
Welfare commitmentsEThs	214,144	202,481
NOTE 21. NET FINANCE COST		
	2006	2005
Interest expense:		
-Bank borrowings	(2,920)	(3,206)
Interest income:	000	505
-Bank deposits	999	595
-Other	4,125	3,692
	5,124	4,287
Net foreign exchange transactions gain/losses	482	(208)
EThs	2,686	873

NOTE 22. INCOME TAX

	2006	2005
Income before tax	240,152	215,641
Permanent Differences:		
Profit from foreign companies	(28,273)	(27,597)
Other differences	6,908	6,706
Prior year timing differences in respect of which the relevant deferred		
tax asset was not recorded	5,299	(2,905)
Temporary differences arising in the year in respect of which		
the relevant deferred tax asset is not recorded	4,907	(4,413)
Adjusted income before tax	228,993	187,432
Temporary differences arising in the year in respect of which		
the relevant deferred tax asset is recorded	(10,201)	7,405
Taxable income	218,792	194,837
Tax payable	80,148	65,601
Tax credits	(3,534)	(2,971)
Other	(38)	(26)
Corporate tax expense from foreign companies	7,586	7,683
Corporate tax expenseEThs	84,162	70,287

The Group follows the criteria of recognizing only those deferred tax assets that are expected to be realized in the future within the time frame considered by current legislation.

Consequently, the deferred tax asset accumulated at November 30, 2006 amounted to EThs 29,008. This deferred tax asset came basically from timing differences relating to the bad debt provision, deferred costs and other provisions that will reverse in future years.

At the year end, the sum of EThs 41,168 (EThs 36,353 in 2005) had been paid on account of the final corporate income tax liability.

The effective tax rate for Otis Elevadores, Lda. (Portugal) is 27% and its tax expense for 2006 amounted to of EThs 7,586.

During 1999, the tax authorities completed their inspection of personal income tax returns in Zardoya Otis, S.A. for the years 1993 to 1997. As a result of this inspection, assessments were raised, against which the Company has appealed.

For Zardoya Otis, S.A., corporate income tax and, in general, all taxes for the last three years are open to inspection by the tax authorities, except for personal income tax which, in accordance with the above, remains open to inspection since 1999 for Zardoya Otis, S.A.. For other affiliate companies all taxes for the last four years are open to inspection by the tax authorities.

For the companies that form the Otis Elevadores (Portugal) Group, the last ten years are open to inspection, pursuant to current Portuguese legislation.

NOTE 23. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. No event that could dilute the earnings per share has occurred.

	2006	2005
Profit attributable to equity holders of the Company	154,283	143,514
Weighted average number of ordinary shares in issue	251,168,795	228,453,885
Basic earnings per share	0.61	0.63

NOTE 24. DIVIDENDS PER SHARE

During 2006 Zardoya Otis, S.A. paid the following interim dividend:

		Thousands of euros
1st Dividend 0.155 Euros gross per share. Declared on June 5, 2006		
and paid out on June 12, 2006. Shares: 238,121,066		
Total = 36,908,765.23 Euros		36,909
2nd Dividend 0.155 Euros gross per share. Declared on September 4, 2006		
and paid out on September 11, 2006. Shares: 261,933,172		
Total = 40,599,641.66 Euros		40,600
3rd Dividend 0.155 Euros gross per share. Declared on November 15, 2006		.0,000
and paid out on December 11, 2006. Shares: 261,933,172		40 600
Total = 40,599,641.66 Euros		40,600
Interim dividend	EThs	118,108
NOTE 25. CASH FLOW STATEMENT		
NOTE 25. CASH FLOW STATEMENT		
	2006	2005
Net profit	154,283	143,514
Adjustments to profit:		
Amortization/depreciation/provisions	13,579	9,007
Taxes	84,162	70,287
Other gains and losses	1,591	-
Tax payment	(73,427)	(65,523)
Variation on accounts receivable, payable and other	(24,505)	(19,139)
Operating cash flow	155,683	138,146
Investments in tangible/intangible fixed assets	(8,820)	(7,262)
Acquisition of subsidiaries	(4,604)	(9,217)
Acquisition of other financial assets	(5,075)	47
Investment cash flow	(18,499)	(16,432)
Dividends paid	(155,017)	(134,214)
Bank debt	487	(114)
Financial cash flow	(154,530)	(134,328)
Variation in cash and equivalents	(17,347)	(12,614)
Cash and equivalents at the beginning of the period	159,895	172,509
Cash and equivalents at the end of the period	142,548	159,895

NOTE 26. CONTINGENCIES

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not foreseen that any material liabilities will arise from the contingent liabilities. The Group has given guarantees in the ordinary course of business amounting to EThs 29,688 (2005: EThs 31,531).

NOTE 27. COMMITMENTS

Capital commitments

Capital expenditure for which contracts were held at the balance sheet date but which had not been incurred is as follows:

	2006	2005
Fixed AssetsEThs	2,268	2,661
Intangible AssetsEThs	8,450	n.a.

Operating Lease Commitments

The Group leases offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum payments under non-cancellable operating leases are as follows:

	<u>2006</u>	2005
Annual estimated paymentsEThs	3,122	3,049

NOTE 28. BUSINESS COMBINATIONS

In June 2006, the Group acquired 1,804 participations in the share capital of Grupo Lagi, S.L., the parent company of the Grupo Lagi formed by Grupo Lagi, S.L., Ascensores Lagi, S.L., Elevadores Lagi, S.L. and Puertas Lagi, S.A., all of which are engaged in the installation and maintenance of elevators and automatic doors. Located in Cadiz, the business acquired contributed to the Group with sales of EThs 3,258 and a loss of EThs (30) in 2006.

Detail of assets and liabilities acquired is as follows:

Cash and cash equivalents	94
Fixed assets	37
Intangible assets	8,936
Inventories	418
Account receivables	1,918
Account payables	1,903
Related parties payables	9,621

NOTE 29. RELATED PARTY TRANSACTIONS

The Group is controlled by United Technologies Holding S.A. (incorporated in France), which holds 51,07% of Zardoya Otis s.a. shares. While the 48,93% remaining is held by more than 30,000 shareholders. The parent company of the UTC Group is United Technologies Corporation (Incorporated in USA) the parent of Otis Elevator Company.

The following transactions were performed with a related party:

(a) Transactions with companies of the Otis Group

	2006	2005
Financial income	2,217	1,839
Royalties accrued	18,312	16,290
Billing of costs relating to the development engineering centreEThs	427	664

(b) Year end balances from sales/purchases of goods

	2006	2005
Sales	62,355	58,935
Purchases	52,521	38,003
Receivables	14,865	13,575
PayablesEThs	15,545	11,761

The overall remuneration for members of the Board of Directors in 2006 was EThs 2.045 (EThs 2.039 in 2005).

Additionally, in compliance with Section 127 ter, 4 of the Spanish Companies Act, the members of the Board of Directors state that they have no holdings in the share capital of and do not hold offices or perform duties in companies with an identical, analogous or complementary activity to the activities that form the corporate purpose of Zardoya Otis, S.A. and its Group:

- D. José María Loizaga Viguri is director of Actividades de Contratación y Servicios S.A. (ACS)
- The members of the Board D. Francisco Javier Zardoya García, D. Mario Abajo García and D. Jose María Loizaga Viguri are likewise members of the Board of Otis Elevadores, Lda, a company of the Group Zardoya Otis.
- The Board directors D. Mario Abajo García, D. Angelo j. Messina, D. Sandy Diehl y D. Bruno Grob execute different functions in other companies of the group Otis Elevator worldwide as follows:

Name of Director	Company	Designation
Angelo J. Messina	Asia Pacific Elevator Company (Delaware, USA)	Director
· ·	Atlantic Lifts, Inc. (Delaware, USA)	Director
	Elevator Export Trading Corporation (Delaware, USA)	Director
	Nippon Otis Elevator Company (Japan)	Director
	Otis Elevator Company (Delaware, USA)	Director
	Otis Elevator Korea (Korea)	Director
	Otis Elevator International, Inc. (Delaware, USA)	Director
	Otis Pacific Holdings B.V. (Netherlands)	Director
	United Technologies (Cayman) Holdings, Ltd. (Cayman Islands)	Director
	UTCL Investments B.V. (Netherland)	Director
		Committee Member
	Otis Investments, LLC. (Delaware, USA)	Assistant General Manager;
		Member of the
		Management Committee
G. Sandy Diehl	Otis Systèmes de Transport SAS. (France)	Chairman; Member of the Board of Directors
	Otis Elevator International, Inc. (Delaware, USA)	Chairman of the Board; Member of the Board of Directors
	Nippon Otis Elevator Company (Japan)	Director
	Otis Elevator Korea (Korea)	Director
	LiftMall, LLC. (Delaware, USA)	General Manager
Bruno Grob	Otis (Switzerland)	Chairman of the Board; Member of the Board of Directors
	Otis (Belgium)	Director
	Otis (Beigium) Otis Maroc, S.A. (Morocco)	Director
	Otis OY (Finland)	
	Otis Oti (Finand) Otis S.p.A. (Italy)	Director Director
Maria Abaia Caraía	Otis B.V. (Netherlands)	Supervisory Board Member Chairman
Mario Abajo García	Otis Elevadores, Lda (Portugal)	
	Otis LLC. (United Arab Emirates) Otis S.p.A. (Italy)	Chairman Chairman; Member of the
		Board of Directors
	Jordan Elevator Overseas Limited (Channel Islands)	Director
	Melcorp South Africa (Pty) Ltd. (South Africa)	Director
	Otis Elevator Company SAL (Lebanon)	Director
	Otis Elevator Company Saudi Arabia Limited (Saudi Arabia)	Director
	Otis Elevator Company (Kuwait)	Director
	Otis Elevator Overseas Ltd. (Channel Islands)	Director
	Technologie Liban S.A.L (Lebanon)	Director
	C. Veremis Otis, SA. (Greece)	Director
	Otis (Proprietary) Limited (South Africa)	Director
	Otis Elevator Company (Egypt) S.A.E. (Egypt)	Director
	Buga Otis Asansor Sanayi ve Ticaret A.S. (Turkey)	Vice Chairman

NOTE 30. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On January 4, 2007, Zardoya Otis signed the sale of the premises of the Madrid elevator's factory located in Mendez Álvaro street with the realestate promoter Nozar. The proceeds of the transaction amount to 76 million euros, including the financial interest resulting from the deferral of the payments. The income flow will be: 7 million euros in 2006, 22 million euros in January 2008, 23 million euros in January 2010. The net estimated profit of the transaction is 66 million euros.

At the same time, the above mentioned premises have been rented from the new owner to allow Zardoya Otis to continue with its manufacturing activity until the new premises being built in Leganés are available. Annual rental cost of the premises is 840.000 euros.

Zardoya Otis will invest in a new plant in the Madrid region, specifically in the technology park of Leganés, not very far from the where it is located today.

For this purpose the Company will acquire two plots of land for a total of 30.282 square meters and a building capability of 33.108 square meters. The total estimated cost of the new factory is 40 million euros and the construction is expected to be completed in 2009.

NOTE 31. OTHER INFORMATION

(a) Number of personnel employed by the consolidated group broken down into categories:

	2006	2005
Managers	70	86
Administration/workshop/field	468	495
Engineers, university graduates and other experts	324	281
Administrative and technical personnel	791	741
Workers	3,857	3,660
	5,510	5,263

(b) Audit expenses

The amount paid to PricewaterhouseCoopers as audit fees for 2006 is EThs 305, included the fees paid corresponding to the audit of internal controls and processes required to comply with the new rules for public companies in USA.



Proposals to the General Shareholders' Meeting

The Board of Directors presents the following motions to the General Shareholders' Meeting for approval:

- 1. Examination and, if applicable, approval of the Annual Accounts (Balance Sheet, Statement of Profit and Loss and Notes to the Financial Statements) and Management Reports of the consolidated Group and the Company for the fiscal year December 1, 2005 to November 30, 2006.
- 2. Approval of the Profit Distribution for the fiscal year 2006 as follows:

Legal reserve	523,866.34
Dividends	118,108,048.55
Voluntary reserve	30,081,824.22
TOTAL (euros)	148,713,739.11

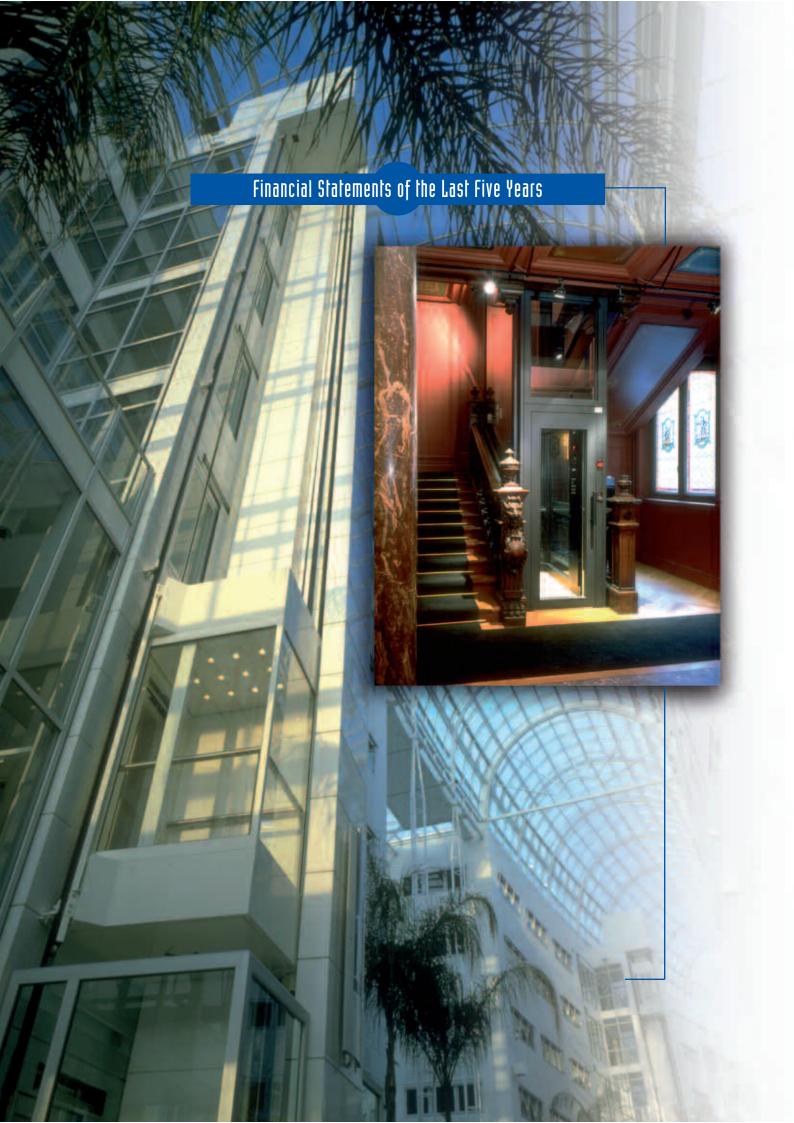
- 3. Approval of the Board of Directors' performance, with particular reference to the distribution of dividends, all of which were charged to the profit of the fiscal year 2006.
- 4. Appointment of the auditors of the Company and the consolidated Group for the fiscal year 2007.
- 5. Increase in Share Capital, in the proportion of one new share for each ten old shares as a bonus issue charged to the Voluntary Reserve, likewise requesting the listing of said shares on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges. Modification of Article 5 of the Articles of Association.
- 6. Authorization to the Board of Directors for the purchase by the Company of its own shares, either directly or indirectly, within the limits and requirements of Art. 75 of the Spanish Corporations' Law.
- 7. Request and questions.
- 8. Delegation of powers in favour of the Board of Directors to formalize the resolutions, with authorization to interpret, correct and develop them.
- 9. Approval of the minutes of the meeting.

Consolidated Balance Sheets

at November 30, 2006 (In thousands of euros - EMThs) (After the application of the results obtained in the year)

	20	106
ASSETS		
NON CURRENT ASSETS		
Fixed assets	17,773	
Intangible assets	41,014	
Other investments	3,812	
Deferred tax assets	29,008	
		91,60
CURRENT ASSETS		
Inventories	28,727	
Current financial receivable	311	
Accounts receivable	248,264	
Cash and cash equivalents	142,549	
		419,85
TOTAL ASSETS		511,45

	2	006
EQUITY		
Share capital	26.193	
Legal reserve	5.763	
Consolidation and other reserves	95.770	127.726
MINORITY INTEREST		6.020
TOTAL EQUITY		133.746
LIABILITIES		
NON CURRENT LIABILITIES		
Borrowings	10	
Welfare Commitments	37.794	
Other liabilities	2.126	
		39.930
CURRENT LIABILITIES		
Trade and other payables	269.059	
Current tax liabilities	50.101	
Borrowings	1.553	
Other liabilities	17.069	
		337.782
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES		511.458



Consolidated Profit and Loss Accounts

(In millions of euros)

	2006		20	2005 200		14 20		003 2		2002	
		%		%		%		%		%	
SALES	785,9	100.0	700,7	100.0	665,5	100.0	636,4	100.0	605,6	100.0	
Supplies	(270,0)	(34.3)	(230,1)	(32.8)	(225,8)	(33.9)	(221,3)	(34.8)	(219,4)	(36.2)	
GROSS INCOME	515,9	65.6	470,6	67.2	439,7	66.1	415,1	65.2	386,2	63.8	
Other trading expenses	(55,7)	(7.1)	(45,5)	(6.5)	(40,9)	(6.1)	(38,8)	(6.1)	(37,5)	(6.2)	
Personnel costs	(212,6)	(27.0)	(200,8)	(28.7)	(191,3)	(28.7)	(185,1)	(29.1)	(180,6)	(29.8)	
Other income	2,1	0.3	(2,3)	0.3	2,3	0.3	2,3	0.4	2,7	0.5	
EBITDA	249,7	31.8	226,6	32.3	209,8	31.5	193,5	30.4	170,8	28.2	
Depreciation	(10,2)	(1.3)	(12,8)	(1.8)	(9,1)	(1.4)	(9,0)	(1.4)	(9,1)	(1.5)	
Provisions	0,0	0.0	0,0	0.0	0,2	0.0	(6,1)	(1.0)	(6,6)	(1.1)	
OPERATING INCOME	239,5	30.5	213,8	30.5	200,9	30.2	178,4	28.0	155,1	25.6	
Financial income	5,1	0.6	4,3	0.6	4,5	0.7	4,9	0.8	5,8	1.0	
Financial expenses	(2,9)	(0.4)	(3,2)	(0.5)	(4,3)	(0.6)	(3,3)	(0.5)	(1,1)	(0.2)	
Exchange rate differences	0,5	0.1	(0,2)	(0.0)	0,1	0.0	0,1	0.0	0,1	0.0	
Amortization of Goodwill on consolidation	0,0	0.0	0,0	0.0	(2,1)	(0.3)	(1,9)	(0.3)	(2,8)	(0.5)	
Extraordinary income	(2,1)	(0.3)	1,0	0.1	1,5	0.2	1,7	0.3	(1,7)	(0.3)	
INCOME BEFORE TAX	240,2	30.6	215,6	30.8	200,6	30.1	179,9	28.3	155,4	25.7	
Income taxes	(84,2)	(10.7)	(70,3)	(10.0)	(68,1)	(10.2)	(62,3)	(9.8)	(56,0)	(8.4)	
Minority interest	(1,7)	(0.2)	(1,8)	(0.3)	(1,8)	(0.3)	(1,5)	(0.2)	(1,3)	(0.2)	
NET INCOME	154,3	19.6	143,5	20.5	130,7	19.6	116,1	18.2	98,1	16.2	
CASH FLOW	164,4	20.9	156,3	22.3	139,6	21.0	131,2	20.6	113,8	18.8	

The amounts related to 2006 and 2005 have been prepared applying IFRS rules.

Consolidated Balance Sheets

CONSOLIDATED BALANCE SHEET WITH IFRS (After distribution of the profit obtained in the year)

(In millions of euros)	2	2006		
ASSETS		%		%
Fixed assets	17.8	3.5	15.2	3.2
Intangible assets	41.0	8.0	33.7	7.1
Other investments	3.8	0.7	1.3	0.3
Deferred tax assets	29.0	5.7	32.4	6.8
NON CURRENT ASSETS	91.6	17.9	82.6	17.4
Inventories	28.7	5.6	22.2	4.7
Current financial receivables	0.3	0.1	0.3	0.1
Accounts receivable	248.3	48.5	209.2	44.1
Cash and cash equivalents	142.5	27.9	159.9	33.7
CURRENT ASSETS	419.9	82.1	391.6	82.6
TOTAL ASSETS	511.5	100.0	474.2	100.0
LIABILITIES				
Share capital	26.2	5.1	23.8	5.0
Legal reserve	5.8	1.1	5.2	1.1
Consolidated and other reserves	95.8	18.7	62.9	13.3
EQUITY	127.8	25.0	91.9	19.4
MINORITY INTERESTS	6.0	1.2	5.9	1.2
TOTAL EQUITY	133.8	26.2	97.8	20.6
Borrowings	0.0	0.0	0.1	0.0
Welfare commitments	37.8	7.4	43.0	9.1
Other liabilities	2.1	0.4	2.1	0.4
NON CURRENT LIABILITIES	39.9	7.8	45.2	9.5
Trade and other payables	269.0	52.6	267.7	56.5
Current tax liabilities	50.1	9.8	46.8	9.9
Borrowings	1.6	0.3	1.9	0.4
Other liabilities	17.1	3.3	14.8	3.1
CURRENT LIABILITIES	337.8	66.0	331.2	69.8
TOTAL LIABILITIES	377.7	73.8	376.4	79.4
TOTAL EQUITY AND LIABILITIES	511.5	100.0	474.2	100.0

CONSOLIDATED BALANCE SHEET WITH PGC (After distribution of the profits obtained in the year)

	2004		2003		2002	
ASSETS		%		%		%
Intangible assets	16.7	2.9	16.2	2.9	17.2	3.1
Tangible fixed assets	13.7	2.4	13.8	2.5	15.9	2.9
Investments	26.3	4.5	22.0	3.9	17.7	3.2
Long-term debtors	3.5	0.6	1.5	0.3	1.8	0.3
TOTAL FIXED ASSETS	60.2	10.4	53.4	9.5	52.6	9.5
GOODWILL ON CONSOLIDATION	3.1	0.5	4.4	8.0	5.8	1.1
Inventories	124.2	21.5	128.0	22.8	133.0	24.0
Debtors	216.8	37.5	211.7	37.7	203.1	36.7
Short-term investmentst	167.2	28.9	159.4	28.4	153.9	27.8
Cash and banks	5.6	1.0	4.8	8.0	4.2	0.8
Timing adjustments	0.9	0.2	0.5	0.1	0.3	0.1
TOTAL CURRENT ASSETS	514.7	89.0	504.3	89.7	494.4	89.4
TOTAL ASSETS	578.0	100.0	562.1	100.0	552.9	100.0
LIABILITIES						
SHAREHOLDERS' EQUITY	99.0	17.1	91.6	16.3	81.9	14.8
MINORITY INTERESTS	4.7	8.0	4.3	8.0	4.1	0.7
LONG-TERM CREDITORS	31.7	5.5	39.8	7.1	48.8	8.8
Debts with financial institutions	2.1	0.4	2.7	0.5	0.8	0.1
Trade creditors	213.0	36.9	209.4	37.3	209.6	37.9
Other non-trade debtors	178.8	30.9	164.9	29.3	160.8	29.1
Provision for trading operations	26.6	4.6	28.5	5.1	27.0	4.9
Timing adjustments	22.2	3.8	20.8	3.7	19.8	3.6
TOTAL CURRENT LIABILITIES	442.7	76.6	426.4	75.9	418.0	75.6
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	578.0	100.0	562.1	100.0	552.9	100.0

Note: PGC (General Accounting Plan) Spanish GAAP
IFRS (International Financial Reporting Standards).

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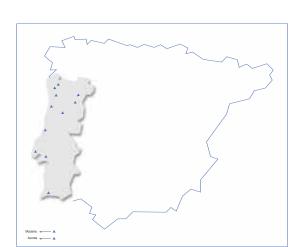
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Zardoya Otis, S.A.

Pioneers yesterday, today a point of reference for the elevator industry

n 1974 Zardoya Otis, S.A. began its career on the stock exchange. Thus, the Company is now celebrating the 33rd anniversary on the stock markets

In all this time, the Company's continual growth and expansion has allowed a significant and sustained creation of value for our shareholders, which has been reflected in the quoted price of the shares and the favourable evolution of the stock market capitalization. Here are some data:

- 30 capital increases, 26 of which were bonus issues.
- 2 splits and 4 par value reductions.
- An adjusted share value that has risen from the 0.05 euros of December 1974 to the 22,98 euros at December 31, 2006.
- A stock market capitalization that has evolved from the 13.3 million euros at the end of 1974 to the 6,019 million euros at the 2006 year end.
- A traditional (and, at the time, pioneer) policy of paying four quarterly dividends since 1981.

The initial confidence that the markets placed in Zardoya Otis 30 years ago, progressively consolidated since then, was heavily influenced by the sum of the contributions that the two founding companies (Zardoya, S.A. and Schneider Otis, S.A.) made at the time of its incorporation.

The present Zardoya Otis is the result of several company concentrations that have been carried out since the end of the sixties by the Spanish Company Zardoya S.A. and the United States multinational Otis Elevator Company. In 1972, the merger of the activities of the two companies gave rise to a company that was, from the beginning, and still is today, the leader in the vertical transportation sector in this country.

Zardoya Otis' business philosophy is supported by one basic principle: seeking maximum customer satisfaction. This has meant that human, technical and production resources have been organized to guarantee the highest quality levels in the product and the service.

Some of the company's distinguishing features are:

- Leader in the Spanish elevator market.
- A productive structure in Spain including three plants: San Sebastián (specialized in the production of traction machines and safety components, with 80% exports), Madrid (manufacture of the other elevator components) and Munguía (standard home elevators and special elevators, modernizations, etc.).
- It is present all over the country with 351 assistance points.
- "24 Hour" service, through which attention to any possible emergency is guaranteed for 24 Hours a day, seven days a week, 365 days a year.
- Implementation of the "Customer Ombudsman", who channels any complaints towards the most appropriate person in the Organization in order to provide each case with the most suitable solution.

Zardoya Otis has always founded its leadership on its permanent concern for research and, from the beginning, has always marked the most important milestones in the history of the elevator. Thus, since Elisha Graves Otis invented the first elevator with safety components and, therefore, valid for people 150 years ago, the Company has developed many products and services. In all of them, the idea of increasing passenger safety and comfort has prevailed.

True to these innovative roots, Zardoya Otis was able to redefine its customer service by introducing a portfolio of electronic commerce tools known as e*Business, included in a web page, www.otis.com. Once more, the Company merged technology with the creative commercial guidelines on which its leadership is based and generated new opportunities, which have completed the way in which it understands and carries out its business.