

FINAL REPORT

Table of contents:

1. Factors used for the research
 - a. Specific factors
 - b. General factors
2. Factors weighing
3. Options of estimation realized
4. Factors valuation
5. FINAL RESULT
6. ANALYSIS BY GROUPS OF FACTORS
7. MATRIX BY GROUPS/FACTORS/COUNTRIES

Ejemplo: Estudio Mejor Implantación

1. FACTORS USED FOR THE RESEARCH

Study has been realized on the basis of the application of a list with two types of key factors:

- Specific factors for a *activity* company according to talk about with our customer xxxxx.
- General factors which have an effect in some company or business activity that wants to execute into a country.

a. LIST OF SPECIFICS FACTORS

GROUP	SPECIFICS FACTORS	
INVESTMENT/ INVERSIONES	Corporation tax system /Sistema fiscal para las empresas	
	Government subsidies for exporting/ Subsidios a la exportación	
	Available grants for land, construction, job creation, CAPEX /Ayudas disponibles (Compra suelo, construcción, creación empleo, etc..)	
	Available grants from EU, National, local area/ Ayudas disponibles desde la UE, País, región y municipio	
	Minimum investment required for the establishment of a company /Inversión mínima requerida para la constitución de una sociedad	
	Tax incentives or initiatives / Incentivos fiscales	
LAND & CONSTRUCTION / SUELO Y EDIFICACIÓN	Cost of buildings without facilities(aprox. m3) / Coste de la edificación sin instalaciones	
	Cost of land (>= 60.000 m2 usable) / Coste del suelo	
	Leasing terms of land /Términos de alquiler con o sin opción a compra de la tierra	
LOGISTICS / LOGISTICA	Air transport infrastructure quality/Calidad de la infraestructura de transporte aerea	
	Trade across borders (ease)	Exporting cost (US\$ per container)/ Costo de exportación (US\$ por contenedor)
		Importing cost (US\$ per container)/Costo de importación (US\$ por contenedor)
	Quality of port infrastructure/Calidad de la infraestructura portuaria	
	Quality of railway network /Calidad de la red de ferrocarril	
	Quality of road networks/Calidad de la red viaria	
MARKET / MERCADO	Locations available /Disponibilidad de localizaciones	
	List of current foundry industries in the country /Tejido industrial sector	iron melting/Fundición de hierro
		foundry industry/Fundición
OPERATIONAL ISSUES / OPERACIONAL	Annual hours worked by person/ Horas año trabajadas	
	Availability of metallurgists and engineers / Disponibilidad de metalurgicos e Ingenieros	Specialty studies/ Estudios Especialidad
		Degrees-Engineers/ Graduados-Ingenieros
	Do they have a local source of graphite for dies? /Suministro local de grafito	
	Foundry labour skills available /Disponibilidad de M.O. Experimentada en fundición	
	Industrial water supply (quality PH value) /Suministro de agua industrial	
	Knowledge of furnaces/ electricians / Conocimiento de hornos/ electricidad	
	Labour cost for manual or semiskilled labour / Coste M.O. Operarios	
	Local supplier quality/calidad de los proveedores locales	
	Local supplier quantity/Cantidad de proveedores locales	
	Non-wage labor costs (social security payments and payroll taxes, as a % of worker's salary in 2006) /Costes laborales additional (SS e impuestos, como un % sobre salario)	
	Outsourcing companies availability. Machining shops, Boilermakers, Maintenance, Crains, Auxiliaries, Forklifts, etc / Contradiction servicios	
	Projected labour inflation next 5 years / Proyección de la inflación de coste MO	
	Raw material availability (pig iron, steel and cast scrap, non alloyed steel) /Disponibilidad de MP	
	Raw material cost (~Tn) / Coste de MP	
	Reliability / absenteeism (what do they get paid if off work?) /Confiabilidad de la M. O /Nivel de absentismo	
	Total internal renewable water resources/ Recursos internos totales de agua	

UTILITIES / SUMINISTROS	Available of emergency power supplies / Suministros de emergencia disponibles
	Available power (required minimum 20/28 MW electricity) / Disponibilidad de energía eléctrica
	gas and electricity costs /Costes energéticos gas y electricidad
	Natural - gas or man made /Disponibilidad de gas y tipo
	High Voltage site (As high as possible) /Distancia a suministro [electric lines density]
	Quality of electricity supply/ Calidad de la energía suministrada
	Reliability of utility supplies / Confiabilidad de las fuentes de suministro
	Water supply and cost (45.000 m3/año) / Suministro de agua y coste
	Increase project cost of utilities over next 5/10 years / Proyección de los costes de los suministros sobre los próximos 5/10 años

b. LIST OF GENERAL FACTORS

GROUP	GENERAL FACTORS	
BUREAUCRACY / BUROCRACIA	Corruption/Corrupción	World ranking/Posición mundial
		Major constraint/Nivel de preocupación
	Diversion of public funds/Empleo de los fondos públicos	
	Losed time with red tape/Tiempo perdido en tramites burocráticos	
CRIME/CRIMEN	Business costs of crime and violence/Coste de la violencia	
	Business costs of terrorism/Coste del terrorismo	
	Major constraint/Nivel de preocupación	
	Reliability of police services/Confianza en los servicios policiales	
ENVIRONMENTAL/ MEDIOAMBIENTAL	Legislación medioambiental. Nivel de exigencia y aplicación / Stringency of environmental regulation	
GENERAL	Actitud ante la nacionalidad de la empresa / Attitude before the nationality of the company	
	Calidad de vida / Life quality	
	Competitiveness/ Competitividad	Global Competitiveness Index 2007/ Indice Global
		Institutions/ Instituciones
		Infrastructure/ Infraestructura
		Macroeconomy/ Macroeconomía
		Health and primary education /Salud y Educación
		Higher education and training/ Educación Superior
		Good market efficiency/ Eficiencia del mercado
		Labour market efficiency/Eficiencia del mercado laboral
		Financial market sophistication/ Sofistificación financiera
		Technological readiness/ Disponibilidad tecnológica
		Market size/Tamaño del mercado
		Business sophistication/ Sofistificación de los negocios
		Innovation/ Innovación
	Ease of Doing Business/ Facilidad de hacer negocios	
	GDP (current prices) per capita in \$/PIB a precios corrientes en \$	
	GDP growth/ Crecimiento del PIB	
	GDP sources/ Distribución del PIB por sectores	
	Human Development Indicator rank/ Indicador de desarrollo	
	Inflation/ Inflación	
	Main languages/ Idiomas principales	

	Nº of firms /Cantidad de empresas	
	Riesgo país / Country risk	
	Unemployment rate/ Nivel de desempleo	
INVESTMENT/ INVERSIONES	Business forms/ Tipos de empresas	
	Corporation tax system level/Nivel de complejidad del sistema fiscal para las empresas	Nº Payments/ Nº de pagos
		Time (hours)/ Tiempo
		Total tax rate (% profit) /Tasa total
		Profit tax (%) / Tasa sobre beneficios
	Country currency/ Business Coin/ Moneda país / Moneda negocio	
	Domestic credit provided by banking sector/ Nivel de crédito a través del sector bancario	
	Efficiency of legal framework/Eficiencia del marco legal	
	Ethical behavior of firms/Comportment etico de las empresas con la administración	
	Financial market sophistication/Sofisticación del mercado financiero	
	Getting Credit/ Obtención de crédito	Legal Rights Index/Índice de derechos legales
		Credit Information Index/Índice de información crediticia
		Ease of access to loans
		Financing through local equity market
	Importing tax for raw material and equipment (%) / Aranceles a la importación de MP, accesorios y equipos	
	Inflation projection 2007/Inflación prevista	
	Inflation rate average consumption (5 years)	
	Interest rate spread/ Tasa diferencial entre préstamos y depósitos	
	Money change/Cambio moneda	
	Property rights, including over financial assets/ Derechos de los propietarios, incluyendo activos financieros	
	Protecting Investors/ Protección de los inversores	Disclosure Index/Índice de divulgación de la información
		Director Liability Index/ Índice responsabilidad director
		Restriction on capital flows
		Strength of investor protection/ Fortaleza en la protección
	Risk premium on lending/ Prima de riesgo en los préstamos	
	Shadow economy level/Nivel de economía sumergida país	
	Soundness of banks/Solidez del sistema bancario	
	Strength of auditing and accounting standards/Fortaleza del sistema de auditoria y de los estándar de contabilidad	
	VAT standard rate / IVA estándar	
	Withholding taxes / Impuestos soportados	
LAND & CONSTRUCTION / SUELO Y EDIFICACIÓN	Country seismic risk/Riesgo Sísmico	
LEGAL	Burden of government regulation/Carga de regulaciones y leyes	
	Closing a Business/ Cierre de un negocio	Time (years)/ Tiempo (años)
		Cost (% of income per capita)/ Costo (% del ingreso per cápita)
		Recovery rate (cents on the dollar)/ Tasa de recuperación (centavos por dólar)
	Enforcing Contracts/ Cumplimiento de contratos	Procedures(nº) / Procedimientos (nº)
		Duration (days)/ Duración (días)
		Cost (% of claim)/ Costo (% de la demanda)
	Registering Property/ Registro de propiedades	Procedures(nº) / Procedimientos (nº)
		Duration (days)/ Duración (días)

		Cost (% of property value)/Costo (% del valor de la propiedad)
	Starting a Business/ Apertura de un negocio	Procedures (number)/ Número de procedimientos
		Duration (days)/ Duración (días)
		Cost (% GNI per capita)/ Costo (% INB per cápita)
		Paid in Min. Capital (% of GNI per capita)/ Capital mínimo pagado (% INB per capita)
LOGISTICS / LOGISTICA	Ability to track and trace shipments/Facilidad de marcaje y trazabilidad logística	
	Availability of transport /Disponibilidad de transporte	Total road network km/Total surface km2
	Trade across borders (ease)	Documents for exporting (nº)/ Documentos para exportar (nº)
		Time for exporting (days)/Tiempo para exportar (días)
		Documents for import (number)/ Documentos para importar (numero)
		Time for import (days)/ Tiempo para importar (días)
	Competence in the local logistics industry (e.g., transport operators, customs brokers)/ Competencia en la industria logística local	
	Domestic logistics costs (e.g., local transportation, terminal handling, warehousing)/ Costes domésticos logísticos	
	Ease and affordability of arranging shipments/Facilidad para la preparación de embarques	
	Efficiency and effectiveness of the clearance process by Customs and other border control agencies/ Eficiencia y eficacia de los procesos de importación	
	Quality of Transport and IT infrastructure for logistics/Calidad de los transportes y de la infraestructura de comunicación logística	
	Shipping to the other continents - availability of ports/Disponibilidad de puertos de embarque a otros continentes	
	Timeliness of shipments in reaching destination/Grado de cumplimiento en llegar a destino	
	Transport cost /Coste de transporte: Carretera/Ferrocarril/ Barco/Avión	By road (Tn/Km) /Por carretera
		By railway (Tn/Km)/Por ferrocarril
		By air (Tn/Hv)/Por aire
		By sea/Por mar
	Availability of transport /Disponibilidad de transporte	Paved roads %/ Carreteras pavimentadas
		Goods hauled million ton-km/Mercancias movidas
		Rail lines total route-km/ Longitud red ferroviaria
		Goods hauled million ton-km/Mercancias movidas
		Port container traffic thousand TEU/Trafico de contenedores
		Air freight million ton-km/Mercancias movida
	Economic communities/Comunidades y organizaciones economicas a las que pertenece	
MARKET / MERCADO	Blast Furnace Iron Production/ Producción de hierro fundido	
	Distance to the main markets/ Distancia a los principales clientes-mercados (Germany)	
	Foundry country market/ Mercado de fundición en país	
	Steel Production/ Producción de acero	
OPERATIONAL ISSUES / OPERACIONAL	Cooperation in labor-employer relations/ Cooperación en las relaciones patrón-obrero	
	Employing Workers/ Contratando trabajadores	Difficulty of Hiring Index/ Dificultad de contratación
		Rigidity of Hours Index/Rigidez en los horarios
	Employment contract types/ Tipos de contrato de trabajadores	
	Firing costs (weeks of wages)/Costes despido (semanas de salario)	
	Flexibility of wage determination/Flexibilidad fijación salario	
	Hiring and firing practices/Facilidad de contratación y despido	

	How many days per year are worked (hours per year) 4 shifts law / Dias de trabajo año /Días semana/horas día/Períodos de descanso/ Vacaciones	
	Labor/MO	Skill/Habilidades MO
		Regulations/ Regulaciones
	Monthly Minimum wage (local currency and /€)/ Salario mínimo en moneda local y euros	
	Pay and productivity/ Paga y productividad	
	Per capita natural renewable water resources/Recursos de agua per capita	
	Production process sophistication/Sofisticación en los procesos productivos	
	Rigidity of employment/ Rigidez en empleo	
UTILITIES / SUMINISTROS	Value chain presence/Amplitud de la cadena de valor	
	Consumption per capita kWh/ Consumo de energía por persona	
	Electricity Consumption (TWh) /Consumo de energía	
	Energy Production (Mtoe)/ Producción energética	
	Net Imports (Mtoe) /Importación energética	
	Telephony/Telefonía	Telephony/ Líneas de telefono
		Cost of call \$ per 3 min/ Coste llamada
		Faults per 100 mainlines / Indice de fiabilidad
		% Population covered by mobile /Cobertura móvil
	Intensity of local competition/ Competencia	
	Transmission&distribution losses % of output / Pérdidas en transmisión y distribución	

2. FACTORS WEIGHING

Specific factors, the 1, are considered conclusive for the implantation of an activity of this kind and have been given a weight thrice bigger than general factors or 2. Study structuring shaped like matrix and in spreadsheet format, allows to the customer, if they consider appropriate, is to be able to change the factors weighing, given it one bigger to which they consider, because of its know-how and opinion, will be more relevant for the decision.

3. OPTION OF ESTIMATION CONCLUDED BY FACTORS APPLICATION

Four options by quantity and kind of factors have been considered in order to confirm the weigh factors effect, type, quantity used and mix on the final result.

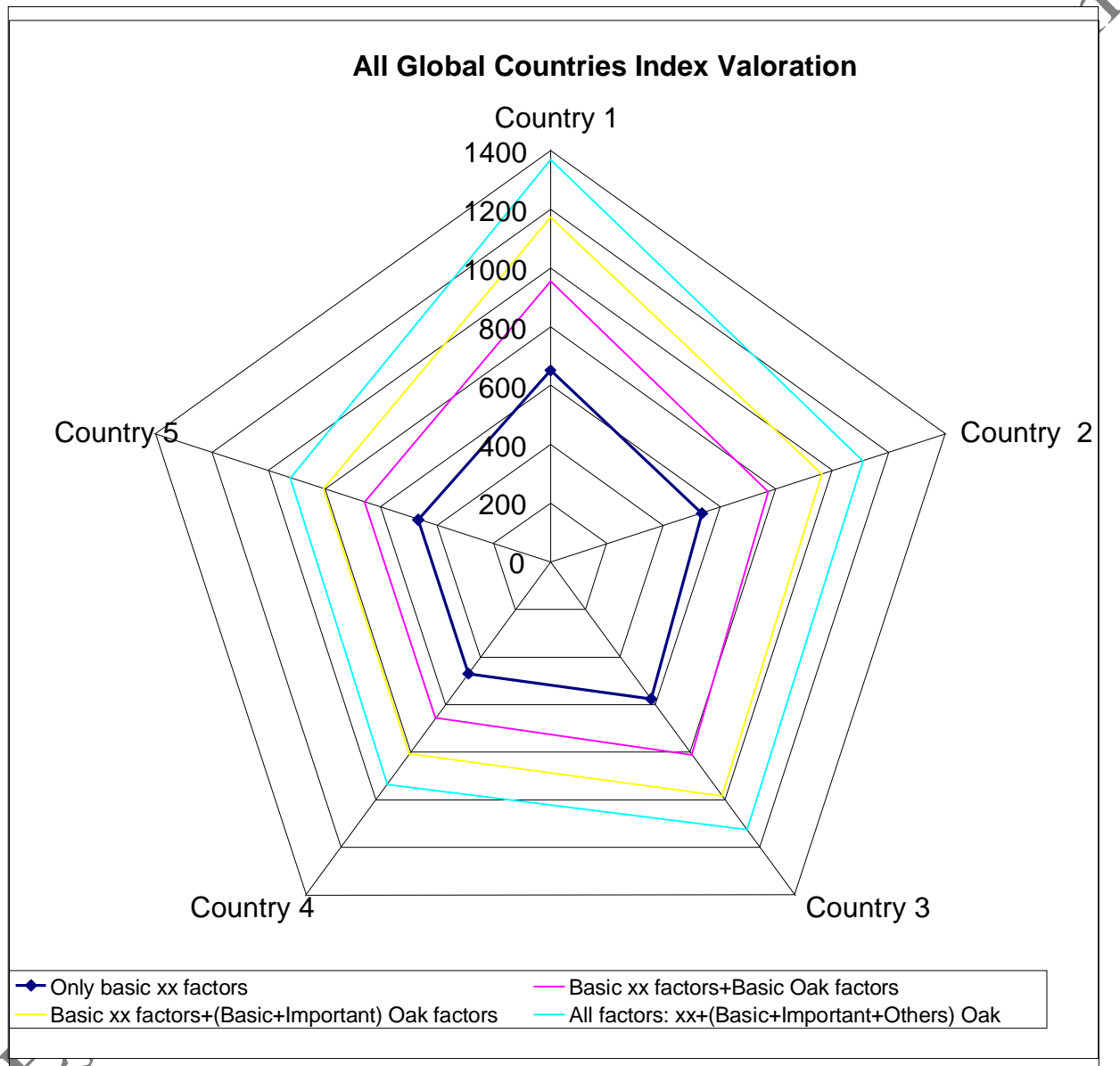
Number of factors for each option and total used on the evaluation:

Only basic xxxxxx factors	44				44
Basic xxxxxx factors+Basic Oak factors	44	57			101
Basic xxxxxx factors+(Basic+Important) Oak factors	44	57	43		144
All factors: Basic xxxxxxxx+(Basic+Important+Others) Oak	44	57	43	33	177

4. FACTORS VALUATION

Evaluation applied for each country is based on the direct application of proposed data which have been found for the same source, same years for all countries. For the rest, different sources and/or different years have been applied on basis of comparing and weighing, looking for common basis and correcting with the corresponding factors (CPI, growing, etc...) in those cases of different sources and/or temporary data.

5. FINAL RESULT

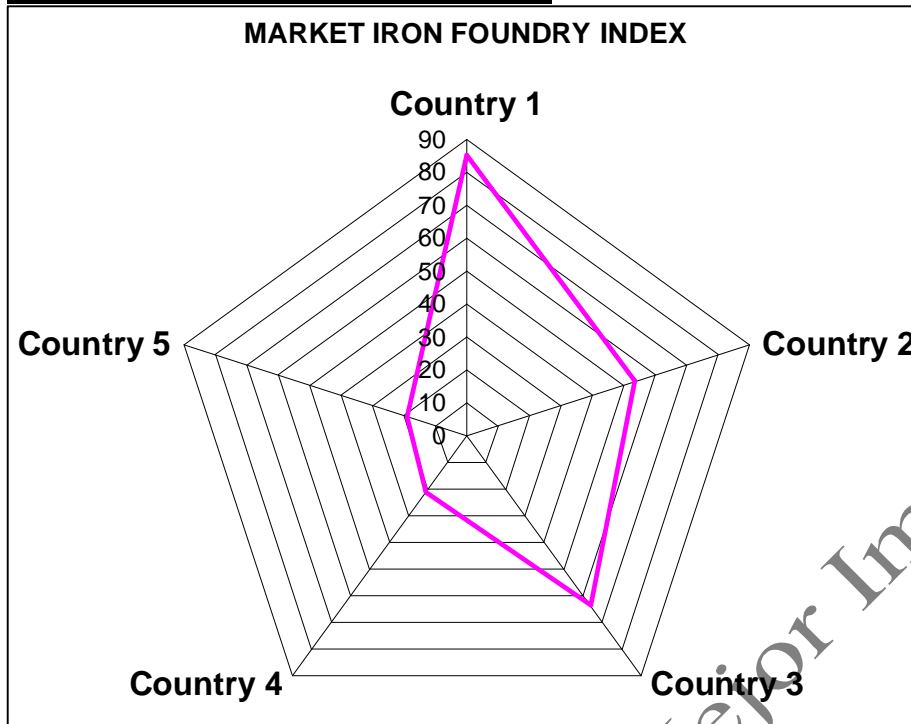


Completed all factors to evaluate, four options proposed and with weighing established for all of them, the global result in all options resolve that **the best location is Contry1** (thinking about some states of the former xxxxxx), **followed in second place by Country 3, Country 2 in third place** very near and farness and **finally Country 4 and Country 5.**

Introducing more factors, does not change the result significantly

ANALYSIS BY GROUPS OF FACTORS

INTERNAL "xxxxxxxxxxxxx" MARKET



We think about internal xxxxx market, Country 1 stands out very much due to it forms one of the main world markets and with obvious advantage the main European market. Country3 is an emerging market, prosperous and important, what it is taken in account when is evaluated. Country 4 and Country 5 are not relevant as markets, do not have self-consumption and show importing and exporting balance for these products absolutely.

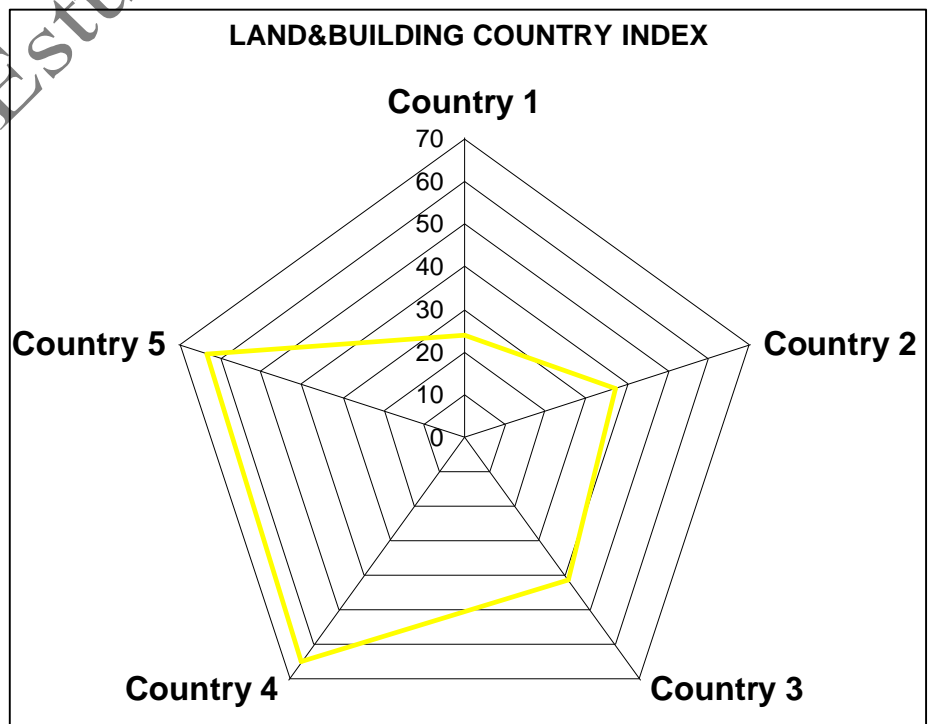
Country 1 à Country 3 à Country 2

AVIABILITY&COST FOR LAND AND CONSTRUCTION

Land costs can be quite different and especially lower in the two North African countries, where is quite possible to get aids and grants. Construction cost gets marked because of three factors:

- Construction rules
 - Thermo rule (cold)
 - Seismic rule
- Materials price
 - Of importing
- Manpower cost

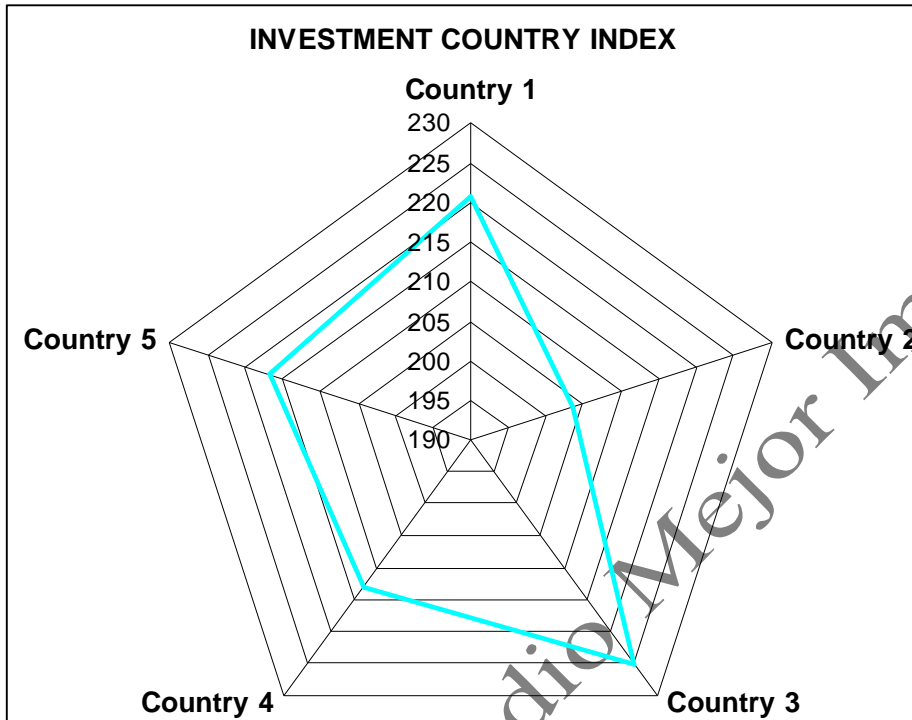
In the case of the countries we are talking about, productivity and manpower costs, absorb



transportation increase costs with difficulty. Lower difference understands due to the minor exigency thermo-climatic, since for Country 1 and Country 2, isolation thickness requirements and the need of a structure which holds possible snowfalls raise the price of the construction cost.

Country 4 à Country 5 à Country 3 à Country 2

INVESTMENT BACKGROUND



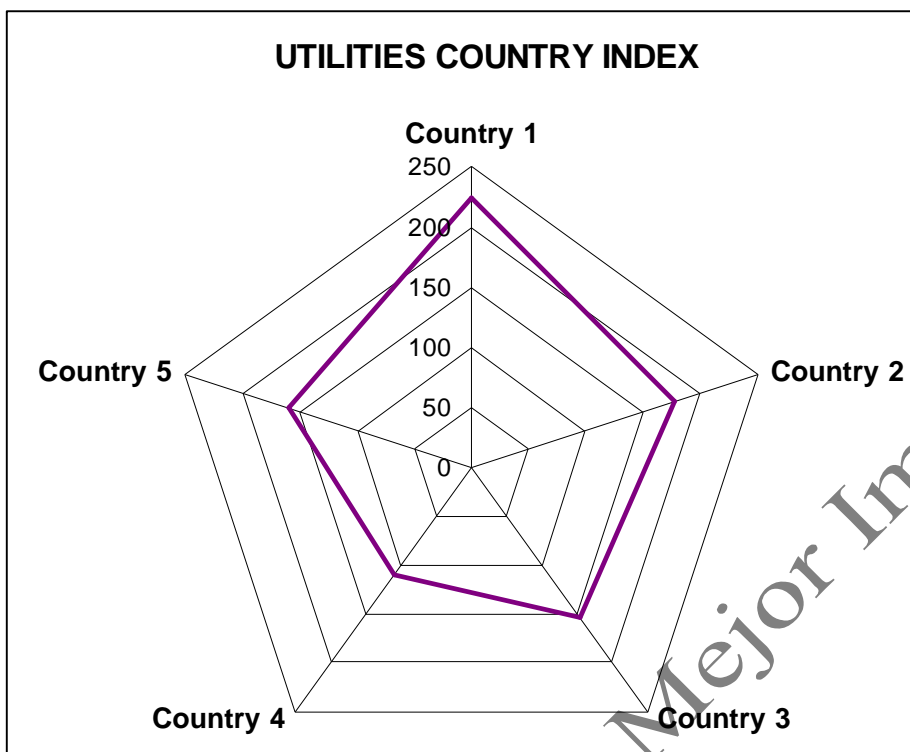
Whole factors which join together "favourable background for investments" do not indicate big difference among themselves, although Country 3 shows the best position because of last 5 years has been changed substantially in order to make ease the investments. Mainly it's has reduced the bureaucracy, tax rate and has a public and private banking system quite strong and updated. This good scenario is only saddened by the inflation behaviour which is the worst, more than expected, relating to 5 countries. Country 1 is close to Country 3 and should show

the best background for investing if it were not for the tax level which is the highest of the 5 ones and one of the highest of whole economics. Country 2 is weigh down because of its bureaucracy which is still show and boring and a banking sector which is fully-developing and little by little is adapting and growing to make suitable for the rest of the EU countries.

Country 3 à Country 1 à Country 5 à Country 4 à Country 2

UTILITIES

As regards to utilities, Country 1 goes back to stand out for its quality and quantity. It has a wide electricity transportation and production network of great quality linked with the countries around as well as wide natural gas supply through several gas lines which allow importing to Russia, one of



main suppliers of this kind of energy. It does not show neither problem for quality water availability nor sewage system networks and its communication infrastructures is one of the most advanced of the world. However it has a handicap, costs are the highest for whole services as well as special constructing costs regarding to the facilities for the implantation of a unit as xxxx requires, will be quite expensive than another 3 Islamic countries, considering that have to obey serious rules as to profiting and efficiency energetic and environmental.

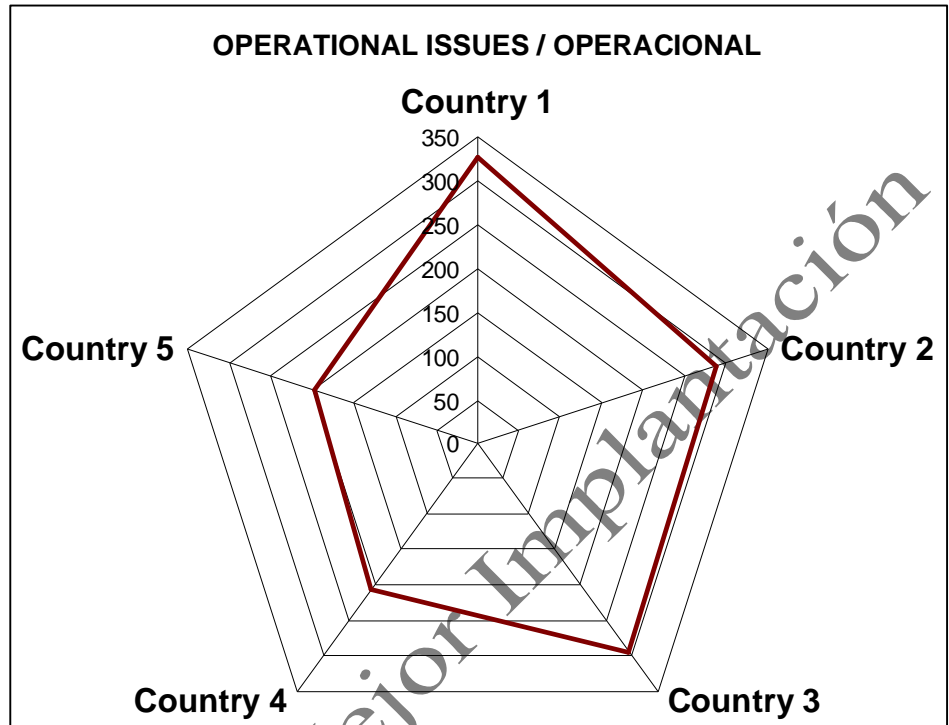
Country 4, Country 5 and Country 3 are placed afterwards, the first one, due to its developing and how is developing in infrastructures and services because of it is receiving important aids from EU after its adhesion, although must keep establishing important improvements and its costs are relatively high. Argelia shows as a country where due to its energy producer and exporting capability and costs of this, it is significantly profitable, although its infrastructures weakness in spite of there are some projects working for improving it and water shortage, damage the energetic costs advantages. Country 3 is also executing great improvement projects for its services infrastructures. (i.e.: Hydraulic project...) for improving its competitiveness and will increase more into next 5 years as an important receiver of aids from EU since it is a candidate to the adhesion in this community. Our customer should consider energetic costs for this country, have been weighed thinking in a location into an industrial area especially interesting, which it means that at present are granting (between 30-50%), although this kind of aids, in general, disappear when the country pass to take part to the EU (competition equality policy).

Country 1 à Country 2 à Country 5 à Country 3

OPERATIONAL FACTORS

Country 1, Country 3 and Country 2 show on top of the two countries of the North Africa, because of these its only one advantage are practically manpower costs, lower than the rest. In the European ones, Country 1 goes back to stand out for its advantages as to material supplying, supply logistic chain, production suppliers, services suppliers for outsourcing and availability of xxxxx technical trainers; all of these are only sadden by manpower highest costs, severe rigidity and few flexibility.

Country 3 and Country 2 have a similar valuation, with the important advantage for this last one, for being one of graphite worldwide producers and its proximity equipments and raw material suppliers.

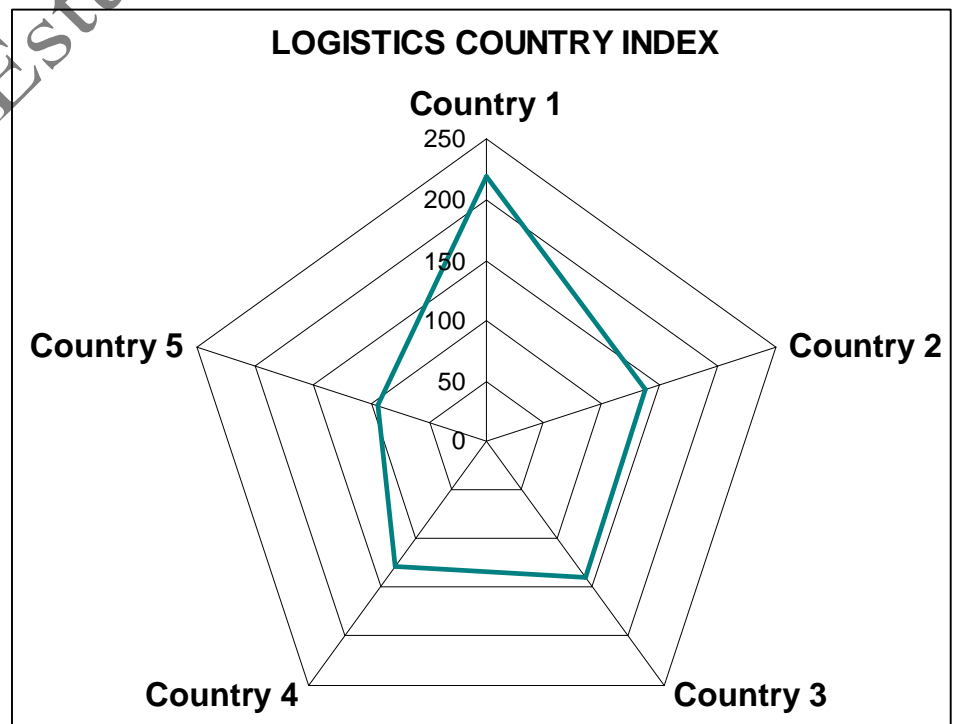


Country 1 à Country 2 à Country 3

LOGISTICS FACTORS

Regarding to logistics factors, quantity and quality of transportation infrastructures, by road and railway, maritime and aerial, costs connected to these items, the development of this kind of services-suppliers and the easiness and trading across borders cost as much exporting as importing, are substantially better in Country 1 as compared with the rest of countries.

As transportation and distribution of xxxxxx products do not seem, at the moment neither



probably in the future time, relevant within xxxxx countries (self-consumption), indeed can be important in Country 3 and Country 2 for their current capability and most of all because of their future development. Considering that probable a great part of the products which are produced can be exported to xxxxxx and Euro zone, costs from same xxxxx and xxxxx (neighbour and Euro zone) World represent a significant advantage in this section.

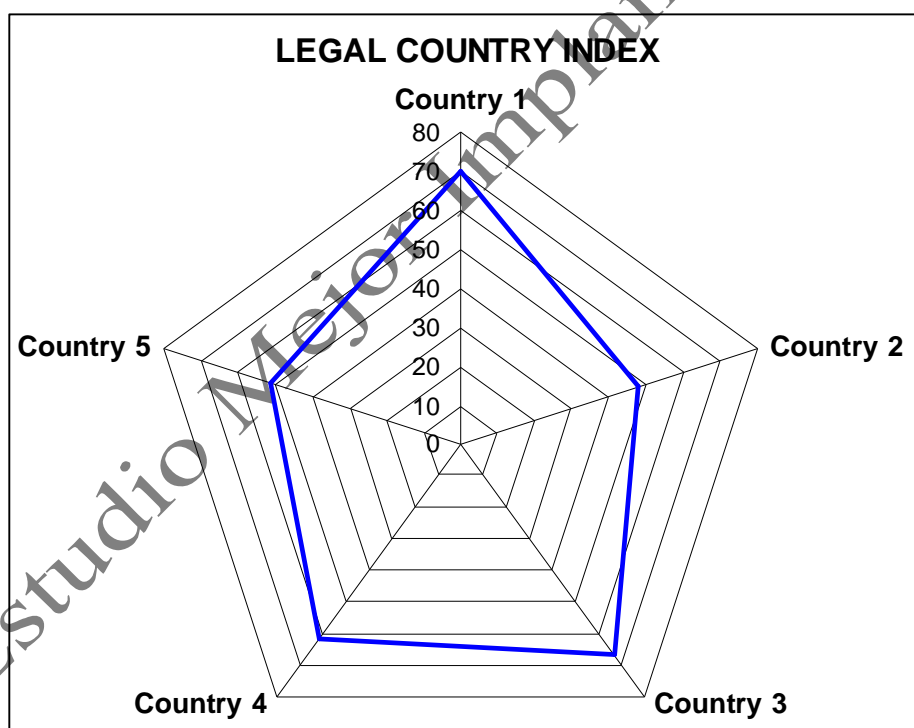
It is convenient to consider in case that, xxxxx products market corresponds significantly to the surroundings of the countries which will be mentioned following, it is working on the Project of IV Transportation Pan European Corridor which joins by road and railway xxxxx with xxxxx crossing Greece, Bulgaria, Romania, Hungary, Slovakia, Austria, Czechoslovakia and Germany, if would correspond the market with this central point, would favour notably Country 3 location.

Country 1 à Country 2 à Country 3

LEGAL FACTORS

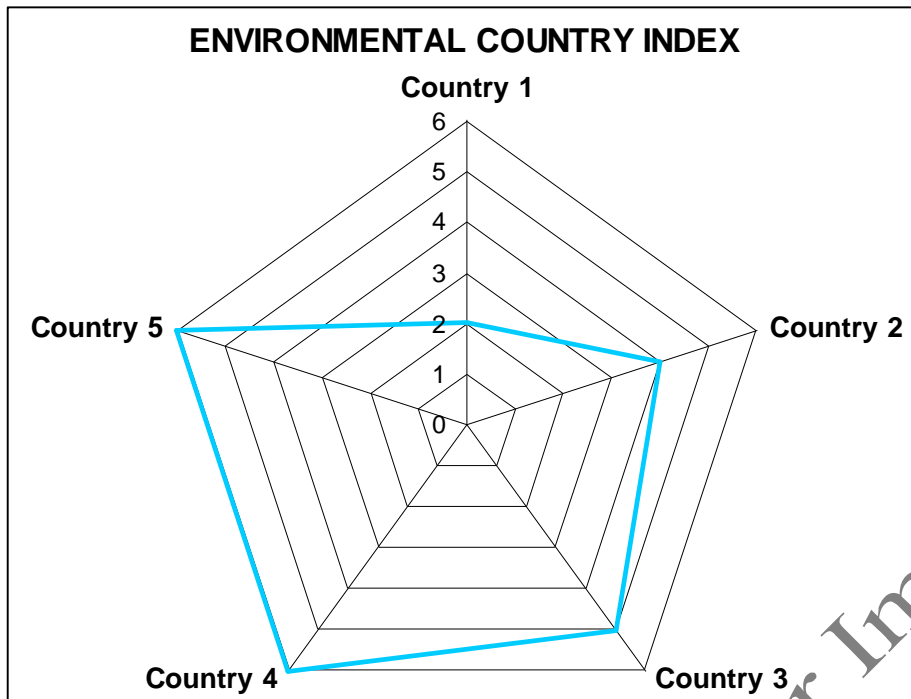
Legal factors move in time and cost variable which suppose for the companies accomplishing with the rules concerning to open and close a business, registry of deeds, contract compliance level legal load which the companies hold.

In this case can not be find many differences although globally go back to be favours Country 1, very close Country 3, followed by Country 4, Country 5 and Country 2 in last place.



Country 1 à Country 3 à Country 4

ENVIRONMENTAL FACTORS



When we evaluate this factor, we refer to the level and strictness of the s environmental rules application as country, and therefore to the associated costs in which companies are involved (facilities complexity and level required, tests, companies' liability, etc...). Most favourable countries are the North African ones, as mixture of lower industrializes degree and Country 3 permissiveness which still has not signed Kyoto obligations. Country 3 is

situated in a middle stand and County 1 is the country most underprivileged on the basis of a very high rules and exigency.

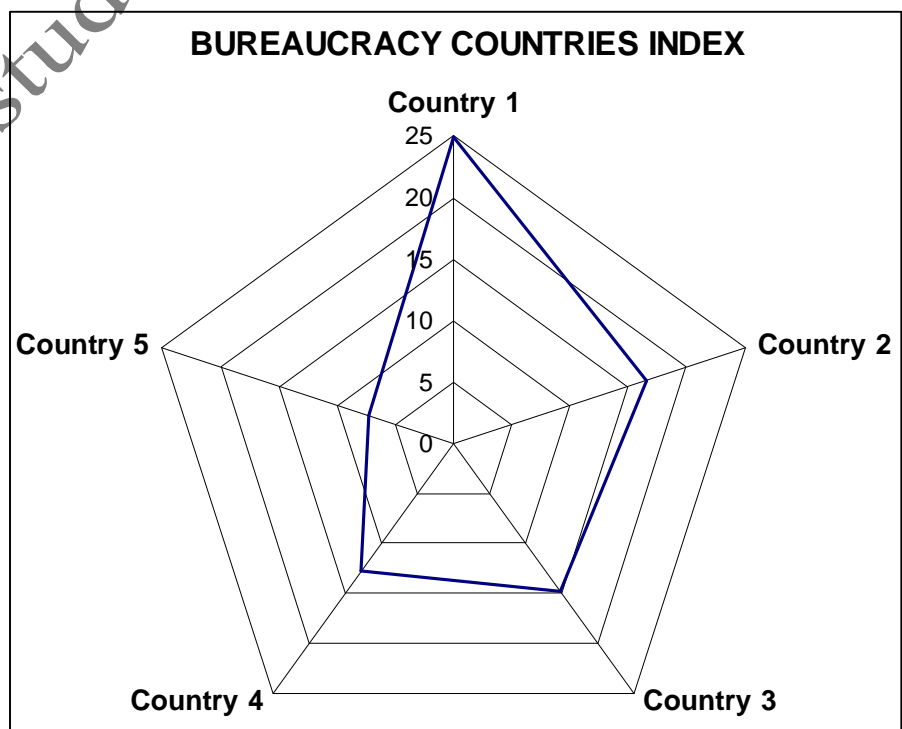
Country 5 – Country 4 à Country 3 à Country 2

BUREAUCRACY FACTORS

Within bureaucracy factors, we considered losses of time enforcing by government rules of the countries, do not have direct excuse regarding to regulate.

We also include in these factors package, corruption ones talking about stratum which regulate and mediate in licences, allowances and control and finally the good use which makes of the public funds.

Country 1 again, manifests as the country best located, at a distance is Country 2, followed by Country 3,

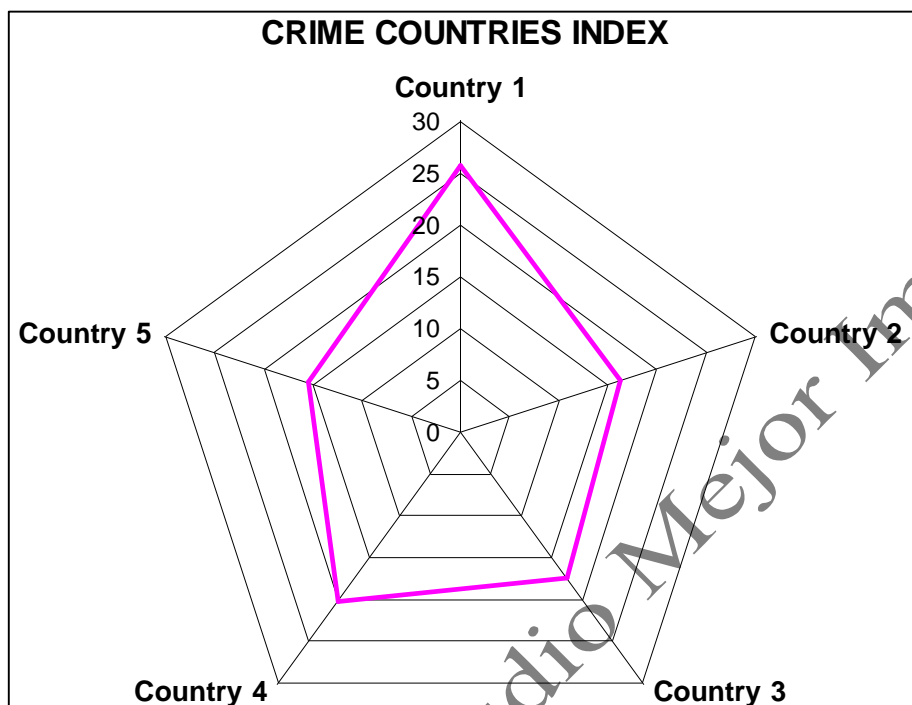


Country 4 y finally Country 5.

Country 1 à Country 2 à Country 3

CRIME FACTORS

We refer factors regarding to the safety level of the country, terrorism level and related costs which involved in the normal activity of a company.



Country 1 is the best of the 5 countries, following by Country 4 and Country 3, and finally by Country 2 and Country 5. It is important to emphasize in this research that any country is released at present, of terrorism but indeed into Islamic countries exist a great risk of Islamic terrorism. Countries as Country 4, Country 3 and in recent days, Country 5 has been subject to that attack. Our customer due to its internationality even companies-

factories can be considered, in the case of choosing one of them, provide of identity with the nationality more favourable as investor in order to reduce the risks for this concept, increase the fellow filling and getting maximum aids.

Country 1 à Country 4 à Country 3