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## Our Cover

The theme summarizes the EEI of today, and what its well-knit and highly qualified team of people aim for.

**WE CAN** - The Company is able to undertake the broadest range of construction projects, an ability unmatched by any single Filipino contractor today.

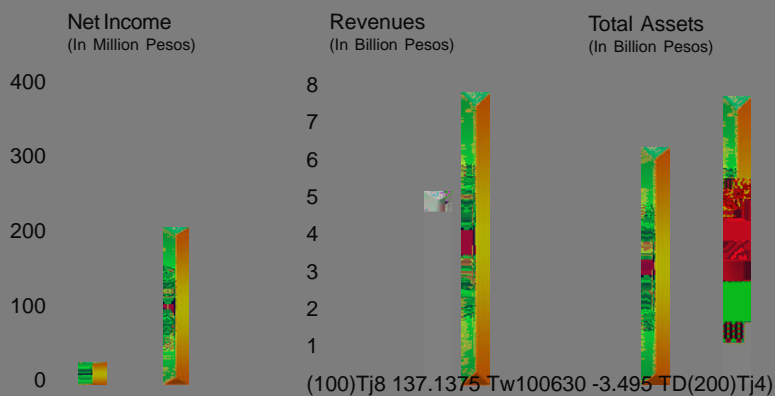
**WE DO** - EEI delivers its commitments. We build structures and facilities of every scale and complexity that customers require.

**WE WILL** - The Company will be a greater player in the global construction industry, as it learns and masters new fields, and technologies. It represents a resolve to build on past accomplishments and strengths to fulfill a new future.

## EEI Corporation and Subsidiaries

In Million Pesos, except financial ratios and per share data

	2007	2006
<b>For the Year</b>		
Revenues	<b>7,483</b>	5,259
EBITDA	<b>578</b>	523
Net income	<b>304</b>	200
Earnings per Share	<b>0.304</b>	0.219
<b>At Year End</b>		
Total Assets	<b>6,524</b>	5,845
Cash and Cash Equivalents	<b>659</b>	814
Bank Loans	<b>1,066</b>	848
Stockholders' Equity	<b>2,245</b>	1,506
<b>Financial Ratios</b>		
Current Ratio	<b>1.32</b>	1.19
Debt-to-Equity Ratio	<b>1.91 : 1.00</b>	2.88 : 1.00
Book Value per Share	<b>2.17</b>	1.65



**EI PERFORMED WELL** and according to plan in 2007.

Our net income hit P304 million, more than 50% over our 2006 income of P200 million. This was driven principally by revenues of P7.48 billion, a 42% increase from P5.26 billion in 2006.

Our balance sheet is stronger. Consolidated total assets stand at P6.52 billion at the end of 2007 compared to P5.84 billion the previous year.

We are likewise enhancing our engineering competencies to ensure our ability to design our process maps and structure the implementation of projects so that these will yield our desired financial returns.

Moreover, we have invested in state-of-the-art technology and equipment, in re-fleeting of our machinery and tools and in building higher capacity in our Fabrication Shop. This is while ensuring excellence in our operating methods and services as exhibited by our top-quality construction work and on-time project completion.

These investments are not only in project operations but also in the area of administrative and support business functions.

Our people are the jewels of the Corporation. Reflecting the expansion of our operations, our workforce has more than doubled from 8,778 in 2005 to 18,110 by 2007. We are ensuring that we will have the necessary manpower through aggressive recruitment, by tapping the cream of the crop and by running training programs to satisfy requirements of our projects, especially those overseas.

The directions we pursue are a continuation of what we started a few years ago. The positive results so far indicate that we have read the signs correctly and are on the right track.

On the whole, we achieved banner performance in 2007, yet know we can do better in 2008.

#### FORGING AHEAD

EEl has been characterized by a “Can-Do” attitude, of making a difference and displaying the capacity, skill and fortitude to build landmarks, structures and facilities of every kind and at every scale demanded by project owners.

While we have shown positive performance and the prospects look good, the Philippine economy remains volatile and is anticipated to be affected by the slowdown in the United States, triggered by its subprime mortgage and credit problems, and rising oil and food prices. The negative outlook has spread to global capital markets, which may dampen investments during the ensuing years.

Government plans to step up public sector and infrastructure project spending to sustain economic growth. Pump-priming and poverty alleviation programs are being implemented. But the Philippine government has to gain the confidence of the general public in its ability to generate and manage resources and funds.

Moving forward, EEl will do its share in nation building by erecting infrastructure and installations needed by industry to spur progress. This is while creating jobs and improving the quality of life of EEl

employees, partners and other stakeholders.

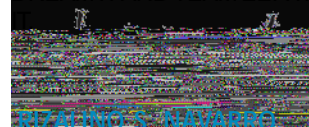
We will constantly be on guard, assessing the risks and finding the opportunities in every situation in every market. We will focus on gearing up and being ready for what lies ahead.

Your Management has challenged Team EEl — officers, managers, foremen, engineers and project workers — to rally behind these strategies and business goals.

EEl will forge ahead and remain competitive as the leading Filipino construction company. We are certain that a stronger, more fortified EEl will emerge in the coming few years.

We thank the Board of Directors and Shareholders for their continuing trust and support; our management, staff, and partners in the industry for their dedication; and, most of all, our customers for their trust in EEl's ability to convert their dreams into reality.

DREAM IT AND TEAM EEL WILL BUILD



Chairman of the Board



President and CEO

It takes exceptional expertise and skill to build a bridge as high as a nine-story building, construct some of the tallest structures in the country, and engineer and erect virtually any kind of industrial facility or installation anywhere in the world.

EEl is not just a corporation, an abstract entity. Composed of outstanding professionals and workers, it is a team driven by a singular mission.

EEl is a promise, a well-deserved reputation and a commitment of WE CAN, WE DO, and WE WILL.

Shoulder to  
shoulder, individual  
Team EEl  
members move  
as one to  
accomplish its  
collective mission  
and objectives

Projects of different class, of every scale, complexity, engineering specializations, from general contract to specialty construction.


We made our mark in steel fabrication and electro-mechanical construction, and are now the country's premiere construction company. We are the flagship of Philippine contracting in the Middle East and the global market.

No job is too big, no challenge is too daunting nor insurmountable. It is this can-do spirit that is the unmistakable, immutable quality of EEI.



 deliver world class service

 assure customer satisfaction

 be the contractor of choice of global EPC players

 create superior value

In peace, and even in times of war, in blistering deserts, mountains, steaming jungles, in the countryside and in cities, we construct oil refineries, petrochemical complexes, industrial plants, airports, roads and bridges, of every scale, size and complexity demanded by customers.

That is the EEL Brand Promise.

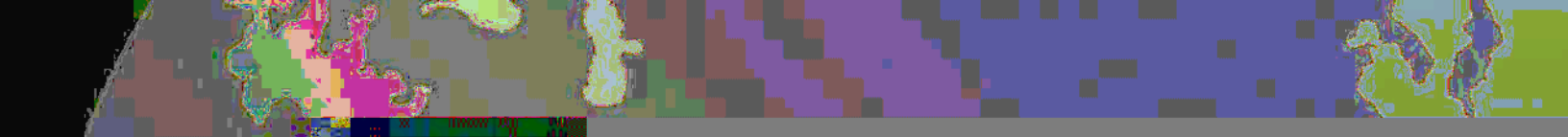
**Dream It, and We Will Build It!**

**ST. FRANCIS  
SHANGRI-LA  
PLACE.**

The Philippines' newest landmark is being constructed by EEL. The global-class development features twin-towers soaring to 60 floors, and will be the tallest buildings in the country when completed.

**Just another day in  
the work of Team EEL.**





**THE PHILIPPINE** economy expanded 7.3 percent in 2007, the highest in three decades.

The growth was driven by strong consumer spending amidst generally low inflation coupled with an appreciating Philippine peso, and healthy investments due to robust corporate profits, low interest rates and sustained investment inflows during the year.

The combination of positive economic variables translated to the continued hefty expansion of the construction industry.

In the fourth quarter alone, construction grew by 17.6 percent from 5.7 percent in the same period in 2006 largely due to the 33 percent hike in infrastructure spending by the government.

On the other hand, investments in private construction rebounded to 7.4 percent from negative 8.7 percent in 2006 on the back of the resurgence in capital expansion projects of the mining, manufacturing and petroleum industries.

**FINANCIAL HIGHLIGHTS**

In view of the positive macro-economic and industry environment, EEI capitalized on its position as a leading contractor to submit sterling results in 2007.

Consolidated revenues jumped 42 percent to P7.483 billion from P5.259 in 2006 as the Company benefited from robust production, principally from overseas operations.

Consolidated net income before tax rose 65 percent to P415 million from P251 million in 2006. Net income

after tax increased 52 percent to P304 million from the P200 million it earned the previous year. On a per share basis, after tax earnings amounted to P0.304, up compared to the P0.219 posted in 2006.

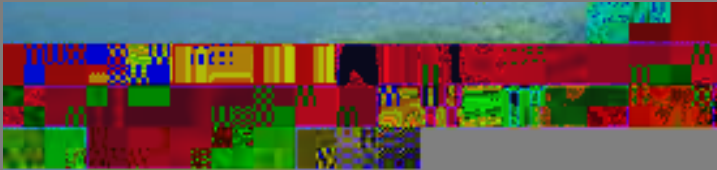
The Company's consolidated total assets stood at P6.524 at the end of 2007, 12 percent higher than the P5.845 billion as of the year before.

The rise is attributable to increased scale of business operations from higher production during the year in review. Current assets increased 7 percent from P4.537 billion the previous year to P4.850 billion.

Non-current assets likewise increased 28 percent from P1.308 billion to P1.674 billion due to the expansion in property, plant and equipment to P382 million from P218 million as of 2006 and the increase in investments.



EEl has been constructing and erecting structures and facilities that have not only changed the skyline and the industrial landscape but have also given shape to the way we live, both in the Philippines and abroad. The Company is making a great difference in the economy and progress of the nation.

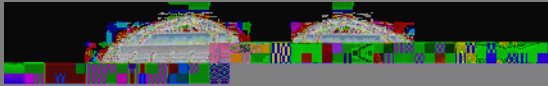


*Structural and electro-mechanical works at the Sharq yproject in Saudi Arabia*



*The 720 meter Pasig Potrero Bridge along the Subic-Clark-Tarlac Expr*

*CAMANAVA Flood control Project*





## SUBSIDIARY OPERATIONS

### EQUIPMENT ENGINEERS, INC. (EE)

2007 was a banner year for Equipment Engineers, Inc. as it rebounded strongly from the previous year's loss with a net income after tax of P18 million.

EE's return to profitability was achieved through a combination of higher volumes and better margins

from the sales of equipment, machinery and supplies.

Revenues hit P177 million, up by 10 percent over the previous year's P160 million. The growth in merchandise sales and commissions for construction, manufacturing and other industrial accounts more than offset the decline in revenues from service contracts.

Major orders served during the year were Cetco bentonite waterproofing

materials for various projects of Avida Land (Waterstop), the Cavite sanitary landfill project of Infracore (Bentomat), Century Properties ( Voltex) as well as the burgeoning requirements of each of our dealers; Hyundai loaders and excavators for Hanjin Heavy Industries; UPP pipes for Petron and Pilipinas Shell; TAC building management systems for Asea Brown Boveri (ABB), Hyundai Engineering, and Fitness First; and Ametek power instruments for Transco.

Construction is a business activity that makes use of a multitude of materials, supplies, equipment and people of different skills and disciplines.

The chain of the activities involved in, say, constructing a building or fabricating pipes and piperacks for industrial plants, requires a large volume of various supplies and materials.

With customers always demanding increasing value, EEI has pursued Supply Chain Management (SCM) as a key

strategy in generating efficiencies and profitability in all its projects and operating activities at each step of the production chain.

The underlying goal is to produce value in the strategic procurement of large-volume and high-cost materials and supplies in each of the separate construction activities of EEI and in the movement and distribution of materials, and finished products, equipment and machinery, to different sites and projects in the Philippines and other countries.

In forming the SCM organization, the Company's initial objective is to install the business processes and mindset of generating business value from end-to-end management of materials and distribution activities throughout the construction process. This is not just for discrete, but unrelated improvements or savings.

SCM spans the sourcing, movement and storage of raw materials, work-in-process inventory and physical distribution of equipment, materials, supplies and finished goods from the point-of-origin to the point-of-consumption or customer turnover.

Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, sub-contractors and other third-party service providers all the way to customers.

*Equipment Engineers Inc.  
Management Group is  
spearheading  
the SCM*

*Storage tanks for the Ingasco Terminal facility*

A promising new product line, Kabel power cables, received an introductory boost with a major contract from Atlas Mining's Carmen Copper unit for 2008.

EE continuously fine-tunes its product portfolio to strengthen its position as a preferred supplier to its diverse industrial markets and is thus poised to take advantage of the country's general economic expansion.

A major corporate strategic initiative was instituted through EE with its transformation into the EEI Group's supply chain management arm.

EE has absorbed and taken over the entire procurement function of its parent company and is currently establishing an e-procurement hub to automate and transform this critically important area into a competitive strength of EEI.

**EEI CONSTRUCTION & MARINE, INC. (ECMI)**

The year 2007 marked another period of improvement for EEI Construction and Marine, Inc. (ECMI)

ECMI posted revenues of P98.52 million in 2007 against the P80.98 million in 2006. Likewise, the gross contribution increased by 37% representing a total amount of P32.90 million and resulting in a net income of P8.41 million.

ECMI continued to leverage its top-class reputation as the prime fabricator of structural steel and tank products. Production principally came from the three major and leading oil companies and from the parent company which contracted the fabrication of various structural works to ECMI.

During the year, it undertook the construction of various VCR and other tanks of different capacities of Petron Corporation for its depot and other facilities. It also fabricated AGT and steel trestle for Petron's CME project.

Various fabrication and repair works for Chevron (Caltex) and Pilipinas Shell were likewise completed.

EEI contracted ECMI to undertake the fabrication and erection of various steel works at the former's projects for Hanjin, Apex Mining,

Petron Daelim Petro FCC, JGC Coral Bay Nickel Mining and Malayan Colleges during the year.

ECMI anticipates positive outlook in 2008 in view of workable backlog of P20 million, as well as favorable prospects for more projects in other fronts.



In particular, the implementation of the Clean Air Act and Biofuels Act is putting in the pipeline construction projects for ethanol and CME production facilities by various proponents.

## EEI POWER CORPORATION

EEI Power Corporation (EEIP) continued to be negatively affected by runaway oil prices in 2007.

Total revenues and net income



GAIC also expanded deployment volumes to traditional clients in the Middle East, Kazakhstan, Canada, Malaysia, Singapore and Indonesia. Client retention programs were implemented to maintain traditional accounts. On the other hand, it achieved strides in gaining new clients in Australia, Angola, Qatar, Saudi Arabia, United Arab Emirates and Libya.

GAIC Manpower Services, Inc. (GAMSI) – its domestic manpower services subsidiary –increased net earnings by 6 percent to P5.78 million this year from revenues of P152 million.

GAMSI was affected by the reduction of manpower levels in its in-house and outside accounts and termination of certain accounts. This was mitigated by the acquisition of non-Group janitorial and building maintenance contracts. The YGC companies remained the major customers of GAMSI.

Outsourced business process subsidiary GAIC Professional Services, Inc. (GAPSI) exceeded expectations and registered satisfactory results with revenues of P31.43 million and a net income of P3.19 million during the year.

GAPSI managed to grow its outsourced financial and administrative backroom services with the addition of new corporate contracts.

GAIC's business outlook remains bright due to adequate backlog and anticipated conclusion of major prospects under negotiations. Traditional customers are likely to stay with increased manpower requirements in 2008. In new markets, it is expected to generate business growth from newly acquired clients in Australia, Angola, KSA, UAE, and Qatar.

GAIC will continue to probe other markets such as New Zealand, Maldives, Romania and Bahrain, while pursuing sea-based manpower business.

GAMSI, in turn, expects to achieve improved performance in 2008 as it continues to explore other related



*Balance-of-plant construction in the Sharq Ethylene Plant Project in the Kingdom of Saudi Arabia*



*Inco-Goro complex in New Caledonia*

business opportunities and as it expands operations to Cebu, Bacolod, Cagayan de Oro and Davao.

GAPSI aims to pursue opportunities in contracted services accounting and audit-related functions in connection with the new standards on financial reporting and audit of the SEC.

On the whole, with favorable market conditions and positive prospects in the corporate sector in both the overseas and domestic markets, GAIC Group anticipates another profitable year in 2008.

RIZALINO S. NAVARRO  
Chairman of the Board

PERRY Y. UY  
Vice Chairman

ROBERTO JOSE L. CASTILLO  
President and CEO

FILEMON T. BERBA  
Director

HELEN Y. DEE  
Director

ERNESTO S. DE CASTRO  
Director

ROBERT F. DE OCAMPO  
Director

TEODORO Q. PENA  
Director

WILFRIDO E. SANCHEZ  
Director



## DIRECTORY

### CORPORATE OFFICE

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E-mail: [eeicenter@eei.com.ph](mailto:eeicenter@eei.com.ph)

### MAILING ADDRESS

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Philippines

### WEBSITE ADDRESS

<http://www.eei.com.ph>

### CEBU REGIONAL OFFICE

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### FABRICATION SHOPS

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Batangas, Philippines  
Telephone No.: (043)727-1601 to 03;  
(043)727-1271  
Facsimile No.: (043)727-1727

### OVERSEAS JOINT VENTURE

#### Al-Rushaid Construction Co., Ltd.

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(09663)898-4049  
Facsimile No.: (09663)864-6345  
E-mail: [vagayya@arcc-eei.com](mailto:vagayya@arcc-eei.com)

### SUBSIDIARIES

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#### EEI Construction and Marine, Inc.

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#### EEI Realty Corporation

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Facsimile No.: (632) 634-7192  
E-mail: [eeirealty@eei.com.ph](mailto:eeirealty@eei.com.ph)

#### Gulf Asia International Corp.

#### GAIC Manpower Services, Inc.

#### GAIC Professional Services, Inc.

Ground Floor, Topy Building  
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Quezon City 1110, Philippines  
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(632) 635-7419  
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E-mail: [gaic@eei.com.ph](mailto:gaic@eei.com.ph)

### BANKERS AND FINANCIAL INSTITUTIONS

Rizal Commercial Banking Corp.  
RCBC Capital Corp.  
RCBC Savings Bank  
Malayan Insurance Co., Inc.  
Bank of Commerce  
Banco De Oro  
Bank of the Philippine Islands  
BNP Paribas  
BPI Family Savings Bank  
China Banking Corporation  
First Malayan Leasing  
Hongkong Shanghai Banking Corporation  
Land Bank of the Philippines  
Maybank Philippines  
Malayan Savings Bank  
Orix Metro Leasing and Finance Corp.  
Philippine Business Bank  
Philippine Commercial Capital Corp.  
PCI Leasing  
Philippine National Bank  
Sterling Bank of Asia  
Société Générale Calédonienne de Banque  
Union Bank of the Philippines  
United Coconut Planters Bank

### TRUSTEES

Rizal Commercial Banking Corporation

### AUDITORS

Sycip Gorres Velayo & Co.  
Certified Public Accountants

### LEGAL COUNSELS

Poblador, Bautista and Reyes

