

**Algarve International B.V.**  
**Amsterdam**  
**Annual Report and Accounts**  
**December 31, 2002**

**Algarve International B.V.**  
**Amsterdam**  
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**Algarve International B.V.**  
**Amsterdam**  
**Annual Report**  
**December 31, 2002**

The Managing Directors are pleased to present the annual report and accounts of the Company for the financial year which ended on December 31, 2002.

**Overview of Activities**

No dividends have been paid or proposed by the directors during the year.

During the period under review, the Company recorded a net profit of EUR 281,900 details of which are set out in the attached Profit and Loss Account.

**Future Developments**

The Management does not anticipate any major changes during the coming financial year.

**Post Balance Sheet Events**


No matters or circumstances of importance have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

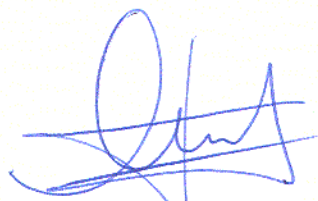
Amsterdam  
October 16, 2003

The Managing Directors,

  
Trust International Management (T.I.M.) B.V.

  
Domingues dos Santos, Vitor

  
Pereira Lopes, Manuel

  
Clemente Sanchez, Francisco

  
Miguel, Eugenio

**Algarve International B.V.**  
**Amsterdam**  
**Balance Sheet as at December 31, 2002**  
**(before appropriation of results)**

	<i>Notes</i>	<i>12/31/2002</i>	<i>12/31/2001</i>
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Loan tranches A, B and C receivable	(4)	211,313,013	132,084,449
		<u>211,313,013</u>	<u>132,084,449</u>
<b>Current Assets</b>			
Interest receivable loan tranches A, B and C	(5)	601,043	550,893
Prepaid expenses		1,620	1,620
Cash at banks	(6)	427,267	283,780
Intercompany receivable	(7)	76,802	(121,023)
		<u>1,106,732</u>	<u>715,270</u>
<b>TOTAL ASSETS</b>		<u><u>212,419,745</u></u>	<u><u>132,799,719</u></u>
 <b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>Shareholder's Equity</b>			
Issued and fully paid share capital	(8)	18,000	18,000
Retained earnings		99,143	0
Net result for the year		281,900	99,143
		<u>399,043</u>	<u>117,143</u>
 <b>Long-term Liabilities</b>			
Loan tranches A, B and C payable	(9)	211,313,013	132,084,449
 <b>Current Liabilities</b>			
Interest payable loan tranches A, B and C	(10)	577,599	429,213
Provision corporate tax 2002		89,125	53,385
Suspense Bank account Santander		0	79,492
Accounts Payable and accrued expenses	(11)	40,965	36,037
		<u>707,689</u>	<u>598,127</u>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<u><u>212,419,745</u></u>	<u><u>132,799,719</u></u>

The accompanying notes form part of these accounts.

**Algarve International B.V.**  
**Amsterdam**  
**Profit and Loss Account for the Period Ended December 31, 2002**

	<i>Notes</i>	<i>12/31/2002</i>	<i>12/31/2001</i>
<b><u>Financial Income/(Loss)</u></b>			
Interest expense loans tranches A,B and C	(12)	(9,570,840)	(4,063,163)
Interest income loans tranches A,B and C	(13)	9,990,962	4,184,842
Currency exchange result		0	493
Interest income banks		8,641	30,356
		428,763	152,528
<b><u>Operating Income/(Loss)</u></b>			
General and administrative expenses	(14)	(401,771)	(4,531,232)
Oncharge expenses to Euroscut	(15)	401,771	4,531,232
		0	0
Result before provision for corporate tax		428,763	152,528
Provision for corporate tax	(16)	(146,863)	(53,385)
<b>NET RESULT FOR THE YEAR</b>		281,900	99,143

The accompanying notes form part of these accounts.

**Algarve International B.V.**  
**Amsterdam**  
**Notes to the Annual Accounts**  
**December 31, 2002**

**1 Group Affiliation and Principal Activities**

The Company, incorporated on April 23, 2001 is a limited liability company with its statutory seat in Amsterdam, The Netherlands.

The principal activity of the Company is the holding and financing of group companies.

**2 Basis of Presentation**

The accompanying annual accounts have been prepared in accordance with principles of accounting generally accepted in The Netherlands and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Title 9.

**3 Significant Accounting Policies**

**a General**

Assets and liabilities are stated at face value unless indicated otherwise.

**b Financial Fixed Assets**

The investments in subsidiaries will be stated at historical acquisition cost or, in case of a permanent impairment of the value of the investment, at lower of historical acquisition cost or market value.

**c Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated into Euro at rates of exchange applicable at the balance sheet date.

Transactions in foreign currencies are translated at the rates in effect at the dates of transactions.

**d Recognition of Income and Expense**

Dividends from investments are recorded as income in the year they are declared.

Other income and expenses, including taxation, are recognized and reported on an accrual basis.

**Algarve International B.V.**  
**Amsterdam**  
**Notes to the Annual Accounts**  
**December 31, 2002**

<b>4 Loan Tranches A, B and C receivable</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
<b>Tranch A - Loan 6.65% to Euroscut</b>		
EUR 126,500,000 from 07/05/2001 until 07/05/2027 at a rate of 6.65%		
- 7/05/2001 Principal amount	126,500,000	126,500,000
	<u>126,500,000</u>	<u>126,500,000</u>
<b>Tranch B - Loan 6.25% to Euroscut</b>		
EUR 130,000,000 from 07/02/2001 until 12/31/2003 at a rate of 6.25%		
- 5/15/2002	7,812,000	0
- 6/17/2002	8,466,000	0
- 7/15/2002	7,727,000	0
- 8/16/2002	7,809,000	0
- 9/16/2002	8,324,000	0
- 10/15/2002	9,498,000	0
- 11/15/2002	10,465,000	0
- 12/16/2002	17,175,000	0
	<u>77,276,000</u>	<u>0</u>
<b>Tranch C - VAT Loan and L/C</b>		
VAT Loan, EUR 12,500,000 from 07/02/2001 until 12/31/2004 at Euribor + 0.3% + 0.25%	5,584,449	5,584,449
- 2/19/2002 Repayment	(4,095,038)	0
- 3/15/2002 Payment	1,312,817	0
- 4/15/2002 Payment	817,505	0
- 8/16/2002 Repayment	(3,619,733)	0
- 8/16/2002 Payment	1,669,627	0
- 9/16/2002 Payment	1,985,485	0
- 11/15/2002 Payment	1,944,231	0
- 12/16/2002 Payment	1,937,670	0
	<u>7,537,013</u>	<u>5,584,449</u>
VAT L/C, EUR 12,500,000 from 07/02/2001 until 12/31/2003 at Euribor + 0.3% + 0.25%		
- No payments yet	0	0
	<u>0</u>	<u>0</u>
	<u>211,313,013</u>	<u>132,084,449</u>

**Algarve International B.V.**  
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**Notes to the Annual Accounts**  
**December 31, 2002**

<b>5 Interest Receivable Loan Tranches A, B and C</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
Tranch A - Loan 6.65% to Euroscut	391,803	494,473
Tranch B - European Investment Bank	198,258	0
Tranch C - VAT Loan	10,982	56,420
	<u>601,043</u>	<u>550,893</u>
<b>6 Cash at Banks</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
Citco Bank Nederland	0	17,883
Citibank	427,267	265,897
	<u>427,267</u>	<u>283,780</u>
<b>7 Intercompany receivable</b>		
Euroscut	<u>76,802</u>	<u>(121,023)</u>

**8 Shareholder's Equity**

The authorized share capital of the Company is EUR 90,000 divided into 90,000 shares of EUR 1 each.

At balance sheet date a total of 18,000 shares were issued and fully paid.

Movements in the shareholder's equity accounts are as follows:

	<i>12/31/2001</i>	<i>Changes for the Year</i>	<i>12/31/2002</i>
Issued and fully paid share capital	18,000	0	18,000
retained earnings	0	99,143	99,143
Net result for the year	99,143	(99,143)	
		<u>281,900</u>	<u>281,900</u>
	<u>117,143</u>	<u>281,900</u>	<u>399,043</u>

**Algarve International B.V.**  
**Amsterdam**  
**Notes to the Annual Accounts**  
**December 31, 2002**

<b>9 Loan Tranches A, B and C payable</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
<b>Tranch A - Guaranteed 6.4% Bonds</b>		
EUR 126,500,000 from 07/05/2001 until 07/05/2027 at a rate of 6.4%		
- 7/05/2001 Receipt	126,500,000	126,500,000
	<u>126,500,000</u>	<u>126,500,000</u>
<b>Tranch B - European Investment Bank</b>		
EUR 130,000,000 from 07/02/2001 until 12/31/2003 at a rate of 6%		
- 5/15/2002	7,812,000	0
- 6/17/2002	8,466,000	0
- 7/15/2002	7,727,000	0
- 8/16/2002	7,809,000	0
- 9/16/2002	8,324,000	0
- 10/15/2002	9,498,000	0
- 11/15/2002	10,465,000	0
- 12/16/2002	17,175,000	0
	<u>77,276,000</u>	<u>0</u>
<b>Tranch C - VAT Loan and L/C</b>		
VAT Loan, EUR 12,500,000 from 07/02/2001 until 12/31/2004 at Euribor + 0.3%	5,584,449	5,584,449
- 2/19/2002 Repayment	(4,095,038)	0
- 3/15/2002 Payment	1,312,817	0
- 4/15/2002 Payment	817,505	0
- 8/16/2002 Repayment	(3,619,733)	0
- 8/16/2002 Payment	1,669,627	0
- 9/16/2002 Payment	1,985,485	0
- 11/15/2002 Payment	1,944,231	0
- 12/16/2002 Payment	1,937,670	0
	<u>7,537,013</u>	<u>5,584,449</u>
VAT L/C, EUR 12,500,000 from 07/02/2001 until 12/31/2003 at Euribor + 0.3%		
- No receipt yet	0	0
	<u>0</u>	<u>0</u>
	<u>211,313,013</u>	<u>132,084,449</u>

**Algarve International B.V.**  
**Amsterdam**  
**Notes to the Annual Accounts**  
**Dezembro 31, 2002**

<b>10 Interest Payable Loan Tranches A, B and C</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
Tranch A - Bonds 6.40%	377,074	377,074
Tranch B - European Investment Bank	190,328	0
Tranch C - VAT Loan	10,197	52,139
	<u>577,599</u>	<u>429,213</u>
<b>11 Accounts Payable and accrued expenses</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
Accrued management fees	10,918	13,953
Accrued accounting fees	11,211	2,380
Accrued disbursement fee	1,416	1,489
Accrued audit fees	10,140	3,000
Accrued tax advisory fees	3,000	3,000
Capital tax payable	0	54
VAT L/C fees payable	330	3,618
VAT guarentee fees payable	833	5,416
Accounts payable	3,117	3,127
	<u>40,965</u>	<u>36,037</u>
<b>12 Interest expense loans tranches A,B and C</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
<b>Tranch A - Guarenteed 6.4% Bonds</b>		
EUR 126,500,000 from 07/05/2001 until 07/05/2027 at a rate of 6.4%	8,096,000	3,992,548
<b>Tranch B - European Investment Bank</b>	1,335,040	0
<b>Tranch C - VAT Loan and L/C</b>		
VAT Loan, EUR 12,500,000 from 07/02/2001 until 12/31/2004 at Euribor + 0.3%	139,800	70,615
	<u>139,800</u>	<u>70,615</u>
	<u>9,570,840</u>	<u>4,063,163</u>

**Algarve International B.V.**  
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**Notes to the Annual Accounts**  
**Dezembro 31, 2002**

<b>13 Interest income loans tranches A,B and C</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
<b>Tranch A - Loan 6.65% to Euroscut</b>		
EUR 126,500,000 from 07/05/2001 until 07/05/2027 at a rate of 6.65%	8,412,250	4,109,947
<b>Correction 2001</b>	<u>38,560</u>	
	8,450,810	
 <b>Tranch B - Loan 6.25% to Euroscut</b>	 1,390,664	 0
 <b>Tranch C - VAT Loan and L/C</b>		
VAT Loan, EUR 12,500,000 from 07/02/2001 until 12/31/2004 at Euribor + 0.3% + 0.25%	149,488	74,895
	<u>9,990,962</u>	<u>4,184,842</u>
 <b>14 General and Administrative Expenses</b>	 <i>12/31/2002</i>	 <i>12/31/2001</i>
Management fees	25,988	23,619
Accounting fees	20,731	2,425
Notary fees	0	3,815
Tax advisory fees	9,591	3,000
Audit fees	16,660	3,000
General expenses	2,655	37,651
Bank charges	13	111
Bonds fees	0	506,000
VAT L/C fees	13,166	4,540
VAT guarentee fees	19,010	7,083
Guarentee expenses	293,957	3,939,889
Capital tax	0	99
	<u>401,771</u>	<u>4,531,232</u>

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**Notes to the Annual Accounts**  
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<b>15 Oncharge expenses to Euroscut</b>	<i>12/31/2002</i>	<i>12/31/2001</i>
Management fees	25,988	23,619
Accounting fees	20,731	2,425
Notary fees	0	3,815
Tax advisory fees	9,591	3,000
Audit fees	16,660	3,000
General expenses	2,655	37,651
Bank charges	13	111
Bonds fees	0	506,000
VAT L/C fees	13,166	4,540
VAT guarentee fees	19,010	7,083
Guarentee expenses	293,957	3,939,889
Capital tax	0	99
	<u>401,771</u>	<u>4,531,232</u>

**16 Provision for Corporate Tax**

The corporate tax is based on the fiscal result, taking into account that certain income and expenses as reported in the profit and loss account are exempted from taxation.

Corporate income tax 2001	188	53,385
Corporate income tax 2002	146,675	0
	<u>146,863</u>	<u>53,385</u>

**17 Directors and Employees**

The Company has no employees other than its directors.

The Company had five directors during the year. No loans or advances have been given to or received from the directors.

The Company has no supervisory directors.

**Algarve International B.V.**  
**Amsterdam**  
**Supplementary Information**  
**Dezembro 31, 2002**

**1 Proposed Appropriation of Results**

Subject to the provision under Dutch law that no dividends can be declared until all losses have been recovered, profits are at the disposal of the Annual General Meeting of Shareholders in accordance with the Company's Articles of Incorporation.

The management proposed not to declare a dividend and to add the net result for the year to the retained earnings.

This proposal has not been reflected in the accompanying annual accounts.

**2 Post Balance Sheet Events**

No matters or circumstances of importance have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

**3 Auditors' Report**

The Financial Statements of the Company will be audited.

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**Deloitte  
& Touche**

Algarve International BV

Date  
February 25, 2003

From  
J. Penon

## **Auditors' report**

### **Introduction**

We have audited the financial statements of Algarve International BV (Amsterdam) for the year 2002. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Scope**

We conducted our audit in accordance with auditing standards generally accepted in The Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the company as at December 31, 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in The Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of The Netherlands Civil Code.

*Deloitte & Touche Accountants*

**Deloitte  
Touche  
Tohmatsu**