

Algarve International B.V.
Amsterdam
Annual Report and Accounts
December 31, 2003

Algarve International B.V.
Amsterdam
December 31, 2003

INDEX	<u>Page</u>
Annual Report	2
Annual Accounts	
Balance Sheet as at December 31, 2003	3
Profit and Loss Account for the Period Ended December 31, 2003	4
Notes to the Annual Accounts	5
Supplementary Information	14
Proposed Appropriation of Results	
Post Balance Sheet Events	
Auditors' Report	

Algarve International B.V.
Amsterdam
Annual Report
December 31, 2003

The Managing Directors are pleased to present the annual report and accounts of the Company for the financial year which ended on December 31, 2003.

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 406,610 details of which are set out in the attached Profit and Loss Account.

Future Developments

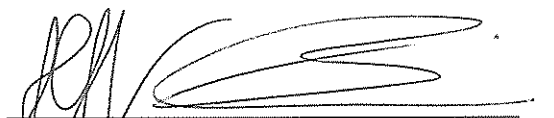
The Management does not anticipate any major changes during the coming financial year.


Post Balance Sheet Events

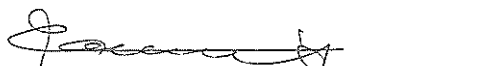
No matters or circumstances of importance have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

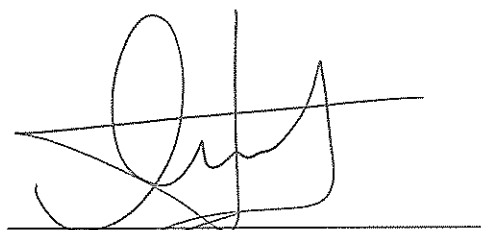
May 19, 2004 Amsterdam

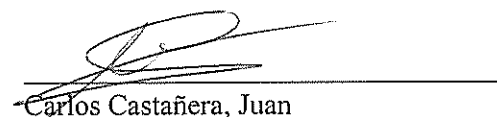
The Managing Directors,


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


Domingues dos Santos, Vitor


Pereira Lopes, Manuel


Clemente Sanchez, Francisco


Carlos Castañera, Juan

Algarve International B.V.
Naritaweg 143
1043 BW Amsterdam

Algarve International B.V.
Amsterdam
Balance Sheet as at December 31, 2003
(before appropriation of results)

	<i>Notes</i>	<i>12/31/2003</i>	<i>12/31/2002</i>
ASSETS			
Financial Fixed Assets			
Loan tranches A, B and C receivable	(4)	256,500,000	211,313,013
		256,500,000	211,313,013
Current Assets			
Interest receivable loan tranches A, B and C	(5)	730,345	601,043
Prepaid expenses		1,650	1,620
Cash at banks	(6)	924,417	427,267
Intercompany receivable	(7)	135,315	76,802
		1,791,727	1,106,732
TOTAL ASSETS		258,291,727	212,419,745
 SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity			
Issued and fully paid share capital	(8)	18,000	18,000
Retained earnings		381,043	99,143
Net result for the year		406,610	281,900
		805,653	399,043
Long-term Liabilities			
Loan tranches A, B and C payable	(9)	256,500,000	211,313,013
Current Liabilities			
Interest payable loan tranches A, B and C	(10)	702,074	577,599
Provision corporate tax		238,793	89,125
Accounts Payable and accrued expenses	(11)	45,207	40,965
		986,074	707,689
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		258,291,727	212,419,745

The accompanying notes form part of these accounts.

Algarve International B.V.
Amsterdam
Profit and Loss Account for the Period Ended December 31, 2003

	<i>Notes</i>	<i>12/31/2003</i>	<i>12/31/2002</i>
<u>Financial Income/(Loss)</u>			
Interest expense loans tranches A,B and C	(12)	(14,770,131)	(9,570,840)
Interest income loans tranches A,B and C	(13)	15,370,471	9,990,962
Interest income banks		8,502	8,641
		608,842	428,763
<u>Operating Income/(Loss)</u>			
General and administrative expenses	(14)	(471,017)	(401,771)
Oncharge expenses to Euroscut	(15)	471,017	401,771
		0	0
Result before provision for corporate tax		608,842	428,763
Provision for corporate tax	(16)	(202,232)	(146,863)
NET RESULT FOR THE YEAR		406,610	281,900

The accompanying notes form part of these accounts.

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

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 financial statements of the company are included in the consolidated financial statements of Cintra, Concesiones de Infraestructura de Transportes, S.A., which are filed with the Chamber of Commerce in Madrid.

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.

The annual accounts are prepared in euro.

3 Significant Accounting Policies

a General

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

b Comparison with prior year

The principles of valuation and determination of result remained unchanged compared to the prior year.

c Financial Fixed Assets

Receivables included in financial fixed assets are valued at face value less provisions where necessary.

d Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Euro at rates of exchange applicable at the balance sheet date. Any resulting exchange differences are taken to the profit and loss account.

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

e Recognition of Income and Expense

Income and expenses are recognized in the year they are realised; losses are taken as soon as they are foreseeable.

f Taxation

Tax on result is calculated by applying the current rate to the result for the financial year in the profit and loss account, taking into account tax losses carry-forward and tax exempt profit elements and after inclusion of non-deductible costs.

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

4 Loan Tranches A, B and C receivable	<i>12/31/2003</i>	<i>12/31/2002</i>
Tranch A - Loan 6.65% to group company Euroscut		
Facility: EUR 126,500,000 from 07/05/2001 until 06/15/2027 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>
Tranch B - Loan 6.25% to group company Euroscut		
Facility: EUR 130,000,000 from 07/02/2001 until 12/15/2025 at a rate of 6.25%		
Opening balance	77,276,000	0
- 1/15/2003	9,174,000	0
- 2/17/2003	7,071,000	0
- 3/15/2003	5,781,000	0
- 4/15/2003	7,531,000	0
- 5/15/2003	5,043,000	0
- 6/16/2003	4,192,000	0
- 7/15/2003	775,000	0
- 8/15/2003	770,000	0
- 9/15/2003	768,000	0
- 10/15/2003	769,000	0
- 11/17/2003	766,000	0
- 12/15/2003	10,084,000	0
	<u>130,000,000</u>	<u>77,276,000</u>
Tranch C - VAT Loan and L/C		
VAT Loan, facility: EUR 12,500,000 from 07/02/2001 until 12/31/2004 at Euribor + 0.3% + 0.25%		
Opening balance	7,537,013	0
- 2/17/2003 Repayment	(1,965,493)	0
- 3/17/2003 Payment	1,868,095	0
- 6/16/2003 Repayment	(1,557,631)	0
- 6/16/2003 Payment	1,115,399	0
- 7/15/2003 Repayment	(1,928,095)	0
- 8/18/2003 Repayment	(2,117,635)	0
- 9/15/2003 Repayment	(2,951,653)	0
	<u>0</u>	<u>7,537,013</u>
	<u>256,500,000</u>	<u>211,313,013</u>

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

In July 2001 Algarve International B.V. ("The Issuer") entered into an Intercompany Loan Agreement ("The agreement") with Euroscut and Citibank N.A. (as Security Trustee). The loan is divided into three tranches as follows:

- a) The issuer lends Euroscut Euro 126,500,000, following the issue of bonds for the same amount. The loan was obtained to finance the construction of motorway stretches. Interest is calculated on the same basis as the bonds (6.40% p.a.) plus a spread of 0.25% and capital is repaid over 18 variable instalments, with the first one taking place on December 15, 2006 and the last one on June 15, 2027.
- b) The agreement foresees that the funds which were received from a loan due to the European Investment Bank of Euro 130,000,000 may be ceded to Euroscut. This loan is incurred to finance the construction of road stretches and bears interest at 6.00% p.a. plus a spread of 0.25% payable in December each year. Repayment of capital is expected to take place in 15 annual variable amount instalments with the first one due in December 15, 2011 and the last one due December 15, 2025.
- c) Revolving VAT facility agreement, for a total of Euro 25,000,000 sourced from a bank consortium and matures December 31, 2004. The interest charged to Euroscut is Euribor plus 0.3% plus a spread of 0.25%. The loan was incurred to finance the company's operations and is repayable in the same manner as the VAT received. The loan was totally repaid during the year.

5 Interest Receivable Loan Tranches A, B and C	<i>12/31/2003</i>	<i>12/31/2002</i>
Tranch A - Loan 6.65% to Euroscut	391,803	391,803
Tranch B - Loan 6.25% to Euroscut	338,542	198,258
Tranch C - VAT Loan - Euribor + 0.3% + 0.25%	0	10,982
	<u>730,345</u>	<u>601,043</u>
6 Cash at Banks	<i>12/31/2003</i>	<i>12/31/2002</i>
Citibank	924,417	427,267
	<u>924,417</u>	<u>427,267</u>

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

7 Amounts due from group companies

Euroscut	135,315	76,802
----------	---------	--------

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:

	12/31/2002	<i>Changes for the Year</i>	12/31/2003
Issued and fully paid share capital	18,000	0	18,000
retained earnings	99,143	281,900	381,043
Net result for the year	281,900	(281,900)	
		406,610	406,610
	399,043	406,610	805,653

9 Loan Tranches A, B and C payable*12/31/2003**12/31/2002***Tranch A - Guaranteed 6.4% Bonds**

EUR 126,500,000 from 07/05/2001 until

06/15/2027 at a rate of 6.4%

- 7/05/2001 Receipt

126,500,000

126,500,000

126,500,000

126,500,000

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

Tranch B - European Investment Bank

Facility: EUR 130,000,000 from 07/02/2001 until
 12/15/2025 at a rate of 6%

Opening balance	77,276,000	
- 1/15/2003	9,174,000	0
- 2/17/2003	7,071,000	0
- 3/15/2003	5,781,000	0
- 4/15/2003	7,531,000	0
- 5/15/2003	5,043,000	0
- 6/16/2003	4,192,000	0
- 7/15/2003	775,000	0
- 8/15/2003	770,000	0
- 9/15/2003	768,000	0
- 10/15/2003	769,000	0
- 11/17/2003	766,000	0
- 12/15/2003	10,084,000	0
	130,000,000	77,276,000

Tranch C - VAT Loan and L/C

VAT Loan, facility: EUR 12,500,000 from
 07/02/2001 until 12/31/2004 at
 Euribor + 0.3%

Opening balance	7,537,013	0
- 2/17/2003 Repayment	(1,965,493)	0
- 3/17/2003 Payment	1,868,095	0
- 6/16/2003 Repayment	(1,557,631)	0
- 6/16/2003 Payment	1,115,399	0
- 7/15/2003 Repayment	(1,928,095)	0
- 8/18/2003 Repayment	(2,117,635)	0
- 9/15/2003 Repayment	(2,951,653)	0
	0	7,537,013
	256,500,000	211,313,013

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

In July 2001 Algarve International B.V. ("The issuer") entered into an Intercompany Loan Agreement ("The agreement") with Euroscut and Citibank N.A. (as Security Trustee). The loan is divided into three tranches as follows:

- a) The Euro 126,500,000 Guaranteed Bonds of Algarve International B.V. were issued on July 5, 2001. The bonds mature June 15, 2027 and bear annual interest of 6.4% payable in December of each economic year and capital is repaid over 18 variable instalments, with the first one taking place on December 15, 2006 and the last one June 15, 2027. The loan was obtained to finance the construction of motorway stretches. The Bonds are unconditionally and irrevocably guaranteed as to scheduled payments of principal and interest in respect of the Bonds and as to certain additional amounts in respect of withholding taxes of The Netherlands in respect of the Bonds pursuant to a financial guaranty issued by XLCA.
- b) The agreement foresees that the funds which were received from a loan due to the European Investment Bank of Euro 130,000,000 bearing interest at 6% p.a. payable in December of each year, may be ceded to Euroscut. This loan is incurred to finance the construction of road stretches. Repayment of capital is expected to take place in 15 annual variable amount instalments, with the first on due in December 15, 2011 and the last one due December 15, 2025.
- c) Revolving VAT facility agreement, for a total value of Euro 25,000,000 sourced from a bank consortium, of which the bank agent is Banco Santander Central Hispano, S.A., and matures on December 31, 2004 bearing interest at Euribor plus 0.3%. The loan was incurred to finance the company's operations and is repayable in the same manner as the VAT is received. The loan was totally repaid during the year.

In order to obtain the above-mentioned loans it was necessary to establish a system of guarantees and pledges issued by Algarve International (the issuer) and Euroscut Algarve (Company Guaranty and Company Security Agreement). Please note that all shares and bank accounts and other assets present and future of both companies are pledged in favour of XL Capital Assurance and other security parties. Moreover to facilitate the issuance of bonds, EIB facility and Revolving VAT Facility Agreement, Algarve International B.V. requested from XL Capital Assurance, the issuance of financial guarantees, where the principal and interest payments were unconditional and irrevocable.

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

10 Interest Payable Loan Tranches A, B and C	<i>12/31/2003</i>	<i>12/31/2002</i>
Tranch A - Bonds 6.40%	377,074	377,074
Tranch B - European Investment Bank 6%	325,000	190,328
Tranch C - VAT Loan - Euribor + 0.3%	0	10,197
	<u>702,074</u>	<u>577,599</u>
11 Accounts Payable and accrued expenses	<i>12/31/2003</i>	<i>12/31/2002</i>
Accrued management fees	0	10,918
Accrued accounting fees	1,350	11,211
Accrued disbursement fee	0	1,416
Accrued audit fees	13,500	10,140
Accrued tax advisory fees	6,000	3,000
VAT L/C fees payable	833	330
VAT guarantee fees payable	833	833
Accounts payable	22,691	3,117
	<u>45,207</u>	<u>40,965</u>
12 Interest expense loans tranches A, B and C	<i>12/31/2003</i>	<i>12/31/2002</i>
Tranch A - Guaranteed 6.4% Bonds		
EUR 126,500,000 from 07/05/2001 until 06/15/2027 at a rate of 6.4%	8,096,000	8,096,000
Tranch B - European Investment Bank	6,543,258	1,335,040
Facility: EUR 130,000,000 from 07/02/2001 until 12/15/2025 at a rate of 6%		
Tranch C - VAT Loan and L/C		
VAT Loan, EUR 12,500,000 from 07/02/2001 until 12/31/2004 at Euribor + 0.3%	130,873	139,800
	<u>14,770,131</u>	<u>9,570,840</u>

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

13 Interest income loans tranches A,B and C	<i>12/31/2003</i>	<i>12/31/2002</i>
Tranch A - Loan 6.65% to Euroscut		
EUR 126,500,000 from 07/05/2001 until 06/15/2027 at a rate of 6.65%	8,412,250	8,450,810
Tranch B - Loan 6.25% to Euroscut	6,815,871	1,390,664
Facility: EUR 130,000,000 from 07/02/2001 until 12/15/2025 at a rate of 6.25%		
Tranch C - VAT Loan and L/C		
VAT Loan, EUR 12,500,000 from 07/02/2001 until 12/31/2004 at Euribor + 0.3% + 0.25%	142,350	149,488
	<u>15,370,471</u>	<u>9,990,962</u>
 14 General and Administrative Expenses	 <i>12/31/2003</i>	 <i>12/31/2002</i>
Management fees	20,290	25,988
Accounting fees	9,179	20,731
Tax advisory fees	15,019	9,591
Audit fees	10,500	16,660
General expenses	2,120	2,655
Bank charges	902	13
VAT L/C fees	12,103	13,166
VAT guarantee fees	18,958	19,010
Guarantee expenses	381,946	293,957
	<u>471,017</u>	<u>401,771</u>
 15 Oncharge expenses to Euroscut	 <i>12/31/2003</i>	 <i>12/31/2002</i>
Management fees	20,290	25,988
Accounting fees	9,179	20,731
Tax advisory fees	15,019	9,591
Audit fees	10,500	16,660
General expenses	2,120	2,655
Bank charges	902	13
VAT L/C fees	12,103	13,166
VAT guarantee fees	18,958	19,010
Guarantee expenses	381,946	293,957
	<u>471,017</u>	<u>401,771</u>

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2003

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.

The average legal tax rate amounts to 35% which corresponds to the effective tax rate.

Corporate income tax 2001	(6,570)	188
Corporate income tax 2002	0	146,675
Corporate income tax 2003	208,802	0
	<u>202,232</u>	<u>146,863</u>

17 Directors and Employees

The Company has no employees other than its directors.

The Company had five directors during the year and no supervisory directors. No loans, advances or remuneration have been given to or received from the directors.

Algarve International B.V.
Amsterdam
Supplementary Information
December 31, 2003

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 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.

To the Management of Algarve International B.V.

Auditors' report

Introduction

In accordance with your instructions we have audited the annual accounts of Algarve International B.V., Amsterdam, for the year 2003 (as set out on pages 3 to 13). These annual accounts are the responsibility of the company's management. Our responsibility is to express an opinion on these annual accounts 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 annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the company as at December 31, 2003 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 of Book 2 of the Netherlands Civil Code.

May 19, 2004

PricewaterhouseCoopers Accountants N.V.