


Algarve International B.V.
Amsterdam
Annual Report and Accounts
December 31, 2004

PRICEWATERHOUSECOOPERS 

Initialed on behalf of
PricewaterhouseCoopers
for identification purposes only
Amsterdam.

10/11/05 

Algarve International B.V.
Amsterdam
December 31, 2004

INDEX	<u>Page</u>
Annual Report	2
Annual Accounts	
Balance Sheet as at December 31, 2004	3
Profit and Loss Account for the Period Ended December 31, 2004	4
Notes to the Annual Accounts	5
Supplementary Information	12
Proposed Appropriation of Results	
Post Balance Sheet Events	
Auditors' Report	

Algarve International B.V.
Amsterdam
Annual Report
December 31, 2004

The Managing Directors are pleased to present the annual report and accounts of the Company for the financial year which ended on December 31, 2004.

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 423,744 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.


March 18, 2005

The Managing Directors,


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


Clemente Sanchez, Francisco


Domingues dos Santos, Vitor


Carlos Salomon, Juan Carlos
Castanera


Europe Management Company B.V.


Management Company Strawinsky B.V.

Algarve International B.V.
Naritaweg 143
1043 BW Amsterdam

(expressed in Euro)

Algarve International B.V.
Amsterdam
Balance Sheet as at December 31, 2004
(before appropriation of results)

	<i>Notes</i>	<i>12/31/2004</i>	<i>12/31/2003</i>
ASSETS			
Financial Fixed Assets			
Loan tranches A, B and C receivable	(4)	256,500,000	256,500,000
		<u>256,500,000</u>	<u>256,500,000</u>
Current Assets			
Interest receivable loan tranches A, B and C	(5)	730,345	730,345
Prepaid expenses		1,040	1,650
Intercompany receivable	(6)	29,557	135,315
Securities	(7)	1,043,286	0
Cash at banks	(8)	273,885	924,417
		<u>2,078,113</u>	<u>1,791,727</u>
TOTAL ASSETS		<u><u>258,578,113</u></u>	<u><u>258,291,727</u></u>
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity			
Issued and fully paid share capital	(9)	18,000	18,000
Retained earnings		787,653	381,043
Net result for the year		423,744	406,610
		<u>1,229,397</u>	<u>805,653</u>
Long-term Liabilities			
Loan tranches A, B and C payable	(10)	256,500,000	256,500,000
Current Liabilities			
Interest payable loan tranches A, B and C	(11)	702,074	702,074
Provision corporate tax		109,191	238,793
Accounts Payable and accrued expenses	(12)	37,451	45,207
		<u>848,716</u>	<u>986,074</u>
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		<u><u>258,578,113</u></u>	<u><u>258,291,727</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, 2004

	<i>Notes</i>	<i>12/31/2004</i>	<i>12/31/2003</i>
<u>Financial Income/(Loss)</u>			
Interest expense loans tranches A,B and C	(13)	(15,897,513)	(14,770,131)
Interest income loans tranches A,B and C	(14)	16,538,763	15,370,471
Interest income banks		13,588	8,502
Interest expenses on corporate income tax		(547)	0
Unrealized result on shares	(7)	2,036	0
		<u>656,327</u>	<u>608,842</u>
<u>Operating Income/(Loss)</u>			
General and administrative expenses	(15)	(471,716)	(471,017)
Oncharge expenses to Euroscut	(16)	471,716	471,017
Currency exchange result		<u>(34)</u>	<u>0</u>
		(34)	0
Result before provision for corporate tax		<u>656,293</u>	<u>608,842</u>
Corporate Income tax	(17)	<u>(232,549)</u>	<u>(202,232)</u>
NET RESULT FOR THE YEAR		<u>423,744</u>	<u>406,610</u>

The accompanying notes form part of these accounts.

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2004

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 Securities

The securities in the Euro liquidity funds are stated at market value

e 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.

f 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.

g 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, 2004


4 Loan Tranches A and B receivable	12/31/2004	12/31/2003
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	130,000,000	77,276,000
- 1/15/2003	0	9,174,000
- 2/17/2003	0	7,071,000
- 3/15/2003	0	5,781,000
- 4/15/2003	0	7,531,000
- 5/15/2003	0	5,043,000
- 6/16/2003	0	4,192,000
- 7/15/2003	0	775,000
- 8/15/2003	0	770,000
- 9/15/2003	0	768,000
- 10/15/2003	0	769,000
- 11/17/2003	0	766,000
- 12/15/2003	0	10,084,000
	<u>130,000,000</u>	<u>130,000,000</u>
	<u>256,500,000</u>	<u>256,500,000</u>

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 December 15, 2025.

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Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2004

5 Interest Receivable Loan Tranches A and B	<i>12/31/2004</i>	<i>12/31/2003</i>
Tranch A - Loan 6.65% to Euroscut	391,804	391,803
Tranch B - Loan 6.25% to Euroscut	338,542	338,542
	<u>730,345</u>	<u>730,345</u>
6 Intercompany receivable	<i>12/31/2004</i>	<i>12/31/2003</i>
Euroscut	<u>29,557</u>	<u>135,315</u>
7 Securities	<i>12/31/2004</i>	<i>12/31/2003</i>
Shares Class C held in Citi Institutional Liquidity Fund PLC, Ireland		
10/22/2004 - Acquired 3,691.740 shares at price of Euro 400,000	401,579	0
12/20/2004 - Acquired 5,899.259 shares at a price of Euro 641,250	641,707	0
	<u>1,043,286</u>	<u>0</u>
8 Cash at Banks	<i>12/31/2004</i>	<i>12/31/2003</i>
Citibank	<u>273,885</u>	<u>924,417</u>

9 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>12/31/2003</i>	<i>Changes for the Year</i>	<i>12/31/2004</i>
Issued and fully paid share capital	18,000	0	18,000
retained earnings	381,043	406,610	787,653
Net result for the year	406,610	(406,610)	0
		423,744	423,744
	<u>805,653</u>	<u>423,744</u>	<u>1,229,397</u>

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2004

10 Loan Tranches A and B payable	<i>12/31/2004</i>	<i>12/31/2003</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%		
- 7/05/2001 Receipt	126,500,000	126,500,000
	<u>126,500,000</u>	<u>126,500,000</u>
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	130,000,000	77,276,000
- 1/15/2003	0	9,174,000
- 2/17/2003	0	7,071,000
- 3/15/2003	0	5,781,000
- 4/15/2003	0	7,531,000
- 5/15/2003	0	5,043,000
- 6/16/2003	0	4,192,000
- 7/15/2003	0	775,000
- 8/15/2003	0	770,000
- 9/15/2003	0	768,000
- 10/15/2003	0	769,000
- 11/17/2003	0	766,000
- 12/15/2003	0	10,084,000
	<u>130,000,000</u>	<u>130,000,000</u>
	<u>256,500,000</u>	<u>256,500,000</u>

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.

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2004

11 Interest Payable Loan Tranches A and B	<i>12/31/2004</i>	<i>12/31/2003</i>
Tranch A - Bonds 6.40%	377,074	377,074
Tranch B - European Investment Bank 6%	325,000	325,000
	<u>702,074</u>	<u>702,074</u>
12 Accounts Payable and accrued expenses	<i>12/31/2004</i>	<i>12/31/2003</i>
Accrued accounting fees	1,350	1,350
Accrued audit fees	13,500	13,500
Accrued tax advisory fees	3,000	6,000
VAT L/C fees payable	0	833
VAT guarantee fees payable	0	833
Accounts payable	19,601	22,691
	<u>37,451</u>	<u>45,207</u>
13 Interest expense loans tranches A and B	<i>12/31/2004</i>	<i>12/31/2003</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 Facility: EUR 130,000,000 from 07/05/2001 until 12/15/2025 at a rate of 6%	7,801,513	6,543,258
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	130,873
	<u>15,897,513</u>	<u>14,770,131</u>
14 Interest income loans tranches A and B	<i>12/31/2004</i>	<i>12/31/2003</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	8,412,250
Tranch B - Loan 6.25% to Euroscut Facility: EUR 130,000,000 from 07/02/2001 until 12/15/2025 at a rate of 6.25%	8,126,513	6,815,871
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%	0	142,350
	<u>16,538,763</u>	<u>15,370,471</u>

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2004

15 General and Administrative Expenses	<i>12/31/2004</i>	<i>12/31/2003</i>
Management fees	18,721	20,290
Accounting fees	12,733	9,179
Tax advisory fees	14,974	15,019
Audit fees	5,950	10,500
Legal & Professional fees	2,205	0
General expenses	3,107	2,120
Bank charges	275	902
VAT L/C fees	11,875	12,103
VAT guarantee fees	11,875	18,958
Guarantee expenses	390,000	381,946
	<u>471,716</u>	<u>471,017</u>

16 Oncharge expenses to Euroscut	<i>12/31/2004</i>	<i>12/31/2003</i>
Management fees	18,721	20,290
Accounting fees	12,733	9,179
Tax advisory fees	14,974	15,019
Audit fees	5,950	10,500
Legal & Professional fees	2,205	0
General expenses	3,107	2,120
Bank charges	275	902
VAT L/C fees	11,875	12,103
VAT guarantee fees	11,875	18,958
Guarantee expenses	390,000	381,946
	<u>471,716</u>	<u>471,017</u>

17 Corporate Income 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 applicable tax rates are 29% over the first euro 22,689 and 34.5% over the surplus

	<i>12/31/2004</i>	<i>12/31/2003</i>
Corporate income tax 2001	7,188	(6,570)
Corporate income tax 2003	0	208,802
Corporate income tax 2004	225,361	0
	<u>232,549</u>	<u>202,232</u>


**Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2004**


18 Directors and Employees


The Company has no employees other than its directors.
The Company had six directors during the year and no supervisory directors. No loans, advances or remuneration have been given to or received from the directors.

March 18, 2005


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


Clemente Sanchez, Francisco


Domingues dos Santos, Vitor


Carlos Salomon, Juan Carlos
Castañera


Europe Management Company B.V.


Management Company Strawinsky B.V.

Algarve International B.V.
Naritaweg 143
1043 BW Amsterdam

Algarve International B.V.
Amsterdam
Supplementary Information
December 31, 2004

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 2004 (as set out on pages 3 to 11). 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, 2004 and of the result for the 6-month period 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.

March 18, 2005

PricewaterhouseCoopers Accountants N.V.