

**Algarve International B.V.
Amsterdam
Annual Report and Accounts
December 31, 2005**

PRICewaterhouseCOOPERS 

Initialed on behalf of
PricewaterhouseCoopers
Accountants N.V.
for identification purposes only
Amsterdam




Algarve International B.V.
Amsterdam
December 31, 2005

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PRICEWATERHOUSECOOPERS 

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Algarve International B.V.
Amsterdam
Annual Report
December 31, 2005

The Managing Directors are pleased to present the annual report and accounts of the Company for the financial year which ended on December 31, 2005.

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 449,053 details of which are set out in the attached Profit and Loss Account.

Future Developments

The Management does anticipate that the Bonds will be repaid in 18 instalment of which the first one will take place on December 15, 2006. Further there will be no other 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.

February 17, 2006

The Managing Directors,



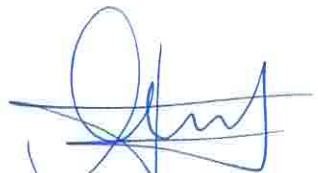
Trust International Management (T.I.M.) B.V.



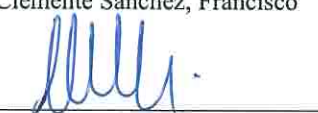
Management Company Strawinsky B.V.



Europe Management Company B.V.



Clemente Sanchez, Francisco



Morales, Marco Antonio Cabrera
(appointed as per May 02, 2005)



Domingues dos Santos, Vitor

Carlos Salomon, Juan Carlos
(resigned as per May 02, 2005)

(expressed in Euro)

Algarve International B.V.
Amsterdam
Balance Sheet as at December 31, 2005
(before appropriation of results)

	<i>Notes</i>	<i>12/31/2005</i>	<i>12/31/2004</i>
ASSETS			
Financial Fixed Assets			
Loan tranches A and B 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 and B	(5)	730,345	730,345
Prepaid expenses and other receivable		1,040	1,040
Intercompany receivable	(6)	45,163	29,557
Securities	(7)	1,634,004	1,043,286
Cash at banks	(8)	31,270	273,885
		<u>2,441,822</u>	<u>2,078,113</u>
TOTAL ASSETS		<u><u>258,941,822</u></u>	<u><u>258,578,113</u></u>
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity			
Issued and fully paid share capital	(9)	18,000	18,000
Retained earnings		1,211,397	787,653
Net result for the period		449,053	423,744
		<u>1,678,450</u>	<u>1,229,397</u>
Long-term Liabilities			
Loan tranches A and B payable	(10)	256,500,000	256,500,000
Current Liabilities			
Interest payable loan tranches A and B	(11)	702,074	702,074
Provision corporate tax		38,182	109,191
Accounts Payable and accrued expenses	(12)	23,116	37,451
		<u>763,372</u>	<u>848,716</u>
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		<u><u>258,941,822</u></u>	<u><u>258,578,113</u></u>

The accompanying notes form part of these accounts.

(expressed in Euro)

Algarve International B.V.
Amsterdam
Profit and Loss Account for the Period Ended December 31, 2005

	<i>Notes</i>	<i>12/31/2005</i>	<i>12/31/2004</i>
<u>Financial Income/(Loss)</u>			
Interest expense loans tranches A and B	(13)	(15,896,000)	(15,897,513)
Interest income loans tranches A and B	(14)	16,537,250	16,538,763
Interest income banks		1,330	13,588
Interest expenses on corporate income tax		0	(547)
Unrealized result on shares	(7)	20,718	2,036
		<u>663,298</u>	<u>656,327</u>
<u>Operating Income/(Loss)</u>			
General and administrative expenses	(15)	(437,440)	(471,716)
Oncharge expenses to Euroscut	(16)	437,440	471,716
Currency exchange result		0	(34)
		<u>(0)</u>	<u>(34)</u>
Result before provision for corporate tax		<u>663,298</u>	<u>656,293</u>
Corporate Income tax	(17)	(214,245)	(232,549)
NET RESULT FOR PERIOD		<u>449,053</u>	<u>423,744</u>

The accompanying notes form part of these accounts.

Algarve International B.V.
Amsterdam
Cashflow statement for the Period Ended December 31, 2005

	2005	2004
	EUR	EUR
Cash flow from operating activities		
Securities	(570,000)	(1,041,250)
Interest received	16,538,580	16,577,664
Interest paid	(15,896,000)	(15,922,826)
Current liabilities (excluding bank loan)	<u>(29,941)</u>	<u>98,578</u>
	42,639	(287,834)
Corporate income tax	<u>(285,254)</u>	<u>(362,698)</u>
Net cash flow	(242,615)	(650,532)
Increase/(decrease) cash and cash equivalents	<u>(242,615)</u>	<u>(650,532)</u>
Movements in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	273,885	924,417
Increase/(decrease) cash and cash equivalents	<u>(242,615)</u>	<u>(650,532)</u>
Cash and cash equivalents at the end of the period	<u>31,270</u>	<u>273,885</u>



Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2005

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 annual accounts 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 financing of group companies.

2 a Basis of Presentation

The accompanying annual accounts have been prepared in accordance with principles of accounting generally accepted in The Netherlands.

The annual accounts are prepared in euro.

b Notes to the cash flow statement

The cash flow statement has been prepared applying the direct method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks and in hand and the bank overdraft forming part of the current liabilities.

Cash flows in foreign currencies have been translated at estimated average exchange rates.

Exchange differences affecting cash items are shown separately in the cash flow statement.

Receipts and payments of interest, dividends received and corporate income tax are included in the cash flow from operating activities. If dividends have been paid this will be included in the cash flow from financing activities.

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 with any changes in value being disclosed in the profit and loss account

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.



Algarve International B.V.
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Notes to the Annual Accounts
December 31, 2005

f Recognition of Income and Expense

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

g Taxation

Tax on result is calculated by application of the relevant rate to the amount of taxable profit

4 Loan Tranches A and B receivable	<i>12/31/2005</i>	<i>12/31/2004</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
 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	<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 two 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 installments, 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 installments with the first one due in December 15, 2011 and the last one December 15, 2025.



(expressed in Euro)

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2005

	12/31/2005	12/31/2004
5 Interest Receivable Loan Tranches A and B		
Tranch A - Loan 6.65% to Euroscut	391,803	391,803
Tranch B - Loan 6.25% to Euroscut	338,542	338,542
	<u>730,345</u>	<u>730,345</u>
6 Intercompany receivable		
Euroscut	<u>45,163</u>	<u>29,557</u>
7 Securities		
Shares Class C held in Citibank Institutional Liquidity Fund PLC, Ireland		
Opening balance shares	1,043,286	401,579
03/11/2005 - Redeem 457.990 shares at a price of Euro 50,000	(50,000)	0
12/16/2005 - Acquired 5,591.731 shares at a price of Euro 620,000	620,000	641,707
Revaluation of 14,724.740 shares	20,718	0
	<u>1,634,004</u>	<u>1,043,286</u>
8 Cash at Banks		
Citibank	<u>31,270</u>	<u>273,885</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:

	12/31/2004	Changes for the Period	12/31/2005
Issued and fully paid share capital	18,000	0	18,000
retained earnings	787,653	423,744	1,211,397
Net result for the year/period	423,744	(423,744)	0
		449,053	449,053
	<u>1,229,397</u>	<u>449,053</u>	<u>1,678,450</u>

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2005

10 Loan Tranches A and B payable	<i>12/31/2005</i>	<i>12/31/2004</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%		
Opening balance	126,500,000	126,500,000
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	130,000,000
	256,500,000	256,500,000

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 two 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 calendar year and capital is repaid over 18 variable installments, 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 installments, with the first one due in December 15, 2011 and the last one due December 15, 2025.

Loan Tranches repayment schedule

	Term 1 year	Term 1-5 year	Term > 5 years
Tranch A - Guaranteed 6.4% Bonds	455,400	24,591,600	101,453,000
Tranch B - European Investment Bank	0	0	130,000,000

(expressed in Euro)

Algarve International B.V.
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Notes to the Annual Accounts
December 31, 2005

	<i>12/31/2005</i>	<i>12/31/2004</i>
11 Interest Payable Loan Tranches A and B		
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		
Accrued accounting fees	1,350	1,350
Accrued audit fees	2,500	13,500
Accrued tax advisory fees	3,432	3,000
Accounts payable	15,834	19,601
	<u>23,116</u>	<u>37,451</u>
13 Interest expense loans tranches A and B		
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	7,800,000	7,801,513
Facility: EUR 130,000,000 from 07/05/2001 until 12/15/2025 at a rate of 6%		
	<u>15,896,000</u>	<u>15,897,513</u>
14 Interest income loans tranches A and B		
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	8,125,000	8,126,513
Facility: EUR 130,000,000 from 07/02/2001 until 12/15/2025 at a rate of 6.25%		
	<u>16,537,250</u>	<u>16,538,763</u>



(expressed in Euro)

Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2005

15 General and Administrative Expenses	12/31/2005	12/31/2004
Management fees	20,571	18,721
Accounting fees	9,198	12,733
Tax advisory fees	6,919	14,974
Audit fees	3,875	5,950
Legal & Professional fees	1,422	2,205
General expenses	5,730	3,107
Bank charges	(275)	275
VAT L/C fees	0	11,875
VAT guarantee fees	0	11,875
Guarantee expenses	390,000	390,000
	<u>437,440</u>	<u>471,716</u>

16 Oncharge expenses to Euroscut	12/31/2005	12/31/2004
Management fees	20,571	18,721
Accounting fees	9,198	12,733
Tax advisory fees	6,919	14,974
Audit fees	3,875	5,950
Legal & Professional fees	1,422	2,205
General expenses	5,730	3,107
Bank charges	(275)	275
VAT L/C fees	0	11,875
VAT guarantee fees	0	11,875
Guarantee expenses	390,000	390,000
	<u>437,440</u>	<u>471,716</u>

17 Corporate Income Tax

The corporate tax is based on the fiscal result.

The applicable tax rates are 27% (29% in the year 2004) over the first euro 22,689 and 31.5% (34.5% in the year 2004) over the surplus

	12/31/2005	12/31/2004
Corporate income tax 2001	0	7,188
Corporate income tax 2002	3,154	0
Corporate income tax 2003	3,173	0
Corporate income tax 2004	0	225,361
Corporate income tax 2005	207,918	0
	<u>214,245</u>	<u>232,549</u>



**Algarve International B.V.
Amsterdam
Notes to the Annual Accounts
December 31, 2005**

18 Directors and Employees


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

February 17, 2006



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


Clemente Sanchez, Francisco


Management Company Strawinsky B.V.


Morales, Marco Antonio Cabrera
(appointed as per May 02, 2005)


Europe Management Company B.V.


Domingues dos Santos, Vitor

Salomon, Juan Carlos
(resigned as per May 02, 2005)

Algarve International B.V.
Naritaweg 165
1043 BW Amsterdam



Algarve International B.V.
Amsterdam
Supplementary Information
December 31, 2005

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 period to the retained earnings.

2 Post Balance Sheet Events

No matters or circumstances of importance have arisen since the end of the financial period 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

See separate page

To the Management of Algarve International B.V.

Auditors' report

Introduction

In accordance with your assignment we have audited the annual accounts of Algarve International B.V., Amsterdam, for the year 2005 as set out on pages 2 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, 2005 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.

Furthermore, we have to the extent of our competence, established that the annual report is consistent with the annual accounts.

Amsterdam, February 17, 2006

PricewaterhouseCoopers Accountants N.V.


P.H. Oldenziel RA