

# **INTERIM REPORT**

## **JUNE 30, 2013**



*Algarve International B.V.*

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# INTERIM REPORT JUNE 30, 2013

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## Algarve at a Glance

### Profile of Algarve International B.V.

The principal activity of Algarve International B.V. (hereinafter referred to as “Algarve”) is the financing of affiliated companies and enterprises and to borrow, to lend or to raise funds, including the issuance of bonds and debentures and to create security in connection therewith.

Euroscut Sociedad Concessionária da Scut do Algarve, S.A., Lisbon, an affiliated company of Algarve, has been granted the Concession with respect to a shadow road in Southern Portugal, together with other facilities and works constituting a part of the Concession from time to time.

The Company directly lends to Euroscut Sociedad Concessionária da Scut do Algarve, S.A., Lisbon (hereinafter referred to as “Euroscut”).

The Company has raised funds through the issuance of loans and bonds. Citibank N.A. Lisbon has been appointed as 'Security Trustee', the European Investment Bank, Luxembourg (hereinafter referred to as “EIB”) as credit party and the EIB as 'Guarantor' for respectively the issued loans and bonds. The EIB has replaced Syncora since November 8, 2011.

Algarve was founded in 2001 and has been listed with bonds on the Luxembourg Stock Exchange since 2001.

Algarve is part of the Ferrovial Group (“hereinafter referred to as “Ferrovial”), with Ferrovial, S.A. as its parent company which is listed on the Madrid Stock Exchange. Ferrovial, S.A. operates as a manager of transportation infrastructure companies in Spain and internationally. Its construction activities include civil engineering and building activities comprising roads, railways, infrastructure, hydraulic, maritime, hydroelectric, industrial, and environmental works, as well as residential and non-residential building works; and engineering activities, such as road design, civil engineering and construction, and geotechnics, as well as water works, including dams, ports, and pipes. Ferrovial’s construction activities also comprise structure pre-stressing; building water, waste treatment, and electricity generation plants; centralized works; design and production of modified bitumen and emulsions; design, planning, and construction of industrial chimneys, piles for bridges, and telecommunications towers; and sliding formwork. In addition, it operates and manages eight airports and manages 23 toll roads in Spain, Ireland, Portugal, Greece, Chile, Canada, and the United States. Further, Ferrovial, S.A. is involved in facility management, infrastructure maintenance, airport handling, municipal and waste treatment services, waste management, gardening, and municipal and industrial cleaning services. Ferrovial, S.A. was founded in 1952 and is based in Madrid, Spain.

## Supervisory Board

<i>Name</i>	<b>D. Haarsma (1948)</b>
<i>Function</i>	Chairman
<i>Nationality</i>	Dutch
<i>first appointed</i>	2010
<i>current term</i>	until AGM 2014
<i>Expertise</i>	management strategy and risks inherent to the company's business; management selection, recommendation and development; compliance, shareholder and employee relations, Dutch corporate income tax, cross border business, mergers and acquisitions, setup of investment funds, financial sector
<i>other functions</i>	Director of DHA Management B.V. and Guess? Europe B.V.

<i>Name</i>	<b>M.A.H. Martis (1968)</b>
<i>Nationality</i>	Dutch
<i>first appointed</i>	2012
<i>current term</i>	until AGM 2016
<i>Expertise</i>	financial administration, accounting, financing, compliance, internal risk management, cross border business, financial sector
<i>other functions</i>	Managing Director of Bebidas Americas Investments B.V., Robbins & Myers B.V., CDMI Investments B.V., Aqua Minerales International Investments B.V., Africatel Holdings B.V., St. Jude Medical Holdings B.V., Teekay Offshore European Holdings Cooperatief U.A., Teekay Netherlands European Holdings B.V., Animex Netherlands B.V., Waldorf Services B.V., Lucasfilm Animation Company Singapore B.V., Lucasfilm Animation Company Limited B.V., Cimnet Systems B.V., Underwriters Laboratories Holdings B.V., Underwriters Laboratories B.V., IPIC International B.V., IPL Services B.V., Investass Adviesbureau voor het Bank- en verzekeringswezen B.V., Ansas Investments B.V., Premium Enterprise management B.V., Gadin Investments B.V., Proxy Holder A of Trust International Management (T.I.M.) B.V., Europe Management Company B.V. and Management Company Strawinsky B.V., Account Manager Financial at Citco Nederland B.V.

*Secretary to the Supervisory Board*  
J.P.V.G. Visser (1981)

## Report of the Supervisory Board

The past year was quite turbulent and if we look at what happened in the world in 2012/2013, such as the ongoing effects of the global financial crisis that started in 2008, it looks as if the measures that governments took have had little effect and are now starting to boomerang, especially in the United States and Europe, which are facing huge deficits in public budgets. This led to fierce discussions about public funding in the United States and particularly in Europe about the aid to Greece, Spain, Portugal and the implications for the Euro.

The Supervisory Board is convinced that Algarve will be able to withstand the consequences of the financial crisis in Portugal and has confidence in the future of Algarve.

### Interim Accounts

The Interim Report includes the Interim Accounts as per June 30, 2013 which are accompanied by an unqualified independent auditors' report from the external auditor, Deloitte Accountants B.V. ('Deloitte'). These Interim Accounts were prepared in accordance with the statutory provisions of section 9 of Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

We have discussed the Interim Accounts with the Board of Managing Directors in the presence of Deloitte. We are of the opinion that the Interim Accounts and the report of the Board of Managing Directors provide a true and fair picture of the state of affairs of Algarve and form a good basis to hold the Board of Managing Directors accountable for the management policies pursued and the Supervisory Board accountable for its supervision of the management policies pursued. We have signed the Interim Accounts pursuant to our statutory obligation under Article 210 paragraph 2 of Book 2 of the Dutch Civil Code.

### Composition and Profile of the Supervisory Board

The Supervisory Board comprises of 2 individuals with Dutch nationality. Information about each member of the Supervisory Board is included on page 3. The profile of the Supervisory Board describes the range of expertise that should be represented in our Supervisory Board. The profile relates to knowledge and experience in the fields of strategy, finance, financial control, information technology, management and organization in the financial sector. The divisions of duties within the Supervisory Board are laid down in a set of regulations. In our opinion both the composition of the Supervisory Board and the expertise and experience of the individual members meet the stipulated requirements.

The requirements of the Dutch Corporate Governance Code<sup>1</sup> (hereinafter referred to as the "Code") are fulfilled with respect to the independence of the Supervisory Board members. Exception hereof is Mr. P. van Maurik, whom is proxy holder A of Trust International Management (T.I.M.) B.V., Europe Management Company B.V. and Management Company Strawinsky B.V., and is therefore not independent as defined by the Code (provision III.2.2). This exception together with the composition of our Supervisory Board does not interfere with the independence stipulation. In addition both Supervisory Board members do not carry out any other functions that could jeopardize their independence.

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<sup>1</sup> the Dutch Corporate Governance Code applicable for the financial period ended June 30, 2013.

During the period under review none of the Supervisory Board members held any shares, or certificates of shares in the Company or securities related neither to the Company nor in the ultimate beneficial owners of the Company.

In the period under review two scheduled meetings were convened by the Supervisory Board and the Board of Managing Directors. Both Supervisory Board members and three members of the Board of Managing Directors were present during these meetings. The major issues discussed during these meetings included amongst others the findings of the external audit performed by Deloitte.

### **Audit Committee**

According to Dutch regulations a Public-Interest Entity has the obligation to install an Audit Committee, as from August 25, 2008. However, pursuant to Article 3, paragraph a of the Decree dated July 26, 2008, ("*AMvB, Staatsblad 2008, Nr. 323*") a Public-Interest Entity could apply for the exemption to avoid installing an Audit Committee, in case the parent company of the Company installed an Audit Committee which met the requirements of the Code. As from December 3, 2009, the Company no longer made use of the aforementioned exemption. On December 29, 2009, the shareholders of the Company decided to install a Supervisory Board at the level of the Company itself.

Based on best practice provision III.5 of the Code the Supervisory Board needs to appoint amongst its members an audit committee, a remuneration committee and a selection and appointment committee, in case the Supervisory Board consists of more than four members. The function of the committees is to prepare the decision-making of the Supervisory Board. The Supervisory Board decided, after approval from the shareholders on February 8, 2010, not to appoint an audit committee, remuneration committee or selection and appointment committee and therefore best practice provisions III.5.4, III.5.5, III.5.8, III.5.9, III.5.10, III.5.14, V.1.2, V.2.3, V.3.1, V.3.2 and V.3.3 of the Code apply to the entire Supervisory Board.

The composition of the Supervisory Board is in accordance with the requirements of the Code. Collectively the members possess the required experience and financial expertise to supervise the Company's financial activities, annual accounts and risk profile. Mr. M. A. H. Martis has been acting as the financial expert within the meaning of the Code.

### **In Conclusion**

We thank the Board of Managing Directors and staff who has dedicated themselves to Algarve on a daily basis. We are aware of the challenges that the remaining and future years will bring us but we feel confident that Algarve will be able to withstand these challenges through its strong position.

(expressed in euro)

Amsterdam, August 30, 2013

*[was signed]*

*[was signed]*

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D. Haarsma

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M. A. H. Martis

# Report of the Board of Managing Directors

## Financial Report

During the period under review, the Company recorded a net profit of EUR 211,965.

## Overview of the Activities

The financial crisis of recent years in European Union countries and the U.S. has led to an economic stagnation, it seems that the measure taken by governments have had little impact.

Based on traffic figures in June 2013, the traffic has declined by 6% compared with June 2012 (6.824 versus 7.260). Nevertheless, it has no impact because Euroscut Algarve is operation under the “Tripartido Agreement” which guarantees revenues based on the base case traffic figures.

## Risk Analysis

Algarve has no operations of its own, so holders of the bonds and the creditors must depend on Euroscut to provide Algarve with sufficient funds to make payments on the notes and any invoices when due.

Euroscut does not expect to have any problems since the current agreement (“Tripartido Agreement”) guarantee revenues even superior to those foreseen in the base case.

## Risk Management

### Authorization level

Managing Directors are bound by clear restrictions regarding representative authorization. All agreements and instruments must be approved by at least one Dutch resident Managing Director A and two Managing Directors B together, unless a power of attorney has been issued in this respect.

### Audit Committee

The duties of the Audit Committee are performed by the Supervisory Board, ensuring an independent monitoring of the risk management process from the perspective of its supervisory role. The Supervisory Board focuses on the quality of the internal and external reporting and the performance of the external auditor.

### External Audit

The accounts of Algarve are audited every six months by an external auditor (Deloitte). These audits take place on the basis of generally accepted auditing standards within the Netherlands.

### Advisory Roles

The external auditor (Deloitte) does not act in an advisory capacity except where activities relating to the annual accounts are concerned. Professional advice is provided by third party experts, such as tax advisors, Dutch notaries and Civil-Law lawyers.

## **Declaration**

The Board of Managing Directors believes that the internal risk management and control systems described above provide a reasonable level of assurance that the annual accounts do not contain any material misstatements and that these systems operated properly during the period under review. The Board of Managing Directors has no indication that these systems will not operate properly during the current year.

## **Financial Analysis**

In 2013, the operating income decreased by 0.88% to EUR 7,342,936, compared to EUR 7,408,557 in 2012.

The general and administrative expenses decreased by 4.90% to EUR 218,711, compared to EUR 230,000 in 2012.

The total amount of assets increased by 3.25% to EUR 230,969,244 compared to EUR 223,703,438 in 2012. The increase of the total assets is mainly due to the interest receivable of the Loan.

## **Number of Employees**

As per June 30, 2013, Algarve did not have any employees (2012: 0).

## **Future Developments**

The Board of Managing Directors does anticipate that the outstanding Loans and Bonds will be repaid in 11 installments of which the next one will take place on December 15, 2013.

Algarve is currently under negotiation with the Portuguese grantor to amend the concession contract. The company expects to reach an agreement before the end of the year. This agreement is expected to have no material impact in the concessionaire ability and financial commitments.

## **Financial Instruments**

The Company's financial instruments comprise of the bank loan Tranche A, the guaranteed bonds Tranche B and the funding of these amounts to Euroscut directly for the group's operations.

The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing on the Luxembourg Stock Exchange. The rate as per June 30, 2013 quoted the Bonds at 117.94 % (2012: 117.94%). The rate has remained unchanged since February 23, 2007 as these bonds have not been traded since said date.

The fair value of the loans granted to an affiliated party is based on the discounted cash flows of future loan repayments and interest payments. The discount rate applied is based on the calculated market rates for the loans obtained and approximates 4.31% for Tranche A and 2.66% for Tranche B as at June 30, 2013.

As a result the net fair value at June 30, 2013, of the loans obtained and granted represents the discounted value of the 0.25% margin between the interest rates on the loans obtained and the interest rates on the loans granted, amounting to approximately EUR 3.8 million.

## Report pursuant to Article 5:25c of the Financial Markets Supervision Act in the Netherlands

In the opinion of the Board of Managing Directors, the Interim Accounts as per June 30, 2013, of Algarve International B.V. give a true and fair view of the assets, liabilities, the financial position, and the profit or loss of Algarve International B.V. as per June 30, 2013 and further give a true and fair view of the course of events during the 6 months period ending June 30, 2013 of Algarve International B.V., whose details are included in the Annual Accounts. The significant risks Algarve International B.V. faces are described in this interim report.

Amsterdam, August 30, 2013

*[was signed]*

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Trust International Management (T.I.M.) B.V.  
As: Managing Director A

*[was signed]*

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Management Company Strawinsky B.V.  
As: Managing Director A

*[was signed]*

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Europe Management Company B.V.  
As: Managing Director A

*[was signed]*

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F.J. Clemente Sanchez  
As: Managing Director B

*[was signed]*

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M.A. Cabrera Morales  
As: Managing Director B

*[was signed]*

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V. Domingues dos Santos  
As: Managing Director B

# Interim Accounts

## Balance Sheet as at June 30, 2013

(before appropriation of results)

	Notes	06/30/2013	12/31/2012
<b>ASSETS</b>		EUR	EUR
<b>Financial Fixed Assets</b>			
<i>Loan Tranches from Affiliated Companies</i>			
Tranche A – Loan @ 6.65% to Euroscut	(5)	101,453,000	101,453,000
Tranche B – Loan @ 6.75% to Euroscut	(5)	111,568,000	111,568,000
		213,021,000	213,021,000
<b>Current Assets</b>			
Loan Tranches from Affiliated Companies	(5)	6,872,000	6,872,000
Interest Receivable from Affiliate	(6)	7,994,880	651,944
Corporate Income Tax Receivable		77,942	14,854
Interest Receivable		28	319
Intercompany Receivable	(7)	42,984	55,714
Total Receivables		14,987,834	7,594,831
Cash at Banks	(8)	2,960,410	3,087,607
<b>Total Current Assets</b>		17,948,244	10,682,438
<b>TOTAL ASSETS</b>		230,969,244	223,703,438
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>Equity</b>	(9)		
Issued and fully paid up share capital		18,000	18,000
Retained earnings		3,119,331	2,685,254
Net result for the period		211,965	434,077
<b>Total Equity</b>		3,349,296	3,137,331
<b>Non-Current Liabilities</b>			
Tranche A – Guaranteed 6.40% Bonds	(10)	101,453,000	101,453,000
Tranche B – European Investment Bank	(10)	111,568,000	111,568,000
Loan Tranches A and B Payable	(10)	213,021,000	213,021,000
<b>Current Liabilities</b>			
Loan Tranches A and B Payable	(10)	6,872,000	6,872,000
Interest Payable Loan Tranches A and B	(11)	7,696,732	627,620
Accounts Payable and Accrued Expenses	(12)	30,216	45,487
<b>Total Current Liabilities</b>		14,598,948	7,545,107
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		230,969,244	223,703,438

## Interim Accounts

### Income Statement for the Period ended June 30, 2013

	<i>Notes</i>	<i>6 months to 2013</i>	<i>6 months to 2012</i>
		<i>EUR</i>	<i>EUR</i>
<b><u>Operating Income/(Expenses)</u></b>			
<i>Interest Income Loans Receivable</i>	(14)		
Tranche A – Loan 6.65% to Euroscut		3,345,586	3,354,879
Tranche B – Loan 6.75% to Euroscut		3,997,350	4,053,678
<u>Total Interest Income Loans Receivable</u>		7,342,936	7,408,557
<i>Interest Expense Loans Payable</i>	(15)		
Tranche A – Guaranteed 6.40% Bonds		(3,219,812)	(3,228,756)
Tranche B – European Investment Bank		(3,849,300)	(3,903,542)
<u>Total Interest Expense Loans Payable</u>		(7,069,112)	(7,132,298)
		273,824	276,259
<b><u>Other Operating Expenses</u></b>			
General and Administrative Expenses	(16)	(218,711)	(230,000)
On-charge Expenses to Euroscut	(17)	218,711	230,000
		0	0
<b><u>Financial Income/(Expenses)</u></b>			
Interest Income Banks		936	4,797
Interest on Corporate Income Tax		1,788	3,409
		2,724	8,206
Result before Corporate Income Tax		276,548	284,465
Corporate Income Tax	(18)	(64,583)	(66,160)
		(64,583)	(66,160)
<b>NET RESULT FOR PERIOD</b>		<b>211,965</b>	<b>218,305</b>

## Interim Accounts

### Cash Flow Statement for the period ended June 30, 2013

	6 months to June 2013		6 months to June 2012	
	EUR	EUR	EUR	EUR
<b>Cash flow from operating activities</b>				
Corporate income tax paid	(125,884)		(134,227)	
General and administrative expenses	(233,981)		(233,794)	
On-charge expenses to Euroscut	231,441		225,093	
Subtotal		(128,424)		(142,928)
<b>Cash flow from financing activities</b>				
Interest income banks	1,227		3,997	
Subtotal		1,227		3,997
Increase / (decrease) cash and cash equivalents		(127,197)		(138,931)
<b>Movements in cash and cash equivalents</b>				
Cash and cash equivalents at the beginning of the period		3,087,607		2,657,672
Increase / (decrease) cash and cash equivalents		(127,197)		(138,931)
Cash and cash equivalents at the end of the period		2,960,410		2,518,741

## Notes to the Interim Accounts

### 1 General

#### a Group Affiliation and Principal Activities

Algarve International B.V. (hereinafter the "**Company**" or "**Algarve**"), has been incorporated on April 23, 2001 and is a private company with limited liability, with its statutory seat in Amsterdam and having its place of business at Naritaweg 165, Amsterdam, the Netherlands.

#### b Group structure

The Company is part of the Ferrovial Group, with Ferrovial, S.A., as the parent company, which is listed on the Madrid Stock Exchange. Ferrovial, S.A., was founded in 1952 and is based in Madrid, Spain. The interim statements of the Company are included in the consolidated interim financial statements of Ferrovial, S.A. Copies of the consolidated financial statements of Ferrovial, S.A., are available at cost price from the offices of the Company.

#### c Changes in the accounting policies

The accounting policies have not changed in the 6 months ending June 30, 2013.

#### d Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

#### e Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

#### f Basis of Presentation

The interim accounts were prepared in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. The interim accounts are denominated in Euro.

The balance sheet and income statement include references to the notes.

#### g 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.

## **2 Accounting Policies for the Balance Sheet**

### **a General**

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred.

### **b Comparison with Prior Period**

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

### **c Financial Fixed Assets**

Other receivables disclosed under financial assets include issued loans and other receivables as well as purchased loans and debentures that will be held to their maturity date. These receivables are initially measured at fair value, and subsequently carried at amortized cost. If debentures are acquired or loans are issued at a discount or premium, the discount or premium is recognized through profit or loss over the maturities of the debentures or loans using the effective interest method. Also transaction costs are included in the initial valuation and recognized in profit or loss as part of the effective interest method. Impairment losses are deducted from amortized cost and expensed in the income statement.

### **d Current Assets**

Receivables included in financial fixed assets are valued at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred.

### **e Impairment of Non Current Assets**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

### **f Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than twelve (12) months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at nominal value.

### **g Non-Current Liabilities**

Borrowings are initially measured against cost price plus transactions costs incurred in obtaining the liability at first recognition and hereafter at amortized cost. Borrowings are subsequently

stated at amortized cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest in the income statement over the period of the borrowings using the effective interest method.

#### **h Dividends**

This interim report contains a balance sheet before profit appropriation (as recommended by the Dutch Accounting Standards Board). Profit for the year is recognized as the last item in equity.

#### **i Financial Instruments**

The Company's financial instruments comprise the guaranteed bonds Tranche A, the bank loan Tranche B and the lending of these amounts to Euroscut, directly for the group's operations.

Expenses related to the financial instruments are charged on to Euroscut.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

### **3 Accounting Policies of the Income Statement**

#### **a Recognition of Income and Expense**

Income and expenses are recognized in the year they are realized, unless stated otherwise.

#### **b Financial Income and Expenses**

##### *Interest paid and received*

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

#### **c Dutch Corporate Income Tax**

The Company is subject to Dutch Corporate Income Tax and therefore, the tax payable is calculated by application of the relevant rate to the amount of taxable profit.

### **4 Financial Instruments and Risk Management**

#### **a Price Risk**

##### *Currency risk*

The Company mainly operates in the European Union. The Company has currently no currency risks.

*Interest rate and cash flow risk*

The Company incurs interest rate risk on interest bearing receivables (in particular those included in financial assets, securities and cash) and on interest bearing non-current and current liabilities (including borrowings).

Where floating-interest loans and receivables are concerned, the Company incurs risk regarding future cash flows. In addition, the Company incurs risks on fixed interest loans and receivables with respect to the fair value due to changes in the market rate of interest. No financial derivatives for interest rate risk are contracted with regard to the receivables.

**b Credit Risk**

For banks and financial institutions, only independently rated parties with a minimum credit rating of 'A' are accepted.

The Company has issued (intercompany) loans to an associate. This counterparty (associate) does not have a history of non-performance. At this moment there is a concentration of credit risk.

**c Liquidity Risk**

The Company does not use several banks in order to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

**5 Loan Tranches from Affiliated Companies**

<b>Tranche A - Loan @ 6.65% to Euroscut</b>	<b>6/30/2013</b>	<b>12/31/2012</b>
Facility: EUR 126,500,000 from July 2, 2001 until May 11, 2027 at a rate of 6.65%		
Opening balance	<u>101,453,000</u>	<u>101,453,000</u>
	101,453,000	101,453,000
 <b>Tranche B - Loan @ 6.75% to Euroscut</b>		
Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.75%		
Reclassification current assets	<u>118,440,000</u>	<u>118,440,000</u>
	(6,872,000)	(6,872,000)
	111,568,000	111,568,000
	<u>213,021,000</u>	<u>213,021,000</u>

The Company directly lends on for the same amount as the amounts borrowed from EIB, as is stated in the Loan agreement to Euroscut. The loan is divided into two tranches:

Tranche A

The issuer lends Euroscut EUR 126,500,000, following the issue of bonds for the same amount. The loan was provided to finance the construction of motorway stretches. Interest is calculated on the same basis as the bonds at 6.40% p.a. (being 365 days) plus a spread of 0.25% (6.65%). The Company shall repay the Tranche A loan in accordance with the Tranche A Amortization

Schedule. The final repayment has been scheduled accordingly on May 11, 2027.

#### Tranche B

The agreement foresees that the funds which were received from a loan due to the EIB of EUR 130,000,000 may be ceded to Euroscut. This loan is incurred to finance the construction of road stretches and bears interest at 6.50% p.a. (being 360 days) plus a spread of 0.25% (6.75%) payable in December each year. The Company shall repay the Tranche B loan in accordance with the Tranche B Amortization Schedule.

The final repayment has been scheduled accordingly on December 15, 2025. Due to the downgrade of Syncora the interest has increased by 0.50% as per December 31, 2010, these changes have been reflected in the aforementioned percentages.

#### *Increase of interest*

On June 9, 2010, the European Investment Bank ('EIB') sent a letter to the Company with a copy addressed to Cintra Concesiones de Infraestructuras de Transporte, S.A., Syncora Guarantee, Inc. and Citibank N.A., with respect to the Scut Algarve PPP. In the letter the Company was notified that Syncora Guarantee, Inc. (formerly known as: XL Capital Assurance, Inc.) has been downgraded by three approved rating agencies.

Due to the downgrading of Syncora Guarantee, Inc., the EIB has advised that, without altering or affecting the nature, extent, validity or enforceability of the EIB Financial Guarantee, the EIB will waive its rights under the EIB Facility Agreement, exclusively, in relation to the aforementioned downgrades (the "EIB Waiver").

The EIB Waiver is subject to and conditional upon the Borrower paying to EIB interest in respect of the Loan at a nominal interest rate equivalent to the Rate of Interest currently applicable in respect of the Loan plus an additional margin of 0.50% (zero point fifty percent) per annum (the EIB Guarantor Default Margin"), with effect from the latest Payment Date, i.e. from December 15, 2009 and, subject to (ii) and (iii) below, until full repayment of the Loan and unconditional payment of all amounts due thereunder.

#### **6 Interest Receivable from Affiliate**

	<b>6/30/2013</b>	<b>12/31/2012</b>
Tranche A - Loan 6.65% to Euroscut	3,664,417	318,831
Tranche B - Loan 6.75% to Euroscut	<u>4,330,463</u>	<u>333,113</u>
	<u>7,994,880</u>	<u>651,944</u>

#### **7 Intercompany Receivable**

	<b>6/30/2013</b>	<b>12/31/2012</b>
Euroscut Sociedad Concessionária da Scut do Algarve, S.A., Lisbon	<u>42,984</u>	<u>55,714</u>

#### **8 Cash at Banks**

	<b>6/30/2013</b>	<b>12/31/2012</b>
Citibank Amsterdam –current account	80,410	647,607
Citibank Amsterdam- deposit account	<u>2,880,000</u>	<u>2,440,000</u>
	<u>2,960,410</u>	<u>3,087,607</u>

At June 30, 2013 and December 31, 2012 all cash and cash equivalents are freely available to the Company.

## 9 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 equity accounts are as follows:

	<b>12/31/2012</b>	<b>Changes for the Period</b>	<b>Dividend</b>	<b>06/30/2013</b>
Issued and fully paid up share capital	18,000	0	0	18,000
Retained earnings	2,685,254	434,077	0	3,119,331
Net result for the previous year	434,077	(434,077)	0	0
Net result for the period	0	211,965	0	211,965
Total Equity	3,137,331	211,965	0	3,349,296

	<b>12/31/2011</b>	<b>Changes for the Period</b>	<b>Dividend</b>	<b>06/30/2012</b>
Issued and fully paid up share capital	18,000	0	0	18,000
Retained earnings	2,226,938	458,316	0	2,685,254
Net result for the previous year	458,316	(458,316)	0	0
Net result for the period	0	218,305	0	218,305
Total Equity	2,703,254	218,305	0	2,921,559

## 10 Loan Tranches A and B Payable

	<b>06/30/2013</b>	<b>12/31/2012</b>
<b>Tranche A - Guaranteed 6.40% Bonds</b>		
EUR 126,500,000 from July 2, 2001 until May 11, 2027 at a rate of 6.40%		
Opening balance	101,453,000	101,453,000
	101,453,000	101,453,000
<b>Tranche B - European Investment Bank</b>		
Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.50%	118,440,000	118,440,000
Reclassification current liabilities	(6,872,000)	(6,872,000)
	111,568,000	111,568,000
	213,021,000	213,021,000

The Company has raised funds through loans and bonds. In relation to these raised funds Citibank N.A. Lisbon has been appointed as 'Security Trustee' for the bonds listed on the Luxembourg Stock Exchange. The EIB acts as credit party and Syncora, a New York stock insurance company has acted as 'Guarantor' of these loans and bonds until November 8, 2011.

On November 8, 2011, by means of an agreement of release and assignment, made between Syncora and EIB, Syncora has assigned to EIB all of its right, title, interest and benefit, present and future, in, to and under the fee payments due from Algarve after November 8, 2011 pursuant to the fee letter dated July 2, 2011 in respect to the EIB guarantee agreements (hereinafter referred to as the "Fee Letter").

Algarve has been authorized and instructed henceforth to deal with EIB in relation to the rights from Syncora to the payment under the Fee Letter without further reference to Syncora.

The loan is divided into two tranches as follows:

#### Tranche A

The EUR 126,500,000 Guaranteed Bonds of Algarve were issued on July 2, 2001. The bonds mature June 15, 2027 and bear annual interest of 6.40% payable in December of each year and capital is repaid over 18 variable instalments. The first instalment had taken place on December 15, 2006 and the last will take place on May 11, 2027. The loan was obtained to finance the construction of motorway stretches.

#### Tranche B

The agreement foresees that the funds which were received from a loan due to EIB of EUR 130,000,000 bearing interest at 6.50% 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 14 annual variable amount installments, with the first one due December 15, 2013 and the last one due December 15, 2025. Due to the downgrade of Syncora the interest has increased by 0.50% as per December 31, 2009. This increase has been taken into account in this Interim Report.

<b>Loan tranches repayment schedule</b>	<b>Term 1 year</b>	<b>Term 1-5 year</b>	<b>Term &gt; 5 years</b>
Tranche A - Guaranteed 6.40% Bonds	0	5,085,300	96,367,700
Tranche B - European Investment Bank	6,872,000	51,268,000	60,300,000

### **11 Interest Payable Loan Tranches A and B**

	<b>6/30/2013</b>	<b>12/31/2012</b>
Tranche A - Bonds 6.40%	3,526,657	306,845
Tranche B - European Investment Bank 6.50%	4,170,075	320,775
	<u>7,696,732</u>	<u>627,620</u>

### **12 Accounts Payable and Accrued Expenses**

	<b>6/30/2013</b>	<b>12/31/2012</b>
Accrued audit fees	9,922	5,149
Accrued tax advisory fees	6,002	14,012
Accrued accounting fees	1,895	1,612
Accrued legal fees	10,178	16,900
Accrued general expenses	2,219	2,459
	<u>30,216</u>	<u>45,487</u>

**13 Fair Value Financial Instruments**

The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing at the Luxembourg Stock Exchange. The rate as at June 30, 2013 quotes the Bonds at 117.94%. The rate has remained unchanged since February 23, 2007 as these bonds have not been traded since said date. On the basis that both loans were obtained at the same date, it is assumed that the development in the fair value of the bank loan is of a similar nature.

The fair value of the loans granted to an affiliated party is based on the discounted cash flows of future loan repayments and interest payments. The discount rate applied is based on the calculated market rates for the loans obtained and approximates 4.31% (December 31, 2012: 4.37%) for Tranche A and 2.66% for Tranche B as at June 30, 2013 (December 31, 2012: 3.31%).

As a result the net fair value at June 30, 2013 of the loans obtained and granted represents the discounted value of the 0.25% margin between the interest rates on the loans obtained and the interest rates on the loans granted, amounting to approximately EUR 3.8 million (December 31, 2012: EUR 3.9 million).

<b>Instruments receivable</b>	<b>Book value</b>	<b>Fair value</b>
Tranche A Loan balance	101,453,000	121,831,735
Tranche B Loan balance	118,440,000	141,276,557
		<u>263,108,292</u>
<b>Instruments payable</b>		
Tranche A Loan balance @ 117.94%	(101,453,000)	(119,653,668)
Tranche B Loan balance @ 117.94%	(118,440,000)	(139,688,136)
		<u>(259,341,804)</u>
<b>Net Fair Value</b>		<u><u>3,766,488</u></u>

**Analysis of the bond quote**

The rate used to calculate the fair value of the bonds has remained unchanged since February 23, 2007, as these bonds have not been traded since said date. Taking into account the consequences of the worldwide economic downturn it seems likely that the rate has changed in the last three years.

We have made several calculations with different rates of the bond quote to reflect some alternative fair values in these Annual Accounts. The calculations reflect the impact of a significant decrease or increase of the bond quote. The analysis shows that substantial differences in the bond quote have a limited effect on the fair market value.

<b>Bond quotes</b>	<b>Fair value 0.25% margin</b>	<b>Variance to fair value 117.94%</b>
Bond quote of 100.00%	3.3 million	87%
Bond quote of 110.00%	3.6 million	95%
Bond quote of 117.94%	3.8 million	100%
Bond quote of 120.00%	3.8 million	101%
Bond quote of 130.00%	4.0 million	105%

The issue price of the Bonds was 100 per cent. The Bonds are unconditionally and irrevocably guaranteed as the scheduled payments of principal and interest in respect to the Bonds and as

to certain additional amounts in respect to the withholding taxes in the Netherlands in respect of the Bonds pursuant to a financial guaranty issued by Syncora.

In 2001, the bonds have been rated AAA by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (hereinafter referred to as "S&P"). This rating was based solely upon the financial strength of Syncora. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Although with some intermediary steps, the S&P rating for the Bonds was changed from 'BBB-' to 'Not Rated' on November 18, 2008.

The issued investment grade ratings for Ferrovial S.A. are:

<b>Fitch</b>	<b>S&amp;P</b>
<i>Long term</i>	<i>Long term</i>
BBB-	BBB-
<i>Outlook</i>	<i>Outlook</i>
Stable	Stable

On November 8, 2011, by means of an agreement of release and assignment, made between Syncora and EIB, Syncora has assigned to EIB all of its right, title, interest and benefit, present and future, in, to and under the fee payments due from Algarve after November 8, 2011 pursuant to the fee letter dated July 2, 2011 in respect to the EIB guarantee agreements (hereinafter referred to as the "Fee Letter").

Algarve has been authorized and instructed henceforth to deal with EIB in relation to the rights from Syncora to the payment under the Fee Letter without further reference to Syncora.

The issued investment grade ratings for EIB are:

<b>Fitch</b>	<b>Moody's</b>	<b>S&amp;P</b>
<i>Long term</i>	<i>Long term</i>	<i>Long term</i>
AAA	Aaa	AAA
<i>Short term</i>	<i>Short term</i>	<i>Short term</i>
F1+	P-1	A-1+

The Group's treasury department was unable to calculate a fair value market value for the Bonds, they have no information available from companies with a similar bond/loan structure as Algarve and the valuation of the bonds by an external valuation specialist would cause a disproportional amount of costs. Given the non trading of the bonds, the relatively high interest rate on the bonds, the unstable economic climate in Europe and the triple AAA rating from the EIB guaranteeing the repayment of the bonds, it creates sufficient background to maintain the calculations as described in this paragraph.

#### 14 Interest Income Loans Receivable Tranches A and B

	<b>6/30/2013</b>	<b>6/30/2012</b>
<b>Tranche A - Loan 6.65% to Euroscut</b>		
Facility: EUR 126,500,000 from July 2, 2001 until		
May 11, 2027 at a rate of 6.65%	3,345,586	3,354,879

(expressed in euro)

<b>Tranche B - Loan 6.75% to Euroscut</b>		3,997,350	4,053,678
Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.75%			
		<u>7,342,936</u>	<u>7,408,557</u>
<b>15</b>	<b>Interest Expense Loans Payable Tranches A and B</b>		
		<b>6/30/2013</b>	<b>6/30/2012</b>
<b>Tranche A - Guaranteed 6.40% Bonds</b>			
EUR 126,500,000 from July 2, 2001 until May 11, 2027 at a rate of 6.40%			
		(3,219,812)	(3,228,756)
<b>Tranche B - European Investment Bank</b>		(3,849,300)	(3,903,542)
Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.50%			
		<u>7,069,112</u>	<u>7,132,298</u>
<b>16</b>	<b>General and Administrative Expenses</b>		
		<b>6/30/2013</b>	<b>6/30/2012</b>
Guarantee expenses		(178,147)	(180,164)
Audit fees		(9,922)	(14,447)
Management fees		(16,310)	(13,660)
Accounting fees		(7,260)	(8,925)
Tax advisory fees		(6,772)	(7,567)
General expenses		(300)	(2,011)
Legal & Professional fees		0	(3,226)
		<u>(218,711)</u>	<u>(230,000)</u>
<b>17</b>	<b>On-charge Expenses to Euroscut</b>		
		<b>6/30/2013</b>	<b>6/30/2012</b>
Guarantee expenses (Syncora/EIB)		178,147	180,164
Audit fees		9,922	14,447
Management fees		16,310	13,660
Accounting fees		7,260	8,925
Tax advisory fees		6,772	7,567
General expenses		300	2,011
Legal & Professional fees		0	3,226
		<u>218,711</u>	<u>230,000</u>

Based upon paragraph 7.4 of the July 2, 2001 Loan Agreement between Algarve and Euroscut all fees, expenses and other amounts in reference to the financing will be on-charged to the borrower of the loan.

**18 Corporate Income Tax**

The corporate income tax is based on the fiscal result. The applicable tax rates are 20% over the first EUR 200,000 and 25% over the surplus.

	<b>6/30/2013</b>	<b>6/30/2012</b>
Corporate income tax	<u>(64,583)</u>	<u>(66,160)</u>
	<u>(64,583)</u>	<u>(66,160)</u>

**19 Auditor's fee**

In accordance with Section 2:382a(1) and (2) of the Dutch Civil Code the audit fee for the auditors of Deloitte is as follows:

	<b>6/30/2013</b>		
	Fee Deloitte Accountants B.V.	Fee other Deloitte companies	Total Fee Deloitte
Audit of the interim accounts	9,922	0	9,922
Other audit engagements	0	0	0
Other non-audit services	0	0	0
<b>Total</b>	<u>9,922</u>	<u>0</u>	<u>9,922</u>

	<b>6/30/2012</b>		
	Fee Deloitte Accountants B.V.	Fee other Deloitte Companies	Total Fee Deloitte
Audit of the interim accounts	9,520	0	9,520
Other audit engagements	0	0	0
Other non-audit services	0	0	0
<b>Total</b>	<u>9,520</u>	<u>0</u>	<u>9,520</u>

**20 Directors and Employees**

The remuneration of the Board of Managing Directors for the period ended June 30, 2013 and June 30, 2012 is as follows:

	<b>6/30/2013</b>	<b>6/30/2012</b>
Trust International Management (T.I.M.) B.V.	467	467
Europe Management Company B.V.	467	467
Management Company Strawinsky B.V.	466	466
F.J. Clemente Sanchez	0	0
M.A. Cabrera Morales	0	0
V. Domingues dos Santos	0	0
<b>Total:</b>	<u>1,400</u>	<u>1,400</u>

There are no options granted and no assets are available to the members of the Board of Managing Directors. There are no loans outstanding to the members of the Board of Managing Directors and no guarantees given on behalf of members of the Board of Managing Directors.

The Company has no employees.

## **21 Supervisory Board**

The remuneration (accrual) of the Supervisory Board is as follows:

	<b>6/30/2013</b>	<b>6/30/2012</b>
D. Haarsma, Chairman	2,975	2,975
M.A.H. Martis	<u>2,975</u>	<u>2,975</u>
<b>Total:</b>	<u>5,950</u>	<u>5,950</u>

There are no options granted and no assets are available to the members of the Supervisory Board. There are no loans outstanding to the members of the Supervisory Board and no guarantees given on behalf of members of the Supervisory Board.

The Board of Managing Directors and the Supervisory Board have signed the interim accounts pursuant to their statutory obligations under Articles 394 of Book 2 of the Dutch Civil Code and Article 5:25c(2)(c) Financial Markets Supervision Act.

Amsterdam, August 30, 2013

The Board of Managing Directors,

*[was signed]*

*[was signed]*

---

Trust International Management (T.I.M.) B.V.  
As: Managing Director A

---

F.J. Clemente Sanchez  
As: Managing Director B

*[was signed]*

*[was signed]*

---

Management Company Strawinsky B.V.  
As: Managing Director A

---

M.A. Cabrera Morales  
As: Managing Director B

*[was signed]*

*[was signed]*

---

Europe Management Company B.V.  
As: Managing Director A

---

V. Domingues dos Santos  
As: Managing Director B

The Supervisory Board,

*[was signed]*

*[was signed]*

---

D. Haarsma

---

M. A. H. Martis

## **Other information**

### **1 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, the results of those operations or the affairs of the Company. Neither a subsequent event has been identified.

### **2 Independent Auditor's Report**

Reference is made to the independent auditor's report as included hereinafter.

## Independent auditor's report

To: the shareholders of Algarve International B.V.

### Report on the interim accounts

We have audited the accompanying interim accounts for the period ended June 30 2013 of Algarve International B.V., Amsterdam, which comprise the balance sheet as per June 30, 2013, the income statement for the 6 months' period then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### Management's responsibility

Management is responsible for the preparation and fair presentation of these interim accounts in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the interim accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these interim accounts based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim accounts, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion with respect to the interim accounts**

In our opinion, the interim accounts give a true and fair view of the financial position of Algarve International B.V. as per June 30, 2013 and of its result for the 6 months' period then ended in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

Amsterdam, August 30, 2013

Deloitte Accountants B.V.

Signed on the original J. Penon

Algarve International B.V.  
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The Netherlands  
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[www.algarveinternational.eu](http://www.algarveinternational.eu)  
Trade Register number: 34155411

## **Auditors' statement on the notice of the board of directors in accordance with article 2:362 sub 6 of the Dutch Civil Code**

To: the board of directors and shareholders of Algarve International B.V.

We have read the attached notice of the management board of Algarve International B.V. in accordance with article 2:362 sub 6 of the Dutch Civil Code dated October 30, 2013. The management board of Algarve International B.V. is responsible for the content of the notice. We concur with the content of this notice of the management board.

Amsterdam, October 30, 2013

Deloitte Accountants B.V.

Signed on the original: J. Penon



**Algarve International B.V.**

**Private & confidential**

To whom it may concern

Date: October 30, 2013

Subject: Algarve International BV | Guarantee issued for the Bonds listed on the Luxembourg Stock Exchange

This note is to inform you that it has come to the company's notice that certain references to disclosures contained in the

- (i) interim report for the half-year ending June 30, 2012;
- (ii) annual report for the year ending December 31, 2012; and
- (iii) interim report for the half-year ending June 30, 2013,

were inaccurate at the time of reporting. These inaccuracies and the corresponding corrections for (i), (ii) and (iii) above will be notified in the annual report for the year ending December 31, 2013.

For your reference, please find below the inaccurate references and the corresponding corrections:

**INTERIM REPORT JUNE 30, 2012**

Page 2; Algarve at a Glance (Fourth paragraph), which currently reads

- The Company has raised funds through the issuance of loans and bonds. Citibank N.A. Lisbon has been appointed as 'Security Trustee', the European Investment Bank, Luxembourg (hereinafter referred to as "EIB") as credit party and the EIB as "Guarantor" for respectively the Issued loans and bonds. The EIB has replaced Syncora since November 8, 2011.

should be replaced by

- The Company has raised funds through the issuance of loans and bonds. Citibank N.A. Lisbon has been appointed as 'Security Trustee', the European Investment Bank, Luxembourg (hereinafter referred to as "EIB") as credit party and Syncora Guarantee Inc., New York (hereinafter referred to as "Syncora") as "Guarantor" for respectively the Issued loans and bonds.

**Page 7; Report of the Board of Managing Directors (Financial Instruments; second paragraph) which currently reads**

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing on the Luxembourg Stock Exchange. The rate as per June 30, 2012 quoted the Bonds at 117.94 % (2011: 117.94%). The rate has remained unchanged since February 23, 2007 as these bonds have not been traded since said date.

should be replaced by

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing on the Luxembourg Stock Exchange. The rate as per June 30, 2012 quoted the Bonds at 117.94 % (2011: 117.94%). To the best of the Company's knowledge, the bonds have been traded in low volumes.

**Page 16; Note to the Interim Accounts (5 Loan Tranches from Affiliated Companies; Increase of Interest first paragraph) which currently reads**

- On June 9, 2010, the European Investment Bank ('EIB') sent a letter to the Company with a copy addressed to Cintra Concesiones de Infraestructuras de Transporte, S.A., Syncora Guarantee, Inc. and Citibank N.A., with respect to the Scut Algarve PPP. In the letter the Company was notified that Syncora Guarantee, Inc. (formerly known as: XL Capital Assurance, Inc.) has been downgraded by three approved rating agencies.

Due to the downgrading of Syncora Guarantee, Inc., the EIB has advised that, without altering or affecting the nature, extent, validity or enforceability of the EIB Financial Guarantee, the EIB will waive its rights under the EIB Facility Agreement, exclusively, in relation to the aforementioned downgrades (the "EIB Waiver").

should be replaced by

- On June 9, 2010, the European Investment Bank ('EIB') sent a letter to the Company with a copy addressed to Cintra Concesiones de Infraestructuras de Transporte, S.A., Syncora Guarantee, Inc. and Citibank N.A., with respect to the Scut Algarve PPP. In the letter the Company was

notified that Syncora Guarantee, Inc. (formerly known as: XL Capital Assurance, Inc.) has been downgraded by three approved rating agencies.

Due to the downgrading of Syncora Guarantee, Inc., the EIB has advised that, without altering or affecting the nature, extent, validity or enforceability of the EIB Financial Guarantee (Syncora's Financial Guarantee granted in favour of the EIB), the EIB will waive its rights under the EIB Facility Agreement, exclusively, in relation to the aforementioned downgrades (the "EIB Waiver").

**Page 18; Note to the Interim Accounts (10 Loan Tranches A and B Payable; First paragraph) which currently reads**

- The Company has raised funds through loans and bonds. In relation to these raised funds Citibank N.A. Lisbon has been appointed as 'Security Trustee' for the bonds listed on the Luxembourg Stock Exchange. The EIB acts as credit party and Syncora, a New York stock Insurance company has acted as 'Guarantor' of these loans and bonds until November 8, 2011.

should be replaced by

- The Company has raised funds through loans and bonds. In relation to these raised funds Citibank N.A. Lisbon has been appointed as 'Security Trustee' for the bonds listed on the Luxembourg Stock Exchange. The EIB acts as credit party and Syncora, a New York stock Insurance company acts as 'Guarantor' of these loans and bonds.

**Page 19; Note to the Interim Accounts (13 Fair Value Financial Instruments; First paragraph) which currently reads**

- The fair value of the Bonds with a mortized cost of EUR 101,453,000 has been determined on the basis of its listing at the Luxembourg Stock Exchange. The rate as at June 30, 2012 quotes the Bonds at 117.94%. The rate has remained unchanged since February 23, 2007 as these bonds have not been traded since said date. On the basis that both loans were obtained at the same date, it is assumed that the development in the fair value of the bank loan is of a similar nature.

should be replaced by

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing at the Luxembourg Stock Exchange. The rate as at June 30, 2012 quotes the Bonds at 117.94%. To the best of the Company's knowledge, the traded volumes for these bonds have been low. On the basis that both loans were obtained at the same date, it is assumed that the development in the fair value of the bank loan is of a similar nature.

### **ANNUAL REPORT DECEMBER 31, 2012:**

**Page 9; Report of the Board of Managing Directors (Financial Instruments; second paragraph) which currently reads**

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing on the Luxembourg Stock Exchange. The rate as per December 31, 2012 quoted the Bonds at 117.94 % (2011: 117.94%). The rate has remained unchanged since February 23, 2007 as these bonds have not been traded since said date.

should be replaced by

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing on the Luxembourg Stock Exchange. The rate as per December 31, 2012 quoted the Bonds at 117.94 % (2011: 117.94%). To the best of the Company's knowledge, the traded volumes for these bonds have been low.

**Page 18; Note to the Annual Accounts (5 Loan Tranches from Affiliated Companies; Increase of interest first paragraph) which currently reads**

- On June 9, 2010, the European Investment Bank ('EIB') sent a letter to the Company with a copy addressed to Cintra Concesiones de Infraestructuras de Transporte, S.A., Syncora Guarantee, Inc. and Citibank N.A., with respect to the Scut Algarve PPP. In the letter the Company was notified that Syncora Guarantee, Inc. (formerly known as: XL Capital Assurance, Inc.) has been downgraded by three approved rating agencies.

Due to the downgrading of Syncora Guarantee, Inc., the EIB has advised that, without altering or affecting the nature, extent, validity or enforceability of the EIB Financial Guarantee, the EIB will

waive its rights under the EIB Facility Agreement, exclusively, in relation to the aforementioned downgrades (the "EIB Waiver").

should be replaced by

- On June 9, 2010, the European Investment Bank ('EIB') sent a letter to the Company with a copy addressed to Cintra Concesiones de Infraestructuras de Transporte, S.A., Syncora Guarantee, Inc. and Citibank N.A., with respect to the Scut Algarve PPP. In the letter the Company was notified that Syncora Guarantee, Inc. (formerly known as: XL Capital Assurance, Inc.) has been downgraded by three approved rating agencies.

Due to the downgrading of Syncora Guarantee, Inc., the EIB has advised that, without altering or affecting the nature, extent, validity or enforceability of the EIB Financial Guarantee (Syncora's Financial Guarantee granted in favour of the EIB), the EIB will waive its rights under the EIB Facility Agreement, exclusively, in relation to the aforementioned downgrades (the "EIB Waiver").

Page 19; Note to the Annual Accounts (10 Loan Tranches A and B Payable; First paragraph) which currently reads

- The company has raised funds through loans and bonds. In relation to these raised funds Citibank N.A. Lisbon has been appointed as "Security Trustee" for the Bonds listed on the Luxembourg Stock Exchange. The EIB acts as credit party and as 'Guarantor' of these loans and bonds.

should be replaced by

- The company has raised funds through loans and bonds. In relation to these raised funds Citibank N.A. Lisbon has been appointed as "Security Trustee" for the Bonds listed on the Luxembourg Stock Exchange. The EIB acts as credit party and Syncora, a New York stock insurance company acts as 'Guarantor' of these loans and bonds.

Page 21; Note to the Annual Accounts (13 Fair Value Financial Instruments; First paragraph) which currently reads

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing at the Luxembourg Stock Exchange. The rate as at December 31, 2012 quotes the Bonds at 117.94% (2011: 117.94%). The rate has remained unchanged since February 23, 2007 as these bonds have not been traded since said date. On the basis that both loans were obtained at the same date, it is assumed that the development in the fair value of the bank loan is of a similar nature.

should be replaced by

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing at the Luxembourg Stock Exchange. The rate as at December 31, 2012 quotes the Bonds at 117.94% (2011: 117.94%). To the best of the Company's knowledge, the traded volumes for these bonds have been low. On the basis that both loans were obtained at the same date, it is assumed that the development in the fair value of the bank loan is of a similar nature.

Page 22; Note to the Annual Accounts (13 Fair Value Financial Instruments: Analysis of the bond quote; third paragraph) which currently reads

- The issue price of the Bonds was 100 per cent. The Bonds are unconditionally and irrevocably guaranteed as the scheduled payments of principal and interest in respect to the Bonds and as to certain additional amounts in respect to the withholdings taxes in the Netherlands in respect of the Bonds pursuant to a financial guarantee issued by the EIB.

should be replaced by

- The issue price of the Bonds was 100 per cent. The Bonds are unconditionally and irrevocably guaranteed as the scheduled payments of principal and interest in respect to the Bonds and as to certain additional amounts in respect to the withholdings taxes in the Netherlands in respect of the Bonds pursuant to a financial guarantee issued by Syncora.

Page 22; Note to the Annual Accounts (13 Fair Value Financial Instruments: Analysis of the bond quote; last paragraph) which currently reads

- The Group's treasury department was unable to calculate a fair value for the Bonds, they have no information available from companies with a similar bond/loans structure as Algarve and the valuation on the bonds by an external valuation specialist would cause a disproportional amount of costs. Given the non trading of the bonds, the relatively high interest rate on the bonds, the unstable economic climate in Europe and the triple AAA rating from the EIB guaranteeing the repayment of the bonds, it creates sufficient background to maintain the calculations as described in this paragraph.

should be replaced by

- The group's treasury department was unable to calculate a fair value for the Bonds, they have no information available from companies with a similar bond/loans structure as Algarve and the valuation on the bonds by an external valuation specialist would cause a disproportional amount of costs.

### INTERIM REPORT JUNE 30, 2013

Page 2; Algarve at a Glance (Fourth paragraph) which currently reads

- The Company has raised funds through the issuance of loans and bonds. Citibank N.A. Lisbon has been appointed as 'Security Trustee', the European Investment Bank, Luxembourg (hereinafter referred to as "EIB") as credit party and the EIB as "Guarantor" for respectively the issued loans and bonds. The EIB has replaced Syncora since November 8, 2011.

should be replaced by

- The Company has raised funds through the issuance of loans and bonds. Citibank N.A. Lisbon has been appointed as 'Security Trustee', the European Investment Bank, Luxembourg (hereinafter referred to as "EIB") as credit party and Syncora as "Guarantor" for respectively the issued loans and bonds.

Page 8; Report of the Board of Managing Directors (Financial Instruments; second paragraph) which currently reads

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing on the Luxembourg Stock Exchange. The rate as per June 30, 2013 quoted the Bonds at 117.94 % (2012: 117.94%). The rate has remained unchanged since February 23, 2007 as these bonds have not been traded since said date.

should be replaced by

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing on the Luxembourg Stock Exchange. The rate as per June 30, 2013 quoted the Bonds at 117.94 % (2012: 117.94%). To the best of the Company's knowledge, the traded volumes for these bonds have been low.

Page 17; Note to the Interim Accounts (5 Loan Tranches from Affiliated Companies; Increase of Interest first paragraph) which currently reads

- On June 9, 2010, the European Investment Bank ('EIB') sent a letter to the Company with a copy addressed to Cintra Concesiones de Infraestructuras de Transporte, S.A., Syncora Guarantee, Inc. and Citibank N.A., with respect to the Scut Algarve PPP. In the letter the Company was notified that Syncora Guarantee, Inc. (formerly known as: XL Capital Assurance, Inc.) has been downgraded by three approved rating agencies.

Due to the downgrading of Syncora Guarantee, Inc., the EIB has advised that, without altering or affecting the nature, extent, validity or enforceability of the EIB Financial Guarantee, the EIB will waive its rights under the EIB Facility Agreement, exclusively, in relation to the aforementioned downgrades (the "EIB Waiver").

should be replaced by

- On June 9, 2010, the European Investment Bank ('EIB') sent a letter to the Company with a copy addressed to Cintra Concesiones de Infraestructuras de Transporte, S.A., Syncora Guarantee, Inc. and Citibank N.A., with respect to the Scut Algarve PPP. In the letter the Company was notified that Syncora Guarantee, Inc. (formerly known as: XL Capital Assurance, Inc.) has been downgraded by three approved rating agencies.

Due to the downgrading of Syncora Guarantee, Inc., the EIB has advised that, without altering or affecting the nature, extent, validity or enforceability of the EIB Financial Guarantee (Syncora's Financial Guarantee granted in favour of the EIB), the EIB will waive its rights under the EIB Facility Agreement, exclusively, in relation to the aforementioned downgrades (the "EIB Waiver").

**Page 18; Note to the Interim Accounts (10 Loan Tranches A and B Payable; First paragraph) which currently reads**

- The company has raised funds through loans and bonds. In relation to these raised funds Citibank N.A. Lisbon has been appointed as "Security Trustee" for the Bonds listed on the Luxembourg Stock Exchange. The EIB acts as credit party and Syncora, a New York stock insurance company has acted as 'Guarantor' of these loans and bonds until November 8, 2011.

should be replaced by

- The company has raised funds through loans and bonds. In relation to these raised funds Citibank N.A. Lisbon has been appointed as "Security Trustee" for the Bonds listed on the Luxembourg Stock Exchange. The EIB acts as credit party and Syncora, a New York stock insurance company acts as 'Guarantor' of these loans and bonds.

**Page 20; Note to the Interim Accounts (13 Fair Value Financial Instruments; First paragraph) which currently reads**

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing at the Luxembourg Stock Exchange. The rate as at June 30, 2013 quotes the Bonds at 117.94% (2012: 117.94%). The rate has remained unchanged since February 23, 2007 as these bonds have not been traded since said date. On the basis that both loans were obtained at the same date, it is assumed that the development in the fair value of the bank loan is of a similar nature.

should be replaced by

- The fair value of the Bonds with amortized cost of EUR 101,453,000 has been determined on the basis of its listing at the Luxembourg Stock Exchange. The rate as at June 30, 2013 quotes the

Bonds at 117.94% (2012: 117.94%). To the best of the Company's knowledge, the traded volumes for these bonds have been low. On the basis that both loans were obtained at the same date, it is assumed that the development in the fair value of the bank loan is of a similar nature.

Page 21; Note to the Interim Accounts (13 Fair Value Financial Instruments: Analysis of the bond quote; last paragraph) which currently reads

- The group's treasury department was unable to calculate a fair value for the Bonds, they have no information available from companies with a similar bond/loans structure as Algarve and the valuation on the bonds by an external valuation specialist would cause a disproportional amount of costs. Given the non trading of the bonds, the relatively high interest rate on the bonds, the unstable economic climate in Europe and the triple AAA rating from the EIB guaranteeing the repayment of the bonds, it creates sufficient background to maintain the calculations as described in this paragraph.

should be replaced by

- The group's treasury department was unable to calculate a fair value for the Bonds, they have no information available from companies with a similar bond/loans structure as Algarve and the valuation on the bonds by an external valuation specialist would cause a disproportional amount of costs.

We trust to have informed you sufficiently.

Kind regards,

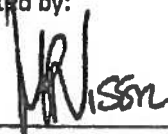
Algarve International B.V.

*[Signature page follows]*

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

**Managing director A**

**Represented by:**



Name: J.P.V.G. Visser  
Title: Attorney-in-fact A

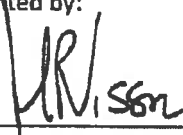


Name: S. van den Broek  
Title: Attorney-in-fact B

**Europe Management Company B.V.**

**Managing director A**

**Represented by:**



Name: J.P.V.G. Visser  
Title: Attorney-in-fact A

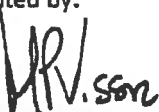


Name: S. van den Broek  
Title: Attorney-in-fact B

**Management Company Strawinsky B.V.**

**Managing director A**

**Represented by:**



Name: J.P.V.G. Visser  
Title: Attorney-in-fact A



Name: S. van den Broek  
Title: Attorney-in-fact B



Name: V. Domingues dos Santos

Title: Managing director B

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Name: F.J. Clemente Sanchez

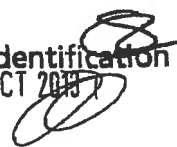
Title: Managing director B

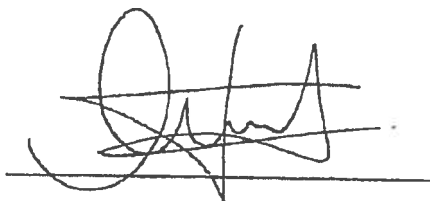


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Name: M.A. Cabrera Morales

Title: Managing director B





Name: F.J. Clemente Sanchez

Title: Managing director B

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Name: M.A. Cabrera Morales

Title: Managing director B