

ANNUAL REPORT

DECEMBER 31, 2014



Algarve International B.V.

ANNUAL REPORT 2014

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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 the “**Company**” or “**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 (hereinafter referred to as the “**Concession**”), 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 Syncora Guarantee Inc., New York (hereinafter referred to as “**Syncora**”) as “**Guarantor**” for respectively the issued loans and bonds.

Algarve was founded in 2001.

Algarve is part of the Ferrovial Group (“hereinafter referred to as “**Ferrovial**”), with Ferrovial SA as its parent company which is listed on the Madrid Stock Exchange. Ferrovial SA 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 4 airports and manages 27 toll roads in Spain, Ireland, Portugal, Greece, United Kingdom, Colombia, Canada, the United States of America and Australia. Further, Ferrovial SA is involved in facility management, infrastructure maintenance, airport handling, municipal and waste treatment services, waste management, gardening, and municipal and industrial cleaning services. Ferrovial SA was founded in 1952 and is based in Madrid, Spain.

Supervisory Board

<i>name</i>	D. Haarsma (1948)
<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., DHA Management (International) B.V., Guess? Europe B.V., Guess? Euro-Canada B.V., Ninive International B.V., Venini Netherlands B.V., Avast Holding B.V., Briareus Investments B.V., Ole Investments B.V. and Supervisory Board Member of Verizon Nederland B.V.

<i>name</i>	M.A.H. Martis (1968)
<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 Ansas Investments B.V., Aurigen Europe Holdings B.V., Coats Industrial Europe Holdings B.V., Coats Industrial Thread Holdings B.V., Coats Northern Holdings B.V., Coats South America Holdings B.V., Coats South Asia Holdings B.V., Coats Southern Holdings B.V., Czech Real Estate Fund B.V., ERB New Europe Funding II B.V., ERB New Europe Funding B.V., ERB New Europe Holding B.V., Guinness Peat Group International Holdings B.V., Lucasfilm Animation Company Limited B.V., Lucasfilm Animation Company Singapore B.V., Bebidas Americas Investments B.V., CDMI Investments B.V., Aguas 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., 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., IPL Services 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

Despite the still difficult economic circumstances in Portugal, the Company performed reasonably well during the year under review.

Annual Accounts and Dividend Proposal

The Annual Report includes the Annual Accounts as per December 31, 2014 which are accompanied by an unqualified audit report of the external auditor, Deloitte Accountants B.V. ('Deloitte'). These Annual 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.

On April 28, 2015, the Supervisory Board discussed the 2014 Annual Report with the management, the CEO of Euroscut and Deloitte. We also discussed the auditor's report, the quality of internal risk management and control systems.

On August 28, 2014, we discussed the audited interim Financial Statements as per June 30, 2014, with the Board of Managing Directors, in the presence of Deloitte.

We are of the opinion that the Annual Report and the report of the Board of Managing Directors provide a true and fair view of the state of affairs of Algarve including the management policies pursued.

We propose that the shareholders adopt the 2014 Annual Accounts and discharge the members of the Board of Managing Directors in office in the financial year 2014 for their management of the Company and its affairs during 2014, and the members of the Supervisory Board in office for their supervision over said management.

In December 2014 it was proposed by the Board of Managing Directors to distribute a dividend for 2014 of EUR 1,500,000, to be provided in cash to the shareholders pro rata the percentage of shares held by each shareholder (the "Distribution"). The Supervisory Board has acknowledged and approved the Distribution, effective as per December 15, 2014, by written resolution.

Composition and Profile of the Supervisory Board

The Supervisory Board comprises of two individuals with Dutch nationality. Information about each member of the Supervisory Board is included on page 2. 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 Code¹ (hereinafter referred to as the "Code") are fulfilled with respect to the independence of the Supervisory Board members. Exception hereof is Mr. Martis, who 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.

¹ the Dutch Corporate Governance Code applicable for the financial year 2014.

During the year 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 year under review two scheduled meetings were convened by the Supervisory Board and the Board of Managing Directors. Both Supervisory Board members, at least three members of the Board of Managing Directors and a representative from Euroscut (via telephone) were present during these meetings.

Annual General Meeting of Shareholders

At the end of the upcoming Annual General Meeting of Shareholders, the first term of Mr. Dick Haarsma expires. In order to maintain sufficient Algarve knowledge and experience in the Supervisory Board, the Supervisory Board proposes to reappoint Mr. Dick Haarsma for a four year period as member of the Supervisory Board.

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. Martis has been acting as the financial expert within the meaning of the Code.

In Conclusion

In our view, in the end the commitment and dedication of the Board of Managing Directors determine the success of our company.

Therefore we would like to thank the Board of Managing Directors for their hard work and contribution to the company's performance in 2014. The year 2015 will certainly bring new challenges, but we trust that the company will be able to cope with these challenges.

(expressed in euro)

Amsterdam, April 28, 2015

[was signed]

[was signed]

D. Haarsma

M.A.H. Martis

Report of the Board of Managing Directors

Financial Report

During the year under review, the Company recorded a net profit of EUR 412,176.

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 December 2014, the traffic has increased (9.69) compared with December 2013 (9.564 versus 8.719). Nevertheless, it has no impact because Euroscut Algarve is operating 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.

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 year under review. The

Board of Managing Directors has no indication that these systems will not operate properly during the current year.

Financial Analysis

In 2014, the operating income decreased by 3.09% to EUR 14,266,482 compared to EUR 14,721,997 in 2013. The decrease was mainly due to the repayment of EUR 10,634,000 on the loan from the EIB.

The general and administrative expenses increased by 5.47% to EUR 462,906, compared to EUR 438,900 in 2013.

The total amount of assets decreased by 5.37% to EUR 205,557,724 compared to EUR 217,230,759 in 2013. The decrease of the total assets is mainly due to the payment of an installment of the Loan. During the year under review, the Company recorded a net profit of EUR 412,176.

Number of employees

During the year 2014, Algarve did not have any employees (2013: 0).

Future Developments

The Board of Managing Directors does anticipate that the outstanding Loans and Bonds will be repaid in 9 installments of which the next one will take place on December 15, 2015.

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 December 31, 2014 quoted the Bonds at 117.94% (2013: 117.94%).

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 4.08% for Tranche A and 2.78% for Tranche B as at December 31, 2014.

As a result the net fair value at December 31, 2014, 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 3.2 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 Annual Accounts as per December 31, 2014, 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 December 31, 2014 and further give a true and fair view of the course of events during 2014 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 annual report.

Amsterdam, April 28, 2015

[was signed]

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

[was signed]

F.J. Clemente Sanchez
As: Managing Director B

[was signed]

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

[was signed]

V. Domingues dos Santos
As: Managing Director B

[was signed]

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

[was signed]

M.J. Barrero Morillo
As: Managing Director B

Balance Sheet as at December 31, 2014

(before appropriation of results)

	Notes	2014 EUR	2013 EUR
ASSETS			
Financial Fixed Assets			
<i>Loan Tranches from Affiliated Companies</i>			
Tranche A – Loan @ 6.65% to Euroscut	(5)	100,630,750	101,453,000
Tranche B – Loan @ 6.75% to Euroscut	(5)	89,573,000	100,934,000
		190,203,750	202,387,000
Current Assets			
Loan Tranches from Affiliated Companies	(5)	12,183,250	10,634,000
Interest Receivable from Affiliate	(6)	598,545	632,616
Corporate Income Tax Receivable		12,625	14,378
Interest Receivable		0	199
Intercompany Receivable	(7)	146,529	55,717
Total Receivables		12,940,949	11,336,910
Cash at Banks	(8)	2,413,025	3,506,849
Total Current Assets		15,353,974	14,843,759
TOTAL ASSETS		205,557,724	217,230,759
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity			
	(9)		
Issued and fully paid up share capital		18,000	18,000
Retained earnings		2,043,776	3,119,331
Net result for the year		412,176	424,445
Total Equity		2,473,952	3,561,776
Non-Current Liabilities			
Tranche A – Guaranteed 6.40% Bonds	(10)	100,630,750	101,453,000
Tranche B – European Investment Bank	(10)	89,573,000	100,934,000
Loan Tranches A and B Payable	(10)	190,203,750	202,387,000
Current Liabilities			
Loan Tranches A and B Payable	(10)	12,183,250	10,634,000
Interest Payable Loan Tranches A and B	(11)	598,432	609,008
Accounts Payable and Accrued Expenses	(12)	75,840	38,975
Dividend payable		22,500	0
Total Current Liabilities		12,880,022	11,281,983
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		205,557,724	217,230,759

Income Statement for the Year ended December 31, 2014

	<i>Notes</i>	<i>2014</i>	<i>2013</i>
		<i>EUR</i>	<i>EUR</i>
<u>Operating Income/(Expenses)</u>			
<i>Interest Income Loans Receivable</i>	(14)		
Tranche A – Loan 6.65% to Euroscut		6,746,625	6,746,625
Tranche B – Loan 6.75% to Euroscut		<u>7,519,857</u>	<u>7,975,372</u>
<u>Total Interest Income Loans Receivable</u>		14,266,482	14,721,997
 <i>Interest Expense Loan Payable</i>	(15)		
Tranche A – Guaranteed 6.40% Bonds		6,492,992	6,492,992
Tranche B – European Investment Bank		<u>7,241,344</u>	<u>7,679,988</u>
<u>Total Interest Expense Loan Payable</u>		(13,734,336)	(14,172,980)
		<u>532,146</u>	<u>549,017</u>
 <u>Other Operating Expenses</u>			
General and Administrative Expenses	(16)	(462,906)	(438,900)
On-charge Expenses to Euroscut	(17)	<u>462,906</u>	<u>438,900</u>
		0	0
 <u>Financial Income/(Expenses)</u>			
Interest Income Banks		2,372	1,787
Interest on Corporate Income Tax		<u>1,715</u>	<u>1,788</u>
		4,087	3,575
 Result before Corporate Income Tax		<u>536,233</u>	<u>552,592</u>
 Corporate Income Tax	(18)	<u>(124,057)</u>	<u>(128,147)</u>
		(124,057)	(128,147)
 NET RESULT FOR YEAR		<u>412,176</u>	<u>424,445</u>

Cash Flow Statement 2014

		2014	2013
	EUR	EUR	EUR
Cash flow from operating activities			
Repayment of loans receivable	(5) 10,634,000	6,872,000	
Repayment of loans payable	(5) (10,634,000)	(6,872,000)	
Interest received loans receivable	(14) 14,300,553	14,741,324	
Interest paid loans payable	(15) (13,744,912)	(14,191,592)	
Corporate income tax paid	(120,589)	(125,884)	
General and administrative expenses	(16) (426,040)	(445,411)	
On-charge expenses to Euroscut	(17) 372,094	438,898	
Subtotal		381,106	417,335
Cash flow from financing activities			
Dividend paid	(1,477,500)	0	
Interest income banks	2,570	1,907	
Subtotal		(1,474,930)	1,907
Increase / (decrease) cash and cash equivalents		(1,093,824)	419,242
Movements in cash and cash			
Equivalents			
Cash and cash equivalents at the beginning of the year		3,506,849	3,087,607
Increase / (decrease) cash and cash equivalents		(1,093,824)	419,242
Cash and cash equivalents at the end of the year		2,413,025	3,506,849

Notes to the Annual Accounts

1 General

a Group Affiliation and Principal Activities

Algarve International B.V. (hereinafter referred to as 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 Ferroviaal Group, with Ferroviaal S.A. as the parent company, which is listed on the Madrid Stock Exchange. Ferroviaal S.A. was founded in 1952 and is based in Madrid, Spain. The financial statements of the Company are included in the consolidated financial statements of Ferroviaal S.A. Copies of the consolidated financial statements of Ferroviaal S.A. are available at cost price from the offices of Algarve International B.V.

c Changes in the accounting policies

The accounting policies have not changed in 2014.

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 annual accounts were prepared in accordance with the statutory provisions of Part 9, 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. The annual 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 and P&L

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 year.

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 current 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 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 annual report contains a balance sheet before profit appropriation (as recommended by the Dutch Accounting Standards Board). Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts.

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, all transactions are in Euros.

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

The Company has a significant concentration of credit risk, as the Company depends on the (generated) income at the level of Euroscut, whereas Euroscut has only one client (the Portuguese State). In addition services are being provided subject to payment deadlines ranging between eight (8) and thirty (30) days. A different payment period may apply to major supplies, in which case additional securities are demanded, including guarantees.

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

The Company has issued loans to an associate. This counterparty does not have a history of non-performance, but relies on only one material client (the Portuguese State) for its turnover/ financial performance.

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

Tranche A - Loan @ 6.65% to Euroscut

Facility: EUR 126,500,000 from July 2, 2001 until May 11, 2027 at a rate of 6.65%

	2014	2013
Opening balance	101,453,000	101,453,000
Reclassification current assets	(822,250)	0
	<u>100,630,750</u>	<u>101,453,000</u>

Tranche B - Loan @ 6.75% to Euroscut

Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.75%

Reclassification current assets	100,934,000	111,568,000
	<u>(11,361,000)</u>	<u>(10,634,000)</u>
	<u>89,573,000</u>	<u>100,934,000</u>

Total non-current	<u>190,203,750</u>	<u>202,387,000</u>
Total current	<u>12,183,250</u>	<u>10,634,000</u>

The Company directly lends on for the same amount as the amounts borrowed from EIB and Bonds, 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 guarantor, 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 (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").

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, with effect from the latest Payment Date, i.e. from December 15, 2009 and until full repayment of the Loan and unconditional payment of all amounts due thereunder.

6 Interest Receivable from Affiliate

	2014	2013
Tranche A - Loan 6.65% to Euroscut	295,743	318,831
Tranche B - Loan 6.75% to Euroscut	<u>302,802</u>	<u>313,785</u>
	<u>598,545</u>	<u>632,616</u>

7 Intercompany Receivable

	2014	2013
Euroscut Sociedad Concessionária da Scut do Algarve, S.A., Lisbon	<u>146,529</u>	<u>55,717</u>

8 Cash at Banks

	2014	2013
Citibank Amsterdam – current account	2,413,025	66,849
Citibank Amsterdam – deposit account	<u>0</u>	<u>3,440,000</u>
	<u>2,413,025</u>	<u>3,506,849</u>

At December 31, 2014 and December 31, 2013 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:

	2013	Changes for the Year	Dividend	2014
Issued and fully paid up share capital	18,000	0	0	18,000
Retained earnings	3,119,331	424,445	(1,500,000)	2,043,776
Net result for the previous year	424,445	(424,445)	0	0
Net result for the year	0	412,176	0	412,176
Total Equity	<u>3,561,776</u>	<u>412,176</u>	<u>(1,500,000)</u>	<u>2,473,952</u>

10 Loan Tranches A and B Payable

	2014	2013
Tranche A - Guaranteed 6.40% Bonds		
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
Reclassification current liabilities	<u>(822,250)</u>	<u>0</u>
	<u>100,630,750</u>	<u>101,453,000</u>
Tranche B - European Investment Bank		
Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.50%		
Reclassification current liabilities	<u>(11,361,000)</u>	<u>(10,634,000)</u>
	<u>89,573,000</u>	<u>100,934,000</u>
Total Non-current	<u>190,203,750</u>	<u>202,387,000</u>
Total current	<u>12,183,250</u>	<u>10,634,000</u>

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.

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 (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. Syncora remains the guarantor.

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 May 11, 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 will take place in 15 annual variable amount installments, with the first one due December 15, 2011 and the last one due December 15, 2025. Due to the downgrade of Syncora (the "guarantor") the interest has increased by 0.50% as per December 31, 2009. This increase has been taken into account in this Annual Report.

<u>Loan tranches repayment schedule</u>	<u>Term 1 year</u>	<u>Term 1-5 year</u>	<u>Term > 5 years</u>
Tranche A - Guaranteed 6.40% Bonds	822,250	8,930,900	91,699,850
Tranche B - European Investment Bank	11,361,000	41,075,000	48,498,000

11 Interest Payable Loan Tranches A and B

	2014	2013
Tranche A - Bonds 6.40%	306,845	306,845
Tranche B - European Investment Bank 6.50%	291,587	302,163
	<u>598,432</u>	<u>609,008</u>

12 Accounts Payable and Accrued Expenses

	2014	2013
Accounts payable	18,895	6,050
Accrued audit fees	14,641	14,369
Accrued tax advisory fees	4,500	3,966
Accrued accounting fees	5,264	0
Accrued legal fees	30,356	11,460
Accrued general expenses	2,184	3,130
	<u>75,840</u>	<u>38,975</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 December 31, 2014 quotes the Bonds at 117.94% (2013: 117.94%).

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 4.08% for Tranche A and 2.78% for Tranche B as at December 31, 2014.

As a result the net fair value at December 31, 2014 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 3.2 million.

Instruments receivable	Book value	Fair value
Tranche A Loan balance	101,453,000	121,611,767
Tranche B Loan balance	100,934,000	120,257,514
		241,869,281
Instruments payable		
Tranche A Loan balance @ 117.94%	(101,453,000)	(119,653,668)
Tranche B Loan balance @ 117.94%	(100,934,000)	(119,041,560)
		(238,695,228)
Net Fair Value		3,174,053

Analysis of the bond fair value

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.

Bond quotes	Fair value 0.25% margin	Variance to fair value 117.94%
Bond quote of 100.00%	2.8 million	88%
Bond quote of 110.00%	3.0 million	94%
Bond quote of 117.94%	3.2 million	100%
Bond quote of 120.00%	3.2 million	101%
Bond quote of 130.00%	3.4 million	106%

The issue price of the Bonds was 100 per cent. The Bonds are unconditionally and irrevocably guaranteed by Syncora 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 Syncora was changed from 'BBB-'to 'Not Rated' on November 18, 2008.

14 Interest Income Loan Tranches A and B

	2014	2013
Tranche A - Loan 6.65% to Euroscut		
Facility: EUR 126,500,000 from July 2, 2001 until		
May 11, 2027 at a rate of 6.65%	6,746,625	6,746,625
Tranche B - Loan 6.75% to Euroscut	7,519,857	7,975,372
Facility: EUR 130,000,000 from July 2, 2001 until		
December 15, 2025 at a rate of 6.75%		
	<u>14,266,482</u>	<u>14,721,997</u>

15 Interest Expense Loan Tranches A and B

	2014	2013
Tranche A - Guaranteed 6.40% Bonds		
EUR 126,500,000 from July 2, 2001 until		
May 11, 2027 at a rate of 6.40%	6,492,992	6,492,992
Tranche B - European Investment Bank	7,241,344	7,679,988
Facility: EUR 130,000,000 from July 2, 2001 until		
December 15, 2025 at a rate of 6.50%		
	<u>13,734,336</u>	<u>14,172,980</u>

16 General and Administrative Expenses

	2014	2013
Guarantee expenses	(318,797)	(345,040)
Audit fees	(25,682)	(29,488)
Management fees	(15,730)	(22,737)
Supervisory Board fees	(12,100)	(12,100)
Accounting fees	(16,486)	(14,520)
Tax advisory fees	(18,608)	(7,012)
General expenses	(3,556)	(2,756)
Legal & Professional fees	(51,947)	(5,247)
	<u>(462,906)</u>	<u>(438,900)</u>

17 On-charge Expenses to Euroscut

	2014	2013
Guarantee expenses	318,797	345,040
Audit fees	25,682	29,488
Management fees	15,730	22,737
Supervisory Board fees	12,100	12,100
Accounting fees	16,486	14,520
Tax advisory fees	18,608	7,012
General expenses	3,556	2,756
Legal & Professional fees	51,947	5,247
	<u>462,906</u>	<u>438,900</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.

	2014	2013
Corporate income tax	124,057	128,147
	<u>124,057</u>	<u>128,147</u>

19 Auditor's fee

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

12/31/2014

	Fee Deloitte Accountants B.V.	Fee other Deloitte companies	Total Fee Deloitte
Audit of the annual accounts	14,641	0	14,641
Audit of the accounts as per June 30, 2014	10,164	0	10,164
Other audit engagements	877	0	877
Total	<u>25,682</u>	<u>0</u>	<u>25,682</u>

12/31/2013

	Fee Deloitte Accountants B.V.	Fee other Deloitte Companies	Total Fee Deloitte
Audit of the annual accounts	14,369	0	14,369
Audit of the accounts as per June 30, 2013	9,922	0	9,922
Other audit engagements	5,197	0	5,197
Total	<u>29,488</u>	<u>0</u>	<u>29,488</u>

20 Directors and Employees

The remuneration of the Board of Managing Directors for the year ended December 31, 2013 and December 31, 2014 is as follows:

	2014	2013
Trust International Management (T.I.M.) B.V.	693	693
Europe Management Company B.V.	693	693
Management Company Strawinsky B.V.	694	694
F.J. Clemente Sanchez	0	0
M. Barrero Morillo	0	0
V. Domingues dos Santos	0	0
Total:	<u>2,080</u>	<u>2,080</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.

Effectively as per April 8, 2014, Mr. M.A. Cabrera Morales resigned as Managing Director B of the Company.

Effectively as per October 14, 2014, Mr. M.J. Barrero Morillo has been appointed as Managing Director B of the Company.

The Company has no employees (2013: 0).

21 Supervisory Board

The remuneration of the Supervisory Board is as follows:

	12/31/2014	12/31/2013
D. Haarsma, Chairman	6,050	6,050
M. Martis	6,050	6,050
Total:	<u>12,100</u>	<u>12,100</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 annual accounts pursuant to their statutory obligations under Articles 210 of Book 2 of the Dutch Civil Code and Article 5:25c(2)(c) Financial Markets Supervision Act.

Amsterdam, April 28, 2015

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

V. Domingues dos Santos
As: Managing Director B

[was signed]

[was signed]

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

M.J. Barrero Morillo
As: Managing Director B

The Supervisory Board,

[was signed]

[was signed]

D. Haarsma

M.A.H. Martis

Other Information

1 Statutory Rules Concerning Appropriation of Result

The allocation of profits accrued in a financial year shall be determined by the Shareholders' Body. If the Shareholders' Body does not adopt a resolution regarding the allocation of the prior to or at the latest immediately after the adoption of the annual account, the profits will be reserved.

Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts.

The Shareholders' Body may resolve to make interim distributions on Shares and/or to make distributions on Shares at the expense of any reserve of the Company. In addition, the Management Board may decide to make interim distributions on Shares. Distributions on Shares shall be made payable immediately after the resolution to make the distribution, unless another date of payment has been determined in the resolution.

2 Proposed Appropriation of Result for the Financial Year 2014

The Board of Managing Directors proposes, with the approval of the Supervisory Board, that the result for the financial year 2014 amounting to EUR 412,176 should be transferred to reserves and to approve that the dividend of EUR 1,500,000, paid on December 15, 2014 be the final dividend for the year 2014.

3 Post Balance Sheet Events

We are not aware of any post balance sheet event.

4 Independent Auditor's Report

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

Independent auditor's report

To: the Shareholders of Algarve International B.V.

Report on the Audit of the Financial Statements 2014

Our Opinion

We have audited the accompanying financial statements 2014 of Algarve International, B.V., based in Amsterdam.

In our opinion, the financial statements give a true and fair view of the financial position of Algarve International, B.V. as at December 31, 2014, and of its result in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements comprise:

1. the balance sheet as at December 31, 2014;
2. the profit and loss account for the year then ended;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of Algarve International, B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

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

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.



Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 2.000.000. The materiality is based on 1% of the total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of EUR 100.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Financial Instruments, including valuation and accounting

Key Audit Matter

The risk associated with the possible impairment of the receivables on the sister company, which are measured against amortized cost, and the disclosure of the fair value of these receivables. Reference is made to Notes 5 and 13 of the notes to the financial statements of Algarve International, B.V. as per December 31, 2014.

Response

We obtained the audited financial statement of the sister company and based on the information received we evaluated the impairment analysis of management. For the fair value disclosures we challenged management assumptions used when determination of the fair value.

Based on the work performed, as mentioned above, we observed that the impairment analysis for these receivables is appropriate. We also determined that the disclosure of the fair value in relation to these receivables is appropriate.

Responsibilities of the Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements and the Management Board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud. Please refer to Appendix A for a summary of our responsibilities.

Report on other legal and regulatory requirements

Report on the Management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Management Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Management Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Management Board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Board of Directors as auditor of Algarve International, B.V. for 2014 on *May 1, 2014*, and we have been the auditor of Algarve International, B.V. as of year 2010.

Amsterdam, April 28, 2015

Deloitte Accountants B.V

Signed on the original: J. Penon

Appendix A

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, in extremely rare circumstances, when non-mentioning is in the public interest.

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