

AUDITORS' REPORT

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BESTINVER AHORRO, FONDO DE PENSIONES

**Annual Financial Statements and Management Report
for the year ended
31 December 2005**

BESTINVER AHORRO, FONDO DE PENSIONES

2005

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II. MANAGEMENT REPORT

BESTINVER AHORRO FONDO DE PENSIONES

Balance Sheet at 31 December 2005

	Thousands of euros			Thousands of euros	
ASSETS	2005	2004	LIABILITIES	2005	2004
FINANCIAL INVESTMENTS (note 5)			SHAREHOLDERS' EQUITY (note 7)		
Shares and other shareholdings	50,291	42,409	Position of Individual Plan of		
Interest on fixed-income securities	8	3	Bestinver Ahorro Pensiones	156,878	99,146
Appreciation of financial investments	24,287	13,472			
Provisions (to be deducted)	(102)	(103)			
	74,484	55,781			
ACCOUNTS RECEIVABLE			ACCOUNTS PAYABLE		
Accounts receivable on sale of securities	-	166	Management Company	376	207
Public bodies	186	121	Accounts payable on purchase of securities	1,948	1,199
	186	287	Public bodies	144	68
			Other creditors	40	13
CASH AND BANKS (note 6)				2,508	1,487
Banks and credit institutions	1,115	145			
Purchase of money-market assets with resale agreement	83,600	44,420			
	84,715	44,565			
ACCRUALS	1	-			
TOTAL ASSETS	159,386	100,633	TOTAL LIABILITIES	159,386	100,633

Madrid, 16 March 2006
The Board of Directors of
BESTINVER PENSIONES, E.G.F.P., S.A.

BESTINVER AHORRO FONDO DE PENSIONES

Income Statement

for the year ended 31 December 2005 and 2004

EXPENSES	Thousands of euros		REVENUES	Thousands of euros	
	2005	2004		2005	2004
FEES AND OTHER EXPENSES			REVENUE FROM INVESTMENTS		
Management Company fees	1,305	656	Income from financial investments	2,452	1,357
Custodian fees	65	54	Interest on cash	10	5
External services	4	7	Gains on disposal of financial investments	9,428	1,463
	1,374	717		11,890	2,825
EXPENSES ON INVESTMENTS					
Chg in provisions for financial investments	(1)	51			
Losses on disposal of financial investments	2	58			
	1	109			
PROFIT AND LOSS FROM PRIOR YEARS	-	2	REVENUES AND PROFITS FROM PRIOR YEARS	4	-
PROFIT FOR THE YEAR	10,519	1,997	LOSS FOR THE YEAR		
TOTAL	11,894	2,825	TOTAL	11,894	2,825

Madrid, 16 March 2006
 The Board of Directors of
 BESTINVER PENSIONES, E.G.F.P., S.A.

BESTINVER AHORRO, FONDO DE PENSIONES

Notes to the financial statements for the year ended 31 December 2005

1. FUND ACTIVITY AND LEGAL FRAMEWORK

Bestinver Ahorro, Pension Fund, was set up on 13 May 1996, and began operating during the last quarter of 1996. The Entity is registered in the Administrative Register for Pension Funds of the Spanish Directorate General of Insurance and Pension Fund, with number F-0442. Its sole business purpose is to meet the commitments of the Pension Plans which comprise it, as specified in Article 2 of the Fund's working procedures.

The management and administration of the Fund is carried out by Bestinver Pensiones, Entidad Gestora de Fondos de Pensiones, S.A., registered with number G-0179 in the Special Administrative Register of the Spanish Directorate General of Insurance and Pension Funds of the Spanish Finance Ministry and with registered address at c/ Juan de Mena, 8 in Madrid.

The custodian for the Fund is Santander Investment Services, S.A., registered in the Special Administrative Register of the Spanish Directorate of Insurance and Pension Funds of the Spanish Finance Ministry with number D-0132, located at Boadilla del Monte (Madrid), Avda. De Cantabria, s/n.

The Fund pays the Management Company a management fee of 1% per annum of the Fund's asset value and pays Santander Investment Services, S.A. as custodian bank, a daily fee as follows:

	Annual fee on the Fund's asset value
For assets up to €30,050,605	0.125 %
For assets from €30,050,605 to €60,101,210	0.0625%
For assets over €60,101,210	0.05%

As the volume of assets managed during the year exceeded €60,101,210, the percentage paid in fees to the custodian bank amounted to 0.05%.

BESTINVER AHORRO, FONDO DE PENSIONES

Notes to the financial statements for 2005

The fund is governed by Royal Decree 1/2002, of 29 November, which approves the Revised Pension Plans and Funds Regulation, and by Royal Decree 304/2004, of 20 February, which approves said law, as well as the Private Insurance Arrangement and Supervision Act 30/1995 of 8 November. The following obligations, inter alia, are set out in this law:

- a) 70% of the Fund's assets must be invested in financial assets bought on officially recognised organised markets which are open to the public or, at least, from financial institutions through bank deposits, mortgage loans or real estate. Holdings in mutual funds considered marketable securities can also be included in this percentage.

Stakes and/or investments in stocks, fixed-income securities or financial derivative instruments which are not traded on regulated markets may not exceed 30% of the pension fund's assets.

- b) Investment in securities issued or guaranteed by the same Entity, plus the loans granted or guaranteed by said Entity, may not exceed 5% of the pension plan's assets.

However, this limit will be 10% for each issuing company, lender or guarantor, provided the fund does not invest more than 40% of its assets in companies which make up more than 5% of the fund's assets.

The fund may invest in various companies belonging to the same group provided the total investment in the group does not exceed 10% of the funds assets.

No pension fund may invest more than 2% of its assets in securities or assets which are not traded on regulated markets or guaranteed by the same entity. No pension fund may invest more than 4% of its assets in securities or assets which are not traded on regulated markets or guaranteed by companies belonging to the same group.

Investment in a single mutual fund whose units are considered as listed securities may represent up to 20% of the fund's assets.

- c) Investment by pension funds in shares or securities issued or guaranteed by the same entity may not exceed 5% of the total nominal value of the outstanding shares or securities issued by the entity.

In the case of stocks or holdings issued by companies or venture capital firms authorised to trade in Spain, this limit is 20%.

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Notes to the financial statements for 2005

The limits set out above may not be applied to assets issued or guaranteed by the State or its autonomous institutions, regional governments, local corporations or by equivalent State public administrations belonging to the OECD, or international institutions or organisations of which Spain is a member or those for which Spain may assume an international commitment, provided that the investment in assets of one issue is not higher than 10% of its nominal balance.

- d) Third-party obligations may in no case be greater than 5% of the fund's assets. Liabilities related to the acquisition of assets during the period until the total settlement of the transaction will not be taken into account nor will those existing to beneficiaries until the moment the related consideration is paid, nor shall the unitholders' consolidated rights be considered.
- e) The maximum annual amounts paid into the pension plans are established as follows:
 - 1) Maximum payments made by unitholders of pension plans, excluding company payments in favour of the unitholder, may not exceed the general limits established and depend on the age at the end of this period.
 - 2) The limits expressed in point 1 above will be applied independently and individually to each member in a family.

The total number of payments made in a year may not exceed €8,000 per unitholder. However, in the case of unitholders aged over 52, this limit will increase by an additional €1,250 for each year the unitholder is over 52, with a ceiling of €4,250 for unitholder aged 65 or over.

- f) No pension plan may accept annual payments from the same unitholder, either directly or indirectly, for an amount above those listed above, without prejudice to the special regime of rebalanced plans for services rendered and the special regime for handicapped persons.
- g) Excess contributions above the permitted maximum can be withdrawn before 30 June of the following year without incurring the penalty laid down by law.

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Notes to the financial statements for 2005

Any sums that are contributed illegitimately shall be returned subject to the following conditions:

- 1) The amount returned shall be equivalent to the actual excess payment, charged against the unitholder's accrued rights. Any income attributable to the excess contribution shall be added to the pension fund's assets and any loss shall be borne by the unitholder. If the accrued rights are insufficient for a refund, and the unitholder has contributed to other pension plans during the year in which the excess contribution was made, the excess will be refunded under the terms of the accrued rights of those plans where the rights were used should this be the case.

The terms of the above paragraphs are to be understood without prejudice to the case where the excess contributions resulted from incorrect calculation or collection procedures and any liabilities arising therefrom.

- h) Ownership of the assets of each fund correspond to the unitholders and beneficiaries.

Each pension plan will involve contributions and services provided in accordance with the system and method applied to the plan and in accordance with the conditions established in the contract.

Subscriptions to a pension plan are irrevocable from the moment these are allowed according to the prescriptions, regardless of the cash amount paid out.

- i) In accordance with the payments made by each unitholder, either directly or indirectly, and the payments established and the financial-actuarial regime which has been established in the pension plan, the accrued rights of the corresponding unitholder will be quantified.

The correlation between contributions and payments of the beneficiaries will be as per the conditions established in the contract and the results of the capitalisation system used.

- j) Accrued rights may only be made effective when payment or a transfer to another pension plan is made, except in the case where the circumstances established by law are fulfilled concerning the early payment of retirement benefits and for reasons of liquidity.

BESTINVER AHORRO, FONDO DE PENSIONES

Notes to the financial statements for 2005

2. BASIS OF PRESENTATION

a) True and fair view

The annual financial statements, drawn up by the Directors of the Fund Management Entity, have been prepared based on the accounting records of the Fund Management Entity in conformity with prevailing accounting legislation to show a true and fair view of the assets, the financial position and of the results obtained by the Fund.

b) Preparation of the Financial Statements

The balance sheet and income statements have been prepared in accordance with the rules established in the accounting-statistics information which must be provided by the Pension Fund Management Entities, as established in the Ministerial Order dated 12 March 1996.

The annual accounts for 2005 are expressed in thousands of euros.

c) Accounting principles

The pension plan is governed by the terms and conditions set out in Royal Decree 304/2004, of 20 February approving the Pension Plans and Funds Regulation as established by Royal Decree 1/2002, of 29 November, approving the Revised Pension Plans and Funds Regulation. As well as those include in instructions from the Spanish Directorate of Insurance and Pension Funds for the preparation of the statistical-accounting information and the rules set out in the Circular dated 29 March 1995, published by the same, concerning the valuation criteria for fixed-income securities on the balance sheet of Pension Funds. The rules contained in the Spanish General Chart of Accounts have also been applied.

d) Comparison of information

There have been no changes in the structure of the balance sheet or the income statement that would preclude comparisons between the accounts for 2005 and those of the previous year.

BESTINVER AHORRO, FONDO DE PENSIONES

Notes to the financial statements for 2005

3. VALUATION CRITERIA

The main accounting principles and valuation criteria applied are:

- a) Financial investments

Accounting

These are stated at acquisition cost, adjusted daily to their realisable value, which is the following acquisition cost:

- Fixed-income securities are recorded at the cash amount paid for their acquisition plus related expenses.

Valuation adjustments

The realisation value of the different kinds of financial investment is as follows:

- Equity securities listed on a regulated market: the price at close of trading on the day it has been valued, or, the most recent price published or the average weighted price if there is no official closing price. When these have been traded in more than one market, the share price or corresponding price will be taken from the day in which the largest trading volume took place.
- Equity securities which are not listed on a regulated market or, when traded the trading price if not sufficiently represented, the value will be calculated taking the net book value of the stake appearing in the company's latest set of approved financial statements.
- Deposits at banks and other deposit entities. The price of the last day provided by the custodian bank on which the amount is paid plus the interests accrued to the valuation date.

A comparison between the acquisition price and the net book value, calculated in accordance with that set out in the above mentioned rules, will be used to determine the unrealised capital gains or losses. Capital gains are included in "Appreciation of financial instruments", under "Financial investments", and are paid into the Plan's position. Provisions are recorded for capital losses with a charge to the income statement.

For stocks denominated in foreign currency, the average exchange rate of the day on which the transaction took place is applied.

BESTINVER AHORRO, FONDO DE PENSIONES

Notes to the financial statements for 2005

b) Money-market assets

These are fixed-income securities with an agreed resale price and fixed-income securities with a maturity of less than three months. Money-market assets are valued at the acquisition or subscription price, including the expenses inherent in each transaction.

The returns obtained on these investments are recorded daily in accordance with their payment from the purchase date until maturity in the income statement, including interest accrued and not payable for these securities in the balance sheet under "Interests for fixed-income securities".

c) Position

The value of the pension plans' position in the fund must be calculated daily. The calculation of the position of each plan comprising the pension fund will be obtained applying the valuation criteria used for the abovementioned investments, along with the general accounting standards, or, those which are specifically applied to the pension funds.

Also included in this account are the payments made by unitholders, the accrued rights transferred from other plans, the profits of the Fund included in the Plan and the variations in the capital gains of the assets.

This account is used, inter alia, to pay the Plan's benefits, transfer accrued rights to other Plans and losses incurred by the Plan's Fund.

d) Management and custody fees

Payments to the Management Company and the Custodian are included in this item, and are determined based on the percentages established and applied daily on the position of the account's position to which they should be charged.

Under no circumstances may the fee accrued by the management company be higher than 2% of the value of the accounts to be charged. This limit will be applied to each integrated pension plan and fund as a whole, and individually to each unitholder and beneficiary.

The pension plans' custodian company will receive a fee from the pension funds of a maximum of 0.5% per year of the value of the accounts position to be charged. This limit will be applied to each integrated pension plan and fund as a whole, and individually to each unitholder and beneficiary.

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Notes to the financial statements for 2005

e) Corporate income tax

Pension Funds are subject to Corporate income tax at a corporate rate of zero, bearing in mind, the right to return any withholdings made on income from financial investments. However, the liabilities under the general regime must comply with the formal obligations of the Corporate income tax.

The Fund is open to inspection of all applicable taxes for the last four years.

f) Revenue and expenses

Revenues and expenses are accounted for following the accrual principles; i.e. regardless of the moment in which the related monetary or financial flow takes place.

All revenues and expenses are accrued daily in order to know the value of the Fund's asset value and the amount of the consolidated right of each subscriber.

g) Foreign-currency transactions and balances

Conversion to euros is carried out applying the exchange rate ruling at the time the corresponding transaction is carried out and measured daily in accordance with the exchange rate ruling at the end of each day. Exchange-rate differences are treated the same as the valuation adjustments of financial investments.

4. APPROPRIATION OF RESULTS

In accordance with the legal management and valuation procedure for pension plans and funds, the results obtained, which give a profit of €10,519 thousand, are paid fully to the unitholders and beneficiaries of the integrated plan in the fund, in proportion to the weighted assets contributed by the same.

BESTINVER AHORRO, FONDO DE PENSIONES**Notes to the financial statements for 2005****5. FINANCIAL INVESTMENTS**

The detail of this heading at 31 December 2005 (in thousands of euros) is as follows:

	Acquisition cost
Shares and other shareholdings	Thousands of euros
Abertis Infraestructuras	2,392
Acerinox	7,008
Adolfo Domínguez	772
Aguas de Barcelona	1,019
Aguas de Barcelona News 11/05	16
Altadis	4,555
Baron de Ley	699
Catalana Occidente	1,756
Celo	19
Cintra (Conc. Infraestruc. De Transporte)	3,268
Const. Auxiliar de Ferrocarril	1,658
Campofrio Alimentación	1,593
Corporación Financiera Alba	935
Cortefiel	1,471
Ebro Puleva	399
Elecnor	742
Hullera Vasco Leonesa	73
Iberdrola	616
Iberpapel	820
Inacsa	172
Indo	36
Legista	1,115
MAPFRE:	5,924
Mecalux	763
Miquel y Costas	1,204
Natra	358
Pescanova	1,235
Prosegur	1,426
Repsol YPF	2,207
Sol Meliá	1,622
TUBACEX	1,107
Unipapel	980
Viscofan	2,331
Total shares and other shareholdings	50,291
Interest on fixed-income securities	8
Appreciation of financial investments	24,287
Provisions	(102)
TOTAL FINANCIAL INVESTMENTS	74,484

BESTINVER AHORRO, FONDO DE PENSIONES

Notes to the financial statements for 2005

The total of purchases, sales and redemptions of securities in the portfolio was (thousands of euros):

	Purchases	Sales
Shares and other shareholdings	24,014	(16,132)

At 31 December 2005 all the securities are denominated in euros and deposited with Santander Investment Services, S.A., the legal entity charged with their custody, and are not pledged nor transferred as guarantee in other transactions.

Movements in "Provisions" during 2005 were as follows:

	Thousands of euros
Balance at 31 December 2004	103
Allocations	30
Recoveries	(31)
Balance at 31 December 2005	102

6. CASH AND BANKS

The detail of this heading at 31 December 2005 is as follows:

	Thousands of euros
Banks and credit institutions	1,115
Money-market assets	83,600

Money-market assets include a public debt instrument acquired with a resale agreement maturing 2 January 2006 and paying a 1.6% return.

BESTINVER AHORRO, FONDO DE PENSIONES

Notes to the financial statements for 2005

7. SHAREHOLDERS' EQUITY

Movements during 2005 to the Fund's Integrated Plan position were as follows:

	Thousands of euros
Position of Individual Plan of Pensiones Bestinver Ahorro	
A) Beginning balance	99,146
B) Increases	73,220
Contributions	
- Contributions from unitholders	18,493
- Rights from another Plan	33,393
Result of Plan's Fund	
Return on financial investments	10,815
- Profits of Plan's Fund	10,519
C) Decreases	(15,488)
- Benefits paid	(2,769)
- Transfers to another plan	(12,719)
D) Ending balance (A+B+C)	156,878

The assets of Bestinver Ahorro, Fondo de Pensiones at 31 December 2005 correspond to a sole Pension Plan called "Bestinver Ahorro Plan de Pensiones", whose assets consist of commitments and benefits established in the Plan.

The "Bestinver Ahorro Plan de Pensiones" Pension Plan, was set up on 20 September 1996 under the name "Plan Individual de Pensiones Bestinver". It changed its name to the current name on 25 April 2004. It was set up as a defined contribution Individual System Pension Plan in accordance with the Pension Plan's regulations.

On 25 April 2004, the representative of the Plan's Custodian agreed to prepare a new text stating the Plan's specifications in order to bring this into line with Royal Decree 304/2004, of 20 February which approved the Pension Plans and Funds Regulation.

The Fund's portfolio is divided into units of equal characteristics with no nominal value. The value of the units (the base used to calculate the accrued rights of the unitholders) is the result of dividing the Plan's assets by the number of unitholders or account units outstanding. At 31 December 2005, the Fund comprised 6,811,369.961443 units.

BESTINVER AHORRO, FONDO DE PENSIONES

Notes to the financial statements for 2005

8. ACCOUNTS PAYABLE

The balance of this heading includes €1,948 thousand relating to purchases of securities made at year-end and which are settled three days after they are formalised

9. TAX MATTERS

In accordance with note 3. e), Pension Funds are subject to Corporate income tax at a corporate rate of zero, bearing in mind, the right to return any retentions made on the income on financial investments. However, the liabilities under the general regime must comply with the formal obligations of this tax.

The management services are exempt from Value Added Tax and the constitution, modification and dissolution of increases or decreases of the pension funds are exempt of Property Transfer Tax and the tax on Documented Legal Acts.

10. AUDITORS' FEES

Auditor fees for the audit of the 2005 annual accounts totalled €4,000.

11. ENVIRONMENTAL MATTERS

Given its activity, the Fund has not carried out any investments of an environmental nature, nor has it incurred any expenses in this regard. The directors therefore consider that no provisions for liabilities and expenses be recorded as there are no contingencies related to the protection and improvement of the environment.

12. SUBSEQUENT EVENTS

There have been no significant events between 31 December 2005 and the approval of these annual accounts by the Custodian's Board of Directors that could significantly affect the information contained herein.

BESTINVER AHORRO
FONDO DE PENSIONES
2005 Management report

During 2005, the net asset value (NAV) per unit of Bestinver Ahorro, F.P. rose 18.87%, to €23.0316.

The Fund's total assets increased 58.23% during the year to €156,878 thousand, while the number of unitholders grew 35.66% to 5,833.

The Fund performed very well in 2005, bearing in mind the gains were achieved on the back of average investment in Spanish equities of 50%. During the same period the Spanish SE Index rose 19.85%.

We remain confident about our securities portfolio for 2006, although it will be more difficult to repeat the results obtained in 2005.

The Fund does not invest in either derivatives or unlisted securities.

DILIGENCE used to confirm that the board members of BESTINVER PENSIONES, E.G.F.P., S.A. are aware of the full contents of the 2005 Annual Accounts for BESTINVER AHORRO, F.P., presented to the Board of Directors on 16 March 2006, comprising 15 printed pages of the Balance Sheet, Income Statement, Notes to the Financial Statements and Management Report.

The full Board of Directors is in agreement and has signed these accounts in Madrid on 16 March 2006.

Mr. Valentín Montoya Moya
Chairman

Mr. Alfredo Muñoz Díaz
Advisor

Mr. Juan Gallardo Cruces
Secretary

BESTINVER AHORRO, FONDO DE PENSIONES

2005

ANNUAL ACCOUNTS

- Balance Sheet
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MANAGEMENT REPORT