

Bolsa de Bilbao



TUBACEX

| Divisa | Comprador |
|---------|-----------|
| USD | 143,123 |
| XEU | 164,419 |
| DEM | 84,215 |
| FRF | 25,010 |
| GBP | 234,822 |
| 100 ITL | 8,551 |
| 100 BEF | 408,019 |
| NLG | 74,894 |
| DKK | 22,114 |
| IEP | 217,890 |
| 100 PTE | 83,521 |



KPMG Auditores S.L.
Gran Vía, 17
48001 Bilbao

Auditors' Report on the Consolidated Annual Accounts

(Translation from the original in Spanish)

To the shareholders of
Tubacex, S.A.

1. We have audited the consolidated annual accounts of Tubacex, S.A. (the Company) and subsidiary companies (hereinafter the Group or the Tubacex Group), which comprise the consolidated balance sheet at 31 December 2007, the consolidated statements of income, changes in equity and cash flows for the year then ended and the notes thereto, the preparation of which is the responsibility of the Company's board of directors. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our examination which was conducted in accordance with generally accepted auditing standards in Spain, which require examining, on a test basis, evidence supporting the amounts in the consolidated annual accounts and assessing the appropriateness of their presentation, of the accounting principles applied and of the estimates employed. Our work did not include an audit of the 2007 annual accounts of certain companies, shown in the Appendix to note 1 to the consolidated annual accounts, in which the Tubacex Group holds an interest, and which contribute 27% of assets and 31% of net profit to the consolidated figures. These annual accounts have been audited by other auditors and, therefore, our opinion on the consolidated annual accounts of Tubacex, S.A. and subsidiary companies is based, insofar as it relates to these companies, solely on the reports of those auditors mentioned in the aforementioned Appendix.
2. In accordance with prevailing legislation, these consolidated annual accounts for 2007 also include, for each individual caption in the consolidated balance sheet, the consolidated statements of income, changes in equity and cash flows for the year then ended and the notes thereto, comparative figures for 2006. We express our opinion solely on the consolidated annual accounts for 2007. On 26 March 2007 we issued our unqualified audit report on the consolidated annual accounts for 2006.
3. In our opinion, based on our audit and the reports of the other auditors mentioned in the Appendix to note 1 to the consolidated annual accounts, these consolidated annual accounts present fairly, in all material respects, the consolidated shareholders' equity and consolidated financial position of Tubacex, S.A. and subsidiary companies at 31 December 2007 and the consolidated results of their operations, changes in consolidated equity and consolidated cash flows for the year then ended, and contain sufficient information necessary for their adequate interpretation and understanding, in accordance with EU-endorsed International Financial Reporting Standards which have been applied on a basis consistent with that of the previous year.
4. The accompanying consolidated directors' report for 2007 contains such explanations as the directors consider relevant to the situation of the Tubacex Group, the evolution of its business and other matters, but is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2007. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Tubacex, S.A. and subsidiary companies.

Signed: KPMG AUDITORES, S.L.

Julio Mir Roma

26 March 2008

TUBACEX, S.A. AND SUBSIDIARY COMPANIES

Consolidated Annual Accounts

31 December 2007 and 2006

Prepared in accordance with EU-Endorsed International
Financial Reporting Standards

(Translation from the original in Spanish)