

PROSPECTUS¹

CAPITAL INCREASE BY DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A. THROUGH THE ISSUE OF 2,992,500 ORDINARY SHARES



This document is an English loose translation of the information contained in the Complete Informative Prospectus in Spanish (the “Folleto”) registered with the National Securities Market Commission (Comisión Nacional del Mercado de Valores “CNMV”), which is free and available for any investor in DINAMIA CAPITAL PRIVADO, S.C.R., S.A.’s registered office (“DINAMIA” or the “Company”) and in the registered offices of the Placement Entity, Banco Español de Crédito, S.A., in the Governing Body of the Madrid and Barcelona Stock Exchanges, in the CNMV and in DINAMIA’s and the CNMV’s web sites. In case of discrepancies between this document and the original Folleto in Spanish, the Spanish version of the Folleto will prevail.

The Folleto is the only official informative document related to the Offering (the “Offering”), in which the Offering is fully described.

This document does not constitute or form part of any offer or invitation to sell these securities or any solicitation of any offer to purchase these securities in any jurisdiction where such offer or sale would be unlawful.

¹ The Share Registration Document and Share Securities Note contained in this Prospectus have been drawn up in accordance with the models set out in Annexes I and III respectively, of European Commission Regulation EC 809/2004 of April 29, 2004, relating to European Parliament and Council Directive 2003/71/EC as regards the information contained in the prospectus, its format, incorporation by reference, publication of such prospectuses and dissemination of advertisements.

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SUMMARY

The essential characteristics and risks associated with the issuer and the securities of this prospectus (the “**Prospectus**”). We expressly note the following:

- (i) This Summary should be read as the introduction to the Prospectus.
- (ii) Any decision to buy or sell securities should be based on the Prospectus as a whole.
- (iii) No civil liability can be claimed against any person based exclusively on the information in this Summary unless said information is misleading, inaccurate or does not coincide with the rest of the information in the Prospectus.

1. DESCRIPTION OF THE TRANSACTION

The operation consists of a capital increase by DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, SOCIEDAD ANÓNIMA” (“**DINAMIA**” or the “**Company**”) with pre-emptive subscription rights for existing shareholders, for an amount of 44,887,500 euros via the issue of 2,992,500 ordinary shares with a par value of 3 euros each belonging to the same series and class and represented by book-entries. The new shares will be offered at an issue price of 15 euros, implying an issue premium of 12 euros per share.

In the capital increase referred to in this Prospectus, shareholders acknowledged as such in account registers of any authorised participating entity in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (“**Iberclear**”) as of the day prior to the beginning of the pre-emptive subscription period and any investors acquiring such pre-emptive rights on the stock market are entitled to pre-emptive subscription rights in the proportion of one new share for every three old ones.

2. REASONS FOR THE CAPITAL INCREASE

The capital increase referred to in this Prospectus is aimed at meeting the Company’s financing requirements with a view to future investments in companies in its field of activity.

DINAMIA’s current cash situation and pace of investment, plus the fact that the Company’s portfolio investments are recent and are not yet mature, make it necessary to increase liquidity so that DINAMIA can continue to carry out investments which may prove in its interest.

Most of the proceeds from the capital increase will be used to acquire new stakes in companies. The funds obtained as a result of this capital increase shall be used to finance a number of investments identified in the market and which could prove to be in the Company’s interest, or, if required, to increase its investment in one or more of its current investees. Therefore, it is estimated that 85% of the proceeds obtained by the Company

will be invested in various companies in which DINAMIA does not yet hold a stake, while the remaining 15% will be invested in companies already making up its current portfolio.

3. SUBSCRIPTION AND PAYMENT

a) Pre-emptive subscription period

Pre-emptive subscription rights may be exercised in a period (hereinafter, the “**Pre-emptive Subscription Period**”) of fifteen (15) days as from the first day following publication of the notification of the subscription offer for New Shares in the Official Mercantile Register Gazette (hereinafter, “BORME”), a period in which said rights may also be acquired in the Stock Market. Said notification is scheduled for 31 October 2005, subject to prior approval and registration of the issue documentation by the *Comisión Nacional del Mercado de Valores* (“CNMV”).

During the Pre-emptive Subscription Period, shareholders or investors exercising subscription rights owned by them (hereinafter, “**Initial Subscribers**”) and wishing to increase their shareholding may, furthermore, simultaneously and irrevocably request subscription of the additional shares in the event that, at the end of the Pre-emptive Subscription Period, shares remain unsubscribed (hereinafter, “**Outstanding Shares**”).

To exercise pre-emptive subscription rights and, in the event, perform applications for additional shares, owners of said rights must address the Participating Entities with whom the securities are under deposit.

b) Allotment Period for Unsubscribed Shares

If, once the Pre-emptive Subscription Period is over, there are Unsubscribed Shares, these shall be distributed among the Initial Subscribers as indicated in item 5.1.3 of the Share Securities Note.

The allotment of Unsubscribed Shares shall be performed within a maximum period of five (5) trading days (hereinafter, the “**Allotment Period for Unsubscribed Shares**”) which shall take place on the 5 trading days subsequent to the conclusion of the Pre-emptive Subscription Period.

c) Discretionary Allotment Period

If, following the Pre-emptive Subscription Period and Allotment Period for Unsubscribed Shares, there are still unsubscribed shares, DINAMIA shall be empowered discretionarily to allocate and allot all or part of said unsubscribed shares, having commissioned Banco Español de Crédito, S.A. to place them.

Allotment shall be carried out within a period of four (4) trading days following the end of the Allotment Period for Unsubscribed Shares (hereinafter, the “**Discretionary Allotment Period**”).

d) Payment of the shares

The entire disbursement for the amount of each New Share subscribed in exercise of pre-emptive subscription rights shall be made by subscribers at the time of subscription, via the Participating Entities with which their applications are filed. The entire disbursement of the amount of additional shares allotted to subscribers during the Allotment Period for Unsubscribed Shares shall be performed by said subscribers no later than the second business day following the end of said period, once allotment has been notified to them by the Participating Entities, and shall also be performed through said Participating Entities. Lastly, persons who subscribe to shares during the Discretionary Allotment Period should disburse entirely in cash the amount of said shares at the time of subscription.

4. DESCRIPTION OF THE ISSUER

DINAMIA's business is the acquisition of temporary equity interests in the capital of non-financial companies that, at the time of the investment, are not listed on the main stock market with the aim of achieving capital gains for its shareholders. The returns earned by DINAMIA shareholders come mainly from increases in the share prices of the companies in which DINAMIA invests rather than the payments of dividends by the investee companies to DINAMIA.

DINAMIA's current portfolio (“**the investee portfolio**”) is made up of the holdings in the table below:

Thousands of euros

Activity	Date of Acquisition	Type of transaction	% holding by Dinamia	% Dinamia, adjusting for treasury stock	Total investment	Weighting	Book value at 30.06.05	Valuation at 30-06-2005 (including participating loan)	Valuation at last available date (with participating loan)*
Grupo Deutsche Woolworth (2)	Dec-98	MBO	6.61%	6.61%	5,270	3.8%	1,000	1,000	1,000
Arco Bodegas Unidas, S.A.	Mar-99	MBO	8.00%	8.85%	17,480	12.7%	17,051	18,040	18,040
Industrias Anayak, S.A.	Sep-99	MBO	63.06%	63.06%	7,033	5.1%	7,033	7,033	7,033
NetTV(3)	Jun-00	Expansion	1.71%	1.71%	225	0.2%	123	225	225
Unión Deriván S.A.	Jul-00	MBO	45.53%	49.09%	10,217	7.4%	9,567	10,903	10,903
Ydilo Advanced Solutions, S.A. (4)	Apr-01	Expansion	7.06%	7.06%	1,470	1.1%	1,470	1,470	1,470
High Tech Hotels & Resorts, S.A.	Jan-03	MBO - Expansion	44.54%	44.54%	12,000	8.7%	12,000	11,250	12,000
General de Alquiler de Maquinaria, S.L.	Jul-03	BIMBO - Build-up	40.13%	40.13%	13,854	10.1%	13,854	25,258	25,258
Grupo Segur Ibérica (5)	Mar-04	BIMBO	17.82%	17.82%	9,500	6.9%	9,500	9,500	9,500
Grupo Bodybell (6)	Apr-05	BIMBO	31.57%	31.57%	21,500	15.7%	21,966	21,966	21,966
Grupo eMíasis	May-05	BIMBO	46.41%	46.41%	8,063	5.9%	8,142	8,142	8,142
Aseguramiento Técnico de Calidad (7)(11)	Jul-05	MBI	50.00%	50.00%	7,125	5.2%	3	3	7,125
Holmes Place Iberia (8)(11)	Aug-05	MBO	20.83%	20.83%	9,070	6.6%	-	-	9,070
Cristher (9)(11)	Sep-05	MBO	47.16%	47.16%	12,025	8.8%	-	-	12,025
Capital Safety Group Limited (10)(11)	Oct-05	MBO	8.16%	8.16%	2,457	1.8%	-	-	2,457
TOTAL PORTFOLIO					137,290	100.0%	101,708	114,791	146,215

(1) According to the valuation report of Dinamia Capital Privado, S.C.R., S.A. of June 30, 2005, submitted to the CNMV as a significant fact on September 14, 2005.

(2) DINAMIA's investment in this company is made through two holding companies that served as acquisition vehicles for Deutsche Woolworth Group. Their full names are DWW Deutsche Woolworth Holding GmbH and DWW Beteiligungs GmbH. It also includes the 5% stake in Forthpanel Limited, the owner of some real estate assets leased to Deutsche Woolworth Group.

(3) DINAMIA invests in this company through Dinamia Telemática, S.L. of which it owns 75% of the capital. Dinamia Telemática, in turn owns 2.2% of Sociedad Gestora de Televisión NetTV, S.A.

(4) Previously called People Communications, S.A.

(5) DINAMIA invests in the holding company that owns a 100% stake in Segur Ibérica.

(6) DINAMIA invests in the holding company that owns a 100% stake in Bodybell group, The Beauty Bell Chain, S.L.

(7) DINAMIA invests in the holding company that owns a 100% stake in Aseguramiento Técnico de Calidad group, Cusdritejos, S.L.

(8) DINAMIA invests in the holding company that owns a 100% stake in Holmes Place Iberia, Colegiata Invest, S.L.

(9) DINAMIA invests in the holding company that owns a 100% stake Cristher S.L. and Dopo S.L., Deimoral Inversiones 2005, S.L.

(10) DINAMIA invests in the holding company that owns 100% of Capital Safety Group Limited, Glowtrail Limited.

(11) Aseguramiento Técnico de Calidad, Holmes Place Iberia, Cristher and Capital Safety Group were invested in after the closing date for the valuation. They are nonetheless included for information purposes.

* Investments after 30 June 2005 are stated at the amount invested by de DINAMIA

The following table shows the main items in DINAMIA's consolidated financial statements and the key ratios:

Main Balance Sheet headings as of 31 December (€ '000)					
	In line with Spanish GAAP (General Chart of Accounts)				
	2004	2003	2002	% chg. 2003-2004	% chg. 2002-2003
Long-term investments	83,977	91,901	70,082	-8.62%	31.13%
Goodwill consolidation	8,200	9,776	8,994	-16.12%	8.69%
Accounts receivable	6,776	4,007	4,965	69.10%	-19.30%
Short-term investments and cash	64,861	47,258	91,180	37.25%	-48.17%
Capital stock	25,650	25,650	25,650	0.00%	0.00%
Shareholders' equity	150,929	142,666	145,619	5.79%	-2.03%
Long-term debt	4,475	4,685	5,604	-4.48%	-16.40%
Current liabilities	173	68	15,816	154.41%	-99.57%
Total balance	163,820	159,949	175,228	2.42%	-8.72%

Main Income Statements headings as of 31 December (€ '000)					
	In line with Spanish GAAP (General Chart of Accounts)				
	2004	2003	2002	% chg. 2003-2004	% chg. 2002-2003
Operating loss	5,919	2,103	8,981	181.46%	-76.58%
Operating income	-5,919	-2,103	-8,981	181.46%	-76.58%
Financial revenues (*)	18,281	1,599	16,704	1043.28%	-90.43%
Financial income or loss	18,150	1,703	16,088	965.77%	-89.41%
Income or loss on ordinary activities	17,004	-529	12,016	-	-
Extraordinary income or loss	-2,693	2,978	-6,485	-	-
Income from the year attributed to the parent company	14,311	2,449	5,532	484.36%	-55.73%
Consolidated EPS	1.67	0.29	0.65	484.36%	-55.73%

(*) Includes profits from disposal of investees

Key financial ratios as of 31 December			
	2004	2003	2002
Gearing ratio (Total assets / Shareholders' equity)	1.09	1.12	1.20
ROE (Net profit / Shareholders' equity)	9.48%	1.72%	3.80%
ROA (Net profit / Total assets)	8.74%	1.53%	3.16%
Net Asset Value (1)	17.87	16.04	15.87
Dividends / Consolidated revenues	41.82%	244.39%	108.19%
Dividends / Individual revenues	72.25%	2122.34%	43.42%

(1) Based on the Valuation report on the date and adjusted by the current number of shares

Main Balance Sheet items as of 30 June (€ '000)

	In line with IFRS		
	30/06/2005	30/06/2004	% chg.
Accounts receivable	32.204	19.175	67,95%
Short-term investments and cash	132.053	141.478	-6,66%
Capital stock	26.933	25.650	5,00%
Shareholder's equity	152.047	148.463	2,41%
Long-term debt	5.429	5.104	6,37%
Current liabilities	6.781	7.093	-4,40%
Total balance	164.257	160.660	2,24%

Main Income Statement headings as of 30 June (€ '000)

	In line with IFRS		
	30/06/2005	30/06/2004	% chg.
Operating loss	1,656	2,600	-36.31%
Operating income	-1,656	-2,600	-36.31%
Financial revenues (*)	6,022	6,771	-11.06%
Financial income or loss	6,021	6,765	-11.00%
Variation in investment valuation allowance	-1,918	4,805	-
Income from ordinary activities	2,384	8,607	-72.30%
Net income	2,384	8,607	-72.30%
Consolidated EPS	0.27	1.01	-73.62%

(*) Includes profits from disposal of investees

Main financial ratios as of 30 June

	30/06/2004	30/06/2005
Gearing ratio (Total assets / Shareholders' equity)	1.08	1.08
ROE (Net profit / Shareholders' equity)	1.57%	5.80%
ROA (Net profit / Total assets)	1.45%	5.36%
Net Asset Value (1)	17.71	18.11
Dividends / Consolidated revenues (2)	2.44	0.44
Dividends / Individual revenues (2)	21.22	0.76

(1) Based on the Valuation report on the date and adjusted by the current number of shares

5. RISK FACTORS

5.1. Risk factors specific to the Issuer or its industry

Investment risk

The risk assumed by the Company on each investment in a company in its portfolio may be very significant in proportion to its assets. Although the company commissioned to

manage the Company's assets, Nmás1 Capital Privado SGEGR, S.A.U. (the "**Management Company**"), supported by independent experts, reviews the main aspects of each project there is no guarantee that investments will be recovered. Notwithstanding, DINAMIA's investments are not highly concentrated, with the largest five, eight and ten investments representing 54.60%, 68.60% and 85.83% of its assets, respectively.

DINAMIA finances much of its investment with bank debt, such that changes in the terms of finance would have a direct impact on the cumulative annual return ("**IRR**") generated. In order to optimise the capital invested, DINAMIA, together with the rest of its fellow investees, will seek external financing to fund its acquisitions. This external finance is taken on by the investment vehicles through which DINAMIA and its partner investors take their stake in the target companies. Although DINAMIA never makes any guarantee and there is no recourse against it, this type of financing requires a pledge of shares or participations in the vehicle in favour of the financial institution. Accordingly, if the investee in question were unable to make pay the interest or principal on the bank loan, the credit institutions would have the authority to call in the guarantees granted them. The pledge on shares and/or participation units could limit their liquidity, as the pledge only expires upon full repayment of the bank loan. In the event of the sale of the shares or participation units, the pledge is only cancelled if 100% of the capital of the investee is sold and the bank loan is simultaneously cancelled or substituted by the buyer. Lending institutions generally have a mortgage lien on assets of investees which could materialise if certain cover ratios related to the investee's balance sheet and debt are not met.

There is no guarantee that enough investment opportunities will be found at attractive prices to enable the Company to meet its targets.

Interest-rate risk

As DINAMIA finances many of its investments with bank debt, changes in the terms of finance and interest rates, specifically rises in interest rates, will have a direct impact on the financial costs borne by the investees (although there may be interest-rate hedges linked to the loans taken out to acquire some investees that limit the potential increase in financial expenses). This would also have a direct impact on the cumulative annual return ("**IRR**") generated. Accordingly, future changes in interest rates, specifically increases, would have a direct impact on the valuation of the investee companies as potential future buyers would have to borrow on less favourable terms. This could reduce the sale price at the time of disposal.

Liquidity risk on investments

The Company's investments are inherently illiquid as they are generally in unlisted companies with no adequate market for their prompt disposal. When DINAMIA does not have a controlling interest in one of its investee companies, it cannot oblige the investee to pay dividends to its investors, nor force the sale of the whole capital.

Risks relating the Management Company

Management of the Company's assets is delegated to the Management Company under an indefinite management agreement, which may be cancelled by either party under certain conditions.

This management contract appoints the Management Company as DINAMIA's exclusive manager, precluding the Company from immediately managing its own assets independently.

The contract does not stipulate that management of the Company's assets by the Management Company be performed exclusively, which could give rise to a conflict of interest in the event the Management Company managed assets other than those of DINAMIA.

Under the joint investment agreement signed between the Management Company and the General Partner for a private equity fund, investments undertaken by DINAMIA while the management contract with the Management Company remains in force shall be made (except under exceptional circumstances) jointly with the fund, which in addition provides DINAMIA access to larger companies.

Risk of non-payment of dividends

There is a risk that the Company may not have funds to pay dividends to shareholders if it is unable or considers it inadvisable to dispose of its portfolio.

Risk of changes to the law

Although in principle there is no reason to suppose that such changes are in prospect, the legal, tax and regulatory climate may change in ways that have a negative impact on the Company, its investors and/or its shareholders.

5.2. Risk factors for the securities offered

Market for pre-emptive subscription rights

DINAMIA cannot guarantee that an active trading market will develop in the Madrid and Barcelona stock exchanges for the pre-emptive subscription rights to the capital increase nor that there will be adequate liquidity in these rights. Also, as the trading price of the rights reflects the trading price of the ordinary shares, any major fall in the listed price of DINAMIA shares could negatively impact the value of subscription rights.

Admission to trading of the New Shares

DINAMIA will request that the new shares issued in the capital increase be admitted to trading on the Madrid and Barcelona stock exchanges and their inclusion in the *Sistema de Interconexión Bursátil* (Continuous Market). Any delay in the listing of the new DINAMIA shares on the stock market would reduce the liquidity of these shares, making it hard for investors to sell.

Subsequent sale of shares

The sale of a substantial number of DINAMIA shares on the market after the capital increase or a perception that such a sale may be about to occur, could negatively impact the trading price of DINAMIA shares or the Company's possibilities of attracting future capital through further share offers.

Volatility of the share price

The price of the DINAMIA shares could be subject to volatility owing to factors such as the Company's operating performance or the value of its investment portfolio, changes in stock market analysts' recommendations on DINAMIA or the venture capital sector and the general circumstances of the financial markets.

5.3. Risk factors relating the shareholder structure

It is possible that the Company's shareholder structure may change significantly as a result of the current capital increase.

* * * * *

Notice for investors

This document does not represent an offer to sell or the solicitation of offers to buy securities in any country other than Spain. Neither the pre-emptive subscription rights nor the New Shares may be offered or sold in the United States or to any U.S. person (as currently defined under Regulation S of the U.S. Securities Act of 1933) or to anyone acting on behalf thereof unless said pre-emptive subscription rights and the new shares have been registered in conformity with the U.S. Securities Act of 1933 or are exempt from this, nor any other country in which it is illegal to perform an offer or request of this nature or where a prospectus or similar document must first be registered in said country. The pre-emptive subscription rights and new shares have not been and will not be registered in the United States, in accordance with the U.S. Securities Act of 1933, or in any country outside of Spain.

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SHARE SECURITIES NOTE

1. PERSONS RESPONSIBLE

1.1. Persons responsible for the Share Securities Note

Jorge Mataix Entero, with national identity card number 51.342.838-F, in the name and on behalf of the Issuer, DINAMIA CAPITAL PRIVADO, S.C.R., S.A. (hereinafter, “DINAMIA”, “the Company” or “the Issuer”), with registered offices in Madrid, calle Padilla, number 17, and with fiscal identification code A-81.862.724 and National Economic Activity Classification number 6523, by virtue of valid powers, authorised and granted to him for this purpose by the Board of Directors of the Company in its session on 14 September 2005, is responsible for the content of this Securities Note.

1.2. Declaration by the persons responsible for the Share Securities Note

Jorge Mataix Entero, as the person responsible for this Securities Note and in representation of DINAMIA, hereby declares that, having acted with reasonable diligence to this end, to the best of his knowledge the information contained in this Securities Note is true to fact and does not incur in any omission such as might affect its content.

2. RISK FACTORS

See item entitled “Risk Factors” below.

3. KEY INFORMATION

3.1 Working capital statement

In the Company’s opinion, it has sufficient working capital to meet the requirements generated by its activity currently and for the twelve (12) months subsequent to the date of this Securities Note.

3.2 Capitalisation and indebtedness

Millions of Euros DINAMIA data (consolidated)	Current situation (1)	Situation after the capital increase (4)
CAPITALISATION AND INDEBTEDNESS		
A. Total short-term debt	-	-
Guaranteed (2)	-	-
Secured (3)	-	-
Not guaranteed / Not secured	-	-
B. Total long-term debt	-	-
Guaranteed (2)	-	-

Secured (3)	-	-
Not guaranteed / Not secured	-	-
C. Shareholders' equity	146	191
Share Capital	27	36
Legal reserve	5	5
Other reserves	114	150
TOTAL (A+B+C)	146	191
NET DEBT		
A. Liquidity	11	56
Cash	6	51
Cash (short-term financial investments)	5	5
Property assets	-	-
B. Short-term financial asset	4	4
C. Short-term financial debt	1	1
Short-term bank debt	-	-
Impending long-term debt maturities	-	-
Other short-term financial debt	-	-
D. Net short-term financial debt (C-B-A)	-14	-59
E. Long-term financial debt	-	-
Long-term bank debt	-	-
Bonds issued	-	-
Other long-term creditors	-	-
F. Net financial debt (D+E)	-14	-59

1. As at August 31 2005, consolidated.
2. Debt guaranteed by personal guarantees.
3. Debt guaranteed by real guarantees.
4. Assuming full subscription to the capital increase.

Given its liquidity on the date of the figures contained in the above table and its scant level of indebtedness, the Company has negative net financial debt.

DINAMIA's short-term financial debt usually comprises amounts pending payment to suppliers of services to the Company. This financing encompasses the period between the moment DINAMIA receives a service and the time when the corresponding remuneration is paid.

In addition to the above, it is worth pointing out that the Company's balance sheet included in the Informative Prospectus (hereinafter, the **Prospectus**), contains, under the heading "long-term debt", amounts corresponding to the forecast success fee payable to Nmás 1 Capital Privado SGEGR, S.A.U. the company which manages DINAMIA's assets, (hereinafter, the **Management Company**). The Management Agreement establishes the Management Company's right to receive a success fee amounting to 20% of the net capital gain realised by the Company as a result of transferring all shareholdings in companies that are the object of its activity in a single financial year, as well as for the returns on said investments, having deducted the fixed annual

management fee, provided that the capital gain exceeds a specific minimum profitability. In this regard such amounts under the heading, “long-term debt”, although not guaranteed, are not a financial debt as such. (See item 20.1.2. of the Registration Document, Comments on the main consolidated balance sheet items – “Long-term debt”).

Similarly, in September 2005 DINAMIA took out a temporary €9 million line of credit, with a 6-month maturity, in order to meet potential short-term cash requirements. The interest rate on this facility is 3-month Euribor + 0.80%. On the date of registration of this Prospectus no part of this credit line has been made available.

We would point out that the company’s Annual Financial Statements do not include financing from the investment vehicles through which DINAMIA has invested in determined companies. This financing is described in more detail in item 6.1 of Registration Document.

3.3 Interests of natural and legal persons involved in the issue

The Placement agent, Banco Español de Crédito, S.A., (hereinafter, “**Banesto**” or the “**Placement Agent**”) has no interest in this issue.

3.4 Reasons for the offer and use of proceeds

The capital increase referred to in this Securities Note is aimed at meeting the Company’s financing requirements with a view to carrying out future investments in non-listed companies in its field of activity.

DINAMIA’s current cash situation and pace of investment, plus the fact that the Company’s portfolio investments are recent and are not yet mature, make it necessary to increase liquidity so that DINAMIA can continue to carry out investments which may prove in its interest. The funds obtained as a result of this capital increase shall be used to finance a number of investments identified in the market and which could prove to be in the Company’s interest, or, if required, to increase its investment in one or more of its current investees. Therefore, it is estimated that 85% of the proceeds obtained by the Company will be invested in various companies in which DINAMIA does not yet hold a stake, while the remaining 15% will be invested in companies already making up its current portfolio.

DINAMIA’s Board of Directors deems a capital increase to be the most advisable method of financing future investment.

4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING

4.1 Description of the type and class of securities to be offered and/or admitted to trading, including the ISIN (International Securities Identification Number) or any other security identification code

The securities referred to in this Prospectus are ordinary shares in DINAMIA, each with a par value of three (3) euros, belonging to the same class and series and with the same rights as the other DINAMIA shares currently in circulation (hereinafter, the “**New Shares**”).

The ISIN Code assigned by the Agencia Nacional de Codificación de Valores Mobiliarios, entity dependant on the Spanish Securities Commission (hereinafter, “**CNMV**”), in order to identify the New Shares of the present offer is ES0126501339. Notwithstanding the above, this ISIN Code is transitory and will be unified in the ISIN Code of the remaining shares of DINAMIA with the number ES0126501731. This action will take place prior to the admission to negotiation of the New Shares in the Stock Exchange of Madrid and Barcelona.

4.2 Legislation under which the securities have been created

The issuance of New Shares in the Company as referred to by this Prospectus is governed by Spanish legislation and, specifically, by the provisions of Royal Legislative Decree 1564/1989, dated 22 December, approving the amended text of Spanish Corporations Law (hereinafter, “**Corporations Law**”) and Law 24/1988, dated 28 July, concerning the Securities Market (hereinafter, “**Securities Market Law**”), and their respective implementing regulations.

4.3 Indication of whether the securities are in registered form or bearer form and whether they are in certificated form or book-entry form. In the latter case, the name and address of the entity in charge of keeping the records.

New Shares in DINAMIA shall be nominative and shall be represented by book-entry. The entity responsible for the accounting registration of said shares shall be Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (“**Iberclear**”), with registered offices in Madrid, c/ Pedro Teixeira number 8, and its authorised participants (hereinafter, “**Participating Entities**”) in line with the provisions of article 7, item 3, of the Securities Market Law and Royal Decree 116/1992, dated 14 February, concerning the representation of securities via book entry and clearing and settlement of stock market transactions (hereinafter, “**Royal Decree 116/1992**”).

4.4 Currency of the issue

New Shares in the Company as referred to in this Prospectus shall be denominated in euros.

4.5 Description of the rights attached to the securities, including any limitations of those rights, and procedure for exercising those rights

Owners of New Shares shall have the rights and obligations inherent to their status as shareholder, as provisioned in the Corporations Law and DINAMIA's Articles of Association. Subscribers of New Shares shall acquire the status of shareholders in the Company when said Shares are registered in their name in the accounting registers of Iberclear and its participating entities.

○ *Dividend rights.*

- Fixed date(s) on which the entitlement arises

New Shares issued by virtue of this capital increase shall have the same economic rights as the other shares in DINAMIA currently in circulation. In particular, the New Shares shall participate in the Company's earnings as from 1 January 2005, and their owners shall therefore be entitled to receive the entire amount of dividends which the Company may agree to pay against FY2005 results.

On the date of this Prospectus, there are no dividend payments pending against financial years prior to 1 January 2005, nor interim dividend amounts from 2005 pending payment to DINAMIA shareholders.

- Time limit after which the entitlement to dividends lapses and an indication of the person in whose favour the lapse operates

The new shares' performance may be made effective in the manner announced in each case, with the prescription period for the collection rights being the period established in the Code of Commerce, namely five years. The beneficiary of said prescription is DINAMIA.

- Dividend restrictions and procedures for non-resident holders

There is no restriction regarding the collection of dividend payments by non-resident shareholders.

- Dividend rate or method of its calculation, periodicity and cumulative or non-cumulative nature of payments

New Shares, like the other shares comprising the Company's share capital, are not entitled to receive a minimum dividend since they are all ordinary shares. Consequently, the right to dividends on said shares shall arise only when a distribution of company profits is approved at the General Shareholders' Meeting or by the Board of Directors of DINAMIA.

○ *Voting rights*

Subscribers of shares issued in the capital increase referred to in this Prospectus shall be entitled to attend and to vote at the General Shareholders' Meeting and

contest corporate agreements on an equal standing with other Company shareholders, in accordance with the general system established in the Corporations Law and in DINAMIA's Articles of Association.

In particular, in respect of the right to attend General Shareholders' Meetings, article 9 of DINAMIA's General Shareholders' Meeting Regulation provides that shareholders may attend the General Shareholders' Meeting if they own shares at least five days prior to the date established for the Meeting, and that they are registered as such (i) in the respective registers of one of the participants of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores (Sociedad de Sistemas or Iberclear), which shall provide the appropriate attendance certificates, which shall be considered legitimate by the Company, and/or (ii) in the Company's Nominative Share Register. Consequently, shareholders must attend the Meeting in possession of said certificate or document which legally accredits them as such.

Every share affords a voting right, and there are no limits envisaged on the maximum number of votes which may be exercised by each shareholder or by companies belonging to a single group, in the case of legal entities.

There is no statutory limit on exercising of the right to attend or the right to vote as described in the previous paragraph.

- *Pre-emptive rights in offers for subscriptions of securities of the same class*

In accordance with the provisions of the Corporations Law, subscribers of the shares issued in the capital increase referred to in this Prospectus shall hold pre-emptive subscription rights in capital increases with the issue of new shares, ordinary or preferred, as well as the issue of convertible bonds, without prejudice to the possibility of total or partial exclusion from said right, by virtue of agreement at DINAMIA's General Shareholders' Meeting or by the Board of Directors in the terms set forth in Article 159 of the Corporations Law.

Similarly, they hold free allotment rights as recognised by the Corporations Law for the scenario of fully-subscribed capital increases charged to reserves.

- *Right to share in the Issuer's profits*

Shares issued in the capital increase referred to in this Prospectus shall entitle their owners to participate in corporate earnings on an equal standing with shares already in circulation.

- *Right to share in any surplus in the event of liquidation*

Owners of shares issued in the capital increase referred to in this Prospectus shall be entitled to participate in funds resulting from liquidation on an equal standing with holders of shares already in circulation.

- *Redemption provisions*

Not applicable.

- *Conversion provisions*

Not applicable.

4.6 Statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued

- *Corporate issue agreements*

At DINAMIA's Ordinary General Shareholders' Meeting on 29 June 2005 a resolution was approved to delegate in the Board of Directors, in line with the provisions of Article 153.1.b) of the Corporations Law, powers to increase share capital for a maximum period of 5 years as from the date of the resolution, with the Board of Directors establishing the conditions of said capital increase.

By virtue of the aforementioned agreement approved at the General Shareholders' Meeting, DINAMIA's Board of Directors at its meeting on 14 September 2005 agreed to increase share capital by a nominal amount of EIGHT MILLION NINE HUNDRED AND SEVENTY-SEVEN THOUSAND FIVE HUNDRED (8,977,500) euros and an effective amount of FORTY FOUR MILLION EIGHT HUNDRED AND EIGHTY-SEVEN THOUSAND FIVE HUNDRED (44,887,500) euros, with pre-emptive subscription rights, via the issuance of TWO MILLION NINE HUNDRED AND NINETY-TWO THOUSAND FIVE HUNDRED (2,992,500) ordinary shares, each with a par value of three (3) euros, with an issue premium of twelve (12) euros per share, represented by book entry and delegating in Santiago Bergareche Busquet, Chairman of the Board of Directors, Luis de Carlos Bertrán, Secretary to the Board of Directors, and Jorge Mataix Entero, Chairman of the Board of Directors of the Management Company all necessary powers to execute said increase.

The aforementioned capital increase was approved with pre-emptive subscription rights for DINAMIA shareholders in the proportion of one (1) New Share for every three (3) existing shares owned by said shareholders, as set forth in item 5.1.10 below.

- *Authorisations and approvals*

In line with the provisions of Article 15 of Law 1/1999, dated 5 January, regulating venture capital companies and their management companies (hereinafter, "**the Venture Capital Law**"), and rule 4 of Circular 4/1999, dated 22 September, of the Spanish Securities Commission (hereinafter, "**CNMV**"), concerning administrative procedures and standardised models of Venture Capital companies and their

management companies, the Company, as a Venture Capital Entity, is subject to a system of authorisation for any modification in its Articles of Association.

For the purposes set forth in the previous paragraph, authorisation has been requested in writing from the CNMV to modify Article 7 (share capital) of DINAMIA's Articles of Association, concerning the issuance of new shares in the Company as referred to in this Prospectus and has been obtained via a favourable Ministerial Order from the Finance and Tax Ministry, dated 19 October 2005.

Notwithstanding the above, the share issue referred to in this Prospectus does not require prior administrative authorisation, since it is subject only to the general system of approval and registration by the CNMV, in accordance with the provisions of the Securities Market Law and its implementing regulations.

4.7 Expected issue date of the securities

As indicated in item 5.1.8 below, every effort will be made to schedule the New Share issue for no later than 1 December 2005 (estimated deadline for the completion of the capital increase referred to in this Prospectus). Once the capital increase has been fully subscribed and the certificate is issued for the transfer of funds to an account open in the name of DINAMIA at the Agent Institution, the capital increase shall be declared closed, subscribed and paid-up and the appropriate public instrument shall be drawn up for registration at the Madrid Mercantile Register. Once registered at the Mercantile Register, the capital increase instrument shall be delivered to the CNMV, Iberclear and the Madrid Stock Exchange. On the same day of registration at Iberclear's central register, the Participating Entity shall perform the appropriate registrations in their accounting registers in favour of the subscribers of the New Shares issued under the capital increase.

4.8 Description of any restriction on the free transferability of the securities

There are no statutory restrictions or restrictions of any other type on the free transferability of DINAMIA's shares, and they shall therefore be freely transferable in accordance with the provisions of the Corporations Law, the Securities Market Law and other applicable legislation in force.

4.9 Indication of the existence of any mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities

Not applicable.

4.10 Indication of public take-over bids by third parties in respect of the Issuer's equity, which have occurred during the last financial year and the current financial year

No public take-over bid has been tabled for DINAMIA's shares during this financial year or 2004.

4.11 In regard to the country of registered office of the Issuer and the country (ies) where the offer is being made or admission to trading is being sought

- Information on taxes on the income from the securities withheld at source

There follows an overview, in line with Spanish legislation in force on the date of verifying this Prospectus, of the fiscal system applicable to the acquisition, ownership and subsequent transfer of New Shares in DINAMIA as referred to in this issue.

This analysis does not specify each of the possible fiscal consequences of the aforementioned transactions, nor the system applicable to all categories of shareholder, some of which (for example, financial institutions, collective investment institutions and institutions operating under an income allocation system) may be subject to special regulations. Furthermore, this analysis does not take into consideration the provincial tax systems in place in Spain's *Historic Territories* of the Basque Country and Navarre, nor the regulation approved by the various Autonomous Regions which, in respect of certain taxes, might be applicable to shareholders.

Consequently, shareholders are advised to consult their attorneys or tax consultants, who will be able to provide them with tailored counsel based on their specific circumstances.

Taxes payable on recognition, exercise or transfer of pre-emptive subscription rights in the issue

Indirect taxation

Recognition and the exercise of pre-emptive subscription rights, as well as transfer thereof, shall be exempt from Tax on Property Transfers and Legal Documents and from Value Added Tax, as provisioned by Article 108 of Law 24/1988, dated 28 July, governing the Securities Market, and concordant with the laws regulating said taxes.

Direct taxation

Individuals resident in Spain

- Recognition and exercising of pre-emptive subscription rights

Recognition and exercise of pre-emptive subscription rights is not considered to be taxable under Personal Income Tax ("**IRPF**").

- Transfer of pre-emptive subscription rights

The amount obtained from the transfer of pre-emptive subscription rights shall reduce the value of the acquisition of the shares from which such rights derive, for the purposes of future transfers. However, if the amount obtained exceeds said acquisition value, the difference shall be considered to be a capital gain for the

transferor in the year in which transfer takes place (see item “Individuals paying Personal Income Tax – Capital Gains and Losses” below). When subscription rights are transferred, but not in their entirety, the transferred rights shall be understood to correspond to those securities acquired in the first place.

Legal entities resident in Spain

- Recognition and exercising of pre-emptive subscription rights

Recognition and exercise of pre-emptive subscription rights is not considered to be taxable under Corporate Income Tax ("IS").

- Transfer of pre-emptive subscription rights

IS regulation does not set forth any precept in relation to the transfer of pre-emptive subscription rights, so the income that must be added, in the event, to the taxable base shall be determined by accounting profits. For this purpose, accounting valuation regulations establish that the cost amount of rights transferred shall reduce the acquisition price of the shares from which they derive.

Non-resident investors

- Recognition and exercising of pre-emptive subscription rights

Recognition and exercising of pre-emptive subscription rights is not considered to be taxable under Non-Resident Income Tax ("IRnR").

- Transfer of pre-emptive subscription rights

The amount obtained from the transfer of pre-emptive subscription rights shall reduce the value of the acquisition of the shares from which such rights derive, for the purposes of future transfers. However, if the amount obtained exceeds said acquisition value, the difference shall be considered to be a capital gain for the transferor on the date on which transfer takes place (see item “Non-resident shareholders – Non-Resident Income Tax – Capital Gains and Losses” below). When subscription rights are transferred, but not in their entirety, the transferred rights shall be understood to correspond to those securities acquired in the first place.

Taxes deriving from ownership, acquisition and transfer of new shares

Indirect taxation in the acquisition and transfer of new shares

Acquisition and subsequent transfer New Shares shall be exempt from the Tax on Property and Legal Documents and from Value Added Tax, as provisioned by Article 108 of Law 24/1988, dated 28 July, concerning the Securities Market, and concordant with the laws regulating said taxes.

Direct taxation deriving from ownership and transfer of new shares

Shareholders resident in Spain

This item analyses the fiscal system applicable to both shareholders resident in Spain and those who, though not resident, are IRnR taxpayers and who act in respect of the New Shares via a permanent establishment in Spain, as well as those individual investors, residents of other EU member States, who, in certain conditions, decide to pay income tax (IRPF).

Shareholders shall be considered to be resident in Spain, without prejudice to the provisions of the Double Taxation Treaties (hereinafter, “DTTs”) signed by Spain, when they are entities resident in Spanish territory in line with Article 8.1 of Royal Legislative Decree 4/2004, dated 5 March, approving the amended text of the Corporate Tax Law or IS (hereinafter, “TRLIS”) and individuals whose habitual residence is in Spain, as defined in Article 9.1 of Royal Legislative Decree 3/2004, dated 5 March, approving the amended text of the Personal Income Tax Law or IRPF (hereinafter, “TRLIRPF”). Similarly, shareholders shall be considered to be resident in Spain when they are individuals of Spanish nationality who, no longer residing for fiscal purposes in Spain, accredit their new fiscal residency in a tax haven, during the tax period in which the change of residence is performed and during the four subsequent tax periods.

- Individuals paying Personal Income Tax

RETURNS ON REAL PROPERTY

The following shall be considered to be returns on real property: (i) dividends, premiums for attendance at meetings, and, in general, shares in the profits of DINAMIA, (ii) returns deriving from the constitution or allotment of rights or powers of use or enjoyment in regard to New Shares, and (iii) any other income received as a result of being a shareholder in DINAMIA.

For the purposes of inclusion in the personal income taxable base in case (i) above, the complete return shall be calculated, generally, by multiplying the complete return received by the percentage of 140%. To calculate net return, administration and deposit expenses for the New Shares shall be deductible, but discretionary and individual portfolio management expenses shall not. Shareholders shall be entitled to deduct 40% of the entire amount received from the above items from the net IRPF payable.

The amount payable shall be 100% (and not 140%), since the 40% deduction shall not be applied, when the returns derive from New Shares acquired during the first two months following the date of payment when, subsequent to said date, within the same period, there is a transfer of homogeneous securities.

In general, shareholders shall be subject to a 15% personal income tax withholding on the full amount of the profit distributed. Withholdings at source shall be deductible from the aforementioned tax rate and, in the event that this is insufficient, the refunds provisioned in Article 105 of the TRLIRPF shall apply.

CAPITAL GAINS AND LOSSES

Variations in the value of the assets owned by personal income (IRPF) taxpayers which surface as a result of any alteration to said assets shall lead to capital gains or losses which, in the event of transfer against payment of New Shares, shall be quantified by the difference between the acquisition value of the New Shares and their transfer value, which shall be determined (i) by their price on the date of transfer or (ii) by the price agreed when it is higher than said list price.

For this purpose, when shareholders own homogeneous securities acquired on different dates, those first acquired shall be understood to be transferred.

Furthermore, to determine acquisition value, the amount obtained from the transfer of pre-emptive subscription rights shall be deducted. However, if the amount obtained in the transfer of pre-emptive subscription rights exceeds the acquisition value of the securities from which said rights derive, the difference shall be considered to be a capital gain for the transferor in the tax period in which the transfer is performed.

Capital gains which surface as a result of the transfer of shares acquired one year or less prior to the date of the alteration in assets shall be taxed at the appropriate marginal rate (with a maximum, for 2005, of 45%), while those surfacing as a result of the transfer of shares acquired more than one year prior to the date of alteration in assets shall be taxed at the corresponding special rate (which for 2005 is a fixed rate of 15%).

Certain losses deriving from the transfer of New Shares shall not compute as capital losses when homogeneous securities have been acquired within the two months immediately before or after the date of the transfer which derived in the loss. In this event, capital losses shall be included as the securities remaining in the taxpayer's assets are transferred.

The future delivery of new shares, in fully or partially paid scrip issues from DINAMIA to its shareholders, shall not constitute income for the latter.

When the shares are partially paid, their acquisition value shall be the amount actually paid. When the shares are fully paid, their acquisition value and that of shares from which they derive shall result from the distribution of the total cost of old shares among the number of shares, both old and paid, as applicable, in this case the fully-paid shares' age being considered to be that of the shares from which they derive.

- Corporate Income Taxpayers:

DIVIDENDS

IS taxpayers, or taxpayers who, paying IRnR, act in Spain for this purpose via a permanent establishment, shall include in their taxable base the whole amount of dividends or participation in profits deriving from the ownership of New Shares, as well as the expenses inherent to the participation, as provisioned by the TRLIS.

Participation in the profits of venture capital companies shall be subject to a 100% deduction of the whole rate of the IS from the resident legal entity or IRnR taxpayer with a permanent establishment in Spain, in application of the provisions of Article 55.3.a) of the TRLIS.

This deduction is applicable regardless of the percentage shareholding and the time the shareholder has held said shareholding.

Since said profits shall not be subject to tax at the investor's corporate headquarters, it shall not be necessary to perform withholdings at source thereupon in line with the provisions of Article 140.4.d) of the aforementioned TRLIS.

INCOME DERIVING FROM THE TRANSFER OF NEW SHARES

The capital gain or loss deriving from the transfer of New Shares, or any other alteration in assets relating thereto, shall be included in the taxable base of the taxpayers in line with the provisions of Articles 10 onwards of the TRLIS.

Positive income surfacing from the transfer of New Shares in DINAMIA, since this is a Venture Capital Institution, shall be subject to a deduction in the whole rate, in the amount resulting from applying the tax rate to the net increase on undistributed profits corresponding to the shareholding transferred, in accordance with Article 30.5 of the TRLIS. This deduction is applicable regardless of the percentage shareholding and the time the shareholder has held said shareholding.

There is no obligation to withhold whatsoever in any of these scenarios.

- Tax on assets

Individuals resident in Spain for IRPF purposes shall be subject to Tax on Assets ("IP") for the total net assets which they own as of 31 December each year, regardless of where they are located or where the rights they own may be exercised. Without prejudice to specific regulations approved, in the event, by each Regional Autonomy where investors reside, the IP Law establishes for this purpose a minimum exempt amount of 108,182.18 euros, and a tax scale whose marginal rates range between 0.2% and 2.5%.

There shall be an obligation to file a return in regard to this tax, provided that the taxable base of the taxpayer is higher than the aforementioned minimum exempt amount or that, otherwise, the value of the goods or rights exceeds 601,012.10 euros.

For this purpose, individuals resident in Spain who acquire the New Shares and who are obliged to file an IP return, shall be obliged to declare the New Shares they own as of 31 December each year, which shall compute in line with their average trading price during the fourth quarter of said year. The Finance and Tax Ministry shall publish said average trading price annually.

Legal entities, for their part, shall not be considered as taxpayers for the purposes of IP.

- Inheritance and Gift Tax

The acquisition of New Shares for profit (due to death or gift) by individuals resident in Spain, shall be subject to Inheritance and Gift Tax ("**ISD**") in accordance with the provisions of the ISD Law, with the taxpayer being the person acquiring said shares, all without prejudice to the specific regulation approved, in the event, by each Regional Autonomy. The applicable tax rate, depending upon the general tax scale, and on certain circumstances of the taxpayer in relation to their pre-existing assets and their family relationship with the causer or donor, shall range from 0% to 81.6%.

Legal entities, whether IS taxpayers or IRnR taxpayers acting in Spain through a permanent establishment, shall not be considered to be taxpayers for the purposes of ISD. Consequently, income generated thereby as a result of the free acquisition of New Shares shall be subject to tax in accordance with the regulations of the IS.

Shareholders not resident in Spain

This section analyses the tax treatment applicable to shareholders not resident in Spain, excluding those acting in Spanish territory through a permanent establishment in regard to New Shares of DINAMIA, whose fiscal system is described above, together with that of resident investors. This item shall also be applicable, generally, to individuals who are shareholders and who become Spanish residents for tax purposes as a result of moving to Spain and who, having met the requirements set forth in Article 9.5 of the TRLIRPF, choose to pay IRnR during the tax period in which they move and the five subsequent tax years.

Shareholders shall be considered non-resident when they are individuals who are not IRPF taxpayers and entities not resident in Spain, in accordance with the provisions of Royal Legislative Decree 5/2004, dated 5 March, approving the Amended Text of the IRnR Law (hereinafter, "**TRLIRnR**").

The system described below is general, regardless of the specificities of each taxpayer and those resulting from DTTs between Spain and other countries.

- Non-resident Income Tax:

RETURNS ON REAL PROPERTY

In accordance with articles 55.3.b) of the TRLIS, participations in profits distributed by venture capital companies shall not be considered to have been obtained in Spain and, therefore, shall not be subject to taxation in Spain, when the receiver is an individual or legal entity paying IRnR without a permanent establishment in Spain.

This treatment shall not be applicable when income is obtained through a country or territory defined in regulations as a tax haven.

CAPITAL GAINS AND LOSSES

In accordance with articles 55.4.b) of the TRLIS, capital gains deriving from the transfer of shares in venture capital companies shall not be considered to have been obtained in Spain and, therefore, shall not be subject to taxation in Spain, when the receiver is an individual or legal entity paying IRnR without a permanent establishment in Spain.

This treatment shall not be applicable when income is obtained through a country or territory defined in regulations as a tax haven.

- Tax on assets

Without prejudice to the DTTs subscribed by Spain, individuals not resident for tax purposes in Spain shall be subject to IP on goods and rights which they own as of 31 December each year when they are located, may be exercised or must be fulfilled in Spanish territory, and shall be subject to application of the general tax scale, whose marginal rates range from 0.2% and 2.5%, it not being possible to perform the corresponding deduction to the minimum exempt.

Spanish tax authorities consider that shares issued by Spanish companies are located in Spain for these purposes, so that, in the event that they are subject to IP taxation, New Shares belonging to non-resident individuals shall be calculated based on the average trading price in the fourth quarter of each year. The Finance and Tax Ministry shall publish said average trading price for tax purposes.

Non-resident investors are advised to consult their attorneys or tax consultants, in regard to how IP is applicable to them in line with their specific circumstances.

- Inheritance and Gift Tax

Without prejudice to DTTs subscribed by Spain, acquisitions for profit of goods located in Spain or rights which may be exercised or must be fulfilled in Spain performed by individuals not resident in Spain, regardless of the place of residence of the transfer, shall be subject to the ISD. In general, payment of ISD on acquisitions by non-residents subject to this tax shall be performed in the same way as for residents. Non-resident entities without a permanent establishment in Spain are not taxpayers subject to this tax and the income they obtain from acquisitions for profit shall be taxable generally in accordance with IRnR regulations described above, without prejudice to the DTTs subscribed by Spain which might be applicable.

Non-resident investors are advised to consult their attorneys or tax consultants, in regard to how ISD is applicable to them in line with their specific circumstances.

- Indication of whether the Issuer takes responsibility for the withholding of taxes at source

DINAMIA, as Issuer and payer of such income as may derive from the ownership of New Shares, assumes responsibility for performing the appropriate withholding at source of taxes in Spain in accordance with the provisions of regulations in force.

5. TERMS AND CONDITIONS OF THE OFFER

5.1 Conditions, offer statistics, expected timetable and action required to apply for the offer

5.1.1 *Conditions to which the offer is subject*

The offer of New Shares in the Company as referred to in this Prospectus is not subject to any circumstance which might impose conditions upon the effective execution thereof, above and beyond prior authorisation from the Finance Ministry for modifying the Articles of Association as mentioned in item 4.6. above.

5.1.2 *Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, a description of the arrangements and time for announcing to the public the definitive amount of the offer.*

TWO MILLION NINE HUNDRED AND NINETY-TWO THOUSAND FIVE HUNDRED (2,992,500) ordinary shares in DINAMIA, each with a par value of three (3) euros are offered at an issue price of fifteen (15) euros per share, of the same class and series as those currently in circulation, represented by book entry, giving a nominal amount of EIGHT HUNDRED AND SEVENTY-SEVEN THOUSAND FIVE HUNDRED (8,977,500) euros and an effective amount of FORTY FOUR MILLION EIGHT HUNDRED AND EIGHTY-SEVEN THOUSAND FIVE HUNDRED (44,887,500) euros, equivalent to an issue premium of twelve (12) euros per share. Said amount shall be paid entirely in cash.

The global nominal amount of the increase amounts to 33% of DINAMIA's share capital as of the date of this Prospectus and prior to performing the capital increase to which it refers, and 25% after performing said capital increase.

The issue agreement approved by the Board of Directors of DINAMIA on 14 September 2005, in the exercise of the powers granted to it at the General Shareholders' Meeting on 29 June 2005, expressly envisaged the possibility of partial or incomplete subscription, in accordance with the provisions of Article 161 of the Corporations Law, whereby, in the event of the increase not being fully subscribed within the period established for subscription, capital shall be increased by the amount of subscriptions actually performed. When the subscription period is over, the Board of Directors or persons empowered thereby shall determine the final amount of the capital increase.

5.1.3 *Time period, including any possible amendments, during which the offer will be open, and description of the application process*

Expected timetable

There follows a tentative timetable of the main stages of the capital increase referred to in this Prospectus, which process is described in further detail below.

Action	Date
Registration of the Prospectus by CNMV	27 October 2005
Publication of notification in the Official Gazette of the Mercantile Register	31 October 2005
Start of pre-emptive subscription period and additional applications	1 November 2005
End of pre-emptive subscription period and additional applications	15 November 2005
End of Allotment Period for Unsubscribed Shares, in the event	22 November 2005
End of Discretionary Allotment Period, in the event	28 November 2005
Completion of capital increase and granting of public instrument	1 December 2005
Registration of capital increase in the Mercantile Register	2 December 2005

Admission for trading of the New Shares	5 December 2005
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This schedule takes into consideration the deadlines set for performing each of the stages of the process, as detailed below. Nevertheless, these dates are estimates, and may therefore not be met.

Pre-emptive subscription period

As indicated in item 5.1.10 below, in this capital increase the Company's shareholders are recognised to hold pre-emptive subscription rights to the shares to be issued, in the proportion of one (1) New Share for every three (3) old shares.

Pre-emptive subscription rights may be exercised in a period (hereinafter, the "**Pre-emptive Subscription Period**") of fifteen (15) days as from the first day following publication of the notification of the subscription offer for New Shares in the Official Mercantile Register Gazette (hereinafter, "**BORME**"), a period in which said rights may also be acquired in the Stock Market. Said notification is scheduled for 31 October 2005, subject to prior approval and registration of the issue documentation by the CNMV.

During the pre-emptive subscription period, shareholders or investors exercising subscription rights owned by them (hereinafter, "**Initial Subscribers**") and wishing to increase their shareholding may, furthermore, simultaneously and irrevocably request subscription of any number of additional shares in the event that, at the end of the pre-emptive subscription period, shares remain unsubscribed (hereinafter, "**Unsubscribed Shares**").

To exercise pre-emptive subscription rights and, in the event, perform applications for additional shares, owners of said rights must address the Participating Entities with whom the securities are under deposit.

Participating Entities shall notify of the total volume of subscriptions and applications for additional shares addressed to them, as well as the complete list of subscribers, to the Agent Institution, no later than at 10 am, Madrid time, on the first business day following the last day of the Pre-emptive Subscription Period, in line with operating instructions from the Agent Institution in this regard.

The Agent Institution may choose not to accept those notifications from Participating Entities that are transferred outside their deadline or that fail to fulfil any of the requirements applicable to them, with no responsibility for it or for DINAMIA and without prejudice to the possible responsibility of the Participating Entities in breach in regard to owners of the orders placed in timely fashion to said Entity.

The result of subscription in the Pre-emptive Subscription Period, as well as additional shares requested by Initial Subscribers, shall be conveyed by the Agent

Institution to the Company within the 3 business days following closure of said period.

The information contained in this Prospectus shall not be published nor distributed to persons resident in the United States of America or any other country in which the distribution of said information is restricted by Law, and shall not constitute a sale offer nor an offer of purchase or subscription of securities in the United States nor any other country in which it is illegal to perform an offer or request of said nature or where a prospectus or similar document must first be registered in said country.

DINAMIA certifies that neither pre-emptive subscription rights nor New Shares in DINAMIA, nor their offer have been registered in the United States, in line with the US Securities Act of 1933, nor in any country other than Spain.

Allotment Period for Unsubscribed Shares

If, once the Pre-emptive Subscription Period is over, there are Unsubscribed Shares, these shall be distributed among the Initial Subscribers as indicated in item 5.1.5 below.

If applications for additional shares exceed the number of Unsubscribed Shares which are not subscribed following the exercise of the pre-emptive subscription rights, the Agent Institution, acting on behalf of DINAMIA, shall proceed to prorate in accordance with the rules set forth in item 5.1.5 below.

The allotment of Unsubscribed Shares shall be performed within a maximum period of five (5) trading days (hereinafter, the “**Allotment Period for Unsubscribed Shares**”) which shall take place on the 5 trading days subsequent to the conclusion of the Pre-emptive Subscription Period.

The result of adjudication during the Allotment Period for Unsubscribed Shares shall be notified by the Agent Institution to the Company and the Participating Entities on the same business day when said Period ends. No later than one business day afterwards, the Participating Entities shall, in turn, notify investors whose applications they processed in regard to the adjudications.

Discretionary Allotment Period

If, following the Pre-emptive Subscription Period and Allotment Period for Unsubscribed Shares, there were still unsubscribed surplus shares, the Board of Directors of DINAMIA shall be empowered discretionarily to assign and to adjudicate all or part of said unsubscribed shares, having commissioned **Banesto** to place them, in accordance with the provisions of item 5.4.3 below. Allotment shall be carried out within a period of four (4) trading days following the end of the Allotment Period for Unsubscribed Shares (hereinafter, the “**Discretionary Allotment Period**”).

Nevertheless, it is noted that in this capital increase the possibility of incomplete subscription is expressly envisaged, and that therefore DINAMIA may declare the increase to be closed once the Allotment Period for Unsubscribed Shares is complete, without opening a Discretionary Allotment Period.

5.1.4 *Indication of when, and under what circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun*

No cause has been envisaged for dismissal or automatic revocation of the issue of New Shares referred to in this Prospectus, apart from those which may derive from the application of the law or compliance with a legal or administrative resolution.

5.1.5 *Description of the possibility of reducing subscriptions and the manner for refunding excess amount paid by applicants*

In accordance with the provisions of item 5.1.3 above, in the event that subscriber demand exceeds the number of Unsubscribed Shares, a prorating system shall be applicable. In this case, said Unsubscribed Shares shall be distributed in a manner that is proportionate to the volume requested by each Initial Subscriber requesting additional shares, in accordance with the following rules:

- In the event of fractions in adjudication, these shall be rounded off automatically, so that the resulting number of shares for adjudication is a round number.
- Percentages to be used for proportional allotment shall also be rounded off automatically to three decimal places.

If, following prorating, there were shares not adjudicated as a result of the effects of rounding off, these shall be adjudicated one by one in order of the volume requested, from highest to lowest, and, where the volume is the same, in alphabetic order of applicants, based on the field “Name and address or registered corporate name” (in the event of co-ownership, the name of first owner appearing on the application shall be taken into consideration).

Prorating shall be performed by the Agent Institution, acting on behalf of DINAMIA, in accordance with applications received from Participating Entities, and subsequent to the receipt of files sent thereby, no later than the day the Allotment Period for Unsubscribed Shares ends.

5.1.6 *Details of minimum and/or maximum amount of application*

During the Pre-emptive Subscription Period, Initial Subscribers may apply for a maximum of one (1) New Share for every three (3) old shares they own. Furthermore, as indicated in item 5.1.3 above, Initial Subscribers may request subscription to an unlimited number of Unsubscribed Shares.

5.1.7 *Indication of the period in which applications may be withdrawn, provided that investors are allowed to withdrawal their subscriptions.*

Share subscription applications filed during the Pre-emptive Subscription Period (both those performed in the exercise of pre-emptive subscription rights and applications for additional shares) shall be considered to be final subscription orders and shall therefore be irrevocable, without prejudice to the fact that said requests may not be met wholly in application of the rules concerning allotment of Unsubscribed Shares described in item 5.1.3 above.

5.1.8 *Method and time limits for paying up the securities and for delivery of the securities*

Paying up the securities

The entire disbursement for the amount of each New Share subscribed in exercise of pre-emptive subscription rights shall be made by subscribers at the time of subscription, via the Participating Entities with which their applications are filed. The entire disbursement of the amount of additional shares adjudicated to subscribers during the allotment Period for Unsubscribed Shares shall be performed by said subscribers no later than the second business day following the end of said period, once adjudication has been notified to them by the Participating Entities, and shall also be performed through said Participating Entities. Applications for additional shares not disbursed in the aforementioned terms shall be considered null and void.

Participating Entities shall pay the Agent Institution the amount corresponding to the shares subscribed in the exercise of pre-emptive subscription rights before 10:00 hours, Madrid time, on the first business day following the last day of the Pre-emptive Subscription Period, in accordance with instructions issued in this regard by the Agent Institution. In regard to Unsubscribed Shares effectively subscribed via each of the Participating Entities (that is, additional shares requested and actually adjudicated), Participating Entities shall pay the Agent Institution the appropriate amount on the third business day following the end of the Allotment Period for Unsubscribed Shares, in accordance with the instructions issued by the Agent Institution in this regard. The Agent Institution, for its part, shall proceed to pay the funds which it has received from the Participating Entities into the account opened by the Company at said Agent Institution, with value date on the same day.

If any of the Participating Entities does not perform, fully or partially, disbursement of the amounts corresponding to the subscriptions performed to said Participating Entity within the aforementioned deadline, said subscriptions shall be considered null and void, with no responsibility whatsoever by DINAMIA and/or the Agent Institution, and without prejudice to the possible liability incurred by the Participating Entity in breach in regard to the owners of orders duly presented within the deadlines to said Entity.

Furthermore, if any of the Participating Entities which have paid within the deadline the amount for the New Shares fails to notify the Agent Institution of the list of subscribers in line with the terms set forth in item 5.1.3 above, the Agent Institution, acting on behalf of DINAMIA, may assign the New Shares to the corresponding Participating Entity with no responsibility whatsoever for it nor for DINAMIA and without prejudice to any possible liability incurred by the Participating Entity in breach in regard to the owners of the orders duly presented to said Entity within the deadline.

Lastly, persons who, in the event, subscribe shares during the Discretionary Allotment Period should disburse entirely in cash the amount of said shares at the time of subscription.

Delivery of the securities

Each subscriber to New Shares in DINAMIA as referred to in this capital increase shall be entitled to obtain from the Participating Entity, before which the subscription has been processed, a signed copy of the subscription bulletin, in line with the terms set forth in Article 160 of the Corporations Law.

Said subscription bulletins shall not be marketable and shall be valid until such time as the registration references of the subscribed New Shares are assigned, without prejudice to their validity for evidentiary purposes, in the event of potential claims or incidences.

Once the capital increase is fully subscribed and the certificate is issued for the transfer of funds to an account open in the name of DINAMIA at the Agent Institution, the capital increase shall be declared closed and subscribed, and the appropriate public instrument shall be notarised for registration at the Madrid Mercantile Register. Once said registration is complete, a copy of the notarised instrument shall be deposited at Iberclear, at the CNMV and at the Governing Bodies of the Madrid and Barcelona Stock Exchanges.

Since the securities are represented by book entry, the shares shall be created by virtue of their registration in the central register at Iberclear, once the procedures set forth in the previous paragraph are complete. On the same day of registration at Iberclear's central register, the Participating Entity shall perform the appropriate registrations in their accounting registers in favour of the subscribers of the New Shares issued under the capital increase.

New shareholders shall be entitled to obtain from the Participating Entity where New Shares are registered the certificates legitimising said shares, in accordance with the provisions of Royal Decree 116/1992, dated 14 February. Participating Entities shall issue said certificates of legitimation before the end of the business day immediately after the day on which they are requested by subscribers.

The capital increase is scheduled for closure, at the latest, on 1 December 2005, and on that same date the public instrument of capital increase shall be granted. In any event, it is noted that these deadlines are tentative and might not be met, being subject to possible delays resulting from the performance of the aforementioned operations.

5.1.9 *Full description of the manner and date in which results of the offer are to be made public.*

The results of the offer are to be made public as a significant event in three working days after the payment date.

5.1.10 *Procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and treatment of subscription rights not exercised.*

Holders of pre-emptive subscription rights

The following shall have pre-emptive subscription rights to the New Shares as referred to in this capital increase, at the proportion of one (1) New Share for every three (3) old shares: all shareholders who appear legitimised as such, in accordance with the accounting registers of Iberclear and the Participating Entities, at 23:59 hours on the day of notification of the share subscription offer in the BORME, as well as investors who acquire said pre-emptive subscription rights in the Stock Market, in accordance with the provisions of the following paragraph. Pre-emptive subscription rights that are not exercised shall automatically be extinguished at the end of the Pre-emptive Subscription Period.

Markets in which they may be traded

Pre-emptive subscription rights shall be transferable in the same conditions as the shares from which they derive, in application of the provisions of Article 158.3 of the Corporations Law. Consequently, said pre-emptive subscription rights shall be marketable in the Madrid and Barcelona Stock Exchanges via the Stock Market Interconnection System during the Pre-emptive Subscription Period of 15 days as from the first day following publication of the offer in the BORME.

Book value of pre-emptive subscription rights

Taking as the share value, prior to the increase, 17.90 euros per share (exchange rate at close of trading on 20.10.05), the book value of the pre-emptive subscription right in the capital increase amounts to 0.725 euros/share, calculated based on the following formula:

$$VTD = \frac{(COT - PRE) \times NAE}{NAP + NAE}$$

Where:

VTD = Book value of the right

COT: Closing price on the Stock Market as of 20 October, namely 17.90 euros

PRE: Subscription price (15 euros)

NAP: Number of shares prior to the increase (8,977,500 shares)

NAE: Number of shares issued (2,992,500 shares)

For example, said formula applied to the closing price as of 20 October 2005, namely 17.90 euros, would give a book value for the subscription right of 0.725 euros per share:

$$VTD = \frac{(17.90 - 15) \times 2,992,500}{8,977,500 + 2,992,500} = 0.725 \text{ euros}$$

In any event, pre-emptive subscription rights shall be freely marketable in the Madrid and Barcelona Stock Exchanges, via the Stock Market Interconnection System (Continuous Market), and the market valuation thereof may not be projected.

Once the Pre-emptive Subscription Period is over, pre-emptive subscription rights that have not been exercised shall be extinguished.

5.2 Plan of distribution and allotment

5.2.1 *The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.*

The capital increase referred to in this Prospectus may be subscribed by DINAMIA's shareholders, by any investor acquiring the appropriate pre-emptive subscription rights or by any third party who may be adjudicated the unsubscribed shares in the Discretionary Allotment Period. For this purpose, BANESTO, as the Placement Agent, shall place the New Shares, promoting the filing of subscription applications among investors resident in Spain, both qualified institutional investors and any others the Placement Agent deems appropriate, and among qualified institutional investors residing abroad, in case the New Shares are not subscribed in the Pre-emptive Subscription Period and in the Allotment Period for Unsubscribed Shares. Said subscription applications filed by eligible investors and processed by BANESTO may or may not be accepted by DINAMIA, at the latter's discretion. In any event, in accordance with the provisions of item 5.1.3 above, no public offer shall be performed and no Prospectus shall be registered in any jurisdiction other than Spain.

For the purposes established in the previous paragraph, and in accordance with the provisions of item 5.1.10 above, DINAMIA shareholders shall be considered to be

all those individuals or legal entities appearing in the accounting registers of Iberclear and the Participating Entities as owners of shares in the Company as of 23:59 hours on the date of publication of the New Share subscription offer in the BORME.

5.2.2 *To the extent known to the issuer an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intend to subscribe in the offer, or if any person proposes to subscribe for more than five per cent of the offer.*

On the date of this Prospectus, none of the Company's core shareholders has committed to subscribe in the offer. Neither is the Company aware that any of its Board members or members of its Audit committee or its Management Company, or any third party, intend to subscribe for more than five per cent of the offer.

5.2.3 *Pre-allotment Disclosure*

- a) Division into tranches of the offer including the institutional, retail and Issuer's employee tranches and other tranches.

Not applicable.

- b) Conditions under which the claw-back may be used, the maximum size of such claw back and any applicable minimum percentage for each individual tranche;

Not applicable.

- c) The allotment method or methods to be used for the retail and Issuer's employee tranche in the event of an over-subscription of these tranches;

Not applicable.

- d) Description of any pre-determined preferential treatment to be accorded to certain classes of investor or certain affinity groups (including programmes for friends and family) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups.

Not applicable.

- e) Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by;

Not applicable.

- f) Minimum individual allotment if any within the retail tranche;

Not applicable.

- g) Conditions for closing the offer as well as the date on which the offer may be closed at the earliest;

In accordance with the provisions of item 5.1 above, DINAMIA may consider the issue to be complete, once the Pre-emptive Subscription Period has ended and if the capital increase referred to in this Share Securities Note has been fully subscribed and paid up.

- h) Whether or not multiple subscriptions are admitted and, where they are not, how any multiple subscriptions will be handled.

Not applicable.

5.2.4 *Process for notification to applicants of the amount allotted and indication whether trading may begin before notification is made*

See item 5.1.3 above.

5.2.5 *Over-allotment and green shoe*

Not applicable.

- a) Existence and size of any over-allotment and/or “green shoe”.

Not applicable.

- b) Existence period of the over-allotment facility and/or “green shoe”.

Not applicable.

- c) Any condition for the use of the over-allotment facility or exercise of “green shoe”.

Not applicable.

5.3 Pricing

5.3.1 *Indication of the price at which the securities shall be offered. When the price is not known or if there is no established and/or liquid market for the securities, indicate the method for determining the offer price, including a statement of who has set the criteria or who is formally responsible for determining the price. Indication of the amount of any expenses and taxes charged specifically to the subscriber or purchaser*

New Shares as referred to in this Prospectus are issued at an issue price of fifteen (15) euros per share, implying three (3) euros of par value and an issue premium of twelve (12) euros per share.

Furthermore, the capital increase referred to in this Prospectus is performed free of expenses for subscribers, who shall be obliged only to disburse the issue price of each New Share subscribed.

In any event, the sale-purchase of pre-emptive subscription rights shall be subject to the fees which are set freely by the entities through which the purchase is performed.

No expenses shall be incurred by subscribers to New Shares for registration in their name in the accounting registers of Iberclear and its Participating Entities. However, said entities may establish, in accordance with legislation in force, the attributable fees and expenses which are freely determined for the administration of the securities or maintenance thereof in the accounting registers.

5.3.2 *Process for the disclosure of the offer price*

As indicated above, the price of each New Share shall be fifteen (15) euros per share, corresponding to three (3) euros of par value and twelve (12) euros of issue premium.

5.3.3 *If the Issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication for the basis of the issue price if the issue is for cash, together with reasons for and beneficiaries of such restriction and withdrawal.*

No indication is necessary since the pre-emptive subscription right has not been excluded.

5.3.4 *Where there is or could be a material disparity between the public offer price and the effective cash cost for members of the administrative, management or supervisory bodies, or senior management or affiliated persons, of the securities acquired by them in transactions during the past year, or which they are have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons*

During the past year there has been no significant disparity between the public offer price and the effective cash cost of the securities acquired by members of the Board, the Audit Committee or the Management Company.

5.4 Placement and Underwriting

5.4.1 *Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or offeror, of the placers in the various countries where the offer takes place.*

During this issue no financial institution has been designated for global coordination nor to manage the offer.

5.4.2 *Name and address of any paying agent and depository agents in each country*

BANCO ESPAÑOL DE CRÉDITO, S.A., with registered offices in Gran Vía de Hortaleza No. 3 (28043 Madrid), shall act as the Agent Institution and Placement Agent for this issue.

5.4.3 *Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under «best efforts» arrangements. Indication of the material features of the agreements, including the quotas. If the issue is not fully underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and the placement commission.*

Banesto and DINAMIA have signed an Underwriting and Placement contract (hereinafter the “Contract”) according to which Banesto, as the Placement Agent, will promote the underwriting of pre-emptive subscription rights among Shareholders holding such rights.

Furthermore, it shall promote underwriting by Initial Subscribers of additional shares.

Additionally, the Placement Agent shall undertake to divulge and promote the underwriting according to the terms set forth in item 5.2.1. above in order to identify potential investors who might be interested in underwriting unsubscribed shares, in the event that these exist following the allotment period for unsubscribed shares. The terms of the Contract establish that the Placement Agent must make its best effort to promote the placement and underwriting of the shares by investors resident in Spain, both institutional investors and other investors deemed appropriate by the Placement Agent, and by qualified institutional investors resident abroad.

For its services, the Placement Agency is entitled to:

- A commission for placement services of one per cent (1%) of the amount effectively underwritten in the capital increase and in excess of 25% of the total amount, i.e. in the event of the capital increase being fully subscribed, one per cent (1%) of 33,665,625 euros.

However, if, at the end of the Pre-emptive Subscription Period, the Company and Banesto ascertain that the amount underwritten is less than 25% of the capital increase, Banesto’s placement fee will be one per cent (1%) of the effective amount subscribed in the capital increase after the Pre-emptive Subscription Period.

- A fee of twenty five thousand euros (€25,000) for Agency services.

The contract stipulates procedures for underwriting, placement, payment and execution of the offer according to the terms set out in items 5.1 and 5.2 above.

Furthermore, the Company's Board of Directors has undertaken to not issue shares or other securities which grant entitlement to subscription or acquisition of DINAMIA shares nor to propose their issue to the General Shareholders' Meeting until 180 days after the date of admission for trading in the Madrid and Barcelona Stock Exchanges of the New Shares which shall be issued within the framework of the capital increase referred to in this Securities Note, without prior express authorisation in writing from the Placement Agent, which will not be refused unreasonably.

There is no cancellation clause in the contract in the event of "force majeure".

5.4.4 *When the underwriting agreement has been or will be reached*

There is no underwriting agreement.

6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

6.1 Indication of whether the securities offered are or shall be the subject of an application for an admission for trading, with a view to their distribution in a regulated market or other equivalent markets, with indication of the markets in question

The Board of Directors of DINAMIA, at its meeting on 14 September 2005, referred to in item 4.6 above, also agreed to request admission for trading of all the New Shares or, in the event of incomplete subscription, of those shares by which the share capital is actually increased, in the Barcelona and Madrid Stock Exchanges, as well as their trading via the Stock Market Interconnection System (Continuous Market).

The prior requirements for admission to official trading in the aforementioned Stock Markets and trading in the Spanish Stock Market Interconnection System (Continuous Market) are basically as follows:

- (a) Verification by the CNMV of compliance with the necessary legal requirements for applying for admission for trading of the New Shares in the Barcelona and Madrid Stock Exchanges;
- (b) Deposit of notarised instrument or authorised copy of the public instrument of the capital increase of DINAMIA duly registered at the Madrid Mercantile Register, in addition to the various supplementary certificates and documentation, at the CNMV, Iberclear and the Governing Bodies of the Barcelona and Madrid Stock Exchanges;

- (c) Agreement for admission for official trading of New Shares in the Securities Markets, approved by their respective Governing Bodies.

It is DINAMIA's intention that the New Shares may commence trading as soon as possible, once the capital increase referred to in this Prospectus is fully subscribed and closed, in any event no later than the thirty days following the date the Capital Increase is concluded, for which purpose DINAMIA shall perform all the necessary actions.

In any event, if the New Shares are not admitted for trading in the Barcelona and Madrid Stock Markets in the 30 days following the date the payment is completed DINAMIA shall proceed to publicise this circumstance and the reasons for the delay in an announcement published in the trading gazettes of the Barcelona and Madrid Stock Exchanges and in a daily newspaper with nationwide circulation, as well as notifying the CNMV.

It is noted that DINAMIA is aware of the requirements and conditions for admission for trading, trading and delisting of the shares representing its share capital in the aforementioned organised markets, according to legislation in force and the requirements of their governing bodies, and that it undertakes to comply therewith.

6.2 All regulated markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.

On the date when this Prospectus was prepared, 8,977,500 ordinary shares, each with a par value of 3 euros, constituting the entire share capital of DINAMIA prior to the capital increase, have been admitted for official trading in the Barcelona and Madrid Stock Exchanges, via the Stock Market Interconnection System (Continuous Market).

6.3 If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought, securities of the same class are subscribed for or placed privately, or other securities of other classes are created for public or private placement, give details of the nature of such operations and of the number and characteristics of the securities to which they relate.

Not applicable.

6.4 Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.

Not applicable.

6.5 Stabilisation: where an issuer or selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilizing activities may be entered into in connection with an offer.

Not applicable.

6.5.1 *The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time.*

Not applicable.

6.5.2 *The beginning and the end of the period during which stabilization may occur.*

Not applicable.

6.5.3 *The identity of the stabilization manager for each relevant jurisdiction unless this is not known at the time of publication*

Not applicable.

6.5.4 *The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail.*

Not applicable.

7. SELLING SECURITIES SHAREHOLDERS

7.1 Name and business address of the person or entity offer to sell the securities, the nature of any position, office or other significant relationship that the selling persons have had with the issuer or any of its predecessors or associates in the last three years.

Since this is a capital increase, the shares shall be offered by the Issuer itself, whose information appears in item 1.1 above.

7.2 Number and class of securities being offered by each of the selling security shareholders.

Not applicable, since this is a subscription of shares issued because of a capital increase.

7.3 Lock-up agreements. Parties involved. Content and exceptions of the agreement. Indication of lock-up period.

DINAMIA's core shareholders have not entered a lock-up agreement.

Nevertheless, although the transaction in question is not a public offer, the Company's Board of Directors has undertaken to not issue shares or other securities which grant

entitlement to subscription or acquisition of DINAMIA shares nor to propose their issue to the General Shareholders' Meeting until 180 days after the date of admission for trading in the Madrid and Barcelona Stock Exchanges of the New Shares which shall be issued within the framework of the capital increase referred to in this Securities Note, without prior express authorisation in writing from the Placement Agent, which will not be refused unreasonably.

8. ISSUE/OFFER EXPENSES

8.1 Total net proceeds and an estimate of the total expenses of the issue/offer.

The maximum amount of proceeds for DINAMIA deriving from this capital increase shall be 44,887,500 euros, in the event that the offer is fully subscribed.

Estimated issue expenses (ex-VAT), assuming full subscription to the capital increase, are those indicated below, for indicative purposes only:

Item	Euros
Legal expenses (Notary, Register, legal announcements and other)	14.000
Legal – financial counsel and auditors	100.000
Agency fee	25.000
Placement fee	336.656,25
Tariffs and levies of Spanish Stock Markets	10.137,5
CNMV fees	1.626,38
Iberclear fees	1.346,63
Miscellaneous (advertising, contingencies and possible overshoots)	128.300
TOTAL	617.066,76

These total issue expenses amount to approximately 1.37 % of the effective amount of the issue.

Consequently, it is estimated that approximate net proceeds from the capital increase, assuming it is fully subscribed, shall amount to 44,270,433.24 euros (that is, the total amount of the capital increase less the aforementioned expenses).

9. DILUTION

9.1 Amount and percentage of immediate dilution resulting from the offer

As mentioned in item 5.1.10 above, DINAMIA shareholders are entitled to pre-emptive subscription of the capital increase referred to in this Prospectus and, therefore, in the event that they exercise said right there will be no dilution of their interest in the share capital of DINAMIA.

9.2 In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer-

If any of DINAMIA's current shareholders decides not to subscribe the issue of New Shares in the percentage corresponding to them, the interest held by said current shareholders would be diluted by 25% of share capital resulting from the increase, assuming that the capital increase is fully subscribed.

10. ADDITIONAL INFORMATION

10.1 If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted

The following entities have provided advisory services with regard to the capital increase referred to in this Prospectus:

- a) Uría & Menéndez y Cía. Abogados, S.C., legal offices in charge of legal counsel in regard to Spanish Law for DINAMIA.
- b) Linklaters, S.L., legal offices in charge of legal counsel in regard to Spanish Law for BANCO ESPAÑOL DE CRÉDITO, S.A.
- c) KPMG Auditores, S.L., accounting auditors for DINAMIA.

10.2 Indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and whether the auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary thereof

Not applicable.

10.3 Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest, if any, in the issuer. If the report has been produced at the Issuer's request, a statement to the effect that such a statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of this part of the Securities Note

Not applicable.

10.4 Where information has been sourced from a third party, provide confirmation that the information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading

Not applicable.

Madrid, 26 October 2005

DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.

On behalf of

Jorge Mataix Entero
Empowered representative

RISK FACTORS

In this section on risk factors “**DINAMIA**”, “**the Company**” or “**the Issuer**” shall be understood as referring to the company holding the capital increase covered by this full prospectus, *DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.* and “**the Management Company**”, as referring to the company delegated with managing DINAMIA’s assets, *NMÁSI CAPITAL PRIVADO, S.G.E.C.R., S.A. SOCIEDAD UNIPERSONAL*.

RISK FACTORS SPECIFIC TO THE ISSUER OR ITS INDUSTRY

Investment risk

The risk assumed by the Company on each investment in a company in its portfolio may be very significant in proportion to its assets. Although the Management Company, supported by independent experts, reviews the main aspects of each project there is no guarantee that investments will be recovered. The Management Company carries out audits, valuations and technical analyses of each of DINAMIA's investments. However, circumstances unknown at the time of acquisition may subsequently emerge and negatively effect the investment.

As a result, DINAMIA's strategy seeks to avoid the risk of concentrating its investments. In consequence, at the publication date of this prospectus, the largest five, eight and 10 out of its total of 15 investments represent 56%, 70% and 88% of its assets, respectively.

The economic cycle has a direct impact on business performance of each of the companies in which DINAMIA is invested. Every cycle also affects the number of new investment and disposal opportunities available to DINAMIA.

DINAMIA finances much of its investment with bank debt, such that changes in the terms of finance would have a direct impact on the cumulative annual return (IRR) generated.

With the aim of optimising invested capital, DINAMIA, along with its partners in an investment, calls on outside sources of finance (specialist bank debt for company acquisitions) to fund a substantial part of its investments. This external finance is taken on by the investment vehicles through which DINAMIA and its partner investors take their stake in the target companies. Although DINAMIA never makes any guarantee and there is no recourse against it, this type of financing requires a pledge of shares or participations in the vehicle in favour of the financial institution. Accordingly, if the investee in question were unable to make pay the interest or principal on the bank loan, the credit institutions would have the authority to call in the guarantees granted them. If the event these guarantees included a pledge on the shares or participation units in the vehicles owned by DINAMIA, the credit institutions could become owner of the shares and/or participation units by executing the pledges.

The pledge on shares and/or participation units could limit their liquidity, as the pledge only expires upon full repayment of the bank loan. In the event of the sale of the shares or participation units, the pledge is only cancelled if 100% of the capital of the investee is sold and the bank loan is simultaneously cancelled or substituted by the buyer. Lending institutions

generally have a mortgage lien on assets of investees which could materialise if certain cover ratios related to the investee's balance sheet and debt are not met.

In addition, future changes in interest rates, specifically increases, would have a direct impact on: (i) the interest cost borne by the investee (although there may be interest-rate hedges linked to the loans taken out to acquire some investees that limit the potential increase in interest charges); and (ii) the valuation of the investee companies as potential future buyers would have to borrow on less favourable terms. This could reduce the sale price at the time of disposal.

There is no guarantee that the Management Company will in future find enough investment opportunities at attractive prices to meet the Company's targets. Increased competition in the Venture Capital sector could lead to a scarcity of attractive investment opportunities, pushing up acquisition prices. There is accordingly no guarantee that the opportunities that the Management Company finds in the future will be attractively priced, and this could have an effect on the return on such investments.

The returns achieved on previous investments by the Management Company on behalf of the Company should not be taken as a guide to the Company's future return on investments.

Liquidity risk on investments

The Company generally invests in unlisted companies with no adequate market for their disposal and these investments are therefore inherently illiquid.

When the Company does not have a controlling interest in one of its investee companies, the Company cannot oblige the investee to pay dividends to its investors, nor force the sale of the whole capital, unless it has agreements with other investors that guarantee the shareholder remuneration policy through dividends and the possibility of disposal.

Risk of the relationship with the Management Company

The management of the Company's assets is delegated to the Management Company under an indefinite management agreement, which could carry a risk if the Management Company fails to manage the assets in the best interests of the Company. That said, the management agreement allows any of the parties to terminate the agreement early, subject to at least three years' notice or the payment of a penalty equal to three years' annual fixed commission, as well as the theoretical success fee accrued up to that date.

The management agreement signed between the Company and the Management Company appoints the Management Company as the DINAMIA's exclusive manager. The Management Company's status as exclusive manager for DINAMIA, coupled with the fact that DINAMIA does not have any employees, precludes the Company from immediately managing its own assets independently.

This management agreement, which binds the Company and the Management Company, does not stipulate that the Management Company manage the Company's assets exclusively. Although DINAMIA's are currently the only assets managed by the Management Company, the

latter is entitled to handle other parties' assets, which could give rise to conflicts of interest in the course of their management. Also, the fact that the Management Company currently only manages DINAMIA's assets could create a situation of dependency between the two parties.

Under the joint investment agreement signed between the Management Company and the General Partner for the private equity fund referred to in item 5.1.5 of the share registration document of this Prospectus, investments undertaken by DINAMIA while the management agreement with the Management Company remains in force shall be made (except under the exceptional circumstances referred to in item 6.4 of the share registration document) jointly with the fund, which in addition provides DINAMIA access to larger companies.

Risk of non-payment of dividends

There is a risk that the Company may not have funds to pay dividends if it is unable or considers it inadvisable to dispose of its portfolio.

Risk of changes to the law

Although at the moment there is no reason to suppose that such changes are in prospect, the legal, tax and regulatory climate may change in ways that have a negative impact on the Company, its investors and/or its shareholders.

RISK FACTORS FOR THE SECURITIES OFFERED AND/OR LISTED

Market for pre-emptive subscription rights

Pre-emptive subscription rights for the capital increase covered by this Prospectus can be traded on the Madrid and Barcelona Stock Exchanges through the *Sistema de Interconexión Bursátil* (Continuous Market) for 15 days after the publication of the announcement of the capital increase in the Official Bulletin of the Mercantile Registry. DINAMIA cannot guarantee that an active trading market will develop in these stock exchanges over this period nor that, over the period, there will be adequate liquidity in these rights. Also, as the trading price of the rights reflects the trading price of the ordinary shares, any major fall in the listed price of DINAMIA shares could negatively impact the value of subscription rights.

Admission to trading of the new shares

DINAMIA will request the listing of the new shares issued in the capital increase on the Madrid and Barcelona stock exchanges and their inclusion in the *Sistema de Interconexión Bursátil* (Continuous Market). It will endeavour to ensure that the new shares are listed for trading and included in the *Sistema de Interconexión Bursátil* (Continuous Market) once the necessary requirements and procedures have been completed. Any delay in the listing of the new DINAMIA shares on the stock market would reduce the liquidity of these shares, making it hard for investors to sell.

Subsequent sale of shares

The sale of a substantial number of DINAMIA shares on the market after the capital increase or a perception that such a sale may be about to occur, could negatively impact the trading price of DINAMIA shares or the Company's possibilities of attracting future capital through further share offers. DINAMIA has no lock-up agreements with its major shareholders.

Volatility of the share price

DINAMIA's share price on the market may be volatile. Factors such as the Company's operating performance or the value of its investment portfolio, changes in stock market analysts' recommendations on DINAMIA or the venture capital sector and the general circumstances of the financial markets could have a negative impact on Company shares. Also, over the last year, trading volumes and prices on stock markets in Spain and worldwide have proved volatile. This volatility may have adverse effects on the trading price of DINAMIA shares, irrespective of the financial position and operating results of the Company itself.

RISK FACTORS RELATING THE SHAREHOLDER STRUCTURE

It is possible that the shareholder structure may change significantly as a result of the current capital increase.

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SHARE REGISTRATION DOCUMENT

1. PERSONS RESPONSIBLE

- 1.1. All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the Issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.**

Jorge Mataix Entero, with national identity card number 51.342.838-F, in the name and on behalf of the issuer DINAMIA CAPITAL PRIVADO, S.C.R., S.A. (“DINAMIA”, “the Company” or “the Issuer”), the issuing company of the capital increase covered by this full prospectus (“the Prospectus”), with registered office at Calle Padilla, 17, Madrid, and with tax identification number A-81.862.724 and National Economic Activity Classification Number 6523, represented by Jorge Mataix Entero, who holds power of attorney to represent the company for this purpose at the Company’s board of Directors’ meeting of September 14, 2005, is responsible for the contents of this prospectus.

- 1.2. Declaration by the person responsible for the Prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.**

Mr Jorge Mataix Entero, with power of attorney to represent the Company and the person responsible for this Prospectus, states that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. STATUTORY AUDITORS

- 2.1. Name and address of the Issuer’s auditors for the period covered by the historical financial information (together with their membership in a professional body).**

The auditors of DINAMIA's annual financial statements in the last three of the Company’s completed financial years were as follows:

- The parent company and consolidated accounts of DINAMIA for the years ended December 31, 2002 and December 31, 2003 were audited by Deloitte, S.L. (previously Deloitte & Touche España, S.L.), with registered office at plaza Pablo Ruiz Picasso, 1, Torre Picasso, Madrid, fiscal identification number B-79104469, ROAC (Spanish Official Auditors’ Registry) membership number

S0692, registered in the Madrid Mercantile Registry under volume 13,650, folio 188, section 8, page M-54414.

- The individual and consolidated accounts of DINAMIA for the year ended December 31, 2004, were audited by KPMG Auditores, S.L, with registered office at Paseo de la Castellana, 95, Madrid, fiscal identification number B-78510153, ROAC (Spanish Official Auditors' Registry) membership number S0702, registered in the Madrid Mercantile Registry under volume 11,961, folio 84, section 8, page M-188007.

2.2. If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.

At DINAMIA's shareholders' meeting of June 29, 2004 it was decided to appoint KPMG Auditores S.L. as auditor for an initial period of three years, in place of the previous auditor Deloitte, S.L.

The Company's Audit Committee proposed a change of auditor to the board of directors on the grounds that it would be convenient to have a new audit firm reviewing the accounts, Deloitte having been auditor since DINAMIA was first floated in December 1997. After considering the alternatives available the Committee agreed to put forward KPMG Auditores, S.L. as it already audits four of the companies invested by DINAMIA and as this would facilitate preparation of the consolidated balance sheet.

KPMG Auditores, S.L., since being appointed as Company auditor, has neither resigned nor been removed from its functions.

3. SELECTED FINANCIAL INFORMATION

3.1. Selected historical financial information regarding the Issuer, presented for each financial year for the period covered by the historical financial information.

The tables below show the selected audited consolidated financial information for the years ended 31 December 2002, 2003 and 2004, and the year-on-year percentage change in the items shown.

Main Balance Sheet headings as of 31 December (€ '000)					
	In line with Spanish GAAP (General Chart of Accounts)				
	2004	2003	2002	% chg. 2003-2004	% chg. 2002-2003
Long-term investments	83,977	91,901	70,082	-8.62%	31.13%
Goodwill consolidation	8,200	9,776	8,994	-16.12%	8.69%
Accounts receivable	6,776	4,007	4,965	69.10%	-19.30%
Short-term investments and cash	64,861	47,258	91,180	37.25%	-48.17%
Capital stock	25,650	25,650	25,650	0.00%	0.00%
Shareholders' equity	150,929	142,666	145,619	5.79%	-2.03%
Long-term debt	4,475	4,685	5,604	-4.48%	-16.40%
Current liabilities	173	68	15,816	154.41%	-99.57%
Total balance	163,820	159,949	175,228	2.42%	-8.72%

Main Income Statements headings as of 31 December (€ '000)					
	In line with Spanish GAAP (General Chart of Accounts)				
	2004	2003	2002	% chg. 2003-2004	% chg. 2002-2003
Operating loss	5,919	2,103	8,981	181.46%	-76.58%
Operating income	-5,919	-2,103	-8,981	181.46%	-76.58%
Financial revenues (*)	18,281	1,599	16,704	1043.28%	-90.43%
Financial income or loss	18,150	1,703	16,088	965.77%	-89.41%
Income or loss on ordinary activities	17,004	-529	12,016	-	-
Extraordinary income or loss	-2,693	2,978	-6,485	-	-
Income from the year attributed to the parent company	14,311	2,449	5,532	484.36%	-55.73%
Consolidated EPS	1.67	0.29	0.65	484.36%	-55.73%

(*) Includes profits from disposal of investees

Key financial ratios as of 31 December			
	2004	2003	2002
Gearing ratio (Total assets / Shareholders' equity)	1.09	1.12	1.20
ROE (Net profit / Shareholders' equity)	9.48%	1.72%	3.80%
ROA (Net profit / Total assets)	8.74%	1.53%	3.16%
Net Asset Value (1)	17.87	16.04	15.87
Dividends / Consolidated revenues	41.82%	244.39%	108.19%
Dividends / Individual revenues	72.25%	2122.34%	43.42%

(1) Based on the Valuation report on the date and adjusted by the current number of shares

3.2. Selected financial information for interim periods is provided with comparative data from the same period in the prior financial year, except where the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information.

Unaudited financial information for the first half of 2005 has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as implemented by Regulation EC 1606/2002. Information to 30 June 2004 has also been prepared for comparative purposes in accordance with IFRS to allow consistent comparisons between the two periods. The tables below give selected financial information for the first half of 2005 and comparative data for the previous year.

Main Balance Sheet items as of 30 June (€ '000)

	In line with IFRS		
	30/06/2005	30/06/2004	% chg.
Accounts receivable	32.204	19.175	67,95%
Short-term investments and cash	132.053	141.478	-6,66%
Capital stock	26.933	25.650	5,00%
Shareholder's equity	152.047	148.463	2,41%
Long-term debt	5.429	5.104	6,37%
Current liabilities	6.781	7.093	-4,40%
Total balance	164.257	160.660	2,24%

Main Income Statement headings as of 30 June (€ '000)

	In line with IFRS		
	30/06/2005	30/06/2004	% chg.
Operating loss	1,656	2,600	-36.31%
Operating income	-1,656	-2,600	-36.31%
Financial revenues (*)	6,022	6,771	-11.06%
Financial income or loss	6,021	6,765	-11.00%
Variation in investment valuation allowance	-1,918	4,805	-
Income from ordinary activities	2,384	8,607	-72.30%
Net income	2,384	8,607	-72.30%
Consolidated EPS	0.27	1.01	-73.62%

(*) Includes profits from disposal of investees

Main financial ratios as of 30 June

	30/06/2004	30/06/2005
Gearing ratio (Total assets / Shareholders' equity)	1.08	1.08
ROE (Net profit / Shareholders' equity)	1.57%	5.80%
ROA (Net profit / Total assets)	1.45%	5.36%
Net Asset Value (1)	17.71	18.11
Dividends / Consolidated revenues (2)	2.44	0.44
Dividends / Individual revenues (2)	21.22	0.76

(1) Based on the Valuation report on the date and adjusted by the current number of shares

4. RISK FACTORS

See introduction to this Prospectus.

5. INFORMATION ABOUT THE ISSUER

5.1. History and Development of the Issuer.

5.1.1. Legal and commercial name of the Issuer.

The full name of the company issuing the securities covered by this prospectus is “DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.”, as stated in Article 1 of its Articles of Association. The Company was founded under its current commercial name and continues to trade under the same name.

5.1.2. *Place of registration of the Issuer and its registration number*

The Company is registered with the Madrid Mercantile Registry, volume 12,530, section 8, book 0, folio 163, page M-199.956 and in the Registry of Venture Capital Companies of the *Comisión Nacional del Mercado de Valores* (“CNMV”) under number 21.

The Company’s fiscal identification number is A-81.862.724.

5.1.3. *The date of incorporation and the length of life of the Issuer, except where indefinite*

The Company is a *Sociedad de Capital Riesgo* (venture capital company) authorised to trade as such by order of the Spanish Finance and Economy Ministry issued on October 31, 1997 and was incorporated as a *Sociedad Anónima* (limited company) on November 11, 1997 by deed before the Madrid Notary Mr Luis Rueda Esteban, number 5,818.

5.1.4. *The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office)*

The Company has its registered office at calle Padilla, 17, Madrid. Its telephone number is +34 91 745 84 48.

The Company is a Spanish trading company with the legal form of *Sociedad Anónima* (limited company). It is thus subject to the regulations set out in the Spanish “*Ley de Sociedades Anónimas*” (“Limited Companies Law”) as amended and approved by *Real Decreto Legislativo* (*Royal Legislative Decree*) 1564/1989 of December 22 and subsequent related legislation.

The Company, as a venture capital company, is also subject to the special regulatory regime governing such companies, whose basic rules are contained in Law 1/1999, of January 5, regulating Venture Capital Companies and their Management Companies (“*la Ley de Entidades de Capital Riesgo*”, “Venture Capital Companies Law”), by the Order of June 17, 1999, partially implementing the Venture Capital Companies Law, which empowers the CNMV to prescribe procedures for authorising new companies, accounting standards and reporting requirements for venture capital companies and their managers, by CNMV Circular 4/1999, of September 22, on administrative procedures and standard models for venture capital companies and their managers, and by CNMV Circular 5/2000, of September 19, on accounting standards and model financial statements (confidential and published) for venture capital companies and their managers.

Also, the Company, being listed for trading on the Madrid and Barcelona stock exchanges, is subject to all regulations governing listed companies and secondary securities markets in *the Ley del Mercado de Valores* (“Securities Market Law”) and its implementing regulations, including those specific the Madrid and Barcelona stock markets.

Regarding the Venture Capital Companies Law, it should be noted that in June 2005 the Plenum of the Congress of Deputies approved a new proposed law that would further relax the administrative regime for venture capital companies and allow greater flexibility in the rules governing investment as well as introducing new financial practices commonly used in the more advanced venture capital markets and which are restricted under current regulations. The proposed law is now before the Senate.

5.1.5. *Important events in the development of the Issuer's business*

On November 24, 1997, the Company delegated management of its assets to the Management Company, which has fulfilled this role ever since.

In December 1997, the Company was listed through an initial public share offering raising approximately 120 million euros.

Before the listing, DINAMIA took out an option giving it the right to acquire stakes in 11 unlisted Spanish companies. Following the successful flotation, it exercised its option on 10 of the 11 companies (“**the initial investee portfolio**”). These companies had formed part of the portfolio managed by the Management Company and Electra Fleming at various times between 1991 and 1997, eight having been incorporated between December 1994 and December 1995.

The strike price of the call option on the initial investee portfolio was 57,215,000 euros. This price was set taking into account a valuation by independent appraiser KPMG Peat Marwick in a report dated November 25, 1997.

In accordance with its policy of rotating its investment portfolio, DINAMIA sold the whole of its initial investee portfolio generating a cumulative annual return (IRR) of 30% and capital gains of 34,639,000 euros (gross of any costs and taxes) at a multiple of 1.6 times the initial investment. The last holding in the initial investee portfolio was disposed of in October 2001, less than four years after the flotation. Additional information on DINAMIA’s historical performance can be found in item 6.1.

On 22 August 2002, the Management Company, as DINAMIA's manager, and N Más1 Private Equity International Limited, domiciled in the United Kingdom and like the Management Company, 100%-owned by N Más Uno IBG, S.A. as General Partner of the fund N Más1 Private Equity Fund LP (“**the Fund**” or “**N Más1 PEF**”), also domiciled in the United Kingdom, signed a joint investment agreement whereby,

henceforth all investments would be made on a 50/50 basis between DINAMIA and the Fund on the same terms and conditions, to enable both to invest in larger companies without needing to bring in third-party partner investors and, therefore, to have greater control over their investments, except when the target investment (i) fails to comply with any legal, governmental or administrative rule applicable to DINAMIA or the Fund, or a provision contained in the agreement whereby the Company commissions the management of its assets to the Management Company; (ii) has a negative impact on the assets of the Company or the Fund; (iii) cannot be undertaken by DINAMIA or the Fund due to insufficient funds; (iv) is subject to any other circumstance that prevents or makes said investment inconvenient for the Company or the Fund; or (v) requires additional funds for an existing investee in DINAMIA's portfolio prior to the signing of the joint investment agreement; (the "**Joint Investment Agreement**").

This Joint Investment Agreement shall automatically become null and void: i) if for any reason Nmás1 Capital Privado, S.G.E.C.R., S.A. were no longer DINAMIA's manager; ii) if for any reason Nmás1 Private Equity International were no longer a General Partner of the Fund; or iii) if DINAMIA or the Fund were to cease operations or be wound up.

5.2. Investments

5.2.1. Description, (including the amount) of the Issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the registration document

Company investments 2003-2005:

Year	Company	Investment (€ 000)	% Acquired	Activity
2003	High Tech	9,500	42.31%	Hotel chain
	General de Alquiler de Maquinaria	12,070	40.32%	Machinery rental
	Forthpanel*	1,000	5.00%	Store chain
	Ydilo*	27	6.52%	Voice recognition technology
	<i>Total 2003</i>	<i>22,597</i>		
2004	High Tech*	1,750	44.02%	
	General de Alquiler de Maquinaria*	1,784	40.13%	
	Segur Ibérica	9,500	18.10%	Security and surveillance
	Robbialac*	3,242	33.31%	Paint
	Net TV*	110	1.64%	Digital terrestrial TV
	<i>Total 2004</i>	<i>16,387</i>		
2005	Bodybell	21,500	31.57%	Perfumery chain
	èMfasis	8,062	46.41%	Mailing and billing services
	Ateca	7,125	50.00%	Vehicle roadworthiness testing
	Holmes Place	9,070	20.61%	Gym chain
	Cristher	12,025	47.16%	Outside lighting distributor
	High Tech*	750	44.54%	
	Capital Safety Group*	2,457	8.16%	Safety at work equipment
	<i>Total 2005</i>	<i>60,989</i>		

* Additional investment in company already invested by Dinamia. The percentage holding refers to Dinamia's holding after the increase.

Detailed information on these investments can be found in item 6.1.

The Company has made no investment in tangible assets since its incorporation, nor have its management bodies accepted any future undertaking to invest in this type of asset.

5.2.2. *Description of the Issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external)*

Given the nature of the Company's business there are no investments in progress that can be sure of coming to fruition, and the potential investments currently under study or negotiation are subject to confidentiality agreements that prohibit their disclosure.

DINAMIA's current rate of investment and the number of deals currently under study or negotiation indicate that DINAMIA is able to maintain the pace of investment it has shown in the past. The funds obtained from the capital increase covered by this Prospectus will go to fund these new investments. It is estimated that of the new funds raised by the Company, 85% will be invested in several new investee companies and 15% in companies already forming part of the portfolio.

5.2.3. *Information concerning the Issuer's principal future investments on which its management bodies have already made firm commitments.*

At the registration date of this Prospectus the Company has agreed no firm commitments on future investment in companies already forming part of DINAMIA's portfolio or in potential target companies.

6. BUSINESS OVERVIEW OF DINAMIA CAPITAL PRIVADO SCR, SA

6.1. Principal Activities.

DINAMIA's business is the acquisition of short-term equity interests in the capital of non-financial companies that, at the time of the investment, are not listed on the main stock market with the aim of achieving capital gains for its shareholders. The returns earned by DINAMIA shareholders come mainly from increases in the share prices of the companies and holdings in which DINAMIA invests rather than the payments of dividends by the investee companies to DINAMIA.

Historical development of DINAMIA's business

Return on DINAMIA's initial investee portfolio.

As we mentioned above, DINAMIA has now sold the entirety of its initial investee portfolio, achieving an IRR of 30% and capital gains of 34,639,000 euros (gross of any costs and taxes) at a multiple of 1.6 times the initial investment.

The details of all disposals of the initial investee portfolio are given below:

Thousands of euros

	Total investment	Total returns	Total capital gains	Investment multiple	IRR
Funespaña, S.A.	11.930	15.487	3.557	1,3x	25%
Jaime Martínez de Ubago, S.A.	9.304	13.227	3.924	1,4x	20%
Europastry, S.A.	8.570	12.020	3.450	1,4x	19%
Educa Sallent, S.A.	5.529	4.627	(902)	0,8x	-7%
Equipamientos Urbanos, S.A.	4.437	11.000	6.563	2,5x	60%
Fundiciones Viuda de Ansoa, S.A.	6.076	6.886	810	1,1x	35%
Industrias Murtra, S.A.	1.428	2.839	1.410	2,0x	87%
Movinord, S.A.	5.998	17.050	11.052	2,8x	33%
Multimedia Cable, S.A.	397	1.486	1.090	3,7x	388%
New Paint Holdings, S.A. (Duraval)	3.545	7.231	3.686	2,0x	77%
TOTAL		91.853	34.639	1,6x	30%

* IRR and investment multiple for each company, based on the total inflows and outflows of funds between DINAMIA and the company.

Investment Activity

Other than the investment in the ten companies in the initial investee portfolio, DINAMIA has acquired holdings in a further twenty-three companies up to the publication date of the Prospectus, for a total investment of 262.8 million euros:

Thousands of euros

INITIAL PORTFOLIO	Total investment	PORTFOLIO AFTER IPO	Total investment
Funespaña, S.A.	11,930	New PC Holdings, S.A. (EI System)	7,513
Jaime Martínez de Ubago, S.A.	9,304	Grupo Isolux, S.A.	14,424
Europastry, S.A.	8,570	Cables Perti, S.A.	6,275
Educa Sallent, S.A.	5,529	Universal Cleaning Activities, S.L. (Única)	8,514
Equipamientos Urbanos, S.A.	4,437	Unión Deriván, S.A.	10,217
Fundiciones Viuda de Ansoa, S.A.	6,076	Tintas Robbialac, S.A.	17,880
Industrias Murtra, S.A.	1,428	Marie Claire, S.A.	4,820
Movinord, S.A.	5,998	Deutsche Woolworth GmbH	5,270
Multimedia Cable, S.A.	397	Capital Safety Group Limited	5,837
New Paint Holdings, S.A. (Duraval)	3,545	Arco Bodegas Unidas, S.A.	17,480
		Industrias Anayak, S.A.	7,033
		Dinamia Telemática, S.L. (Net TV)	225
		Educa Borrás, S.A.	3,005
		Ydilo Advanced Voice Solutions, S.A.	1,470
		High Tech Hotels & Resorts, S.A.	12,000
		General de Alquiler de Maquinaria, S.L.	13,854
		Segur Ibérica, S.A.	9,500
		The Beauty Bell Chain, S.L. (Bodybell)	21,500
		eMfasis Mailing & Biling, S.L.	8,062
		Atecsa, S.A.	7,125
		Holmes Place Iberia	9,070
		Cristher	12,025
		Capital Safety Group Limited	2,457
Total initial portfolio	57,215	Total new investments	205,557
TOTAL AMOUNT INVESTED	262,772		

DINAMIA and its joint investors in each transaction invest in companies through another company that acts as investment vehicle and acquires the final holding in the target company as well as taking on the debt incurred during the acquisition. The

creation of the new vehicle, the injection of funds from investors, the granting of bank loans and the effect acquisition of the target company are generally carried out consecutively and/or simultaneously. In most cases, these investment vehicles then merge with the target company.

Since August 2002, pursuant to the Joint Investment Agreement, investments have been made jointly by DINAMIA and the FUND, Specifically, they have invested jointly in the eight latest investments (High Tech, GAM, Segur Ibérica, éMfasis, Bodybell, ATECSA, Holmes Place and Cristher). The Joint Investment Agreement specifies that investments entailing additional funds for a company already in DINAMIA's portfolio before the agreement was signed shall be the exclusive responsibility of DINAMIA. This is the case for its latest investment in the Capital Safety Group.

Disposal activities

Since disposing of all the holdings in the initial investee portfolio, DINAMIA has continued to rotate its portfolio. It has sold out of seven companies acquired since it floated. The annual cumulative return on all disposals up to the publication date of this prospectus is 22%, with capital gains of 81 million euros at an investment multiple of 1.7 times.

The details of all disposals by DINAMIA since flotation are given below:

Thousands of euros

	Date of acquisition	Date of disposal	Total investment	Total returns	Total capital gains	Investment multiple	IRR
Funespaña, S.A.	Dec-97	Jun-99	11,930	15,487	3,557	1.3x	25%
Jaime Martínez de Ubago, S.A.	Dec-97	Dec-99	9,304	13,227	3,924	1.4x	20%
Europastry, S.A.	Dec-97	Feb-00	8,570	12,020	3,450	1.4x	19%
Educa Sallent, S.A.(1)	Dec-97	Dec-00	5,529	4,627	(902)	0.8x	-7%
Equipamientos Urbanos, S.A.	Dec-97	Feb-00	4,437	11,000	6,563	2.5x	60%
Fundiciones Viuda de Ansola, S.A.	Dec-97	May-98	6,076	6,886	810	1.1x	35%
Industrias Murtra, S.A.	Dec-97	Apr-99	1,428	2,839	1,410	2.0x	87%
Movinord, S.A.	Dec-97	Oct-01	5,998	17,050	11,052	2.8x	33%
Multimedia Cable, S.A.	Dec-97	Oct-98	397	1,486	1,090	3.7x	388%
New Paint Holdings, S.A. (Duraval)	Dec-97	Mar-99	3,545	7,231	3,686	2.0x	77%
New PC Holdings, S.A. (EI System)	Jan-98	Jan-00	7,513	9,833	2,319	1.3x	15%
Marie Claire, S.A.	Jul-98	Aug-05	4,820	1,420	(3,400)	0.3x	-24%
Capital Safety Group Limited (2)	Jan-99	Sep-05	5,837	11,797	5,960	2.0x	11%
Grupo Isolux, S.A.	Jun-99	Aug-02	14,424	44,321	29,897	3.1x	43%
Cables Perti, S.A. (3)	Jul-99	Dec-03	6,275	2,010	(4,265)	0.3x	-46% (4)
Tintas Robbialac, S.A.	Dec-99	Sep-04	17,880	27,642	9,762	1.5x	12%
Universal Cleaning Activities, S.L. (Única)	Oct-01	Jun-04	8,514	14,826	6,312	1.7x	22%
TOTAL			122,478	203,702	81,225	1.7x	22%

(1) Dinamia sold its stake in Educa Sallent in December 2000. Subsequently, via a merger with Borrás, Dinamia took another stake in Educa.

(2) Dinamia divested Capital Safety Group Limited in September 2005. At the same time, alongside the other investors, it subscribed to the capital increase of CSG's acquirer Glowtrail Limited for an investment of € 2,937,000.

(3)Cables Perti is listed as a disposal as on 5 December 2003 the company filed for protection from its creditors. As a result, Dinamia's holding in the company was eliminated against provisions. Cables Perti is in liquidation.

(4) As it cannot be accurately measured the IRR takes no account of the terminal € 491,000 outflow for dividend payments. This figure excludes the sale of Educa Borrás on grounds of prudence as most of this capital gain has not yet been received.

Current investee portfolio:

DINAMIA's current portfolio (“**the investee portfolio**”) is made up of the holdings in the table below:

Thousands of euros

	Activity	Date of Acquisition	Type of transaction	% holding by Dinamia	% Dinamia, adjusting for treasury stock	Total investment	Weighting	Book value at 30.06.05	Valuation at 30-06-2005 (including participating loan)	Valuation at last available date (with participating loan)*
Grupo Deutsche Woolworth (2)	Store chain	Dec-98	MBO	6.61%	6.61%	5,270	3.8%	1,000	1,000	1,000
Arco Bodegas Unidas, S.A.	Wineries	Mar-99	MBO	8.00%	8.85%	17,480	12.7%	17,051	18,040	18,040
Industrias Anayak, S.A.	Press equipment manufacturer	Sep-99	MBO	63.06%	63.06%	7,033	5.1%	7,033	7,033	7,033
NetTV(3)	Digital terrestrial TV	Jun-00	Expansion	1.71%	1.71%	225	0.2%	123	225	225
Unión Deriván S.A.	Fatty acids and derivatives manufacturer	Jul-00	MBO	45.53%	49.09%	10,217	7.4%	9,567	10,903	10,903
Ydilo Advanced Solutions, S.A. (4)	Voice recognition technology	Apr-01	Expansion	7.06%	7.06%	1,470	1.1%	1,470	1,470	1,470
High Tech Hotels & Resorts, S.A.	Hotel chain	Jan-03	MBO - Expansion	44.54%	44.54%	12,000	8.7%	12,000	11,250	12,000
General de Alquiler de Maquinaria, S.L.	Machinery rental	Jul-03	BIMBO - Build-up	40.13%	40.13%	13,854	10.1%	13,854	25,258	25,258
Grupo Segur Ibérica (5)	Security services	Mar-04	BIMBO	17.82%	17.82%	9,500	6.9%	9,500	9,500	9,500
Grupo Bodybell (6)	Perfumery chain	Apr-05	BIMBO	31.57%	31.57%	21,500	15.7%	21,966	21,966	21,966
Grupo éMfasis	Mailing and billing services	May-05	BIMBO	46.41%	46.41%	8,063	5.9%	8,142	8,142	8,142
Aseguramiento Técnico de Calidad (7)(11)	Vehicle roadworthiness testing	Jul-05	MBI	50.00%	50.00%	7,125	5.2%	3	3	7,125
Holmes Place Iberia (8)(11)	Gym chain	Aug-05	MBO	20.83%	20.83%	9,070	6.6%	-	-	9,070
Cristher (9)(11)	Outside lighting	Sep-05	MBO	47.16%	47.16%	12,025	8.8%	-	-	12,025
Capital Safety Group Limited (10)(11)	Safety at work equipment	Oct-05	MBO	8.16%	8.16%	2,457	1.8%	-	-	2,457
TOTAL PORTFOLIO						137,290	100.0%	101,708	114,791	146,215

- (1) According to the valuation report of Dinamia Capital Privado, S.C.R., S.A. of June 30, 2005, submitted to the CNMV as a significant fact on September 14, 2005.
- (2) DINAMIA's investment in this company is made through two holding companies that served as acquisition vehicles for Deutsche Woolworth Group. Their full names are DWW Deutsche Woolworth Holding GmbH and DWW Beteiligungs GmbH. It also includes the 5% stake in Forthpanel Limited, the owner of some real estate assets leased to Deutsche Woolworth Group.
- (3) DINAMIA invests in this company through Dinamia Telemática, S.L. of which it owns 75% of the capital. Dinamia Telemática, in turn owns 2.2% of Sociedad Gestora de Televisión NetTV, S.A.
- (4) Previously called People Communications, S.A.
- (5) DINAMIA invests in the holding company that owns a 100% stake in Segur Ibérica.
- (6) DINAMIA invests in the holding company that owns a 100% stake in Bodybell group, The Beauty Bell Chain, S.L.
- (7) DINAMIA invests in the holding company that owns a 100% stake in Aseguramiento Técnico de Calidad group, Cusdritejos, S.L.
- (8) DINAMIA invests in the holding company that owns a 100% stake in Holmes Place Iberia, Colegiata Invest, S.L.
- (9) DINAMIA invests in the holding company that owns a 100% stake in Cristher S.L. and Dopo S.L., Deimoral Inversiones 2005, S.L.
- (10) DINAMIA invests in the holding company that owns a 100% stake in Capital Safety Group Limited which is called Glowtrail Limited
- (11) Aseguramiento Técnico de Calidad, Holmes Place Iberia, Cristher and Capital Safety Group were invested in after the closing date for the valuation. They are nonetheless included for information purposes.

* Investments after 30-06-2005 appear as the amount invested by DINAMIA.

DINAMIA has carried out some of its more recent investments through capital increases and participating loans. These participating loans bear interest ranging from 8% to 12.5%, accrued annually until maturity, which is usually 10 years. The participating loans are subordinated to bank loans. The transactions financed with a participating loan include: Cristher, Holmes Place, éMfasis and Bodybell (see individual descriptions of the investees for more details).

In addition to equity investment in companies, DINAMIA and its joint investors, through another company that acts as an investment or financial vehicle, finance most of their acquisitions with senior debt. Except with General de Alquiler de Maquinaria, S.L. GAM, this type of financing entails a pledge of shares and/or participation units in the vehicle through which DINAMIA invests, in favour of the financial institutions. This financing is always syndicated. Interest is typically indexed to the Euribor rate (normally three months) plus a margin ranging from 1% to 3.25% per annum. The pledge on shares and/or participation units could limit their liquidity, as the pledge only expires upon full repayment of the bank loan. In the event of the sale of the shares or participation units, the pledge is only cancelled if 100% of the capital of the investee is sold and the bank loan is simultaneously cancelled or substituted by the buyer. Lending institutions generally have a mortgage lien on assets of investees which could materialise if certain cover ratios related to the investee's financial statements and debt are not met.

Summary of acquisitions in DINAMIA's current investees:

Thousands of euros Company	Vehicle used	Merger with investees	Transaction price	Dinamia investment	Acquisition debt	% debt/ price	Debt repayment schedule
Grupo Deutsche Woolworth (incluye Forthpanel)	DWW Deutsche Woolworth Holding GmbH/						
Arco Bodegas Unidas, S.A.	DWW Beteiligungs GmbH	No	562,420	5,270	485,700	86%	7 years
Industrias Anayak, S.A.			224,922	17,480	-	-	-
Net TV			13,733	7,033	-	-	-
Unión Deriván S.A.	Dinamia Telemática, S.L.	No	7,665	225	-	-	-
Ydilo Advanced Solutions, S.A.			46,795	10,217	25,844	55%	7 years
High Tech Hotels & Resorts, S.A.			23,307	1,470	-	-	-
Grupo GAM*	General de Alquiler de Maquinaria, S.L.	No	28,000	12,000	-	-	-
Grupo Segur Ibérica	Coranzuli, S.L.	Yes	105,719	13,854	29,901	28%	4 to 7 years
Grupo Bodybell	The Beauty Bell Chain, S.L.	No	115,121	9,500	59,408	52%	7 to 9 years
Grupo éMfasis**	Emfasis Billing & Marketing Services, S.L.	No	N/A	21,500	N/A	entre el 50 y 75%	7 to 9 years
Aseguramiento Técnico de Calidad, S.A.	Cusdritejos, S.L.	No	33,489	8,063	12,686	38%	7 years
Holmes Place Iberia	Colegiata Invest, S.L.	No	N/A	7,125	N/A	entre el 50 y 75%	13 years
Grupo Crister	Deimoral Inversiones 2005, S.L.	No	109,226	9,070	N/A	entre el 50 y 75%	7 to 10 years
Capital Safety Group Limited	Glowtrail Limited	No	55,455	12,025	30,000	54%	7 to 8 years
			175,703	2,457	145,582	83%	7 to 10 years

Acquisition debt refers to the debt taken on to finance the acquisition of shares or participation units at the time of investment in the target company

* Industrias Anayak, S.A. had operating debt of 2.5 million euros.

** GAM's acquisition price includes deferred payment to the sellers, also included under acquisition debt. Does not include operating debt, primarily machinery leasing. The price refers to the acquisition of the three initial companies and the three subsequent companies made in different years.

*** The acquisition price for the éMfasis group includes approximately 3 million euros of deferred payment based on 2005 earnings. In this case, deferred payments are financed with additional bank debt.

Note – There is a confidentiality commitment with the sellers on the amount of the acquisition price and the acquisition debt

With most of DINAMIA's investees, since the acquisition date there have been capital increases at various prices, as well as new additions to the shareholder body. All these movements in capital stock are explained in greater detail in the section on company descriptions. These movements imply a change in DINAMIA's proportional shareholding with respect to its initial investment.

Transaction Prices also include expenses derived from completing the transaction, basically typical advisory fees for DINAMIA (financial due diligence, fiscal, legal, market and insurance), arrangement and underwriting costs for the bank loan, which typically represent between 1.4% and 2.1% of the acquisition price, and other execution costs (notary public and other).

We briefly describe the business of each investee company below, as well as the main features of the investments made by the Management Company as manager and administrator of the Company's assets.

Further information on the investee portfolio can be found in DINAMIA's Valuation Report of June 30, 2005 audited by independent expert Deloitte, S.L., submitted to the CNMV as a significant event disclosure on 14 September 2005.

éMfasis

DINAMIA's investment: 8,062,000 euros (including participating loan)

DINAMIA's holding: 46.41%

The éMfasis group set out to create a market leader in the fragmented mailing and billing sector. An industry benchmark was created by acquiring the three leading companies in the sector.

The company's strategy is focused on consolidating the sector by acquiring small companies and on generating economies of scale and synergies by forming a group of the size that does not currently exist in the market.

On 20 April 2005 DINAMIA reached an agreement to invest 8,062,500 euros in Émfasis Billing & Marketing Services, S.L. ("éMfasis"), a vehicle used to acquire the entire capital of the companies Publimail, S.L., Mecapost, S.A. and Informática Proceso y Cálculo, S.L. This investment consists of subscribing for a capital increase totalling 3,881 thousand euros, in several phases, and a participating loan of 4,181 thousand euros.

The shareholders of éMfasis are DINAMIA and Nmás1, each of which hold a 46.4% interest, and the executive team, holding the remaining 7.2% in the hands of the management team.

The purchase price⁽¹⁾ represents the following acquisition multiples (2004 figures):

EBITDA*	EBIT
5.6x	7.5x

*EBITDA defined as EBIT plus depreciation and amortisation; EBIT is equivalent to operating profit. EBITDA and EBIT multiples are calculated based on enterprise value, defined as equity value + debt– cash.

Financial highlights:

* Thousands of euros

	Consolidated Pro Forma 30.06.2005	Consolidated Pro Forma 31.12.2004	Consolidated Pro Forma 31.12.2003	Consolidated Pro Forma 31.12.2002
<i>Statement of income</i>				
Operating revenues	11,577	23,560	19,354	17,687
EBITDA	2,534	5,958	4,080	4,425
EBIT	1,552	4,457	2,425	2,527
EBT	1,518	3,182	2,122	2,367
Net profit	2,287	2,132	1,729	2,132
<i>Balance sheet</i>				
Goodwill	20,972	591	887	1,182
Cash and banks	3,900	2,072	2,728	2,976
Total assets	40,482	24,945	22,042	
Shareholders' equity	8,404	11,516	11,472	7,103
Participating loan	8,363	-	-	-
Financial debt	16,014	8,192	6,718	3,616

Consolidated Pro Forma figures on audited financial statements for 2002, 2003 and 2004 of Publimail, S.L. and Mecapost, S.A. and unaudited figures for Informática Proceso and Cálculo, S.L.

Bodybell

DINAMIA's investment: 21,500,000 euros (including participating loan)
DINAMIA's holding: 31.57%

Bodybell has more than 117 stores in the channel referred to in Spain as “Droguería y Perfumería Moderna” (Spanish modern chemist's and perfumery chains), placing it among the sector leaders. The group's activities include the retailing of high-end perfumes, low-end perfumes, household cleaning materials and products, etc., and the wholesaling of low-end perfumes and household cleaning materials and products.

The group's strategy consists of intensifying business growth on the basis of the model that has been successful in the past.

On 18 March 2005 DINAMIA agreed to invest 21,500,000 euros in The Beauty Bell Chain, S.L., a vehicle used to acquire a 100% stake in the Spanish and Portuguese holdings of Droguería y Perfumería, S.A. and Compañía de Almacenaje, Distribución y Servicios, S.A. (“**Bodybell**”). The agreement provided for both a subscription to a capital increase of 5,375 thousand euros and a participating loan of 16,125 thousand euros. DINAMIA's final stake in The Beauty Bell Chain, S.L. is 31.57%. The deal was notified to the competition authorities and approved by them on 18 April 2005. The deal was completed on 27 April 2005. DINAMIA is expected

¹ These multiples could vary according to the company's performance at year end and existing deferred payment.

to reduce its holding to 27-28% by means of a capital increase to allow the selling families to invest in the business, as agreed at the sale date.

Besides DINAMIA with 31.6% of the company the other shareholders are Helena Investments Sàrl (a Luxembourg company whose investors are General Electric Asset Management with 33.3%, Lombard Odier with 10%, Partners Group with 8.9% and Nmás1 PEF with 47.8%) with 66.1% and the management team with 2.3%.

Financial highlights:

** Thousands of euros*

	Pro Forma 30.06.2005	Consolidated Pro Forma 31.12.2004	Consolidated Pro Forma 31.12.2003	Consolidated Pro Forma 31.12.2002
<i>Statement of income</i>				
Operating revenues	90,546	177,420	169,971	155,994
EBITDA	11,359	24,605	20,998	15,082
EBIT	8,359	20,767	17,774	12,511
EBT	6,149	20,968	17,791	12,786
Net profit	6,149	13,736	11,723	8,525
<i>Balance de Situación</i>				
Goodwill	134,872	-	-	-
Cash and banks	16,465	21,087	18,531	11,856
Total assets	223,328	93,077	85,063	73,926
Shareholders' equity	16,452	66,080	56,526	47,925
Participating loan	50,977	-	-	-
Financial debt	ND	1,001	677	976

Consolidated Pro Forma on audited accounts of Compañía de Almacenaje Distribución y Servicios, S.A. and Ibérica de Droguería Perfumería, S.A.

Figures for 2005 include The Beauty Bell Chain, S.L., the vehicle used for the acquisition

Does not include debt from the acquisition of the confidentiality commitment signed with selling shareholders

Segur Ibérica

DINAMIA's investment: 9,500,000 euros

DINAMIA's holding: 17.82%

The Segur Ibérica group is one of the leading security service providers in Spain, engaging in three areas of business: surveillance services, installation and management of alarm systems and installation of security systems.

The company's strategy is designed to take advantage of the growth taking place in the security sector to consolidate its position as the number three company in the Spanish market, after Prosegur and Securitas.

On 23 March 2004 DINAMIA completed an investment totalling 9,500,000 euros in Coranzuli S.L., a vehicle created to acquire 100% of Segur Ibérica's holding company. This investment, which entailed subscribing for a share capital increase in the stated amounts, gave the Company a final stake in Segur Ibérica of 18.1%.

The purchase price represents the following acquisition multiples (audited 2004 figures)

EBITDA	EBIT*
7.1x	7.7x

* Excludes € 5.1 million of goodwill

At the end of 2004, the merger process was completed whereby Segur Ibérica, S.A. (“**Segur Ibérica**”) becoming the Group’s holding company by absorbing Coranzuli S.L. This merger was carried out in accordance with the financing agreement. Segur Ibérica now has two subsidiaries: Segur Control, S.A. and Consorcio de Servicios S.A.

In 2005, certain executives of Segur Ibérica were allowed to acquire shares in the company. Segur Ibérica has the following shareholder structure:

<i>Number of shares</i>		
	Capital	
DINAMIA	54,285	17.8%
Nmás1 PEF	54,286	17.8%
Corpfin Capital	108,571	35.6%
MCH Private Equity	40,000	13.1%
Espiga Capital	34,286	11.3%
Executives	13,140	4.4%
Total shares	304,568	100.0%

Financial highlights:

<i>* Thousands of euros</i>	
<i>Statement of income</i>	Audited 31.12.2004
Operating revenues	166,915
EBITDA	16,203
EBIT	9,841
EBT	5,950
Net profit	2,745
<i>Balance sheet</i>	
Goodwill	88,882
Cash and banks	6,006
Total assets	153,528
Shareholders' equity	56,107
Participating loan	-
Net debt	48,017

Audited figures for Segur Iberica, S.A. Group and subsidiaries

In order to carry out a comparative study of the company’s performance in the last five years the following pro-forma information has been prepared:

<i>* Thousands of euros</i>				
<i>Statement of income</i>				
Operating revenues	89,714	166,991	160,052	145,578
EBITDA	9,410	17,895	17,575	10,758
EBIT	8,663	16,543	16,235	8,906
EBT*	7,171	14,109	14,532	6,931
Net profit*	4,661	10,858	10,207	5,418
<i>Balance sheet</i>				
Goowill	75,280	73,169	27,543	N.D.
Cash and banks	3,050	6,006	6,030	6,616
Total assets	137,728	137,815	90,891	86,037
Shareholders' equity	56,484	55,442	18,332	11,663
Participating loan	-	-	-	-
Financial debt	50,400	50,402	37,218	42,683

Consolidated figure for Segur Ibérica group and vehicle used in the acquisition of Coranzuli, S.L.

*Figures adjusted for goodwill, transaction costs and extraordinary expenses.

Long-term debt includes provision for tax claims. Goodwill is pro-forma for acquisitions.

GAM group

DINAMIA's investment: 13,854,000 euros

DINAMIA's holding: 40.13%

General de Alquiler de Maquinaria, S.L. (“**GAM**”) is the result of the operational integration of three relevant companies operating in a highly fragmented sector (Alquioviedo, Aldaiturriaga and Cabrera). The initial aim was to create a platform sufficiently large to provide the original group with full geographic coverage of the Iberian Peninsula, comprising operating bases in all main areas, and a broad and deep product range to offer customers a comprehensive service.

GAM is now the one of the leading companies in the Iberian Peninsula's machinery rental market, with more than 18,000 assets available for rent and 32 operating bases.

As regards customers, besides continuing to serve local builders previously served by the acquired companies, GAM has become a reference provider of comprehensive services for the large national construction companies throughout Spain.

In July 2003, DINAMIA led the Bimbo-buildup project in the machinery rental sector. The project consisted of acquiring three leading companies in the machinery and crane rental sector, which were to serve as a platform to consolidate the sector.

The transaction included the acquisition of the entire capital of Alquioviedo (Asturias) and Cabrera (Andalusia), and the entire capital, in two stages, of Aldaiturriaga (Basque Country, Madrid, Portugal and Levante). Alquioviedo and Cabrera were, respectively, the leaders in automated machinery rental in their areas of operation. Aldaiturriaga was a bellwether in the manual and automated machinery rental sector in the Basque Country and also had operations in Madrid and Valencia.

DINAMIA acquired its stake through the vehicle General de Alquiler de Maquinaria, S.L.

The acquisition prices of 73.3 million euros (on the three companies acquired initially) implied an entry multiples for the resulting group of 3.7x EV/EBITDA and 9.0x EV/ EBIT December 2002.

Subsequently three other companies were added: TC Renta Más, which rents platforms in southeast Andalusia and in which DINAMIA now owns 50%, SAFE 2000, whose core business is platform rental in Madrid and J. Crespo, a benchmark in automated machinery rental in Madrid. These acquisitions were carried out at similar multiples to the initial acquisitions. All these, together with the initial companies, comprise the GAM Group. Legally, however, none is integrated under the parent company.

Pursuant to its commercial strategy, most of the companies' names were changed to include the word GAM in their registered name. So, at the date of this Prospectus, the GAM Group is made up of 11 companies; the companies inherited in the original acquisition (GAM Noroeste S.L., formerly Alquioviedo S.A., GAM Suroeste, S.L., formerly T. Cabrera S.A., Aldaiturriaga S.A. and Aldaiturriaga Portugal Aluguer de Equipamentos de Elevação e Transporte Lda), the acquisitions made in the last two years (GAM Sureste, S.L., formerly TC Renta Más, S.A. and GAM Madrid, S.L. formerly Safe 2000, S.L. and J. Crespo, S.A.), and newly created companies (GAM Norte, S.L., GAM Canarias, S.L., GAM Este, S.L. and GAM Levante, S.L.).

The deal involved ordinary and preference shares. DINAMIA took a 40.3% stake on acquisition. At the end of 2004 new managers of the executive team were invited to become group shareholders, diluting DINAMIA's stake slightly to its current 40.13%. Nmás1 PEF subscribed the same percentage (40.13%) as DINAMIA and under the same terms. All other shares are owned by Cajastur (9.72%) and the Management team (10.02%).

Financial highlights:

** Thousands of euros*

Statement of income

	Audited 31.12.2004	Audited 31.12.2003	Audited 31.12.2002
Operating revenues	87,020	23,604	NA
EBITDA	33,401	7,508	NA
EBIT	13,253	3,296	NA
EBT	15,491	3,740	NA
Net profit	13,666	2,146	NA

Balance sheet

Goodwill	14,724	14,430	
Cash and banks	4,806	6,588	
Total assets	235,974	123,413	NA
Shareholders' equity	50,379	32,083	NA
Financial debt	124,117	61,494	NA

Audited figures for General de Alquiler de Maquinaria S.L. and subsidiaries

In order to carry out a comparative study of the company's performance in the last five years the following pro-forma data has been prepared. The companies are consolidated according to the year in which they joined the group with 12 months of activity:

<i>*Thousands of euros</i>	Pro Forma 30.06.2005	Consolidated Pro Forma 31.12.2004	Consolidated Pro Forma 31.12.2003	Consolidated Pro Forma 31.12.2002
<i>Statement of income</i>				
Operating revenues	59,048	87,020	60,275	54,735
EBITDA	26,349	37,394	24,957	19,943
EBIT	12,249	18,412	13,190	8,145
EBT	10,560	15,892	10,810	5,055
Net profit	7,105	12,051	8,107	3,061
<i>Balance sheet</i>				
Goodwill	22,096	14,681	14,430	-
Cash and banks	5,103	4,806	6,030	5,321
Total assets	309,204	239,054	123,413	78,884
Shareholders' equity	63,628	59,117	36,868	30,969
Financial debt	183,987	126,259	62,431	37,161

* Figures adjusted for goodwill, one-off plant financing and extraordinary items

High Tech

DINAMIA's investment: 12,000,000 euros

DINAMIA's holding: 44.54%

High Tech Hotels & Resorts, S.A. ("**High Tech**") is a hotel chain operating in the three-star and three-star+ segment for business customers and city tourists. It currently has 27 hotels under, mainly located in Madrid (17 hotels) and in the larger provincial capitals. 18 are operational and the rest will be opened as their remodelling work is completed. At the time of the acquisition High Tech had 10 hotel contracts and four in operation¹.

The company plans to create a leading chain in its segment comprising approximately 40 clearly distinguishable, reputable hotels in a segment that is now highly fragmented and characterised by family management with little brand recognition.

In January 2003, DINAMIA invested 9,500,000 in the High Tech hotel chain through a transaction combining a share purchase and subscription for a share capital increase. The company's share capital was structured into ordinary and preferred shares. In February 2004, DINAMIA invested an additional 1,750,000 euros as part of the investment commitment entered into with the executive team at the time of the initial investment. Nmas1 PEF also invested on the same terms as DINAMIA. In September 2005, a capital increase envisaged in the initial plan, involving a 750,000

¹ Number of hotels net of those that did not fit in with the chain's strategy and were closed shortly after acquisition.

euros contribution from DINAMIA took the final commitment to 44.54%. Shareholders other than DINAMIA are Nmás1 Private Equity PEF on the same terms as DINAMIA (44.54%) and the management team with 10.92%.

The company's investments before DINAMIA became a shareholder totalled around 12 million euros (9 million euros contributed by the former financial partner and 3 million euros by the executive team¹)

At the time of acquisition High Tech's EBIT was negative as it was expanding. Accordingly, we have not made an acquisition multiples comparison.

Financial highlights:

**Thousands of euros*

Statement of income

Operating revenues

EBITDA

EBIT

EBT

Net profit

Balance sheet

Goodwill

Cash and banks

Total assets

Shareholders' equity

Financial debt

Actual 30.06.2005	Audited* 31.12.2004	Audited 31.12.2003	Audited 31.12.2002
11,501	16,676	11,026	6,861
2,394	2,372	716	167
(270)	(1,492)	(1,796)	(1,076)
(257)	(1,787)	(1,949)	(2,178)
(257)	(1,783)	(1,949)	(2,178)
-	-	-	-
2,874	1,869	542	2,513
51,732	37,572	24,995	16,675
15,708	15,996	15,011	7,947
12,870	4,132	415	418

*No incluye provisión dotada para cubrir la baja de inmovilizado derivada del abandono de High Tech France por importe de € 761 miles de euros al considerarse un elemento extraordinario sin recurrencia futura

Ydilo

DINAMIA's investment: 1,470,000 euros

DINAMIA's holding: 7.06%

Ydilo Advanced Voice Solutions, S.A. ("Ydilo") specialises in natural voice recognition technologies and text-to-speech capabilities. In recent years, these technologies have developed considerably, particularly in the United States, due to the wide range of opportunities offered by automated telephone services.

Ydilo employs the technologies to offer advanced voice services in three different areas: Ticketing (or voice portal combining transactional content), ASP services and Vertical Solutions.

In the ticketing area, Ydilo has created and, since September 2001, operated one of the first automatic voice ticket sale services and sold more than 300,000 cinema tickets. Ydilo has been a pioneer in the sale of tickets for football matches,

¹ The contribution made by the executive team consisted of cash contributions (1.9 million euros) and estimated non-cash contributions (1.2 million euros).

specifically the final of the Spanish King's Cup and Champions League for Real Madrid and the Spanish Football Federation.

As regards ASP services, the Company offers partial or complete automation of operator-assisted call centres.

For customers that cannot contract Ydilo's services in ASP format for data and content confidentiality reasons, the Company offers vertical solutions that combine its own technology with the solutions of third parties with which it has reached value-added reseller agreements.

Its customers include Vodafone, ING, El Corte Inglés, Retevisión, Air Miles, Grupo Logístico Santos, Real Madrid, and the Spanish Traffic Authority (DGT).

The investment was made in April and June 2001, when Ydilo carried out two share capital increases forming a single round of financing in which all its shareholders (non-executive) participated and DINAMIA was the only outside investor invited directly by the company's managers and founders.

In January 2003, DINAMIA, alongside the other financial investors and in accordance with shareholder agreements, acquired 27 million euros worth of shares in Ydilo from one of the company's founders, who exited the project. DINAMIA therefore raised its stake to 6.52% from 5.98%. In February 2005, DINAMIA invested 50,000 euros in Ydilo's share capital, raising its stake from 6.52% to 7.06%. Other shareholders are as follows:

- Executive team and option plan 31.52%
- Corporación IBV 19.57%
- Mercapital 24.46%
- Ericsson Innova 17.39%

Financial highlights:

**Thousands of euros*

Statement of income

	Audit 31.12.2004	Audit 31.12.2003	Audit 31.12.2002
Operating revenues	8,988	4,167	1,173
EBIT	714	(563)	(3,014)
EBT	702	(512)	(2,849)
Net profit	702	(512)	(2,849)

Balance sheet

Goodwill	-	-	-
Cash and banks	1,290	1,424	3,012
Total assets	8,806	6,983	6,391
Shareholders' equity	2,899	2,197	2,710
Financial debt	3,466	2,740	3,290

Undesa

DINAMIA's investment: 10,217,000 euros

DINAMIA's holding: 49.09%

Undesa group comprises Unión Deriván, S.A. (“**Undesa**”) and Undesa Italia S.r.L. (previously Mirachem, S.r.L) and is an industrial group specialising in chemical processes that develops, produces and markets oleo-chemical products (fatty acids, glycerines and derivatives). The two formed part of the Fatty Acids Division of Reckitt Benckiser, one of the largest manufacturers of detergents and household cleaning products.

Undesa produces a wide range of fatty acids and derivative products (stearine, olein, esters, stearates, ester-quats, stabilisers, etc.) that are manufactured to meet the requirements of a wide and traditional base of industrial customers. The main customers pertain to the detergent, cosmetics, tyre, paint, chemical and pharmaceutical sectors. The company exports nearly 40% of its products.

The group is the fourth largest producer of fatty acids in Europe, is the leader in Spain and ranks second in Italy. Its three factories located in Barcelona, Zaragoza and Bologna have a total production capacity of more than 100,000 tonnes.

In July 2000, DINAMIA led an LMBO (leveraged management buyout) of the Undesa Group, formed by Unión Deriván, S.A. and Undesa Italia, S.r.L (formerly Mirachem, S.r.L.), both subsidiaries of Reckitt-Benckiser. The deal was leveraged by means of a bank loan of 26 million euros from Paribas. Subsequently, executives were invited to acquire shares and the company held a share buyback for some of the outstanding shares. The remaining shareholders are:

➤	Funds managed by Corpfin	27.7%
➤	Funds managed by Espiga	18.8%
➤	Executive team	4.4%

The purchase price represents the following acquisition multiples (1999 figures):

EBITDA	EBIT
4.2x	6.3x

Financial highlights:

**Thousands of euros*

Statement of income

Operating revenues

EBITDA

EBIT

EBT

Net profit

Balance sheet

Goodwill

Cash and banks

Total assets

Shareholders' equity

Financial debt

Actual 30.06.2005	Audited 31.12.2004	Audited 31.12.2003	Audited 31.12.2002
41,875	82,039	83,029	81,332
3,025	4,560	9,629	8,558
1,020	832	6,035	5,198
800	885	5,428	4,343
477	624	3,335	3,343
-	-	-	-
-	604	3,972	5,332
55,180	55,804	62,659	62,148
24,129	28,665	31,330	28,954
10,063	4,658	11,991	14,182

EBT and profit adjusted for goodwill and extraordinary items. Financial debt includes Pension fund. Shareholders' equity adjusted for own shares

Net TV

DINAMIA's investment: 225,000 euros

DINAMIA's holding: 1.71%

The Net TV consortium was created in June 2000 by several of the major media groups operating in Spain. In November 2001 the consortium obtained one of two licenses for unencrypted digital terrestrial television broadcasting. The consortium has been preparing the new channel's launch strategy and the launch investments will soon be made. The payments made by shareholders have been minor amounts to cover the expenses deriving from license tender and the company's limited activities to date.

In June 2000, DINAMIA acquired a 1.5% interest in the Net TV consortium. After TF-1 pulled out in July 2002, DINAMIA raised its stake slightly to 1.64%. In July 2004, DINAMIA subscribed for the capital increase carried out by Dinamia Telemática, S.L. ("**Dinamia Telemática**") paying in 110,000 euros. These funds were used to subscribe for Net TV's capital increase last December raising DINAMIA's stake from 1.64% to 1.71%. The remaining shareholders are:

- Pantalla Digital¹ 56.02%
- Others 42.27%

Given the near zero activity of Net TV its financial statements have been omitted from this Prospectus.

Industrias Anayak

DINAMIA's investment: 7,033,000 euros

DINAMIA's holding: 63.06%

Industrias Anayak, S.A. ("**Anayak**") is engaged in the design, manufacture and marketing of medium- to large-sized machine tools (milling and machining

¹ Majority owned by the Vocento group

equipment). The size of the mills is directly related to their complexity: the larger the machine the more complex it is, the higher its added value and, logically, the higher the margin. For this reason, in Europe mostly larger machines are manufactured. As they are more complex, they generate higher added value and technical assistance is essential.

The machines are adapted to the specifications of each customer and even machines sold in the past undergo modifications to meet the specific needs of each buyer. Anayak machines incorporate the latest mill-bit technology, allowing work to be performed on five axes. The machines are therefore able to produce spheroid shapes and other complex geometric forms. There are two essential features that differentiate Anayak machines from those of its competitors: a rigid bit and five tracks (instead of three) on which it rests and slides. These two features minimise vibrations, substantially reducing the risk of vibration damage to the object being milled and allowing high-speed milling, in addition to guaranteeing a longer life for the machine.

In September 1999, DINAMIA led the MBO of this company and acquired a 56.87% interest in its share capital. It held an option to acquire an additional 6.19% at the same price, which was exercised in December 2000. The remaining 36.94% of the company is owned by the executive team.

The purchase price implies the following acquisition multiples (according to 1999 results):

EBITDA	EBIT	Net profit
4.4x	6.3x	7.5x

On 26 July 2005 the Boards of Directors of Anayak and Nicolás Correa, S.A. signed a protocol for the merger of the two companies. The operation entailed first spinning off certain nonstrategic assets from Nicolás Correa (real estate activities and high-pressure machinery used in food preservation), which were excluded from the transaction due to their immaturity, resource consumption and lack of synergies with the machine tool business. This business combination is justified by the significant commercial, R&D and streamlining synergies generated. The share exchange ratio applied attributes a value for Nicolás Correa (post-spinoff) equal to 2.5x the value of Anayak. DINAMIA will therefore hold 17.86% of the resulting company. DINAMIA and the Nicolás-Correa family, as the reference shareholders of Anayak and Nicolás Correa, respectively, have signed an agreement whereby they may not sell their shares until 30 months have elapsed.

Financial highlights:

**Thousands of euros*

Statement of income

Operating revenues

EBITDA

EBIT

EBT

Net profit

Balance sheet

Goodwill

Cash and banks

Total assets

Shareholders' equity

Financial debt

Actual 30.06.2005	Audited 31.12.2004	Audited 31.12.2003	Audited 31.12.2002
12,380	17,576	16,554	25,996
(209)	(1,535)	(1,366)	1,564
(617)	(2,323)	(2,226)	711
(707)	(2,162)	(2,287)	733
(707)	(1,307)	(1,395)	963
-	-	-	-
863	607	727	1,299
20,161	18,755	19,012	21,030
6,783	7,265	8,588	10,003
3,969	3,511	3,522	4,264

Arco Bodegas

DINAMIA's investment: 17,480,000 euros

DINAMIA's holding: 8.0%

Arco Bodegas Unidas, S.A. ("**Arco Bodegas**") is a leading, high-quality independent winery group mainly formed by Hacienda Durius, Marqués de Griñón, Marqués de Monistrol, Bodegas Lagunilla and Bodegas Hispano Argentinas. It also produces and markets Vinos Mediterráneos and other national wines. Its main competitors are Freixenet, Codorniu and Bodegas y Bebidas, as well as many other, much smaller, wineries.

The company focuses its strategy fundamentally on strengthening international development, offering a quality based line of products and diversifying the business towards production of wines outside the La Rioja region, as well as ensuring its supply of grapes and promoting direct and e-commerce sales.

In March 1999 Arco Bodegas Unidas (formerly Berberana Group) reorganised its shareholder structure when 56% of the company was purchased from NH Hoteles (formerly Cofir) by several shareholders, including DINAMIA. In March 2000, it held a 30 million euro capital increase, with DINAMIA subscribing for 12 million euros, raising its holding to 8%. The remaining shareholders, adjusted for own shares, are as follows:

- Corporación Financiera Arco 58.78%
- Others 28.41%
- Own shares held 4.81%

The initial acquisition price implies the following acquisition multiples (according to 1999 results):

EBITDA	EBIT	Net profit
10.9x	12.3x	16.0x

Financial highlights:

<i>*Thousands of euros</i>			
<i>Statement of income</i>			
	Audited ⁽¹⁾ 31.12.2004	Audited 31.12.2003	Audited 31.12.2002
Operating revenues	189,250	183,705	189,237
EBITDA	22,558	19,546	20,023
EBIT	18,590	16,238	16,890
EBT	16,880	15,807	13,171
Net profit	12,301	12,671	10,918
<i>Balance sheet</i>			
Goodwill	-	-	-
Cash and banks	2,332	2,209	1,158
Total assets	175,986	173,546	152,207
Shareholders' equity	92,997	101,354	90,335
Financial debt	39,365	26,280	24,720
Shareholders' equity includes deferred income			
(1) Net profit ex extraordinary income			

Capital Safety Group

DINAMIA's investment: 2,457,000 euros

DINAMIA's holding: 8.16%

Capital Safety Group (“CSG”) is the world’s leading manufacturer and seller of security equipment used to prevent occupational accidents. CSG markets a wide range of products intended to ensure the safety of workers: harnesses, belts, lanyards, netting and other designs, including custom security systems. Its strategy includes the development of new products through its own initiatives or through the acquisition of other companies, especially in European countries (Sweden, Germany, Switzerland).

The company is the world leader, with a 27% market share. In the United States it has 34% of the market (where production represents 70% of profits) and in Europe it has a 24% share (most active in France and Great Britain). CSG markets its products under two brands: Sala and Protecta. Its main competitors are Christian Dalloz and MSA, which have a 15% and 14% share of the market, respectively.

In January 1999 DINAMIA, together with funds managed by Electra, carried out an MBO of Capital Safety Group. The total value of the transaction was £96.7 million (approximately 140 million euros)

The transaction price implies the following purchase multiples (according to figures at 31.03.1999):

EBITDA	EBIT
8.3x	9.0x

In October 2005, DINAMIA sold the whole of its investment in Capital Safety Group Limited to Glowtrail Limited for 11,478,000 euros.

DINAMIA's initial investment was 5,837,000 euros giving a total gain on the investment of 5,960,000 euros including remuneration paid by the investee. In other words, DINAMIA doubled the value of its initial investment.

At the same time, DINAMIA subscribed, alongside other CSG investors, for a capital increase of the purchaser, Glowtrail Limited, for \$2,937,000 (2,457,000 euros), giving it a 8.16% stake in Glowtrail. The remaining shareholders of CSG, funds managed by Electra and the management team, have also reinvested in the company.

Financial highlights:

**Thousands of euros*

Statement of income

Operating revenues

EBITDA

EBIT

EBT

Net profit

Balance sheet

Goodwill

Cash and banks

Total assets

Shareholders' equity

Participating loan

Financial debt

Actual 30.06.2005	Audited 31.03.2005	Audited 31.03.2004	Audited 31.03.2003
34,190	128,721	102,524	99,527
6,356	21,753	19,697	18,209
5,929	20,217	18,104	16,596
4,211	13,982	11,362	8,456
2,185	7,753	7,187	5,254
123,236	123,236	123,870	119,859
2,547	3,901	3,618	3,677
194,987	193,401	192,783	187,953
89,367	86,412	130,694	112,732
55,221	54,272	50,943	48,084
26,365	28,834	39,444	60,573

Figured adjusted for one-off restructuring costs and goodwill

Deutsche Woolworth

DINAMIA's investment: 5,270,000 euros

DINAMIA's holding: 6.61%

The German Group Woolworth is formed by a chain of approximately 350 large department stores targeting the middle class population segment and offering low prices. The establishments are mainly located in Germany and in part of Austria.

The group has significant real estate assets since, at the acquisition date, 118 of the 357 establishments were owned by the group and valued at around 614 million euros. These assets served to back up the leveraging applied to the group during the acquisition.

The Woolworth Group is in the final stages of a restructuring process it started in 1997, in which it improved the group's performance in a context of tightening demand.

In May 2003, DINAMIA invested 1 million euros in Forthpanel Ltd. to acquire a 5% stake.

This operation was part of the plan to re-launch the investee Deutsche Woolworth, which commenced in the previous year with the replacement of the executive team, a strategic refocusing of its business and a shareholder restructuring that entailed the cost-free exit of the shareholders that did not share the strategic vision of the new executive team and the other shareholders. Forthpanel Ltd acquired certain real estate assets from Deutsche Woolworth for 19 million euros in order to increase the company's resources and also to secure the investment made by the Forthpanel's shareholders by leasing the property back to Deutsche Woolworth. As a result, and at no additional cost, DINAMIA increased its stake in Deutsche Woolworth to 6.61% from 5.00%. The shareholder restructuring arrangement established a preferential return equal to four times the investment made in Forthpanel in the event that Deutsche Woolworth is sold. Forthpanel's other investors are Electra, which holds 92%, and two private investors, with 3%.

In December 1998, DINAMIA acquired a 5% interest in Deutsche Woolworth GmbH ("**Woolworth**") as a result of the MBO led by Electra through two special-purpose holding companies: DWW Deutsche Woolworth Holdings GmbH and DWW Beteiligungs GmbH. The other shareholders are as follows:

- Funds managed by Electra and other 82.9%
- Executives and own shares 10.5%

The purchase price implies the following acquisition multiples (according to 1998 figures):

EBITDA	EBIT
7.41x	12.20x

Financial highlights:

**Thousands of euros*

Statement of income

	Actual 30.06.2005	Audited 31.12.2004	Audited 31.12.2003	Audited 31.12.2002
Operating revenues	387,922	881,032	938,475	940,099
EBITDA	(6,362)	13,501	9,799	2,299
EBIT	(13,756)	(4,758)	(9,106)	(16,302)
EBT	(20,029)	(2,929)	(3,882)	5,765
Net profit	(20,131)	(4,960)	(4,594)	4,705

Balance sheet

Goodwill	-	-	-	-
Cash and banks	94,965	88,488	89,221	90,961
Total assets	498,670	537,644	578,816	605,655
Shareholders' equity	42,169	62,062	57,119	61,732
Financial debt	317,079	317,698	333,893	340,368

Shareholders' equity adjusted for own shares

Current investee portfolio (investments since June 30, 2005):

Cristher

DINAMIA's investment: 12,025,000 euros (including participating loan)

DINAMIA's holding: 47.16%

In September 2005, DINAMIA invested 12,025 thousand euros to acquire 47.15% of Cristher S.L. and Dopo S.L. (jointly, "**Cristher**"). The investment, carried out by investment vehicle company Deimoral Inversiones 2005, S.L., entailed a 4,208 thousand euros capital increase and a 7,816 thousand euros participating loan.

DINAMIA was a joint investor in this deal with Nmás1 Private Equity Fund LP, which invested equal sums on the same terms as DINAMIA, such that together the two companies indirectly acquired 94.31% of Cristher. The remaining capital is controlled by investors invited to participate by DINAMIA.

The purchase price implies the following acquisition multiples (according to 2004 figures):

EBITDA	EBIT
6.58x	6.75x

Cristher leads the Spanish market for private outside lighting, with a market share of over 20%. Its positioning in the electrical equipment warehouse channel has allowed it to grow through sales to installers, differentiating its product by quality, technical features, price and complexity of installation.

Cristher has the widest catalogue of products and listings in the market under its own brand, which has helped impose a strong brand image for quality with its customers. This, plus speed of delivery, makes Cristher a unique company in the sector with a positioning that is hard to copy.

Financial highlights:

**Thousands of euros*

Statement of income

	Combined 31.12.2004	Combined 31.12.2003
Operating revenues	25,949	23,490
EBITDA	8,411	7,764
EBIT	8,199	7,597
EBT	8,183	7,061
Profit for the year	5,342	4,625

Balance sheet

Goodwill	-	-
Cash and banks	522	1,753
Total assets	22,251	23,466
Shareholders' equity	19,565	20,573
Financial debt	-	-

Combined figures for Cristher group include audited figures for Cristher, S.L. and Dopo, S.L. (only 2004)

Cash and banks for 2003 adjusted for long-term loan with the Escirra group.

Holmes Place Iberia

DINAMIA's investment: 9,070,000 euros (including participating loan)
DINAMIA's holding: 20.83%

In August 2005, DINAMIA bought 20.6% of “**Holmes Place Iberia**”, for a total investment in capital, issue premium and participating loan of 9,070 thousand euros.

The deal was a joint investment with Nmás1 Private Equity Fund LP, which put in the same sums on the same terms, such that between them the two companies acquired an indirect 41.2% interest in Holmes Place Iberia for a total investment of 18,140 thousand euros. The other shareholders are Mercapital and Explorer plus the company's executives. DINAMIA, and its partner investors, all invested through a special-purpose vehicle called Colegiata Invest S.L.

The purchase price implies the following acquisition multiples (according to estimated 2005 figures):

EBITDA	EBIT
7.14x	10.59x

Holmes Place Iberia is market leader in the upmarket gym sector in Spain and Portugal. Holmes Place Iberia is part of Holmes Place Group.

The company has 15 upscale gyms, operating under the Holmes Place and Európolis brands. These used to be part of the British Holmes Place Group, which still has over 80 gyms elsewhere in Europe.

Holmes Place Iberia has had a presence in Spain since 1997. Since then, the Company has built up its portfolio to a total of 12 Holmes Place and three Európolis gyms plus two Holmes Place franchises. Another three franchised gyms and one Holmes Place are currently under construction and due to open in the next 18 months. Holmes Place Iberia has dominated the Iberian market for the last seven years, recruiting more than 90,000 members. Holmes Place Iberia currently employs 1,000 people.

Financial highlights:

* Thousands of euros
Statement of income

	Pro Forma 31.12.2004	Pro Forma 31.12.2003
Operating revenues	51,858	39,927
EBITDA	12,172	8,092
EBIT	7,385	3,305

Balance sheet

Goodwill	-	-
Cash and banks	1,676	-
Total assets	70,929	54,735
Shareholders' equity	54,931	19,943
Financial debt	17,368	8,145

Holmes Place Iberia was acquired by a multinational group, so there are no audited accounts for the company

Aseguramiento Técnico de Calidad, S.A. (Atecsa)

DINAMIA's investment: 7,125,000 euros

DINAMIA's holding: 50%

In July 2005, DINAMIA bought a 50% holding in Aseguramiento Técnico de Calidad, S.A. ("Atecsa"). The investment was made through a 7,125,000 euros contribution that gave DINAMIA a final stake of 50% in Atecsa.

The deal was a joint investment with Nmás1 Private Equity Fund, which invested the same sums on the same terms, such that between them the two companies acquired an indirect 100% interest in Atecsa for a total investment of 14,250,000 euros. The investment was made through a vehicle called Cusdritejos, S.L.

Atecsa is one of the concession companies operating the Technical Vehicle Inspections in Valencia. It has concession number IV, which includes the towns of Gandía, Játiva, Alzira, Onteniente, Ondara and Alcoy.

Atecsa is one of the main operators in Valencia carrying out over 275,000 technical inspections at its six permanent and two mobile centres.

Financial highlights:

* Thousands of euros
Statement of income

	Audited 31.12.2004	Audited 31.12.2003
Operating revenues	8,336	7,685
EBITDA	2,445	1,926
EBIT	1,809	967

Balance sheet

Goodwill	-	-
Cash and banks	-	102
Total assets	15,055	17,275
Shareholders' equity	2,462	3,093
Financial debt	7,615	7,460

6.1.1. *Description of, and key factors relating to, the nature of the Issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period.*

Key factors relating to the nature of the Issuer's operations and its principal activities

One key factor inherent to the Issuer's operations and its core business is the investment framework imposed on the Company as a venture capital company under the Venture Capital Companies Law. The legal framework can be summarised as follows:

- *Portfolio composition*

At least 60% of a venture capital company's assets must be placed in shares or other holdings in the capital of companies that are the object of its corporate purpose, i.e. non-financial companies that are not listed on the main stock exchange. Companies used principally as holding companies for shares or holdings in companies belonging to non-financial sectors are not considered to be financial companies.

The law also allows venture capital companies to invest in securities issued by companies more than half of whose business is in real estate, on condition that their real estate holdings contribute to a business that is not confined to real estate.

Within the 60% requirement, up to 30% of the assets may be invested in participating loans to companies covered by its corporate purpose, whether or not the venture capital company also invests in the capital.

- *Diversification of investment*

No more than 25% of assets may be invested in a single company, and no more than 35% in companies belonging to the same group, a group being defined as in Article 42 of the Securities Market Law.

Venture capital companies may invest up to 25% of their assets in companies belonging to its own group or that of their managing company, as defined in Article 42 of the Securities Market Law, provided they comply with the following requirements:

- i. The company memorandum, articles of association or regulations allow such investments.
- ii. The company or its management company has a formal internal procedure, set out in its internal code of conduct, to avoid conflicts of interests.

- iii. The company's prospectuses and regular reporting give detailed information on the investments made in group companies.

- *Transition periods*

The above-stated percentages for the composition of venture capital companies, may be breached by companies under the following circumstances

- i. In the first three years from their foundation.
- ii. In the 24 months following a typical disposal at the compulsory percentage.

For these purposes, in the event that contributions are returned to investors or partners, proportions shall continue to be calculated based on the initial capital.

The CNMV may, exceptionally, waive the 60% and 30% thresholds or authorise an extension of the term allowed in item i above, on request of the venture capital company in the light of market circumstances and the difficulty that the company may have in finding projects that would meet the above requirements.

DINAMIA currently complies with the investment framework described and will ensure that its future activities comply with the limits set in the venture capital companies law or any standard that may replace it.

Another key point relating to the Issuer's activities and core business is that the Company lays down guidelines for the Management Company to follow in its management of DINAMIA's assets, all of which are set out in the management agreement between the two parties, as follows:

- i. Company investments must be mainly in unlisted Spanish companies belonging to one of the following categories:
 - a. Companies with growth potential that offer prospects of a substantial increase in value,
 - b. Companies with potential to restructure operationally or financially,
 - c. Family companies where the transition to a new generation makes it advisable to bring in new partners and/or managers,
 - d. Privatisations of publicly owned companies where it is advisable to bring in financial partners,
 - e. Non-core subsidiaries of Spanish or foreign groups that, once divested from the parent company and part-owned by their management offer prospects of an increase in value.

- ii. The Company's investment policy must seek to maintain a diversified range of holdings with sufficient rotation of investments.
- iii. Company investments in securities representing the capital of companies whose main assets are outside the Iberian peninsula may never exceed thirty per cent (30%) of the "Company NAV", defined as the value derived from quarterly valuation of DINAMIA's assets carried out by the Management Company in accordance with the valuation principles and procedures stated in the management agreement and reviewed half-year by an independent third party.
- iv. Interest-bearing debt of the Company may at no time exceed a third of the Company's NAV.
- v. The Company shall not invest in companies whose financial statements are not subject to annual audit. Notwithstanding the above, the Company may channel its investments through investment vehicles with lower audit requirements provided that the company that is the final target of investment is made is obliged to have its financial statements audited annually.
- vi. The Company shall not invest in financial derivatives except for risk hedging purposes.

These investment criteria are reviewed by the Company at appropriate intervals.

A key factor in maximising DINAMIA's return on invested capital is the strict selection processes for investment opportunities, the appropriate structuring of these opportunities, ongoing monitoring of the investments and, finally, a satisfactory disposal.

- *Selection process for investment opportunities.*

In general the Management Company seeks some or all of the following features in its investments:

- i. High quality management team either in place or at hand.
- ii. High share of its market, or of a market niche.
- iii. A differentiated product or recognised brand that gives the company a competitive advantage.
- iv. Potential for future disposal, generally through a sale to an industrial buyer.

The table below shows estimates of the opportunities analysed and carried out in the last three years:

Year	Projects analysed	Investments made¹
2002	99	0
2003	110	2
2004	117	1
Oct-2005	71	5
Total	389	17

Source: DINAMIA

Once projects have been selected a negotiation phase ensues with the aim of determining the size and price of the investment. In general the process of structuring the investment begins with the Management Company making an initial non-binding offer or signing a letter of intent. Before making a firm offer the Management Company carries out detailed due diligence on the project supported by a team of external advisers. This may involve the following steps:

- i. Visits to manufacturing plants.
- ii. Interviews with the management.
- iii. A market study for the company's product or service.
- iv. Legal review of corporate legal issues, agreements, insurance policies, real estate, industrial property, litigation, subsidies and labour and tax issues, carried out by a recognised independent consultant.
- v. Audit by a recognised independent consultant.
- vi. Analysis of financial projections and likelihood of their being met.
- vii. Valuation of the project.

Review of the above points will form the basis for negotiations on the final structure of the deal.

- *Structuring the investment*

DINAMIA, jointly with the Fund, under the Joint Investment Agreement usually acquires, either alone or with other financial investors sharing the same investment horizon, majority stakes in the capital of the investee companies. The reason for acquiring majority control is to make future disposal easier.

¹ Where multiple investments in a company took place in more than one year only the first year is included here.

Also, with the aim of improving the return on capital, most of DINAMIA's investments are structured to include long-term bank debt.

DINAMIA and its co-investors in each transaction invest in companies through another company that acts as investment vehicle and acquires the final holding in the target company as well as taking on the debt incurred during the acquisition. In most cases, these investment vehicles then merge with the target company.

Agreements reached after negotiation between the parties are embodied in one or more contracts defining and regulating the base parameters for the investment and the relations between the various parties.

- *Monitoring investments*

The Management Company takes an active role in the corporate bodies of the companies invested on behalf of DINAMIA, but not in the day-to-day operation of the business.

That said, in exceptional circumstances the Management Company may take over management of the company for whatever period is required to carry through a reorganisation or restructuring.

The Management Company asks for regular information from companies in which DINAMIA holds investments to allow the valuation of the investment and reporting to the board and the Company.

- *Disposal*

To realise capital gains DINAMIA must sell the companies in its portfolio. Disposal of a company can be via flotation, sale to a strategic or financial buyer or via the buyback of DINAMIA's stake by the original shareholders or company management. In most cases however a trade sale to an industrial buyer is the preferred and most common option.

Main classes of investment and disposals in each year of the period covered by the historical information.

The venture capital business involves a number of types of deal for companies at different stages of development:

- i. Seed capital: provision of resources before a company goes into mass production (for product definition, prototype testing, etc.). There is still a technological risk in these ventures.
- ii. Start-up: funding for initial development and marketing of a new company's product or service.

- iii. Expansion: funding the growth of a profit-making company. Funds may be spent on fixed assets, increased capital to develop new products or access to new markets.
- iv. Replacement: acquisition of existing shares owned by longer-standing shareholders.
- v. Buy-out: buying a controlling position in companies where a substantial part of the cost of the deal is financed with third-party funds. In venture capital such deals are often led by the company's own management team (MBO) or the management team of a similar company (MBI).
- vi. BIMBO: mixed MBO and MBI acquisitions led by the company's own management and the management of a similar company.

DINAMIA's strategy is largely focused on buyouts and Bimbos. The last eight deals were all one or the other. That said, in the past the Company has taken part in small-scale deals of other types. It also occasionally looks at replacement or expansion projects.

DINAMIA's investment and disposals policy has been as follows during the period for which historical data is available (figures in thousands of euros):

Investment by type of operation

	Sept - 2005		2,004		2,003		2,002	
Buy-out	31,427	52%	14,492	88%	9,500	42%	0	0%
BIMBO	29,562	48%	1,784	11%	12,070	53%	0	0%
Expansion	0	0%	110	1%	1,027	5%	0	0%
Total investments	60,989	100%	16,387	100%	22,597	100%	0	0%

Disposal by type of operation

	Sept - 2005		2,004		2,003		2,002	
Buy-out	11,477	100%	27,640	65%	0	0%	44,168	100%
BIMBO	0	0%	14,881	35%	0	0%	0	0%
Expansion	0	0%	0	0%	0	0%	0	0%
Total disposals	11,477	100%	42,523	100%	0	0%	44,168	100%

In DINAMIA's current portfolio 98% of capital is invested in buyouts or bimbos.

6.1.2. *Indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.*

As we said, DINAMIA's strategy is largely focused on buyouts and bimbos (with selective expansion or replacement deals). Hitherto, no other type of investment has been proposed.

6.2. Principal markets: Description of the principal markets in which the Issuer competes, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information.

Geographically, DINAMIA's investment activity is now restricted to Spain and Portugal. DINAMIA has only two non-Spanish companies in its portfolio, Deutsche Woolworth (Germany), fully provisioned, and Capital Safety Group (UK). The investment in Capital Safety Group represented around 5% of DINAMIA's total assets at the end of 2002, 2003 and 2004.

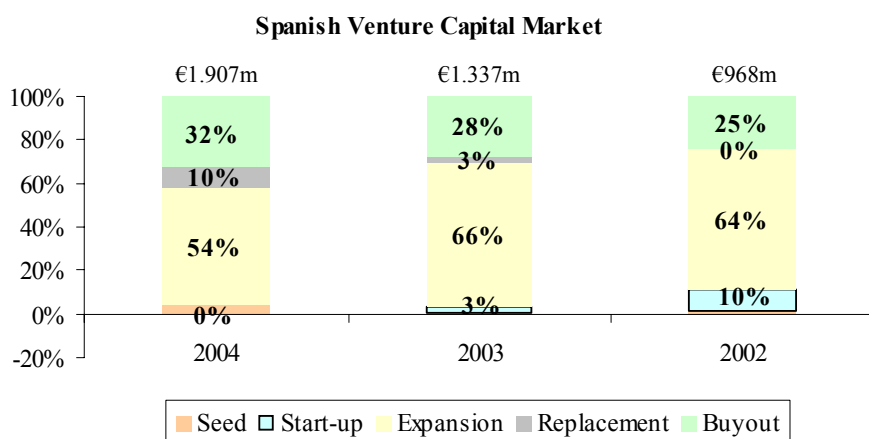
The venture capital sector

The venture capital business consists of investment in unlisted companies (or in listed companies with a view to taking them private) by professional investors on a short-term basis.

Spanish venture capital took off in the 1970s as a way for the public sector to develop the country's rudimentary industrial infrastructure. Later, from the mid-1980s on, there was a greater influx of private and/or foreign capital to companies in an early stage of development. From the 1990s, following a difficult period for the sector, for the first time a significant number of venture capital firms were forced to close. Meanwhile, there was a reorientation of available capital towards mid-sized companies which were already well established.

At the moment, most investors and deals are focused on development capital, and, increasingly, buyouts where the financial investor takes a, usually controlling, stake in a company in tandem with a management team, either of the company itself (MBO) or of another company (MBI).

The buyout segment, where DINAMIA mainly operates, is seeing the fastest growth, with investment volumes gradually getting nearer to the European average of 72% of all PE investment in 2004 compared to just 32% in Spain:



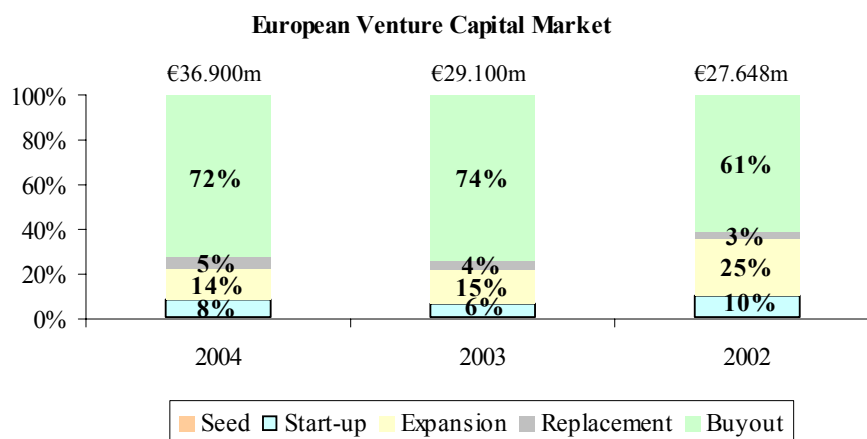
Source: EVCA Yearbook, ASCRI Yearbook and Webcapitalriesgo.

DINAMIA's share of total PE investment in Spain and, more specifically, of buyout investment is shown below:

Market share (%)	jun-05	2004	2003	2002
Investment buyout*	17.87%	7.57%	6.26%	0.00%
Total investment	4.40%	1.86%	1.73%	0.00%

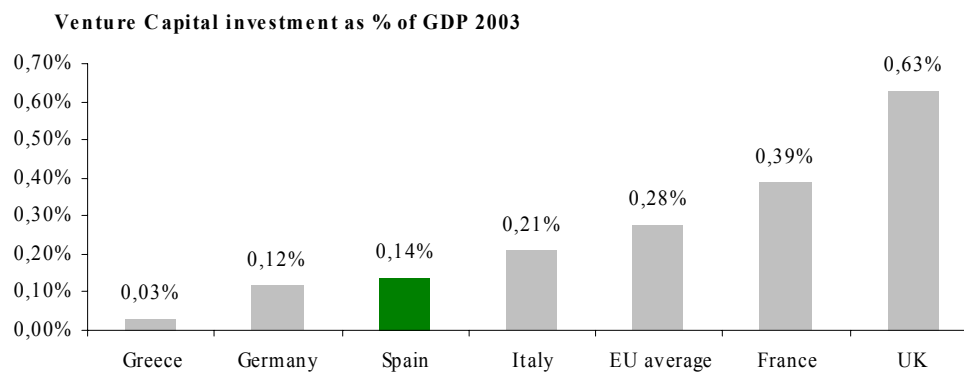
*Estimated share of buyouts at 30 June 2005, including DINAMIA's four transactions in 2005.

Source: EVCA Yearbook, ASCRI Yearbook and Webcapitalriesgo.



Source: EVCA Yearbook, ASCRI Yearbook and Webcapitalriesgo.

The Spanish venture capital industry is still far less important than those of other European countries such as the UK, France and Italy:

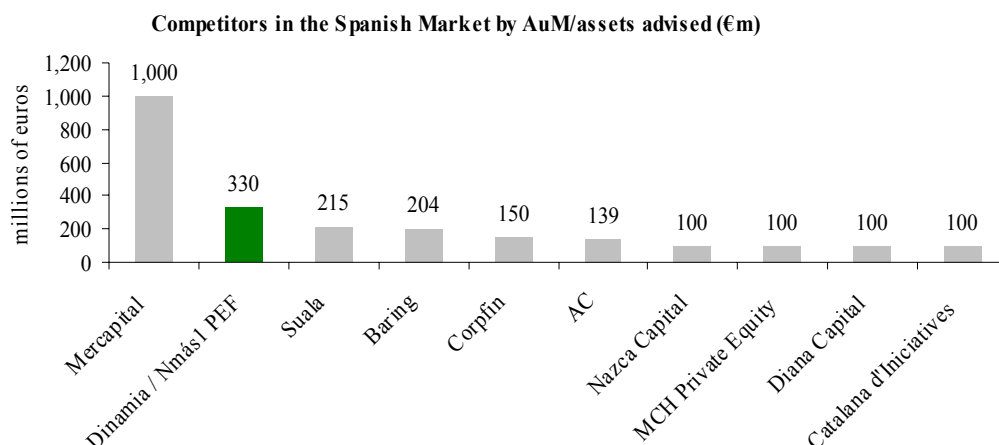


Source: EVCA Yearbook

Investors in Spain's venture capital market

Spain has around 80 venture capital companies, which vary in size (measured by assets under management - AUM) and origin (public/private sector). The table below lists by AUM some of the biggest managers with funds specifically for investment in the Iberian peninsular and active in the Spanish market.

Note that besides those shown on the chart below, some Europe-wide operators have branches in Spain and allocate part of their resources to Spanish projects.



Source: ASCRI Yearbook 2004

6.3. Where the information given pursuant to items 6.1. and 6.2. has been influenced by exceptional factors, mention that fact.

No exceptional factors influenced the information given in points 6.1 and 6.2 above.

6.4. If material to the Issuer's business or profitability, summary information regarding the extent to which the Issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes

DINAMIA is not dependent on patents or trademarks.

As for the commercial contracts signed by the Company that could be considered to entail a degree of dependence by the Company, we would highlight the management agreement between DINAMIA and the Management Company since the contract, as stated above, is indefinite in duration. That said, the management agreement may be terminated by either party at any time on a minimum of three years' notice or, if the notice is not given, on payment of compensation equivalent to three years' fixed annual commission payable to the Management Company, as well as the theoretical success fee accrued up to that time.

Also under the agreement, the Management Company is appointed exclusive manager for DINAMIA, which, coupled with the fact that DINAMIA does not have any employees, precludes the latter from immediately managing its own assets independently.

In addition, under the Joint Investment Agreement, investments made by DINAMIA, as long as the Management Company is in charge of managing its assets, shall be made jointly with the Fund stipulated in said agreement. The Joint Investment Agreement stipulates, however, that the obligation of joint investment between the Company and the

Fund is not applicable when the target investment (i) fails to comply with any legal, governmental or administrative rule applicable to DINAMIA or the Fund, or a provision contained in the agreement whereby the Company commissions the management of its assets to the Management Company; (ii) has a negative impact on the assets of the Company or the Fund; (iii) cannot be undertaken by DINAMIA or the Fund due to insufficient funds; (iv) is subject to any other circumstance that prevents or makes said investment inconvenient for the Company or the Fund; or (v) requires an additional payment in an existing investee in DINAMIA's portfolio prior to the signing of the Joint Investment Agreement.

The procedure for approval an investment is performed independently by the Management Company and the General Partner of the Fund within the scope of their respective mandates. Once approval for a given investment is given by both, DINAMIA and the Fund invest on a 50/50 basis under the same terms and conditions. Upon disposal of an investment, the Management Company and the General Partner of the Fund, though 100%-owned by the same company, N Más Uno IBG, S.A., act independently in the interest of DINAMIA and the Fund, respectively. Accordingly, the Management Company and the General Partner of the Fund do not take joint decisions with respect to approving investments or their subsequently disposals.

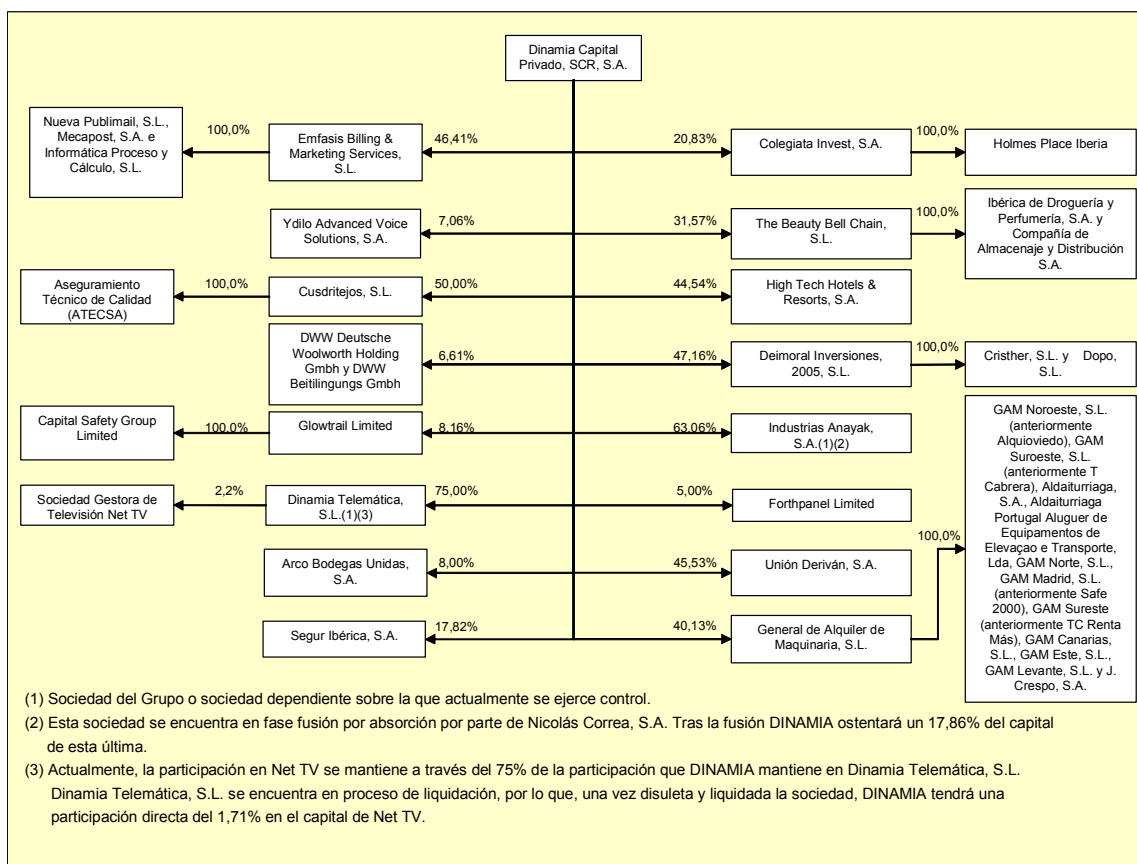
6.5. The basis for any statements made by the Issuer regarding its competitive position.

The sources of market data considered to be reliable by the Issuer are the EVCA and ASCRI Yearbooks and Webcapitalriesgo.

7. ORGANISATIONAL STRUCTURE

7.1. If the Issuer is part of a group, a brief description of the group and the Issuer's position within the group.

DINAMIA is currently a holding company for a group of companies (“**the Group**”) and is not a subsidiary of any other group. The following chart depicts DINAMIA's investments and stakes in unlisted companies:



As of the registration date of this Prospectus, the only companies in DINAMIA's portfolio in which it holds control under the terms of Article 4 of the Securities Market Law are Dinamia Telemática and Anayak. However, Dinamia Telemática is currently being dissolved. Once Dinamia Telemática has been wound down and sold off, DINAMIA will own a direct 1.71% stake in Net TV. On the other hand, Industrias Anayak is currently being merged with Nicolás Correa, S.A. After the merger is completed, DINAMIA will own 17.86% of the enlarged entity.

Even though the two parties in the Joint Investment Agreement (i.e. the Management Company and the General Partner of the Fund) form part of the same industrial group, DINAMIA, under IFRS, does not have control over the vehicles through which it has holdings in the investees in its portfolio. Accordingly, it is not required to consolidate them.

Dinamia Telemática and Anayak should be accounted for by the global consolidation method. However, because its business purpose is so different to DINAMIA's, Anayak has not been consolidated during the period for which historical financial information has been provided. The rest of the companies which make up DINAMIA's investment portfolio are currently stated in the consolidated financial statements at fair value. However, during the period for which historical financial information has been provided, the prevailing Spanish General Chart of Accounts required that said investments be accounted for by the equity method.

Finally, we highlight the fact that once Dinamia Telemática has been dissolved and Industrias Anayak, S.A. has been merged with Nicolás Correa, S.A., DINAMIA will no longer be required to present consolidated financial statements.

7.2. List of Issuer's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.

Company	Country	Shareholding
Dinamia Telemática, S.L.(*)	Spain	75.00%
Industrias Anayak, S.A. (*)	Spain	63.06%
Cusdritejos, S.L. (Atecsa)	Spain	50.00%
Deimoral Inversiones 2005, S.L. (Cristher)	Spain	47.16%
Emfasis Billing & Marketing Services, S.L.	Spain	46.41%
Unión Deriván S.A. (Grupo Undesa)	Spain	45.53%
High Tech Hotels & Resorts, S.A.	Spain	44.54%
General de Alquiler de Maquinaria, S.L.	Spain	40.13%
The Beauty Bell Chain, S.L. (Bodybell)	Spain	31.57%
Colegiata Invest, S.A. (Holmes Place Iberia)	Spain	20.83%
Grupo Segur Ibérica	Spain	17.82%
Arco Bodegas Unidas, S.A.	Spain	8.00%
Glowtrail Limited (Capital Safety Group Limited)	United Kingdom	8.16%
Ydilo Advanced Solutions, S.A.	Spain	7.06%
DWW Deutsche Woolworth Holding GmbH y DWW B	Germany	6.61%
Forthpanel Limited	United Kingdom	5.00%

(*) See commentary in section 7.1.

8. PROPERTY, PLANT AND EQUIPMENT

8.1. Information regarding any existing or planned material tangible fixed assets, including leased properties and any major encumbrances thereon.

DINAMIA has no tangible fixed assets on its balance sheet and does not plan to acquire any.

8.2. Description of any environmental issues that may affect the Issuer's utilisation of the tangible fixed assets.

DINAMIA has no tangible fixed assets.

9. OPERATING AND FINANCIAL REVIEW

9.1. Financial Condition: to the extent not covered elsewhere in the registration document, describe the Issuer's financial condition, changes in financial condition

and results of operations for each year and interim period for which historical financial information is required, including the causes of material changes from year to year in the financial information to the extent necessary for an understanding of the Issuer's business as a whole.

See item 20.1 below.

9.2. Operating Results.

As a venture capital firm, DINAMIA's operating earnings are driven by the expenses it incurs in its day-to-day activities. The Company does not generate operating revenues. Because venture capital companies' main income is in the form of financial income, we refer to said financial income in lieu of operating revenues in the following sections in order to provide a clearer picture of the Company's performance.

9.2.1. *Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the Issuer's income from operations, indicating the extent to which income was so affected.*

No significant factors beyond the scope of the Company's day-to-day activities or unusual events have had a material impact on DINAMIA's financial accounts.

9.2.2. *Where the financial statements disclose material changes in net sales or revenues, provide a narrative explanation of the reasons for such changes.*

DINAMIA's income is generated primarily by its cash management policies, dividends from equity investments, interest payments on loans made to its equity investees and capital gains generated by the sale of portfolio investments. Dividends received from DINAMIA's unlisted equity investees are eliminated upon consolidation.

The following table depicts the various kinds of financial income generated by DINAMIA in the last three financial years:

	Thousands of €			
	IFRS	Spanish GAAP (General Chart of Accounts)		
	2005(1)	2004	2003	2002
Dividends-				
From listed companies	-	-	22	41
From unlisted companies (2)	2,872	-	-	-
	2,872	-	22	41
Interest-				
On investments in fixed-income securities	426	800	1,243	1,598
On demand deposits	10	14	13	16
On loans to investees (3)	769	222	230	271
	1,205	1,036	1,486	1,885
Gains on sale and redemption of financial assets-				
Income from sale of listed companies	-	-	91	3
Income from sale of unlisted companies (4)	1,945	17,221	-	14,775
	1,945	17,221	91	14,778
	6,022	18,257	1,599	16,704

(1) Figures as of 30 June 2005

(2) Dividends received from unlisted investees were eliminated upon consolidation under Spanish GAAP until fiscal 2005.

In 2005, investments in unlisted companies were restated at fair value; dividends received from these investees were accordingly no longer eliminated on consolidation.

This is why 2005 is the only year for which dividends from unlisted investments were recorded.

(3) The higher amount of interest from loans to investees in 2005 is the result of the participating loans made during the first half of 2005 to the Beauty Bell Chain, S.L. and Émfasis Billing & Marketing Services, S.L.

(4) This line item varies considerably from period to period since it is linked to the disposals realised in any given fiscal period.

The income recorded under this line item in 2002 corresponds almost entirely to the disposal of Isolux.

In financial year 2004 this income was generated by the sales of Tintas Robbialac, S.A. and Universal Cleaning Activities Única, S.L. for €9,763 and €7,458 thousand, respectively.

In 2005 this income was generated by the sale of Educa Borrás, S.A.

9.2.3. Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations.

No governmental, economic, fiscal, monetary or political issues have had, or could have, directly or indirectly, a material impact on the Issuer's operations.

Notwithstanding the above, on 30 June 2005, the Spanish Parliament passed draft legislation for the regulation of venture capital entities and their management companies. This legislation is currently with the Senate for ratification. The new legislation would replace the current Venture Capital Law. The proposed legislation aims to simplify venture capital companies' administrative regimes, by making the regime of administrative time limits more flexible and improving the regime of administrative silence for authorisation procedures for the constitution and modification of the Articles of Association for venture capital companies, increase investment flexibility and introduce new financial concepts which are common practice within the most advanced venture capital industries and which are restricted by current legislation. This broadens the advisory scope of venture capital companies and their management companies to include companies in which venture capital companies invest. In addition, the Draft Law regulating venture capital companies allows them to acquire holdings in the capital of listed non-financial companies with the aim of delisting them. The draft also allows venture capital companies to invest in other venture capital companies. The aim is to provide the sector with new, important tools to facility the investment activity of this type of company.

10. CAPITAL RESOURCES

10.1. Information concerning the issuer's financial resources (both short and long term);

As of the date of this Prospectus, DINAMIA has financed its operations with equity contributions from the Company's shareholders and cash generated by its ordinary activities.

The following table provides a breakdown of shareholders' equity in accordance with applicable Spanish GAAP (the General Chart of Accounts and additional regulations) as of 31 December 2004, 2003 and 2002:

	€'000							
	Capital stock	Additional paid-in capital	Translation differences	Other parent company reserves	Reserves at companies accounted for by the equity method	Reserves at fully consolidated companies	Attributable consolidated income	Total shareholders' equity
Balance at 31 December 2002	25,650	85,044	27	30,748	(1,375)	(7)	5,532	145,619
Balance at 31 December 2003	25,650	85,044	(36)	27,859	1,711	(11)	2,449	142,666
Balance at 31 December 2004	25,650	79,059	(37)	30,922	1,091	(67)	14,311	150,929

The following table includes the breakdown of shareholders' equity in accordance with IFRS as of 30 June 2005:

	Miles de Euros						
	Capital stock	Paid-in capital	Reserve for transition to IAS	Retained earnings (1)	Shareholders' equity attributable to the parent company	Minority interests	Net shareholders' equity
Balance as of 30 June 2005	26,933	80,374	10,571	34,117	151,995	52	152,047

(1) Includes €2,384 thousand of consolidated income for the first half of fiscal 2005.

The table below details the trend in DINAMIA's debt:

	NIIF	Spanish GAAP		
	2005(1)	2004	2003	2002
Long-term creditors	4,536	4,475	4,685	5,604
Short-term creditors	6,781	173	68	15,816

(1) As at 30 June 2005

We would highlight that the amount included under *Long-term debt* is not really financial debt since it relates to an accrued success fee to be paid to the Management Company. (See 20.1.2. Notes to the main headings in the consolidated balance sheets – *Long-term debt*).

DINAMIA's short-term financing typically includes accounts payable to the Company's service suppliers. The financing element covers from the time elapsing between the time at which a given service is rendered to DINAMIA and the invoice payment.

The amount recorded under *Current liabilities* as of 31 December 2002 is particularly high because in April 2002, DINAMIA, together with other Isolux Wat, S.A. (“**Isolux**”) shareholders, entered into an agreement (the “**Option Contract**”) whereby they sold to the remaining Isolux shareholders (“**Option Holders**”) an option to purchase all their shares (“**Option Holders**”). On 8 and 9 August 2002, the Company agreed with other Isolux shareholders to sell its entire stake in Isolux to Construction Investments, S.a.r.l. The amount payable by the Company to the Option Holders in order to settle the Option Contract, since one of the events which triggered the Option Holders’ right to exercise the option had occurred, was agreed between the parties in accordance with the Option Contract at 15,368 thousand euros. This payable was recorded under “Current liabilities” on the Company’s balance sheet as of 31 December 2002. (See 20.1.2. Notes to the main headings in the consolidated balance sheets – Current liabilities).

This heading is also high as of 30 June 2005, since it includes the pending dividend to be charged against financial year 2004 earnings, approved at the General Shareholders’ Meeting on 29 June 2005 and paid out on 15 July 2005. The dividend totalled 6,284 thousand euros.

As for debt, in September 2005 DINAMIA took out a temporary 9 million euros credit facility, with a 6-month maturity, in order to meet potential short-term cash requirements. The interest rate on this facility is 3-month Euribor + 0.80%.

Finally, DINAMIA is studying the possibility of taking out a long-term credit facility in order to finance its day-to-day operations. The facility under consideration would be in the order of approximately 40 million euros.

10.2. Explanation of the sources and amounts of and a narrative description of the issuer's cash flows.

DINAMIA’s cash position is made up of the balance the Company holds on its accounts and by the temporary acquisition of assets under resale agreements (repos).

The Company’s main sources of cash are closely linked to its financial income. They include returns on invested cash, dividends paid out by its equity investees and income generated from the sale of equity investments.

The main uses of cash include fees to the Management Company, dividend payments and equity investments.

Finally, it is worth mentioning that the main cash outlays that are not related to DINAMIA’s investment activity have arisen from payments to service providers, mainly fees to the Management Company, and from the payment of dividends made annually for the whole period covered by historical information.

The following table details changes in the Company’s working capital position in the last three financial years:

	Thousands of €		
	2004	2003	2002
Accounts receivable	6,776	4,007	4,965
Short-term investment portfolio	60,960	1,045	75,791
Cash	3,901	46,213	15,389
Accrual accounts	6	7	7
Accounts payable	(173)	(68)	(15,816)
Working capital	71,470	51,204	80,336

The following table details the cash movements in the last three financial years:

	Thousands of €		
	2004	2003	2002
Short-term financial investments (repos)	58,862	-	73,120
Cash	3,901	46,213	15,389
Total liquidity	62,763	46,213	88,509

In order to better understand the temporary financial investments considered to be liquid assets, the following table shows the consolidation between the total amount of temporary financial investments and those considered to be liquid assets (repos) in the last three financial years.

	Thousands of €		
	2004	2003	2002
Short-term investment portfolio	60,960	1,045	75,791
Portfolio of shares listed in the IBEX-35 (1)			(1,513)
Promissory notes	(957)	(933)	(932)
Interest accrued	(48)	(23)	(93)
Unlisted securities (1)(2)	(1,093)	(89)	(133)
Short-term financial investments (repos)	58,862	-	73,120

(1) Net of provisions

(2) 2005 includes 1,000 thousand euros corresponding to the shareholding in Forthpanel Limited.

A description of the main cash flows is included in item 20 of this Prospectus.

10.3. Information on the borrowing requirements and funding structure of the issuer;

As a general policy, DINAMIA uses the cash generated in its business activities to fund new investments. To this end, the Company aims to maintain a balanced turnover of its portfolio, financing new projects with the proceeds generated by portfolio disposals. The Company has not required debt during the period of time covered by the historical information - or since - in order to fund its daily operations.

However, it is feasible that the Company could require external financing in the future in order to carry out a specific investment, given the lack of control over the timing of investment disposals and acquisitions, DINAMIA's core business.

In September 2005 DINAMIA took out a temporary 9 million euro line of credit, with a 6-month maturity, in order to meet potential short-term cash requirements. The interest rate on this facility is 3-month Euribor + 0.80%.

At present, DINAMIA is studying the possibility of taking out a long-term credit facility of approximately 40 million euros.

10.4. Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations.

There are no capital restrictions, other than those protected by law, that have materially affected, or could materially affect the Issuer's operations.

10.5. Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3 and 8.1.

As of the date of this Prospectus, there are no firm commitments requiring funding.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

DINAMIA did not carry out any R&D activity during the time period covered by the historical financial information.

12. TREND INFORMATION

12.1. The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document.

To the Company's knowledge, no material new trends have affected its business since the end of the last financial year to the date of the registration statement.

12.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.

The venture capital sector is poised for unprecedented growth over the medium term due to:

- i. Increasing demand by Spanish companies and their shareholders for private equity;

- ii. Favourable capital gains tax treatment for both individual sellers of stock and venture capital companies and funds;
- iii. Increasing investor appetite for investment opportunities in unlisted companies, particularly by institutional investors (Spanish and international), leading to an increase in supply.

Market growth has been partly boosted by venture capital firms' enhanced access to bank financing (entrance of specialised banks in Spain, low interest rates, etc.). This has led to an increase in the recent number of acquisitions led by these entities. This trend is expected to continue over the coming years.

13. PROFIT FORECASTS OR ESTIMATES

DINAMIA has opted not to include any profit forecast or estimate.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1. Names, business addresses and functions in the Issuer of the following persons and an indication of the principal activities performed by them outside that Issuer where these are significant with respect to that Issuer: members of the administrative, management or supervisory bodies.

Members of DINAMIA's Board of Directors and its supervisory body.

Name, business address and title at the Issuer of the members of the Board of Directors and the supervisory boards, including their main unrelated activities, if said activities are of significance to the Issuer.

Board of Directors	Title	Nature of membership	Business address
Santiago Bergareche Busquet	Chairman	Independent	Serrano, 32-3º E 28001 Madrid
José Fernando Sánchez-Junco Mans	Vice-Chairman	Independent	Avenida del Partenón, 16-5ª Planta Campo de las Naciones Madrid
Juan Domingo Ortega Martínez	Director	Independent	Avda. Reyes Católicos, 27 Villarrobledo Albacete
Juan Domingo Ortega Martínez	Director	Independent	Vicente Aleixandre, 21 - 3ª- 2ºB, Murcia
Alfred Merton Vinton	Director	Corp. shareholder (dominical)	Paternoster House 65 St Paul's Churchyard London EC4M 8AB
Jordi Conejos Sancho	Director	Corp. shareholder (dominical)	Travesera de Gracia 11, Barcelona
Luis de Carlos Bertrán	Secretary to the Board	-	Príncipe de Vergara, 187 (Madrid)

Members of the Audit Committee	Title	Business address
Juan Domingo Ortega Martínez	Chairman	Avda. Reyes Católicos, 27 Villarrobledo Albacete
José Fernando Sánchez-Junco Mans	Director	Av. del Partenon, 16 - 5ª planta Campo de las Naciones Madrid
Juan Domingo Ortega Martínez	Director	Vicente Aleixandre, 21 - 3ª- 2ºB, Murcia

Luis de Carlos Bertrán	Secretary to the Board	Príncipe de Vergara, 187 (Madrid)
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- Santiago Bergareche Busquet, Chairman of the Board of Directors, does not carry out any executive functions. Mr. Bergareche carries out the following activities outside of the Company of relevance to DINAMIA:
 - Vice-Chairman and member of Grupo Ferrovial's Executive, Appointments and Remuneration and Audit Committees.
 - Board member of Ferrovial Aeropuertos, S.A.
 - Board member of Ferrovial Infraestructuras, S.A.
 - Board and Executive Committee member of Vocento (the Spanish Press Group).
- José Fernando Sánchez-Junco Mans, Vice-Chairman of the Board of Directors, does not carry out any executive functions. Mr. Sánchez-Junco carries out the following activities outside of the Company which are relevant to DINAMIA:
 - Chairman and General Manager of Unión Española de Explosivos, S.A.
 - Board member and member of the Related Party Transactions Commission at Cintra Concesiones de Infraestructuras de Transporte, S.A.
- Juan Domingo Ortega Martínez, member of the Board of Directors, does not carry out any executive functions. Mr. Bergareche carries out the following activities outside of the Company of relevance to DINAMIA:
 - Chairman and CEO of Grupo Forlasa.
- Juan José Sánchez Cánovas, member of the Board of Directors, does not carry out any executive functions. Mr. Sánchez carries out the following activities outside of the Company which are relevant to DINAMIA:
 - Interim professor of Business Administration at the Board of Education of Murcia.
- Alfred Merton Vinton, member of the Board of Directors, does not carry out any executive functions. Mr. Vinton carries out the following activities outside of the Company which are relevant to DINAMIA:
 - Board member of Electra Partners Europe Limited
 - Board member of Unipark Ltd
 - Board member of Lambert Howarth Group Plc

- Board member of Emergent Asset Management, Ltd.
- Board member of Pactual Electra Capital Partners.
- Board member of Sand Aire Investment Management, Ltd.
- Board member of Patagonia Recovery Fund, Ltd.
- Board member of Amerindo Internet Fund, Plc.
- Board member of Nmás1 Private Equity International Limited.
- Jordi Conejos Sancho, member of the Board of Directors, does not carry out any executive functions. Mr. Conejos carries out the following activities outside of the Company of relevance to DINAMIA:
 - CEO of Agrupació Mútua del Comerç i de la Indústria, M.A.I.R.P.F
 - Vice-chairman of Agrupació Actividades e Inversiones Inmobiliarias, S.A.
 - Represents Agrupació Bankpyme Seguros de Vida y Salud, S.A. in his role as Chairman of Inverpyme, S.C.R., S.A.
 - Chairman of the Banco de la Pequeña y Mediana Empresa (SME Bank)

Nature of any family relationships between the members of the Company's Board of Directors and its supervisory board, and between the former and the Company's Managers:

There are no family ties between the members of the Company's Board of Directors and its supervisory board, or between the former and the Company's Managers.

Details of the members of the Company's Board of Directors and its supervisory board's relevant management expertise and experience:

- Santiago Bergareche Busquet is a graduate of business studies and law from the Universidad Comercial de Deusto (Bilbao). He has been General Manager of Banco Bilbao Vizcaya Argentaria, S.A., Chairman of Metrovacesa, Chairman of Agromán and CEO of the Ferrovial Group. He is currently Chairman of DINAMIA, Vice Chairman of the Ferrovial Group and member of Vocento's Board of Directors, as well as the boards of other financial and real estate companies.
- José Fernando Sánchez-Junco Mans is an industrial engineer (specialising in industrial organisation), a member of the State Superior Body of Industrial Engineers and a ISMP graduate of Harvard Business School. He has been Deputy Director

General of Studies and Promotion of industry at the General Technical Secretariat and Director General for the Steel and Naval Industries. He is currently Chairman of the Board of Directors and General Manager of Unión Española de Explosivos, S.A., and Board Member of DINAMIA and Cintra, Concesiones de Infraestructuras de Transporte, S.A.

- Juan Domingo Ortega Martínez, has been Chairman and CEO of the FORLASA Group since 1983, which specialises in various sectors such as energy and renewable energy, food and real estate.
- Juan José Sánchez Cánovas is a graduate of business studies and has an MBA in Banking Finance from the Universidad de Murcia. He is currently a Board Member of DINAMIA and part-time professor of Business Administration at the Board of Education of Murcia. He also teaches business projects and financial management modules and organises hand-on training for students of the Higher Level of Administration and Finance at the Mar Menor de San Javier High School.
- Alfred Merton Vinton, is CEO of Bemberg Group, and is responsible for the group's financial assets. He is also Chief Operating Officer of NM Rothschild & Sons Ltd and holds various positions in JP Morgan Group companies. He is currently Board Member of Electra Partners Europe Limited, a venture capital fund specialising in private equity. Likewise, he sits on the Board of Directors of the following companies: Amerindo Internet Fund plc, Emergent Asset Management Ltd (debt management company for emerging markets), Lambert Howarth Group plc, Pactual Electra Capital Partners (Brazilian fund manager), Sand Aire Investment Management Ltd, Patagonia Recovery Fund Limited (operates in Argentina), Unipart Ltd (company providing automobile spare parts), Níam Private Equity International Limited and DINAMIA.
- Jordi Conejos Sancho PhD is a business studies graduate from Barcelona University and holds a diploma in General Business Administration. He has been a professor at the Barcelona University, Pompeu Fabra and ESADE, deputy general manager of industry for the regional government of Catalonia and director of holding groups at the Mututal Group of business and commerce. He is currently CEO of the Agrupación Mutua Group, Chairman of the Banco de la Pequeña y Mediana Empresa (Bank for SMEs), board member of various industrial and service companies and represents the Mutual Group of business and commerce as well as being Chairman of venture capital company INVERPYME. He is also Dean of the Business School of Catalonia for 2004 – 2006 and member of the executive board and the executive committee of the Catalan organisation PIMEC.

Names of all companies and partnerships of which the members of the Company's Board of Directors and its supervisory board has been or are a member of administrative, management or supervisory bodies or partner at any time in the previous five years.

Santiago Bergareche has been board member of the Ferrovial Group, Vocento and DINAMIA over the past five years.

José Fernando Sánchez-Junco has been a board member of the following companies over the past five years:

- Uralita
- DEFEX, S.A.
- FEEM (Federation of European Explosives Manufacturers)
- Cintra Concesiones e Infraestructuras de Transporte, S.A.
- DINAMIA

Juan Domingo Ortega Martínez has been a board member at Forlasa and is currently on the DINAMIA board of directors.

Jordi Conejos has been, and still is, a board member of the following companies:

- Agrupació Mútua del Comerç i de la Indústria, Mútua d'Assegurances i Reassegurances a Prima Fixa.
- Agrupació Bankpyme Seguros de Vida y Salud, S.A. Sociedad Unipersonal.
- Amsyr Agrupació Seguros y Reaseguros, S.A. Sociedad Unipersonal.
- Banco de la Pequeña y Mediana Empresa, S.A.
- Grupo MGO, S.A.
- Marco Polo Investments, Sociedad de Capital Riesgo, S.A.
- Transport Sanitari de Catalunya, S.L.
- Mutual de Inversiones, S.A.
- Agrupació Actividades e Inversiones Inmobiliarias, S.A.
- Catalana d'Iniciatives, S.C.R.
- Parc de Recerca Biomèdica Catalunya
- Amrey Promociones Inmobiliarias
- Boí Taüll, S.A.
- General Lab
- Inverpyme, S.C.R., S.A.
- Weblin Invest S.L.
- Ars XXI S.A.
- Grup Mutual
- Net-Technology Investments, S.L.
- Funespaña, S.A.
- Soficatra
- Interlaken 2003, S.L.
- Col·legi Economistes de Catalunya
- Pimec
- Mutual Cyclops

Other relevant information pertaining to the members of the Company's Board of Directors and its supervisory boards.

In accordance with information provided by the members of the Company's Board of Directors, we hereby state that no member (i) has any convictions in relation to fraudulent offences for at least the last five years, (ii) is implicated in any bankruptcies, receiverships or liquidations of any company where it was a board member or senior manager, at least in the last five years, or (iii) received any public criticisms and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory boards of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the last five years.

However, Alfred Merton Vinton was board member of Derby County Limited (English football club) which went bankrupt in 2002.

DINAMIA'S Management

Names, business addresses and functions in the Issuer of the Company's Managers and the principal activities performed by them outside the Issuer where these are significant to the Issuer.

Article 20 of DINAMIA's articles of association states that *"the Company's assets will be managed by a Venture Capital Management Company in accordance with the appropriate management agreement"*. To this end, DINAMIA and the Management Company entered into a management agreement on 24 November 1997. The agreement was publicly notarised in Madrid by Mr. Luis Rueda Esteban on 25 November 1997 (protocol number 6,048) by which the Management Company was assigned the management and administration of DINAMIA. The management agreement was subsequently partially modified (i) by virtue of a contract reached on 29 June 2000, supervised by the then Stockbroker for the School of Madrid, Mr. Antonio Morenés Giles, and subsequently ratified in Madrid on 24 May 2001 by the notary public, Mr. Antonio Morenés Giles, and (ii) by virtue of the agreement notarised in Madrid by Mr. Manuel Richi Alberti on 5 May 2004 (protocol number 1,732) (the **"Management Agreement"**).

Accordingly, the Company's assets have been managed by the Management Company since that date. DINAMIA has no management staff or other personnel; i.e. its management or administrative functions are all carried out by the Management Company.

The Management Company was founded on 11 July 1995 as a Venture Capital Management Company under the name of "A.B. CAPITAL DESARROLLO, SOCIEDAD GESTORA DE FONDOS DE CAPITAL RIESGO, S.A.", and notarised on the same date in Madrid by Mr. Luis Rueda Esteban (protocol number 3,154). Its registration number with the Spanish Venture Capital Management Company registry is no.7.

On 14 October 1997 the Management Company decided to expand its corporate purpose to include the management of all kinds of venture capital firms, not just exclusively venture capital funds.

In a public deed dated 11 November 1997, the Management Company changed its name to “A.B. ASESORES ELECTRA CAPITAL PRIVADO SOCIEDAD GESTORA DE ENTIDADES DE CAPITAL RIESGO S.A.” in Madrid in the presence of notary public, Luis Rueda Esteban (protocol number 5,806). It subsequently changed its name again to “N MÁS UNO ELECTRA CAPITAL PRIVADO, S.G.E.C.R., S.A.” in a public deed dated 6 February 2001 in Madrid in the presence of notary public, Luis Rueda Esteban (protocol number 557), and again to its current business name “NMÁS1 CAPITAL PRIVADO S.G.E.C.R., S.A.”, in a public deed dated 25 July 2003, notarised in Madrid by Antonio Morenés Giles (protocol number 1,832).

The Management Company’s capital stock as of 31 December 2004 totalled 301,000 euros, wholly owned by N Más Uno IBG, S.A. The capital stock of N Más Uno IBG, S.A. is 27.01%-owned by Certimab Control, S.L., 18.01% by Dirervvalor, S.A., 18.01% by AV Málaga Capital, S.L., 18.01% by Tasmania Gestión, S.L. and 4.51% by US insurance group AIG, with the remaining 14.45% held by executives of the company, without having any person nor entity control over the company.

At present, DINAMIA is the only venture capital company managed by the Management Company. However, the Management Company is not obliged to provide its services to the Company on an exclusive basis and could manage the assets of any other venture capital company or fund.

The Management Company is registered (no. 7) in the pertinent registers of the CNMV.

The Management Company is the exclusive manager and administrator for all of the Company’s assets. It does so on behalf of, and in the name of, the Company and can act in any capacity it deems necessary, including taking ownership of said assets.

Notwithstanding the general provisions described above, the Management Company’s representation of the Company does have some limitations. In addition to legal restrictions, the Management Company may not undertake any of the following actions in the name of or on behalf of the Company:

- (i) Debt agreements with third parties on behalf of DINAMIA without the accompanying documentation issued by DINAMIA approving said borrowing.
- (ii) Acquisitions that individually represent an amount in excess of EIGHTEEN MILLION, THIRTY THOUSAND, THREE HUNDRED AND SIXTY THREE EUROS AND THIRTEEN CENTS (18.030,363.13 euros).

- (iii) Provide guarantees, both personal and against collateral, in any amount. The above restriction on providing collateral guarantees on behalf of DINAMIA is not applicable if all of the following requirements are met:
- That the collateral guarantee is granted in connection with financing provided to either DINAMIA or its financing vehicles in order to make an investment in an equity investee, or directly to an equity investee.
 - That the financing arrangement being guaranteed is related to an equity investment by DINAMIA, or its investment vehicle.
 - That the guarantee covers the shares, equity stakes or other assets belonging to DINAMIA, the investment vehicle or the equity investee, in connection with the investment being financed.
- (iv) Granting credit or loans in any amount on behalf of DINAMIA investees, with the exception of participating or convertible loans and subordinated financing.
- (v) Transfers of DINAMIA ownership stakes in unlisted companies which are not accompanied by the corresponding document issued by the Management Company stating that said transfer is not being made for consideration less than the net asset value of the stake in question registered in the Company's quarterly valuations.

According to the terms of the Management Agreement, the Management Company provides the following administrative services to DINAMIA, among others, for which the former has been granted additional powers of attorney:

- Carry out the Company's book-keeping, separate to its own.
- Ensure the Company meets its periodical reporting requirements, including notification of material events, and where appropriate, communication of material investments, in accordance with prevailing securities market legislation.
- Request and follow-up any permits, press releases and register entries the Company is required to make in order to carry out its business activities in accordance with prevailing legislation.
- Undertake the Company's book-keeping, accounting and legal records in accordance with effective legislation.
- Facilitate the Company's auditors and Directors' inspection and review of the Company's accounts and records.
- Collaborate with the Company's auditors and Directors in their verification of the Company's annual accounts and, in particular, asset valuation.

- Provide the Company's Board of Directors regularly with whatever material information it requires in connection with the Company's assets and investments.
- Handle depository and custody matters in connection with the ownership deeds, stock ownership certificates, share representation deeds and other ownership and possession related documents relevant to the Company's investments.
- General investor relations, implementation of the Company's chosen shareholder policy and communication to the Company of relevant shareholder events.

The names, business addresses and functions in the Issuer of the Management Company's Directors and an indication of the principal activities performed by them outside the Issuer are provided below.

Name	Title	Business address
Jorge Mataix Entero	Chairman and CEO	Padilla, 17 (Madrid)
Lorenzo Martínez Márquez	Director	Padilla, 17 (Madrid)
Federico Pastor Arnauda	Director	Padilla, 17 (Madrid)
Francisco Albella Amigo	Secretary to the Board	Padilla, 17 (Madrid)

Mr. Mataix, Mr. Martínez and Mr. Pastor are board members at some of DINAMIA's equity investees, in their capacity as the Company's asset manager. Their specific functions are as follows:

- Jorge Mataix Entero is a board member of Arco Bodegas and Segur Ibérica.
- Lorenzo Martínez Márquez is a board member of Anayak and GAM.
- Federico Pastor Arnauda is a board member of High Tech, Segur Ibérica, éMfasis and Cristher.

Neither the Management Company's Directors, nor its other employees involved in the management of DINAMIA carry out activities beyond the scope of their functions at the Management Company which are significant with respect to the Company's business.

However, the Management Company Directors are also Directors of N Más Uno Advisor, S.A., a subsidiary of Grupo N Más 1 whose main activity is providing corporate finance, advisory and consulting services and which advises the Fund at this time.

Nature of any family relationship between the Management Company's Directors, and between the Management Company's Directors and members of its administrative and supervisory boards:

There are no family ties between the Management Company's Directors or between the them and members of its administrative and supervisory boards:

Details of the Management Company's Directors' relevant management expertise and experience:

- Jorge Mataix Entero, Management Company Chairman and CEO, and founding partner of Grupo Nmás1, is the Management Company's most senior executive. Mr. Mataix, a graduate of business studies from ICADE, worked at the following firms before founding the Management Company:

1999-2001	AB Asesores Morgan Stanley Dean Witter (CEO of AB Asesores Electra Capital Privado)
1993-1999	Grupo AB Asesores (CEO of AB Asesores Electra Capital Privado)
1987-1992	Grupo Entrecanales (General Manager of Bestinver)
1982-1987	Manufacturers Hanover, currently Chase Manhattan Bank, (New York)

- Lorenzo Martínez Márquez, Management Company Director and founding partner of Grupo Nmás1, is part of the Management Company's senior management cadre. Mr. Martínez, a graduate of law, holds an International MBA from the Instituto de Empresa and worked at the following firms before founding the Management Company:

1999-2001	AB Asesores Morgan Stanley Dean Witter (private equity department)
1990-1999	Grupo AB Asesores (private equity department)
1989-1990	Johnson Wax (financial controller of the Spanish manufacturing division)

- Federico Pastor Arnauda, board member of the Management Company and founding partner of Grupo Nmás1, is part of the Management Company's senior management. Mr. Pastor, a graduate of law, holds an International MBA from the Instituto de Empresa and worked at the following firms before founding the Management Company:

1999-2001	AB Asesores Morgan Stanley Dean Witter (private equity department)
1993-1999	Grupo AB Asesores (private equity department)
1991-1993	MG Valores (equity analyst)
1989-1991	Euroventures España (analyst in the private equity department)

- Francisco Albella Amigo, Management Company Director and founding partner of Grupo Nmás1, is part of the Management Company's senior management team. Mr. Albella, a law graduate from the University of Valencia, worked at the following firms before founding the Management Company:

1999-2001	AB Asesores Morgan Stanley Dean Witter, SV, SA. (Head of the legal department)
1990-1999	Grupo AB Asesores (Head of the legal department)

Names of companies and partners of which the Management Company and its Directors are or have been a member of the administrative, management or supervisory bodies or partner at any time in the years preceding the date of this Prospectus.

In the last five years, Jorge Mataix Entero has been, and is currently, a board member at certain companies comprising the Nmás1 group and he indirectly holds a stake in N Más Uno IBG, S.A., parent company to the Nmás1 Group, of approximately 18.01%. He is currently Chairman of the Spanish Association of Venture Capital Companies.

In the last five years, Lorenzo Martínez Marquez has been, and is currently, a board member at certain companies comprising the Nmás1 group and he holds a stake in N Más Uno IBG, S.A. of approximately 1.37%.

In the last five years, Federico Pastor Arnauda has been, and is currently, a board member at certain companies comprising the Nmás1 group and he holds a stake in N Más Uno IBG, S.A. of approximately 1.37%.

In the last five years, Francisco Albella Amigo has been, and is currently, a board member at certain companies comprising the Nmás1 group and he holds a stake in N Más Uno IBG, S.A. of approximately 1.4%.

In addition, the Management Company and its Directors are currently or have been members of the administrative bodies of some of DINAMIA's investees in the five years preceding the date of this Prospectus.

Other relevant information pertaining to the Management Company and its Directors.

In accordance with information provided by the Management Company and its Directors, we hereby state that neither the Management Company nor its Directors (i) has been convicted in relation to fraudulent offences for at least the last five years, (ii) is implicated in the bankruptcies, receiverships or liquidations of any company where it was a board member or senior manager, at least in the last five years (with the exception of the Management Company itself, which was board member of Cables Perti, a DINAMIA portfolio company, which, after the Management Company left its board, suspended payments and later on declared bankruptcy), or (iii) has received any official public criticisms and/or sanctions by statutory or regulatory authorities (including

designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory boards of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the last five years.

14.2. Administrative, Management, and Supervisory Boards and Senior Management conflicts of interest

According to information available to the Company, none of the individuals referred to in item 14.1 are in any way conflicted in their obligations to the Company vis-à-vis their private interests. Nor do they carry out similar or analogous activities to those of the Company, on their own behalf or on behalf of others, with the exception of those detailed below.

Administrative, management and supervisory boards and senior management conflicts of interest.

Conflicts of interest are regulated in the Company's Internal Code of Conduct referred to in item 21.2.2 of this Prospectus.

Members of the Company's administrative and supervisory boards

In accordance with the provisions contained in article 127 (iii) of the Spanish Public Limited Companies Law, we hereby state the following in connection with board members Alfred Merton Vinton and Jordi Conejos Sancho:

- Alfred Merton Vinton:
 - Chairman of the Board of Directors of Electra Partners Limited, the management company for a group made up of other venture capital companies. In addition, Electra Partners Limited is the manager for Electra Investment Trust, PLC, which, via Electra Private Equity Partners 1995 (formerly called Electra Fleming Private Equity Partners) owns 892,800 shares in DINAMIA. Mr. Vinton is also a shareholder of Electra Investment Trust Plc and Electra Partners Limited.
 - He is a board member of Nmás1 Private Equity International Limited, a subsidiary of Grupo Nmás1 and one of the Fund's General Partners. The Fund has an agreement with the Management Company whereby the parties to the agreement commit to offer all future potential investments to the Fund and DINAMIA on equal terms.
 - He is a partner and board member of the Spanish limited liability company, Capital Privado Inversiones S.L., which engages in the ownership, management and disposal of equity investments in unlisted companies. Other Grupo Nmás1 executives are also partners. This company has invested in the Fund and is committed to invest up to 1.76 million euros.

- Others: Mr. Vinton has informed the Company that he is a board member and/or shareholder of the following companies (some listed) whose business purpose is akin to that of DINAMIA:

Business name	Board member	Shareholder
Sand Aire Private Equity Limited	Yes	No
Amerindo Internet Fund.	Yes	Yes
Pactual Electra Private Equity	Yes	No
Patagonia Recovery Fund Ltd	Yes	No
Lambert Howarth Plc.	Yes (Chairman)	Yes
Emergent Asset Management	Yes (Chairman)	Yes

- Jordi Conejos Sancho:
 - Represents Agrupació Bankpyme Seguros de Vida y Salud, S.A. in his role as Chairman of Inverpyme, S.C.R., S.A.

The Management Company

The Management Agreement between the Company and the Management Company is not exclusive on the manager's side. Although DINAMIA's are currently the only assets managed by the Management Company, the latter is entitled to handle other parties' assets, which could give rise to conflicts of interest.

In addition, the Management Company belongs to the Nmás1 Group, which also includes another venture capital management company, Nmás1 Eolia SGEGR, S.A. This company manages the assets of a venture capital company that invests in wind farms and other renewable energy facilities, Eolia Mistral de Inversiones SCR, S.A. Although Nmás1 Eolia SGEGR, S.A. and DINAMIA seek investment in different types of companies, there is a hypothetical risk of conflict of interest in management of the Company's assets by the Management Company. In this respect, the Nmás1 Group's organisational structure separates the different group companies in such a way as to ensure the functional and spatial segregation between the different business lines. Moreover, the Nmás1 Group has an Internal Code of Conduct and Procedures Manual that establishes the segregation of functions of the different business lines in order to avoid the release of confidential information, as well as the necessary tools to avoid conflicts of interest between the various Nmás1 Group companies and their respective customers.

Members of the Management Company Directors

Jorge Mataix Entero, Federico Pastor Arnauda, Lorenzo Martínez Márquez and Francisco Albella Amigo are partners and board members of the Spanish limited liability company, Capital Privado Inversiones S.L., which engages in the ownership, management and disposal of equity investments in unlisted companies. Other Grupo Nmás1 executives are also partners. This company has invested in the Fund and is committed to invest up to 1.76 million euros.

Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any members of DINAMIA's administrative, management and supervisory boards were selected as members.

There are no significant related party agreements as defined above.

Details of any restrictions agreed by the members of DINAMIA's administrative, management and supervisory boards on the disposal within a certain period of time of their holdings in the Issuer's securities.

There are no restrictions agreed by the members of DINAMIA's administrative, management and supervisory boards in relation to their holdings in the Issuer's securities.

15. REMUNERATION AND BENEFITS

15.1. In relation to the last full financial year, the amount of remuneration paid (including any contingent of deferred compensation) and benefits in kind granted by the Issuer and its subsidiaries to the persons referred to in item 14.1 for services in all capacities to the Issuer and its subsidiaries

Directors' remuneration.

The following table details the remuneration paid to Company's Board of Directors in financial year 2004 and in the first half of 2005 for their attendance to board meetings:

	Thousands of euros	
	FY 2005(*)	FY 2004
Attendance to board meetings	91	111
TOTAL DIRECTOR REMUNERATION	91	111

(*) Through 30 June 2005

The Company's Directors did not receive any remuneration from the Company or any of its subsidiaries or investees in 2004 or in the first half of 2005 other than that described in the table above and in the table below which details remuneration paid to Audit Committee members.

Audit Committee remuneration

The following table details remuneration paid to the members of the Company's Audit Committee during financial year 2004 and the first half of 2005 for attendance to Committee meetings:

	Thousands of euros	
	FY 2005(*)	FY 2004
Attendance to Audit Committee meetings	11	20
TOTAL AUDIT COMMITTEE REMUNERATION	11	20

(*) Through 30 June 2005

The Audit Committee board members did not receive any remuneration from the Company or any of its subsidiaries or investees in 2004 or in the first half of 2005 other than that described in the table above or in the table detailing Directors' remuneration.

Remuneration paid to the Management Company and Directors

The following table details fees paid to the Management Company during 2004 and the first half of 2005:

	Thousands of €	
	2005(*)	2004
Fixed management fee	1,413	2,683
Success fee	-	2,694
TOTAL MANAGEMENT COMPANY REMUNERATION	1,413	5,377

(*) To 30 June 2005

The remuneration paid to the Management Company for the provision of advisory services to DINAMIA investees is as follows:

	Thousands of €	
	2005(*)	2004
Advisory services for companies in which DINAMIA has a stake	-	21

(*) To June 30 2005

remuneration paid to the Management Company subsidiary for the provision of advisory services to DINAMIA investees is as follows:

	Thousands of €	
	2005	2004
Advisory services for companies in which DINAMIA has a stake performed by the affiliate of Management Company	719	355

The Directors of the Management Company did not receive any form of remuneration from the Company nor from any affiliated.

15.2. Amounts set aside or accrued by the Issuer or its subsidiaries to provide pension, retirement or similar benefits

DINAMIA has no pension commitments or obligations with regard to its current or former Directors or the members of its Audit Committee or with the current or former Directors of its Management Company.

16. BOARD PRACTICES

16.1. Date of expiration of the current term of office and date of first appointment of the persons referred to in item 14.1.

Company Board of Directors.

Name	Date of first appointment	Appointed until
Santiago Bergareche Busquet (Chairman)	11 December 2002	23 June 2008
José Fernando Sánchez-Junco Mans (Member)	11 December 2002	23 June 2008
Juan Domingo Ortega Martínez (Member)	11 December 2002	23 June 2008
Juan Domingo Ortega Martínez (Member)	23 June 2003	23 June 2008
Alfred Merton Vinton (Member)	17 December 2003 ¹	29 June 2009
Jordi Conejos Sancho (Member)	17 December 2003	29 June 2009
Luis de Carlos Bertrán (Secretary, non Board member)	19 February 2003	-

Members of the Company's supervisory body.

Audit Committee Members

Name	Date of first appointment	Appointed until
Juan Domingo Ortega Martínez (Chairman)	17 December 2003	17 December 2006
José Fernando Sánchez-Junco Mans (Member)	17 December 2003	17 December 2006
Juan Domingo Ortega Martínez (Member)	17 December 2003	17 December 2006
Luis de Carlos Bertrán (Secretary)	17 December 2003	-

Members of the Board of Directors of the Management Company

Name	Date of first appointment	Appointed until
Jorge Mataix Entero (Chairman and CEO)	11 July 1995	26 November 2007
Federico Pastor Arnauda (Member)	21 April 2004	21 April 2009
Lorenzo Martínez Márquez (Member)	21 April 2004	21 April 2009

¹ Mr. Alfred Merton Vinton was appointed Board Member of DINAMIA from the moment of the incorporation of DINAMIA, this is from November 11th 1997, to the 25th of November 1997.

Francisco Albella Amigo (Secretary, Board member)	15 June 2003	15 June 2008
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The Management Company

The Management Company has been managing DINAMIA's assets since the management agreement was signed on 24 November 1997. The Management Agreement, as stated throughout the Prospectus, is indefinite in duration, may be terminated by either party at any time on a minimum of three years' notice or, if the notice is not given, on payment of compensation equivalent to the three years' fixed annual commission payable to the Management Company, plus the theoretical success fee accrued up to that time.

16.2. Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement

There are no contracts between the members of DINAMIA's Board of Directors and the Company or its subsidiaries providing for compensation upon completion of their posts as Directors. In addition, no indemnities have been paid in the last three years for terminating a Director's position.

On the other hand, the Management Agreement does provide for an indemnity by the Company to the Management Company should the contract be dissolved at the Company's behest without prior notification of at least three years. The amount in question is set at the equivalent of the fixed annual fee to be received by the Management Company during a period of three years, or if the agreement dissolution has the support of two-thirds of DINAMIA's shareholders, a period of two years.

In addition, the Management Agreement establishes the Management Company's right, in the event that DINAMIA dissolves the contract, to receive a payment equivalent to the aggregate success fees it would be entitled to if all the Company's investments were sold at that moment. This amount would be determined by a financial advisor to be jointly designated by both parties.

16.3. Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates

Audit Committee.

DINAMIA's Board of Directors agreed to set up the Audit Committee on 19 February 2003. At the General Shareholders' Meeting held on 23 June 2003, it was agreed to modify the Company's articles of association in order to include, among other items, the regulations governing the Audit Committee in accordance with the provisions of Law 44/2002, regarding Financial System Reform Measures. The

regulation governing the Board of Directors was similarly modified in order to introduce the aforementioned code. As a result, article 22 of the Company's articles of association and article 12 of the Board of Directors' regulation govern the Audit Committee's composition, responsibilities and operating rules.

At the General Shareholders' Meeting held on 29 June 2004, it was agreed to modify the articles of association, as recorded in Madrid's Mercantile Registry, in order to set the length of term of office for Audit Committee members. This was set at three years from the date of appointment or, where appropriate, until the appointee ceases to be a Director. Members can be reappointed for one or more additional three-year periods.

Composition of the Audit Committee

The articles of association and the board regulations both set forth that the Audit Committee shall be made up of three independent Directors. As stated previously, the Audit Committee comprises three external independent directors: Juan Domingo Ortega Martínez (Chairman), José Fernando Sánchez-Junco Mans and José Fernando Sánchez-Junco Mans. Luis de Carlos Bertrán, Secretary to the Board of Directors, is also the Secretary to the Audit Committee.

Audit Committee operating rules

The Audit Committee ordinarily meets on a quarterly basis in order to review the interim financial information to be reported to the CNMV as well as any matters for Board approval which have to be included in its public annual report. In addition, the Committee shall meet at its Chairman's request when the latter is obliged to do so because the Board of Directors or its Chairman requires the Committee to issue a report or adopt specific proposals, or whenever it is deemed necessary in order to properly carry out the role it is entrusted with.

The Audit Committee must issue an annual report highlighting the main incidents, where appropriate, in connection with its functions. Said report must be included in the annual corporate governance report and be made available to shareholders on the Company's website.

At the request of the Audit Committee, the Management Company's management team and personnel are required to be present at Audit Committee meetings in order to provide access and guidance to information at their disposal. The Audit Committee may similarly request the presence of the Company's auditors at its meetings. In addition, the Audit Committee may resort to external counsel wherever it deems such advice necessary to adequately meet its obligations.

Functions of the Audit Committee

The Audit Committee's functions are as follows:

- a) Report at the General Shareholders Meeting at the request of shareholders on issues which fall under its competence.
- b) Make recommendations to the Board of Directors on the appointment of external auditors for approval at the General Shareholders Meeting and, where appropriate, their renewal or non-renewal.
- c) Supervise the internal auditing process and review the Company's annual accounts and interim financial information, to ensure compliance with its legal requirements and the adequate application of generally accepted accounting principals.
- d) Know the Company's internal control and financial processes.
- e) Manage the relationship with the external auditors in order to address issues which could jeopardise the latter's independence and any other matters related to the account auditing process, as well as communicating any other matters provided for in prevailing auditing legislation and accounting standards.
- f) Carry out any other task assigned to it by the Board of Directors.

Remuneration Committee.

The Company does not have a Remuneration Committee.

16.4. State whether or not the Issuer complies with its country's of incorporation corporate governance regime(s). In the event that the Issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.

As presented in DINAMIA's most recent corporate governance report, filed with the CNMV on 8 June 2005, the Company's governance practices are in line with generally accepted recommendations and practices put forward by international organisms and codes of conduct. In particular, the Company complies with the recommendations included in the so-called Aldama report (the result of a special commission to foster transparency and stability in financial markets and at listed companies) and the Olivencia Code (a specially developed ethics code for Boards of Directors).

Notwithstanding the above, DINAMIA's specific characteristics mean that some of the recommendations have been adapted to the particular nature of the Company. These are as follows:

- Given that the Company has few board members and its asset management is handled by the Management Company, in accordance with the provisions contained in article 23.4 of the Venture Capital Law and article 20 of the Company's articles of association and in order to simplify and rationalise its operating structure, the decision was taken not to set up an Executive Committee.
- Similarly, there is to date no age limit for board members.
- The Company has not set up committees under the auspices of its Board of Directors regarding senior management and Director selection (Appointments Committee), remuneration setting and review (Remuneration Committee) and governance performance (Compliance Committee).

17. EMPLOYEES

- 17.1. Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the registration document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the issuer employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.**

The Company does not have, nor has ever had, any employees.

- 17.2. Shareholdings and stock options. With respect to each person referred to in item 14.1, provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.**

Ownership stakes and stock options held by the Company's Directors and supervisory board members in DINAMIA.

The following table details DINAMIA's Directors' shareholdings in the Company. Since the Audit Committee is a sub-set of Directors, the table also shows the Audit Committee's shareholdings in the Company:

Director	Total no. of shares	Direct shareholding (%)	Indirect shareholding (%)	% Total
BERGARECHE BUSQUET, SANTIAGO	1	0	0	0
CONEJOS SANCHO ,JORDI	100	0.001	0	0.001
ORTEGA MARTINEZ, JUAN DOMINGO	1	0	0	0
SANCHEZ CANOVAS, JUAN JOSE	2,731	0.026	0.005	0.031
SANCHEZ-JUNCO MANS, JOSE FERNANDO	1	0	0	0
VINTON, ALFRED-MERTON	0	0	0	0

None of the Company's board members – and accordingly none of its Audit Committee members - hold DINAMIA stock options. There are no shareholder agreements between the Directors and the Company.

Ownership stakes and call options on the Issuer's shares held by the Management Company and its Directors.

Neither the Management Company nor its Directors hold shares or stock options in DINAMIA.

There is no shareholder agreement between DINAMIA and the Management Company, or between the Management Company's Directors and the Company.

17.3. Description of any arrangements for involving the employees in the capital of the Issuer.

The Company does not have, nor has ever had, any employees.

18. MAJOR SHAREHOLDERS

18.1. In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement.

Name of shareholder	Direct stake (%)	Indirect stake (%)	% Total
AGRUPACIO MUTUA DEL COMERÇ I DE LA INDUSTRIA, MUTUA D'ASSEGURANCES I. R.P.F.	8.614	2.195	10.809
ELECTRA INVESTMENT TRUST, PLC	0.000	10.442	10.442

CHASE NOMINEES LTD	6.748	0.000	6.748
ENTUR-99, S.L.	5.003	0.000	5.003

(*) According to Park Place Capital Limited and Park Place International's filings with the CNMV on 11 April and 11 May 2000, respectively, Park Place Capital Limited controls Park Place International and other entities which on a combined basis and together with Park Place International (5.380%, direct), bring Park Place Capital Limited's indirect stake in the Company to 10.23% (874,640 shares). According to the filing the aforementioned other entities are: Commodities Offshore, Commodities Onshore, Lyxor, Relay 1, PGS Focus, Super Hedge, Protection II, Polaris, Leonardo. However, Park Place International does not figure as a Company shareholder in the shareholder register facilitated by the Madrid Stock Exchange. Furthermore, the register does not include any information on the possible indirect stakes held by Park Place Capital Limited. Agrupacio Mutua del Comerç I de la Industria, Mutua D'Assegurances IRPF owns a 2.195% stake in DINAMIA indirectly through Bankpyme Seguros de Vida, S.A. DINAMIA does not know whether, as of the date of this Prospectus, Entur-99, S.L. has a controlling shareholder. Electra Investment Trust, a company listed in the UK that does not have a controlling shareholder, participates in DINAMIA's capital via Electra Private Equity Partners 1995.

18.2. Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.

The Issuer's major shareholders' ownership and voting rights do not differ.

18.3. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.

To the best of the Issuer's knowledge, DINAMIA is not directly or indirectly owned or under the control of any person or entity.

18.4. A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

The Issuer is not familiar with any agreement whose application could in the future give rise to a change of control at DINAMIA.

Although both parts of the Coinvestment Agreement, the Management Company and the General Partner of the Fund, are both 100% owned by N Más Uno IBG, S.A., holding company of the Nmás1 Group, and as a consequence of this last company not holding, directly or indirectly, any stake in DINAMIA nor in the Fund, neither DINAMIA nor any of its affiliates is dependant of the before mentioned Nmás1 Group.

19. RELATED PARTY TRANSACTIONS

Details of related party transactions (which for these purposes are those set out in the Standards adopted according to the Regulation (EC) No 1606/2002), that the issuer has entered into during the period covered by the historical financial information and up to the date of the registration document, must be disclosed in

accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 if applicable.

The related party transactions for the period covered by the historical financial information up to the date this Prospectus are as follows:

Related party	Type of transaction	Amount (€, 000)	FY
Directors	Remuneration	64	2002
Directors	Remuneration	137	2003
Directors	Remuneration	131	2004
Directors	Remuneration	102	2005 (1)
Management Company	Management fee (9)	2,962	2002
Management Company	Management fee (9)	2,663	2003
Management Company	Management fee (9)	2,683	2004
Management Company	Management fee (9)	1,413	2005 (1)
Management Company	Accrued success fee (9)	5,604	2002
Management Company	Accrued success fee (9)	-919	2003
Management Company	Accrued success fee (9)	2,694	2004
Management Company	Advisory services for companies in which DINAMIA has a stake (10)	23	2002
Management Company	Advisory services for companies in which DINAMIA has a stake (10)	18	2002
Management Company	Advisory services for companies in which DINAMIA has a stake (10)	18	2003
Management Company	Advisory services for companies in which DINAMIA has a stake (10)	21	2004
Management company subsidiary	Advisory services for companies in which DINAMIA has a stake (10)	52	2002
Management company subsidiary	Advisory services for companies in which DINAMIA has a stake (10)	313	2003
Management company subsidiary	Advisory services for companies in which DINAMIA has a stake (10)	355	2004
Management company subsidiary	Advisory services for companies in which DINAMIA has a stake (10)	719	2005
The Beauty Bell Chain, S.L.	ST loan (2)(5)	3,610	2005 (1)
The Beauty Bell Chain, S.L.	Participated loan 82) (6)	16,125	2005 (1)
Emfasis Billing & Marketing Services, S.L.	Participated loan (2)(7)	4,181	2005 (1)
Capital Safety Group	LT loan (2)(8)	3,195	1999 (3)
The Beauty Bell Chain, S.L.	Accrued interest	509	2005 (1)
Capital Safety Group	Accrued interest	1,016 (4)	2005
Capital Safety Group	Accrued interest	158	2005 (1)

(1) Up to the date of the Prospectus

(2) Loans granted to investees as part of the ordinary course of DINAMIA's business activity

(3) Loan provided to the Capital Safety Group in 1999

(4) Interest accrued through 31 December 2004

(5) Maturity: 2005. Interest rate: Euribor01 + 2%

(6) Maturity: 2013. Interest rate: 10%pa

(7) Maturity: 2013. Interest rate: 10%pa

(8) Maturity: 2005. Interest rate: Euribor01 + 2%

(9) Remuneration terms for the Management Company can be found in item 20.1 "Historical financial information

- Comments on main consolidated income headings - Other operating expenses

(10) Advisory services for Educas Borrás, S.A.

(11) Advisory services for Marie Claire, S.A.

(12) Advisory services for Unión Deriván, S.A. and Educa Borrás, S.A. provided by a Management Company Subsidiary

(13) Advisory services for Unión Deriván, S.A., Educa Borrás, S.A., General de Alquiler de Maquinaria, S.L.

and High Tech Hotels & Resorts, S.A. provided by a Management Company Subsidiary

(14) Advisory services for Unión Deriván, S.A., Educa Borrás, S.A., General de Alquiler de Maquinaria, S.L.

High Tech Hotels & Resorts, S.A. and Segur Ibérica, S.A. provided by a Management Company subsidiary

(15) Advisory services for Unión Deriván, S.A., General de Alquiler de Maquinaria, S.L., Segur Ibérica, S.A.

Emfasis Billing & Marketing Services, S.L., Ibérica de Droguería y Perfumería, S.A. and Aseguramiento Técnico de Calidad, S.A. provided by a Management Company subsidiary

A comparison of the related party transaction amounts presented in the table above and the Company's revenues is not possible due to the nature of DINAMIA's business activity.

The Management Agreement envisages the possibility that the Management Company, if required by one or some of DINAMIA's investees, provide advisory services to them or the vehicles used for investing in them, such as financial advisory in elaborating and implementing a business plan, conducting market research and strategic studies

regarding market position of the company. The remuneration paid to the Management Company or to a subsidiary of the Management Company for this item during the period covered by the historical financial information is shown in the preceding table.

20. ISSUER FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1. Historical financial information

The accounting principles for the preparation of consolidated financial statements used to prepare the annual financial statements, management reports and audit reports included in this Prospectus for all financial years were as follows:

- The consolidated annual financial statements, which were prepared by the Company from its accounting records and from its investees' financial statements, are presented in accordance with CNMV Circular 5/2000 and the Spanish National Chart of Accounts, and accordingly, give a true and fair view of its consolidated net worth, financial position and operating results.
- Dinamia Telemática was fully consolidated. As a result, all the balances and transactions between the two entities were eliminated in consolidation.
- DINAMIA's other investees were accounted for by the equity method. This method consists of carrying the investees at the proportion of their net worth (consolidated where the investee heads a group of companies) owned by the Company net of any dividends received from them and net of the any impairment provisions deemed necessary by the Company's Directors, in keeping with the Company's traditional principle of prudence, wherever the investees' outlook reduces the estimated realisable value of the investments. The Company's Directors consider that this valuation method is the best way of presenting a true and fair view of the consolidated net worth and results of the Company and its Investees.
- The positive differences between the acquisition cost of each investment and its underlying book value on the date of acquisition are recorded under "Consolidation goodwill". Goodwill is amortised on a straight-line basis over 10 years, wherever this is the time period that the Company considers such goodwill will contribute to Company income.
- The negative differences between the acquisition cost of each investment and its underlying book value on the date of acquisition are recorded under "Negative consolidation difference". This negative consolidation difference is reflected under the related caption in the consolidated balance sheet, and is only taken to income if the forecast losses which gave rise to the original difference materialise.

For additional information on the main accounting standards and principles applied in preparing the Company's consolidated and audited annual financial statements and

management reports, necessary for their correct interpretation and in order to review the audit reports for the last three financial years, refer to the financial statements and audit reports filed with the CNMV and also located on the Company's website.

Annual financial statements (all figures in thousands of euros, unless otherwise indicated)

Consolidated balance sheets as of 31 December 2002, 2003 and 2004:

ASSETS	2004	2003	2002	LIABILITIES	2004	2003	2002
NON-CURRENT ASSETS:				SHAREHOLDERS' EQUITY:			
Long-term investments:				Capital stock	25,650	25,650	25,650
Investments in companies accounted for by the equity method	83,977	91,901	70,082	Additional paid-in capital	79,059	85,044	85,044
Total non-current assets	83,977	91,901	70,082	Parent company reserves	30,922	27,859	30,748
				Reserves at fully consolidated companies			
				Reserves at companies accounted for by the equity method	-67	-11	-7
				Translation differences	1,091	1,711	-1,375
				Income attributable to the parent company	-37	-36	27
					14,311	2,449	5,532
					150,929	142,666	145,619
				MINORITY INTERESTS	53	35	35
				NEGATIVE CONSOLIDATION DIFFERENCE			
CONSOLIDATION GOODWILL:				Companies accounted for by the equity method	1,439	1,439	1,439
Companies accounted for by the equity method	8,200	9,776	8,994		1,439	1,439	1,439
Total consolidation goodwill	8,200	9,776	8,994	DEFERRED REVENUES	-	-	230
				PROVISIONS FOR CONTINGENCIES AND EXPENSES	6,751	4,056	6,485
				LONG TERM DEBT	4,475	4,685	5,604
				CURRENT LIABILITIES	173	68	15,816
CURRENT ASSETS:							
Accounts receivable	6,776	4,007	4,965				
Investment portfolio:							
Unlisted securities	1,207	160	133				
Listed securities	59,819	933	76,685				
Interest on investment portfolio	48	23	93				
Allowance for decline in value of marketable securities	-114	-71	-1,120				
	60,960	1,045	75,791				
Cash	3,901	46,213	15,389				
Accrual accounts	6	7	7				
Total current assets	71,643	51,272	96,152	Total current liabilities	173	68	15,816
TOTAL ASSETS	163,820	152,949	175,228	TOTAL LIABILITIES	163,820	152,949	175,228

Consolidated income statements for the financial years ended 31 December 2002, 2003 and 2004:

DEBIT	2004	2003	2002	CREDIT	2004	2003
EXPENSES:				REVENUES:		
Personnel expenses	-	-	64	Other operating revenues	-	-
Other operating expenses	5,919	2,103	8,917		-	-
	5,919	2,103	8,981		5,919	2,103
Operating income	-	-	-	Operating loss	-	-
Financial expenses				Financial revenues	1,036	1,508
Variation in investment valuation allowance	43	-129	579	Gains on the sale and redemption of financial assets	17,221	91
Other financial expenses	18	-	12	Exchange gains	25	-
Exchange losses	70	25	-		-	-
Losses on sale and redemption of financial assets	-	-	25		-	-
Financial income	18,150	1,703	16,088	Financial losses	-	-
Shares in losses of companies accounted for by the equity method	2,330	4,409	3,063	Shares in the income of companies accounted for by the equity method	8,679	5,836
Consolidation goodwill amortisation	1,576	1,556	1,342		-	-
Income from ordinary activities	17,004	-	12,016	Loss on ordinary activities	-	529
Extraordinary expenses and losses	3,374	493	6,485	Extraordinary income	681	3,471
Extraordinary income	-	2,978	-	Extraordinary loss	2,693	-
Consolidated income before taxes	14,311	2,449	5,531	Consolidated loss before taxes	-	-
Corporate income tax	-	-	-		-	-
Consolidated income for the year	14,311	2,449	5,531	Consolidated loss for the year	-	-
Income attributable to minority interests	-	-	1	Losses attributable to minority interests	-	-
Attributable income for the year to the parent company	14,311	2,449	5,532	Attributable losses for the year to the parent company	-	-

The notes to the consolidated income statements refer to the table above. However, the breakdown of the income statements for 2002, 2003 and 2004 are also presented below:

	2004	2003	2002
Operating revenues	-	-	-
Personnel expenses	-	-	(64)
Other operating expenses	(5,919)	(2,103)	(8,917)
Operating loss	(5,919)	(2,103)	(8,981)
Financial income	1,061	1,508	1,926
Financial loss (including variation in investment valuation allowance)	(132)	104	(591)
Gains/(losses) on sale of financial assets, net	17,221	91	14,753
Financial income, net	18,150	1,703	16,088
Income from companies accounted for by the equity method	6,349	1,427	6,251
Consolidation goodwill amortisation	(1,576)	(1,556)	(1,342)
Income from ordinary activities	17,004	(529)	12,016
Extraordinary income/(losses), net	(2,693)	2,978	(6,485)
Consolidated income before taxes	14,311	2,449	5,531
Corporate income tax	-	-	-
Consolidated income	14,311	2,449	5,531
Minority interests	-	-	1
Income attributable to the parent company	14,311	2,449	5,532

The following table shows the changes in net worth that do not come from capital transactions with owners or distribution to owners:

	Thousands of euros							
	Capital stock	Additional paid-in capital	Translation differences	Other parent company reserves	Reserves at companies accounted for by the equity method	Reserves at fully consolidated companies	Dividends paid	Total Shareholders' Equity
Balance at 31 December 2002	25,650	85,044	27	30,748	(1,375)	(7)	5,532	145,619
Distribution of 2002 income	-	-	-	(3,966)	3,516	(4)	(5,532)	(5,986)
Distribution of inter-company dividends	-	-	-	1,077	(1,077)	-	-	-
Exchange differences	-	-	(63)	-	-	-	-	(63)
Other variations	-	-	-	-	647	-	-	647
Income or loss for 2003	-	-	-	-	-	-	2,449	2,449
Balance at 31 December 2003	25,650	85,044	(36)	27,859	1,711	(11)	2,449	142,666
Distribution of 2003 income	-	-	-	1,078	1,427	(56)	(2,449)	-
Distribution of additional paid-in capital	-	(5,985)	-	-	-	-	-	(5,985)
Exchange differences	-	-	(1)	-	-	-	-	(1)
Distribution of inter-company dividends	-	-	-	2,067	(2,067)	-	-	-
Other variations	-	-	-	(82)	20	-	-	(62)
Income or loss for 2004	-	-	-	-	-	-	14,311	14,311
Balance at 31 December 2004	25,650	79,059	(37)	30,922	1,091	(67)	14,311	150,929

Consolidated cash flow statements for the financial years ended 31 December 2002, 2003 and 2004:

	Thousands of €		
	2004	2003	2002
Cash at the beginning of the year	46,213	15,389	10
ST financial investments (repos) at the beginning of the year	-	73,120	33,435
Liquid assets at the beginning of year (4)	46,213	88,509	33,445
Cash outflows for investments	(16,348)	(23,530)	(932)
Cash inflows for divestments	42,000	2,987	46,522
Net cash flow from investing activities (1)	25,652	(20,543)	45,590
Payments to suppliers	(5,911)	(3,298)	(3,297)
Other cash outflows relating to operations	(42)	(46)	(44)
Financial income	2,836	2,741	3,432
Net cash flow from operating activities (2)	(3,117)	(603)	91
Other cash movements	-	(15,165)	15,368
Dividend payment	(5,985)	(5,985)	(5,985)
Net cash flow from financing activities (3)	(5,985)	(21,150)	9,383
Total net flows (1)+(2)+(3)	16,550	(42,296)	55,064
Cash at the end of the year	3,901	46,213	15,389
ST financial investments (repos) at the end of the year	58,862	-	73,120
Liquid assets at year-end (5)	62,763	46,213	88,509
Net increase/(decrease) in cash in the year (5)-(4)	16,550	(42,296)	55,064

Notes to the consolidated balance sheets:

Below we provide an explanation of the main headings included in the consolidated balance sheet and their variation:

- Investments in companies accounted for by the equity method, consolidation goodwill and negative consolidation difference: The breakdown by investee of the balances included in these headings and the variations over the last three financial years are as follows:

Company	Thousand Euros								
	2004			2003			2002		
	Net value of investee	Consolidation difference		Net value of investee	Consolidation difference		Net value of investee	Consolidation difference	
		Goodwill	Negative difference		Goodwill	Negative difference		Goodwill	Negative difference
Tintas Robbialac, S.A.	-	-	-	15,874	-	-	14,956	-	-
Ydilo Advanced Voice Solutions, S.A.	193	630	-	143	727	-	162	812	-
Universal Cleaning Activities Unica, S.L.	-	-	-	7,754	-	-	7,545	-	-
Deutsche Woolworth, GmbH.	4,156	-	445	3,821	-	445	3,172	-	445
Capital Safety Group Limited	3,696	159	-	3,326	199	-	3,713	244	-
Arco Bodegas Unidas, S.A.	8,126	4,943	-	8,445	6,005	-	7,613	7,067	-
Industrias Anayak, S.A.	4,576	585	-	5,390	728	-	6,280	871	-
Educa Borrás, S.A.	3,654	-	237	3,255	-	237	3,380	-	237
Cables Perti, S.A.	-	-	-	-	-	-	2,189	-	-
Unión Deriván, S.A.	14,038	-	757	15,210	-	757	14,003	-	757
Marie Claire, S.A.	8,350	-	-	8,403	-	-	7,069	-	-
High Tech Hotels & Resorts, S.A.	7,023	1,883	-	6,346	2,117	-	-	-	-
Forthpanel Limited	-	-	-	1,000	-	-	-	-	-
Segur Ibérica, S.A.	9,953	-	-	-	-	-	-	-	-
General de Alquiler de Maquinaria, S.L.	20,212	-	-	12,934	-	-	-	-	-
	83,977	8,200	1,439	91,901	9,776	1,439	70,082	8,994	1,439

- Accounts receivable: The breakdown of this heading in 2004, 2003 and 2002 is as follows:

	Thousands of euros		
	2004	2003	2002
Loans to investees	4,072	3,894	4,189
Taxes receivable	113	111	574
Other accounts receivable	2,591	55	101
	6,776	4,060	4,864

The main item under this heading is “Loans to investees”. The balance includes the principal and accrued interest on said loans. It also includes exchange-rate differences on foreign-currency loans, as well as allowances for non-performing loans. As of 31 December 2004, the provision for bad loans stood at 653 thousand euros. The “Other accounts receivable” caption as of 31 December 2004 includes a 2,477 thousand euros deposit made in connection with a guarantee related to the sale of the Company’s investment in Tintas Robbialac, S.A.

- Unlisted securities: This heading relates to the ownership interest held by Dinamia Telemática, one of the Company’s equity investees, in Net TV. As of 31 December 2004 it also included DINAMIA’s stake in Forthpanel, Ltd. During 2004. This company’s exclusion from the consolidated group explains the year-over-year increase in the balance.
- Listed securities: The variations in this heading from 2002 to 2004 are as follows:

	Thousands of euros			
	Shares	Securities acquired under resale	Other fixed-income securities	Total
Balance at 31 December 2002	2,633	73,120	932	76,685
Additions	-	1,836,375	933	1,837,308
Retirements	(2,633)	(1,909,495)	(932)	(1,913,060)
Balance at 31 December 2003	-	-	933	933
Additions	-	2,431,951	957	2,432,908
Retirements	-	(2,373,089)	(933)	(2,374,022)
Balance at 31 December 2004	-	58,862	957	59,819

The main items under this heading relate to securities acquired under resale agreement (public treasury repos). These are used by the Company from time to time as investment vehicles for excess cash positions. As of 31 December 2003 the Company held all its liquidity in cash and there were no repos recorded on its balance sheet. In 2003 the Company sold the entirety of its listed securities portfolio.

- Interest on investment portfolio: This heading includes the interest earned in each financial year from investing the Company's cash balances.
- Allowance for decline in value of marketable securities: The amounts included in this heading on the Company's balance sheet in 2003 and 2004 relate to the provision made by its subsidiary Dinamia Telemática in connection with its investment in Net TV. In 2002 this allowance related to provisions made by DINAMIA on its listed securities portfolio.
- Cash: This heading relates to cash deposits held by the Company and its subsidiary, Dinamia Telemática.
- Shareholders' equity: The amounts and variation in the balances of the main capital and reserves items, in thousands of euros, are detailed in a previous table in this section.

The following table provides the breakdown of "Reserves at companies accounted for by the equity method":

	Thousands of euros		
	2004	2003	2002
Grupo Marie Claire, S.A.	3,431	2,876	1,699
Grupo Deutsche Woolworth GmbH.	(1,904)	(1,544)	(1,778)
Capital Safety Group Limited	809	954	820
Grupo Arco Bodegas Unidas, S.A.	(3,134)	(2,242)	(2,448)
Cables Perti, S.A.	-	-	(19)
Industrias Anayak, S.A.	(906)	117	(347)
Grupo Tintas Robbialac, S.A.	-	351	(102)
Grupo Universal Cleaning Activities Única, S.L.	-	(1,619)	(65)
Grupo Unión Deriván, S.A.	3,409	3,248	2,036
Ydilo Advanced Voice Solutions, S.A.	(549)	(419)	(153)
Grupo Educa Borrás, S.A.	51	(11)	(1,018)
High Tech Hotels & Resorts, S.A.	(991)	-	-
General de Alquiler de Maquinaria, S.L.	875	-	-
Total	1,091	1,711	(1,375)

- Minority interests: This heading reflects minority investors' shareholdings in Dinamia Telemática (a fully consolidated DINAMIA investment and subsidiary).
- Deferred revenues: This heading includes the exchange-rate gains arising from a sterling-denominated loan to investee the Capital Safety Group.

- Provisions for contingencies and expenses: In 2002 and 2003, the balance of this heading on the consolidated financial statements related to estimated capital losses on certain investments, based on their operating outlook which could result in a loss in their realisable value. In addition, in financial 2004, the provisions included contingencies for potential adjustments to the sales price agreed for Única and Tintas Robbialac.

The detail and movement in this heading on the consolidated balance sheet in financial 2002, 2003 and 2004 are as follows:

	Thousands of euros					
	Deutsche Woolworth GmbH	Industrias Anayak, S.A.	Cables Perti, S.A.	Universal Cleaning Activities Única	Tintas Robbialac, S.A.	Total
Balance at 31 December 2002	2,726	1,570	2,189	-	-	6,485
Net write-back to extraordinary income for 2003	(368)	(890)	(2,189)	-	-	(3,447)
Other variations	1,018	-	-	-	-	1,018
Balance at 31 December 2003	3,376	680	-	-	-	4,056
Net write-back to extraordinary income for 2004	-	(679)	-	-	-	(679)
Net provisions charged to extraordinary losses for 2004	326	-	-	-	-	326
Other variations	-	-	-	571	2,477	3,048
Balance at 31 December 2004	3,702	1	-	571	2,477	6,751

- Long-term debt: This heading reflects accrued success fees due to the Management Company. In accordance with the terms of the Management Agreement, the Management Company is entitled to a success fee of 20% of the net gain obtained by the Company on the transfer of all the holdings in companies added to its investment portfolio in a given financial year, and on the revenues generated by these holdings, net of the fixed annual management fee, provided that the gain exceeds a minimum return equal to the average IRR on three-year Spanish government bonds in the month of December preceding each calendar year.
- Current liabilities: This heading reflects primarily amounts owed in the short term by the Company and its subsidiary, Dinamia Telemática, to suppliers and the tax authorities.

The amount recorded under this heading at 31 December 2002 was far higher than in subsequent years because in April 2002, DINAMIA, together with other Isolux Wat, S.A. (“**Isolux**”) shareholders, entered into an agreement (the “**Option Contract**”) whereby they sold to the remaining Isolux shareholders (“**Option Holders**”) a call option on all their shares. On 8 and 9 August 2002, the Company agreed with other Isolux shareholders to sell its entire stake in Isolux to Construction Investments, S.a.r.l. The amount to be paid by the Company to the Option Holders described previously in order to settle the Option Agreement, since one of the events which triggered the Option Holders’ right to exercise the agreement materialised, was agreed between the parties in accordance with the Option Agreement at 15,368 thousand euros, and was included under “Current liabilities” on the Company’s consolidated balance sheet as of 31 December 2002.

Comments on main consolidated income statement headings:

- Personnel expenses: In 2002 this heading included expense reimbursements and remuneration paid to the Company's Directors. In 2003 and 2004 these expenses are recorded under "Other operating expenses – external services".
- Other operating expenses: These include the general expenses incurred by the Company and its subsidiary, Dinamia Telemática. The detail and movement of expenses over the last three financial years is provided in the following table:

	Thousands of euros		
	2004	2003	2002
Fixed management fee	2,683	2,663	2,962
Success fee	2,694	-919	5,604
External services	366	307	329
Other	176	52	22
	5,919	2,103	8,917

This heading consists almost entirely of fees paid to the Management Company. The remuneration system agreed on with the Management Company has two components:

- A fixed annual management fee of 1.75% of the Company's Net Asset Value.
- A success fee of 20% of the net capital gain obtained by the Company on the transfer of all the holdings in companies added to its investment portfolio in a given financial year, and on the revenues generated by these holdings, net of the fixed annual management fee, provided that the gain exceeds a minimum return equal to the average IRR on three-year Spanish government bonds in the month of December preceding each calendar year. The accrued fee is due to the Management Company as the investments made by the Company in any given financial year are disposed of, once the total cost of that financial year's investments has been fully covered.

The fixed annual management fee paid out by the Company clearly depends on the valuation of its portfolio, while the success fee depends on income generated on sales of the Company's portfolio investments. In 2003, the success fee recorded was negative due to the adjustment to the forecast caused by the exclusion of Cables Perti S.A. from the Company's portfolio.

- Allowance for decline in value of marketable securities: The following table highlights the movement in this heading, with a breakdown by asset class:

	Thousands of euros		
	Unlisted securities	Listed securities	Total
Balance as of 31 December 2001	-	541	541
Provision taken to earnings for 2002	-	3,954	3,954
Net recovery credited to income for 2002	-	(3,375)	(3,375)
Net provision/(write-back) taken in 2002	-	579	579
Balance as of 31 December 2002	-	1,120	1,120
Provision taken to earnings for 2003	71 (*)	-	71
Net recovery credited to income for 2003	-	(200)	(200)
Amount used	-	(920)	(920)
Net variation in 2003	71	-	71
Balance as of 31 December 2003	71	-	71
Provision taken to earnings for 2004	43 (*)	-	43
Net recovery credited to income for 2004	-	-	-
Net variation in 2004	43	-	71
Balance as of 31 December 2004	114	-	114

(*) Relates to provisions made at Dinamia Telemática, S.L. on the impairment of its stake in Net TV, S.A.

Provisions and write-backs for unlisted securities appearing in the parent-company accounts are eliminated upon consolidation using the equity method.

- Share in income and losses of companies accounted for by the equity method:
The contribution by DINAMIA investees to the Company's consolidated income over the last three financial years is as follows:

Company	Thousands of euros					
	2004		2003		2002	
	Share in earnings of companies accounted for by the equity method	Share in losses of companies accounted for by the equity method	Share in earnings of companies accounted for by the equity method	Share in losses of companies accounted for by the equity method	Share in earnings of companies accounted for by the equity method	Share in losses of companies accounted for by the equity method
Grupo Marie Claire, S.A.	98	-	706	-	550	-
Grupo Universal Cleaning Activities Única, S.L.	-	386	859	-	-	904
Ydilo Advanced Voice Solutions, S.A.	50	-	-	33	-	170
Deutsche Woolworth GmbH.	327	-	-	368	235	-
Capital Safety Group Ltd.	371	-	-	105	179	-
Grupo Arco Bodegas Unidas, S.A.	214	-	703	-	991	-
Grupo Isolux Wat, S.A.	-	-	-	-	3410	-
Cables Perti S.A.	-	-	-	2,189	-	1,989
Industrias Anayak, S.A.	-	824	-	890	607	-
Grupo Tintas Robbialac, S.A.	918	-	944	-	453	-
Grupo Unión Deriván, S.A.	306	-	1,638	-	1,643	-
Grupo Educa Borrás, S.A.	460	-	122	-	1,246	-
High Tech Hotels & Resorts, S.A.	-	1,120	-	824	-	-
General de Alquiler de Maquinaria, S.L.	5,482	-	864	-	-	-
Segur Ibérica, S.A.	453	-	-	-	-	-
	8,679	2,330	5,836	4,409	9,314	3,063

- Amortisation of consolidation goodwill: Consolidation goodwill is amortised on a straight-line basis over a period of 10 years. The breakdown by investee of "Goodwill amortisation" over the last three financial years is as follows:

Company	Amortisation of consolidation goodwill (thousands of €)		
	2004	2003	2002
Ydilo Advanced Voice Solutions, S.A.	97	97	96
Capital Safety Group Limited	40	40	40
Arco Bodegas Unidas, S.A.	1,063	1,062	1,063
Industrias Anayak, S.A.	143	143	143
High Tech Hotels & Resorts, S.A.	233	214	-
Total	1,576	1,556	1,342

- Extraordinary expenses and losses: In 2002 the Company made allowances for contingencies and expenses related to expected losses at some of its investees which were expected to result in asset impairments. The write-off totalled 6,485 euros thousand.

In 2003, the Company included the dividend paid out by Cables Perti, S.A. against 2000 and 2001 income again in total assets. This amount, which came to 491 thousand euros, is recorded under “Extraordinary expenses and losses” on the consolidated income statement for 2003.

In 2004 the Company made a 3,048 thousand euros provision in connection with valuation impairments at Tintas Robbialac and Universal Cleaning Activities Única. The write-down was taken to extraordinary expenses (see “Provisions for contingencies and expenses” in item 20.1).

- Other operating income: The Company does not typically generate other operating income due to the nature of its business and that of its subsidiary, Dinamia Telemática.
- Financial revenues and gains on sale and redemption of financial assets: The breakdown of this heading by item for the last three financial years is as follows:

	Thousands of euros		
	2004	2003	2002
Dividends-			
From listed companies	-	22	41
	-	22	41
Interest-			
On investments in fixed income securities	800	1,243	1,598
On demand deposits	14	13	16
On loans to investees	222	230	271
	1,036	1,486	1,885
Gains on sale and redemption of financial assets-			
Income from sale of listed companies	-	91	3
Income from sale of unlisted companies (1)	17,221	-	14,775
	17,221	91	14,778
	18,257	1,599	16,704

(1) In 2002 this income corresponds almost entirely to capital gains from the sale of Isolux.

In financial year 2004 this income was generated by the sales of Tintas Robbialac, S.A. and Universal Cleaning Activities Única, S.L. for €9,763 and €7,458 thousand, respectively.

- Extraordinary revenues: This consolidated income statement heading primarily includes the recovery of provisions for contingencies and expenses (see “Provisions for contingencies and expenses” in item 20.1).
- Reconciliation between parent-company and consolidated income:

The consolidation adjustments which gave rise to the differences between the parent-company and consolidated financial statements for the last three financial years are detailed below.

	2004	2003	2002
Income attributed to parent company	8,284	282	13,783
Income contributed by investees (1)	6,654	4,800	6,251
Consolidation goodwill amortisation (2)	(1,576)	(1,556)	(1,342)
Adjustments related to Investee disposals (3)	(1,068)	0	(14,968)
Dividends received from Investees (4)	(2,067)	(1,077)	(1,210)
Adjustment to the investment valuation impairment prov	4,084	0	3,018
Consolidated income	14,311	2,449	5,532

(1) Earnings, net of losses, contributed by the Investees which are included in the consolidated financial statements.

(2) Goodwill amortisation charges for the year.

(3) These adjustments arise because in the Company's individual financial statements gains from disposals are calculated as the difference between the sales price and the original acquisition price. However, in the consolidated financial statements, gains on disposals are adjusted for DINAMIA's share in undistributed Investee earnings since the time the investment was made. Up until the time of the disposal, DINAMIA's share in these undistributed earnings is recorded in the consolidated balance sheet under Reserves in companies accounted for by the equity method.

(4) Investee dividends on prior year's earnings received by DINAMIA are eliminated upon consolidation since they have already been run through the consolidated profit and loss statement.

(5) In 2002, the individual accounts reflected a net provision related to valuation impairments in unlisted investments of €9,503 thousand, while in the consolidated financial statements a €6,485 thousand Provision for contingencies and expenses was taken to extraordinary losses for losses to be incurred by said Investees. The differential is reflected in the adjustment above.

Key variations in the consolidated cash flow statements:

For the purposes of the current analysis, cash and repo agreements are considered to be cash-equivalent assets. Below we describe the main cash flows for the last three financial years.

In 2002, the Company's main cash flows consisted of: proceeds from the sale of DINAMIA's stake in Isolux Wat, S.A. and a portion of its holding in Educa Borrás, S.A. which generated cash of 44,168 thousand euros and 98 thousand euros, respectively, the sale of promissory notes worth 2,136 thousand euros and the repayment of the loan provided to Marie Claire of 120 thousand euros, the purchase of promissory notes worth 932 thousand euros, financial revenues amounting to 3,432 thousand euros (1,799 thousand euros of which corresponded to dividends received from investees and the remainder to money market returns), supplier payments totalling 3,297 thousand euros, dividend payments of 5,985 thousand euros and a cash inflow of 15,368 thousand euros from the payment of a current liability in connection with the sale of Isolux. (See 20.1. Notes to the main headings in the consolidated balance sheets – Current liabilities).

In 2003, the Company's main cash flows consisted of investments made in the following unlisted companies: General de Alquiler de Maquinaria, S.A., High Tech Hotels & Resorts, Forthpanel and Ydilo for a total disbursement of 22,597 thousand euros, the purchase of promissory notes worth 933 thousand euros, the complete divestiture of the Company's listed securities portfolio and the repayment of the loan provided to Marie Claire, S.A., generating funds of 1,802 and 253 thousand euros, respectively, the sale of bank promissory notes worth 932 thousand euros, supplier payments amounting to 3,298 thousand euros, financial revenues totalling 2,741 thousand euros (of which 1,443 thousand euros were accounted for by dividends received from investees), dividend payments of 5,985 thousand euros and a net cash outlay of 15,165 thousand euros in connection with the 15,368 thousand euros Isolux option settlement payment referred to in the preceding paragraph as well as corporate tax payments for 2001.

In 2004, the Company's main cash flows consisted of investments made in the following unlisted companies: General de Alquiler de Maquinaria, S.A., High Tech Hotels & Resorts, Tintas Robbialac, S.A., Segur Ibérica and Net TV with a total outlay of 16,348 thousand euros, the disposal of its investments in unlisted companies Tintas Robbialac, S.A. and Universal Cleaning Activities Única, for 27,210 and 14,790 thousand euros, respectively, supplier payments amounting to 5,911 thousand euros (higher than in 2002 and 2003 because of the success fees paid to the Management Company in connection with the aforementioned sales), financial revenues totalling 2,936 thousand euros (of which 2,067 thousand euros were accounted for by dividends received from investees and the rest by money market returns on cash balances) and dividend payments of 5,985 thousand euros.

20.2. Pro forma financial information

This Prospectus does not include any pro forma financial information as the Company considers that there have been no material changes which would require pro forma figures to give a more complete picture of its financial situation.

20.3. Financial statements

See item 20.1

20.4. Auditing of historical annual financial information

20.4.1. *A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.*

DINAMIA's individual and consolidated accounts of DINAMIA for the years ended December 31, 2002 and December 31, 2003 were audited by Deloitte, S.L. (previously Deloitte & Touche España, S.L.), with registered office at plaza Pablo

Ruiz Picasso, 1, Torre Picasso, Madrid, fiscal identification number B-79104469, ROAC (Spanish Official Auditors' Registry) membership number S0692, registered in the Madrid Mercantile Registry under volume 13,650, folio 188, section 8, page M-54414. The Auditor has issued an unqualified opinion in all instances.

DINAMIA's parent-company and consolidated financial statements for the financial year ended 31 December 2004 were audited by KPMG Auditores, S.L., with registered office at 95, Paseo de la Castellana in Madrid, tax identification number B-78510153, ROAC (Spanish Official Auditors' Registry) membership number S0702, registered in the Madrid Mercantile Registry under volume 11,961, folio 84, section 8, page M-188007. The Auditor issued a unqualified opinion on these financial statements.

20.4.2. *Indication of other information in the registration document which has been audited by the auditors.*

None.

20.4.3. *Where financial data in the registration document is not extracted from the Issuer's audited financial statements state the source of the data and state that the data is unaudited.*

All the financial information included in the Prospectus has been taken from DINAMIA's audited financial statements, with the exception of the interim information for the six months ended 30 June 2004 and 2005 included in the Valuation Report, which has not been audited.

20.5. Age of latest financial information

The most recent financial information included in this Prospectus is as of 30 June 2005.

However, the most recent audited financial information included in the Prospectus is for the year ended 31 December 2004; accordingly, the time elapsed since that date and the date of this Prospectus is less than 15 months.

20.6. Interim and other financial information

20.6.1. *If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited, the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.*

2005 is the first year in which DINAMIA is presenting its consolidated financial statements in accordance with the endorsed by the EU. Accordingly, DINAMIA has

prepared its consolidated financial statements for the first half of 2005 under IFRS. For comparative purposes, the financial statements for the first half of 2004 have been restated in accordance with IFRS. However, the interim information has not been audited and could be subject to subsequent modification.

The most significant impact of the new IFRS on the consolidated financial statements arises from the application of IAS 28 which enables venture capital companies to reflect the associates in which they exercise significant influence at fair value.

Below we detail the consolidation principles followed:

- Full consolidation: consolidation of all of the investees' assets and liabilities (the financial statements for our fully consolidated investee have also been prepared in accordance with IFRS), with the appropriate asset and equity eliminations upon consolidation and disclosure of minority interest accounts. In addition, the consolidated financial statements reflect the earnings and reserves contributed for the fiscal period by the consolidated subsidiaries, which accumulate in the parent company's equity reserves, adjusted for consolidation as appropriate. Dinamia Telemática is the only DINAMIA subsidiary to be consolidated using this method as of 30 June 2005.
- Associates recorded at fair value: Investments in unlisted companies in which DINAMIA has significant influence are stated at fair value in the Company's consolidated assets. Unrealised capital gains on these investments as of 1 January 2004 were recorded under reserves as part of the transition to IFRS. Adjustments to investees' fair value arising since the date of transition to IFRS have been taken to retained earnings.

Consolidated balance sheets as of 30 June 2004 and 2005 (unaudited):

Units: Thousands of euros

ASSETS

		CURRENT FY	LAST FY
I. Fixed assets	4000	0	0
II. Property	4010	0	0
III. Goodwill	4020	0	0
IV. Other intangible assets	4030	0	0
V. Long-term financial investments	4040	0	0
VI. Investments accounted for by the equity method	4050	0	0
VII. Biological assets	4060	0	0
VIII. Deferred taxes	4070	0	0
IX. Other non-current assets	4080	0	0
A) LONG TERM ASSETS	4090	0	0
I. Biological assets	4100	0	0
II. Inventories	4110	0	0
III. Trade and other accounts receivable	4120	32,204	19,175
IV. Other current financial investments	4140	123,362	140,861
V. Tax receivables	4150	0	0
VI. Other current assets	4160	0	7
VII. Cash and cash equivalents	4170	8,691	617
Subtotal: current assets	4180	164,257	160,660
VIII. Non-current assets held for sale and discontinued operations	4190	0	0
B) CURRENT ASSETS	4195	164,257	160,660
TOTAL ASSETS (A + B)	4200	164,257	160,660

LIABILITIES AND SHAREHOLDERS EQUITY

		CURRENT FY	LAST FY
I. Capital stock	4210	26,933	25,650
II. Paid-in capital	4220	80,374	81,657
III. Retained earnings	4230	34,117	29,976
IV. Other equity reserves	4235	0	0
V. Less: Treasury stock	4240	0	0
VI. Translation differences	4250	0	0
VII. Other valuation allowances	4260	10,571	11,164
VIII. Revaluation reserve for non-current assets held for sale and discontinued operations	4265	0	0
VIII. Less: dividends	4270	0	0
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	4280	151,995	148,447
IX. Minority interests	4290	52	16
A) NET SHAREHOLDERS' EQUITY	4300	152,047	148,463
I. Bonds and other marketable debt securities	4310	0	0
II. Financial credit	4320	0	0
III. Other financial liabilities	4330	0	0
IV. Tax payables	4340	61	39
V. Provisions	4350	893	571
VI. Other long term liabilities	4360	4,475	4,494
B) LONG TERM LIABILITIES	4370	5,429	5,104
I. Bonds and other marketable debt securities	4380	0	0
II. Financial credit	4390	0	0
III. Trade and other accounts payable	4400	6,781	7,093
IV. Other financial liabilities	4410	0	0
V. Provisions	4420	0	0
VI. ST tax payables	4430	0	0
VII. Other current liabilities	4440	0	0
Subtotal: current liabilities	4450	6,781	7,093
VIII. Liabilities directly related to non-current assets held for sale and discontinued operations	4460	0	0
C) CURRENT LIABILITIES	4470	6,781	7,093
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES (A + B + C)	4480	164,257	160,660

Highlights of assets in the consolidated balance sheet:

- “Trade and other accounts receivable”: The main component of this heading is 1,763 thousand euros in accrued interest on loans to investees worth 27,111 thousand euros, 2,530 thousand euros pending (net of write-downs) from the sale of Educa Borrás, S.A. and a 335 thousand euros dividend payable by Unión Deriván. The year-over-year increase in this balance is mainly due to the loans provided to the Beauty Bell Chain, S.L. (acquisition vehicle for Bodybell) and Emfasis Billing & Marketing Services, S.L.
- “Other short-term financial assets” include the Company’s portfolio of unlisted investees stated at fair value and securities acquired under resale agreement.

The statement of this portfolio at fair value means it is valued 20,698 thousand euros more than in the parent-company financial statements.

- “Cash and cash equivalents” represent the liquidity of both the Company and Dinamia Telemática (a fully consolidated subsidiary).

DINAMIA’s cash balance (including repos) as of 30 June 2005 stood at 32,529 thousand euros, compared to 63,506 thousand euros at 31 December 2004. The variation is primarily due to the acquisition of stakes in the unlisted companies previously referred to for 9,303 thousand euros, the provision of 23,916 thousand euros in loans to investees, a 1,170 thousand euro management fee payment, receipt of part of the proceeds from the sale of Educa Borrás, S.A. totalling 300 thousand euros, 2,537 thousand euros in dividend receipts and 437 thousand euros in money market returns.

Highlights of liabilities and shareholders’ equity of the consolidated balance sheet:

- “Other reserves” includes reserves other than retained earnings.
- “Retained earnings” include attributable, undistributed Company earnings plus attributable earnings for the current fiscal period in accordance with IFRS.
- IFRS transition reserves were included in “Other valuation allowances”. This reserve was generated by the restatement of unlisted investees at fair value on the date of transition to IFRS.
- “Long term liabilities”: The “deferred taxes” caption includes the tax effect of the revaluation of the Company’s investment portfolio upon restatement at fair value. As a venture capital company, DINAMIA’s effective tax rate on these kinds of revaluations is 35% of 1% of the revaluation, since it is exempt from 99% of capital gains generated by the sale of these investments.

- “Current liabilities”: “Trade and other accounts payable” include 6,284 thousand euros of dividends declared but not paid as of 30 June 2005 against 2004 earnings and other service supplier payments pending.

Income statement for the six months ended 30 June 2004 and 2005 (unaudited):

Units: Thousands of euros		CURRENT FY		LAST FY	
		Amount	%	Amount	%
+ Net revenues	4500	0	0.00%	0	0.00%
+ Other income	4510	0	0.00%	0	0.00%
+/- Change in stocks of finished goods and work-in-process	4520	0	0.00%	0	0.00%
- Supplies	4530	0	0.00%	0	0.00%
- Personnel expenses	4540	0	0.00%	0	0.00%
- Depreciation	4550	0	0.00%	0	0.00%
- Other expenses	4560	-1,656	100.00%	-2,600	100.00%
= OPERATING INCOME/(LOSSES)	4570	-1,656	100.00%	-2,600	100.00%
+ Financial interest	4580	6,022	-363.65%	6,771	-260.42%
- Financial expenses	4590	-1	0.06%	-6	0.23%
+/- Exchange differences (net)	4600	144	-8.70%	208	-8.00%
+/- Valuation adjustments to financial instruments to reflect fair value (net)	4610	-1,918	115.82%	4,805	-184.81%
+/- Valuation adjustments to non-financial instruments to reflect fair value (net)	4620	0	0.00%	0	0.00%
+/- Gains/(losses) from valuation adjustments to non-financial instruments to reflect fair value (net)	4630	0	0.00%	0	0.00%
Share in the income of companies and businesses +/- accounted for by the equity method	4640	0	0.00%	0	0.00%
+/- Gains (losses) from sale of non-current assets or from revaluation of non-current assets held for sale or discontinued operations	4650	0	0.00%	0	0.00%
+/- Other gains or losses (net)	4660	-207	12.50%	-571	21.96%
= INCOME/(LOSSES) BEFORE TAXES FROM CONTINUED OPERATIONS	4680	2,384	-143.96%	8,607	-331.04%
+/- Corporate income tax	4690	0	0.00%		0.00%
= INCOME/(LOSSES) FROM CONTINUED OPERATIONS FOR THE YEAR	4700	2,384	-143.96%	8,607	-331.04%
+/- After-tax earnings from discontinued operations (net)	4710	0	0.00%		0.00%
= INCOME/(LOSSES) FOR THE YEAR	4730	2,384	-143.96%	8,607	-331.04%
+/- Minority interests	4740	0	0.00%		0.00%
= INCOME/(LOSSES) ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	4750	2,384	-143.96%	8,607	-331.04%

Key income statement headings:

- “Other expenses”: includes 1,656 thousand euros of general operating expenses. The main item is the management fee accrued for the period totalling 1,413 thousand euros. The remainder corresponds to external services. The year-over-year decline in this heading reflects the success fee accrued in the first half of 2004 in connection with the sale of its stake in Única.
- “Financial revenues”: 2,872 thousand euros in dividends from investees, 768 thousand euros in accrued interest on loans to investees, 1,945 thousand euros in capital gains generated by the sale of Educa and 437 thousand euros in money market returns.
- “Exchange-rate gains”: translation gains from converting the sterling loan to the Capital Safety Group into euros.
- “Gains from restating financial instruments at fair value”: the net result of restating the following investments at fair value: a 3,615 thousand euro impairment at Marie Claire, S.A., offset by a 3,517 thousand euro revaluation for Industrias Anayak, S.A. less the 1,820 thousand euro write-down of a loan made in relation to the Educa disposal, again to reflect fair value.

The following table compares the consolidated balance sheets under the former Spanish generally accepted accounting principles (Spanish GAAP) and IFRS (unaudited):

VI. COMPARISON BETWEEN BALANCE SHEETS PREPARED UNDER SPANISH GAAP AND IFRS			
Units: Thousands of euros			
ASSETS		1 JANUARY 2005 (IFRS)	31 DECEMBER 2004 (SPANISH GAAP)
I. Start-up costs	5000		0
II. Tangible fixed assets	5010	0	0
III. Real estate investments	5020	0	
IV. Goodwill	5030	0	8,200
V. Other tangible assets	5040	0	0
VI. Long-term financial investments	5050	0	0
VII. Long-term treasury stock	5060		0
VIII. Other non-current assets	5070	0	0
A) LONG-TERM ASSETS	5080	0	8,200
B) DEFERRED CHARGES	5090		0
I. Inventories	5100	0	0
II. Trade and other accounts receivable	5110	6,776	6,776
III. Other current financial investments	5120	153,017	144,937
IV. Short-term treasury stock	5130		0
V. Other current assets	5140	6	6
VI. Cash and cash equivalents	5150	3,901	3,901
Subtotal 5160	5160	163,698	155,620
VII. Non-current assets held for sale and discontinued operations	5170		
C) CURRENT ASSETS	5175	163,700	155,620
TOTAL ASSETS (A + B + C)	5180	163,700	163,820

LIABILITIES AND NET EQUITY		1 JANUARY 2005 (IFRS)	31 DECEMBER 2004 (SPANISH GAAP)
I. Capital	5190	25,650	25,650
II. Reserves	5200	110,900	110,968
Adjustment to reserves for transition to IFRS (*)	5210	19,333	
III. Other net equity instruments	5215	0	0
IV. Less: treasury stock	5220	0	0
V. Valuation adjustments	5230	0	
VI. Profit or loss for the year	5240		14,311
VII. Less: interim dividends	5250	0	0
A) NET EQUITY UNDER SPANISH GAAP ATTRIBUTABLE TO HOLDERS OF EQUITY SECURITIES IN THE PARENT COMPANY	5260	155,883	150,929
B) MINORITY INTERESTS	5270	53	53
TOTAL SHAREHOLDERS' EQUITY UNDER IFRS (A + B)	5280	155,936	
C) NEGATIVE CONSOLIDATION DIFFERENCE	5290		1,439
D) DEFERRED INCOME	5300	0	0
I. Bonds and other marketable debt securities	5310	0	0
II. Financial credit	5320	0	0
III. Provisions	5330	3,046	6,751
IV. Other long-term liabilities	5340	4,545	4,475
E) LONG-TERM LIABILITIES	5350	7,591	11,226
I. Bonds and other marketable debt securities	5360	0	0
II. Financial credit	5370	0	0
III. Trade and other accounts payable	5380	173	173
IV. Provisions	5390	0	0
V. Other current liabilities	5400	0	0
Subtotal	5410	173	173
VI. Liabilities directly related to non-current assets held for sale and discontinued operations	5420	0	
F) CURRENT LIABILITIES	5425	173	173
TOTAL NET EQUITY AND LIABILITIES (A + B + C + D + E + F)	5430	163,700	163,820

(*) For information purposes only; The amounts are not arithmetically calculated to obtain "Net equity under IFRS".

The main effects on the Company's consolidated balance sheet of the application of IFRS are:

- Companies which were previously consolidated using the equity method are stated on the balance sheet at fair value as DINAMIA is a venture capital company. This is why "Other current financial investments" increases from 144,937 thousand to 153,017 thousand euros under IFRS.
- The "Consolidation goodwill" and "Negative consolidation difference" account entries disappear as they are implicit within the Fair Value of the unlisted security portfolio.
- "Shareholders' equity" is higher as a result of the restatement of the portfolio at fair value. In addition, attributable earnings for the period are included within the reserves.
- "Provisions for contingencies and expenses" made at certain investees cease to exist under IFRS. This results in provisions of 3,046 thousand euros compared to 6,751 thousand euros under Spanish GAAP.

- “Other long term liabilities” are higher due to the inclusion of the tax effect – as a deferred tax – of the higher unrealised capital gains arising from the portfolio’s restatement to reflect fair value. This effect is negligible at DINAMIA because as a venture capital company it is exempt from 99% of capital gains meaning that the tax implications of the revaluations is 35% (effective tax rate) on just 1% of capital gains.

The following table shows the impact of the application of IFRS on the company’s shareholders’ equity:

Thousands of euros	
Shareholders' equity at 31 December 2004 under Spanish GAAP	150,929
Reasonable value of portfolio (1)	5,024
Other variations (2)	(70)
Shareholders' equity at 31 December 2004 under IFRS	155,883

(1) Includes variation in value by adjusted shareholders to reasonable value which under Spanish GAAP are carried by the equity method. Previously, the value comprised the value of the equity-accounted shareholdings and goodwill minus negative goodwill and the provision for liabilities and charges taken to expected losses on some investees

(2) Other variations include the impact of deferred taxes on unrealised capital gains generated under the adoption of IFRS

20.6.2. *If the registration document is dated more than nine months after the end of the last audited financial year, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year. The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet.*

The interim financial information for the first half of 2005, included in item 20.6.1 is unaudited.

20.7. Dividend policy

The Company has no formal dividend policy. Every year, DINAMIA’s Board of Directors makes a recommendation as to whether to distribute a dividend, and if so in what amount, based on its evaluation of the Company’s results and its investment outlook.

20.7.1. *The amount of the dividend per share for each period covered by the historical financial information.*

DINAMIA distributed dividends of 5,985 thousand euros, equivalent to 0.70 euros per share, in each of the last three financial years.

In financial year 2005, the Company paid a dividend of 0.70 euros per share charged to financial year 2004 earnings. The total dividend paid out in 2005 amounted to 6,284 thousand euros.

The following table details the dividend per share paid out in financial years 2002, 2003, 2004 and 2005:

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Dividend paid, (€)	6,284,250	5,985,000	5,985,000	5,985,000
Charged to prior year's income	6,284,250	0	5,985,000	5,130,000
Charged to addition paid-in capital	0	5,985,000	0	855,000
Outstanding shares	8,977,500	8,550,000	8,550,000	8,550,000
Gross dividend per share (€)	0.70	0.70	0.70	0.70

20.8. Legal and arbitration proceedings: Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Issuer and/or group's financial position or profitability, or provide an appropriate negative statement.

Neither DINAMIA nor any of the Group's subsidiaries are the subject of legal or arbitration proceedings - either in process or pending ruling – which could have a significant impact on the Company's financial position or its business activity.

Notwithstanding, it is worth noting that Cables Perti, S.A. which is currently in receivership and in which DINAMIA holds a 78.53% stake, was declared bankrupt in December 2003. A ruling by Rubí (Barcelona) Court nº 5 on 1 October 2004 constituted its legal bankruptcy.

Cables Perti, S.A. which DINAMIA wrote off as an investment with effect from 31 December 2003, was founded to acquire Perti, S.L., which it latter absorbed. In light of Cables Perti, S.A.'s bankruptcy and liquidation proceedings, DINAMIA had written off this investment as of 31 December 2003.

On 27 October 2004 the Arbitration Court of Madrid made its ruling on the proceedings in which the Perti, S.L. sellers were the plaintiffs and Cables Perti, S.A. itself was the defendant. The arbitration ruling came down partially in favour of the plaintiffs, sentencing Cables Perti, S.A. to repay the proceeds of certain guarantees (901,518.16 euros plus interest) to the sellers subject to the bankruptcy proceedings. On the other hand, the Court ruled in favour of Cables Perti, S.A.'s position that the sellers failed to meet the terms of their contract (failing to disclose certain material company information), sentencing the sellers to pay Cables Perti, S.A. the difference between the price paid for the company and the price it would have paid if it had been aware of the undisclosed circumstances. This amount is to be determined as part of the implementation of the ruling. The ruling has still to be quantified and executed.

20.9. Significant changes in the Issuer's financial or trading position

The main changes in DINAMIA's financial and trading position since 30 June 2005, the date of the most recent financial information included in this Prospectus, are:

- The acquisition of 50% of Aseguramiento Técnico de Calidad, S.A. on 5 July 2005. This investment was carried out, through a vehicle called Cusdritejos, S.L. via a total equity contribution including capital stock and paid-in capital of 7,125,000 euros.
- On 15 July 2005, the Company paid out a dividend of 6,284 thousand euros, equivalent to 0.70 euros per share against 2004 earnings and approved at the General Shareholders' Meeting held on 29 June 2005.
- On 26 July 2005 the boards of Nicolás Correa, S.A. and Industrias Anayak, S.A., the latter 63.06%-owned by DINAMIA, agreed and signed a protocol for the merger of the two companies, including approval of the spin-off of certain nonstrategic assets from Nicolás Correa, S.A. and the merger by absorption of Industrias Anayak, S.A. by Nicolás Correa, S.A.
- On 5 August 2005 DINAMIA sold its stake in Marie Claire, S.A. This disposal, including associated expenses, resulted in losses of 5.2 million euros. The Company's stake in this investee had been fully written off as of 30 June 2005.
- On 5 August 2005 DINAMIA acquired 20.6% of Holmes Place Iberia via Colegiata Invest, S.A. The investment, totalling 9,070,000 euros, was a combination of capital, issue premium and a participating loan.
- On 22 September 2005, DINAMIA invested 12,025,000 euros to acquire 47.15% of Cristher, S.L. and Dopo, S.L. ("Cristher"). The acquisition was carried out by investment vehicle company Deimoral Inversiones 2005, S.L.
- On 30 September 2005, High Tech Hotels & Resorts, S.A.'s General Shareholders' Meeting approved a 750 thousand euro capital increase involving the issuance of preference shares. The capital increase was fully subscribed for and paid in by DINAMIA.
- On 6 October 2005, DINAMIA sold its entire stake in the Capital Safety Group Limited to Glowtrail Limited for 11,478 thousand euros. At the same time, DINAMIA subscribed for Glowtrail Limited's (the buyer) capital increase in the amount of 2,457 thousand euros, giving it an 8.16% stake in that company.

21. ADDITIONAL INFORMATION

21.1. Share Capital

21.1.1. *Amount of issued capital and for each class of share capital: a) number of shares authorised; b) number of shares issued and fully paid and issued but not fully paid; c)*

the par value per share, or that the shares have no par value, and d) reconciliation of the number of shares outstanding at the beginning and the end of the year. If more than 10% of capital has been paid in assets other than cash within the period covered by the historical financial information, state that fact.

The nominal amount of DINAMIA's share capital issued, on the date of this Prospectus, is 26,932,500 euros (TWENTY-SIX MILLION NINE HUNDRED AND THIRTY-TWO THOUSAND FIVE HUNDRED EUROS). DINAMIA's share capital is currently represented by 8,977,500 (EIGHT MILLION NINE HUNDRED AND SEVENTY-SEVEN THOUSAND FIVE HUNDRED) registered shares, all of which belong to the same series and class.

As at 31 December 2004, the nominal amount of DINAMIA's share capital was 25,650,000 euros (TWENTY-FIVE MILLION SIX HUNDRED AND FIFTY THOUSAND EURO), represented by 8,550,000 (EIGHT MILLION FIVE HUNDRED AND FIFTY THOUSAND) registered shares with a par value of three euro each, belonging to the same series and class.

Agreement was reached at the Company's General Shareholders' Meeting, held on 29 June 2004, to hold a scrip issue of 1,282,500 euros (ONE MILLION TWO HUNDRED AND EIGHTY-TWO THOUSAND FIVE HUNDRED EURO) charged to reserves, through the issuance of 427,500 (FOUR HUNDRED AND TWENTY-SEVEN THOUSAND FIVE HUNDRED) new ordinary shares, in the proportion of one new share for every twenty old shares; pursuant to modification of article 7 of the Company's articles of association and the delegation of powers to the Board of Directors for the execution of the agreement.

DINAMIA's Board of Directors agreed at its meeting of 6 October 2004, following the aforementioned delegation of powers, to execute the capital increase approved at the General Shareholders' Meeting. This capital increase was registered at the Mercantile Registry of Madrid on 11 March 2005 in volume 19,020, folio 217, page M-199956, registration 28.

Shares authorised;

On 29 June 2005, an agreement was reached at the General Shareholders' Meeting to delegate to the Board of Directors the power to increase the Company's share capital within the limits and in accordance with the requirements established in Spanish Company Law, for a maximum period of five years as from the date of the agreement of the Meeting. Under this delegation of powers, the maximum amount by which the share capital can be increased is set at half the Company's share capital on the date of the adoption of the agreement, i.e., 13,466,250 euros (THIRTEEN MILLION FOUR HUNDRED AND SIXTY-SIX THOUSAND TWO HUNDRED AND FIFTY EUROS).

In the event that the capital increase in this Prospectus is fully subscribed, once it has been executed DINAMIA's share capital would stand at 35,910,00 euros (THIRTY-

FIVE MILLION NINE HUNDRED AND TEN THOUSAND EUROS) represented by 11,970,000 shares, so the maximum amount by which DINAMIA's share capital could be increased, under the aforementioned delegation of powers, would be 4,488,750 euros (FOUR MILLION FOUR HUNDRED AND EIGHTY-EIGHT THOUSAND SEVEN HUNDRED AND FIFTY EUROS).

Also at General Shareholders' Meeting of 29 June 2005, the Board of Directors was granted power to issue debentures, bonds and other securities of the following types: fixed-income, simple, exchangeable and/or convertible into shares and commercial paper.

Shares issued and fully paid and issued but not fully paid;

No calls on share capital exist, since DINAMIA's share capital is fully subscribed and paid.

Par value per share;

All the shares comprising DINAMIA's capital stock have a par value of 3 (THREE) euros each.

Reconciliation of the number of shares outstanding at the beginning and the end of the year.

From 1 January 2002 to 31 December 2004, the number of the Company's outstanding shares remained unchanged, i.e., a total of 8,550,000 shares.

In the first quarter of 2005, the number of DINAMIA's outstanding shares increased to 8,977,500, under a scrip issue entirely charged to the issue premium.

21.1.2. If there are shares not representing capital, state the number and main characteristics of such shares.

There are no shares that are not representative of the share capital.

21.1.3. The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the Issuer..

On the date of this Prospectus, the Company holds no own shares. Likewise, over the past three years, DINAMIA has held no own shares nor have any of its investees held any shares in the Company.

Notwithstanding, authorisation was given at the Company's General Shareholders' Meeting of 29 June 2005 for DINAMIA's Board of Directors to undertake the derivative acquisition of own shares in accordance with the legal requirements established in Spanish Limited Companies Law and with the conditions set out below as they figure in the literal transcription of the agreement:

“It is proposed that authorisation be given to the Company’s Board of Directors for the derivative acquisition by “DINAMIA CAPITAL PRIVADO S.C.R., S.A.” of own shares within the limits and requirements established by law and under the following conditions:

- 1. Means: By purchase, swap, donation, award or payment in kind and, in general, by any other means of acquisition, against payment, of outstanding and fully paid shares.*
- 2. Maximum number of shares that can be acquired: Up to a limit of five per cent (5%) of the capital stock.*
- 3. Maximum and minimum prices: The maximum and minimum prices will not be more than five per cent (5%) higher or lower, respectively, than the trading value of the shares on the stock market at the time of their acquisition.*
- 4. Duration of the authorisation: Eighteen (18) months as from the date of the General Shareholders' Meeting. The shares acquired in this way will have no voting rights of any kind, but will have the dividend rights that correspond to them in proportion to the rest of the shares in accordance with article 79 of Spanish Limited Companies Law.*

The scope of the authorisation granted in this point expressly includes the derivative acquisition of treasury stock for the purpose of direct delivery to the employees or directors of the Company or as a consequence of the exercise of the option rights held by said employees or directors.

In the light of the above points, it is proposed that Agreement Five, adopted by the General Shareholders' Meeting of the Company on 29 June 2004, under which the Board of Directors of the Company was authorised to carry out a derivative acquisition of treasury stock, be cancelled.”

- 21.1.4.** *The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription..*

On the date of registration of this Prospectus, no exchangeable, convertible or guaranteed securities exist.

- 21.1.5.** *Information and conditions relating to any acquisition right and/or obligations with respect to the capital authorised but not issued or to the decision to increase capital.*

On the date of registration of this Prospectus, no acquisition rights and/or obligations exist with respect to the capital authorised but not issued or to the decision to increase capital.

21.1.6. *Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.*

On the date of registration of this Prospectus, there is no option agreement on the capital of the Company or of its group.

21.1.7. *A history of share capital, highlighting information about any changes, for the period covered by the historical financial information.*

The only share capital operation carried out by the Company in the past three financial years is the one described below:

Agreement was given at the General Shareholders' Meeting of 29 June 2004 to hold a scrip issue of 1,282,500 euros (ONE MILLION TWO HUNDRED AND EIGHTY-TWO THOUSAND FIVE HUNDRED EURO) charged to reserves, through the issuance of 427,500 new ordinary shares, in the proportion of one new share for every twenty old shares. This capital increase was executed under the agreement of the Company's Board of Directors at its meeting of 6 October 2004 following the delegation of powers approved at the aforementioned General Shareholders' Meeting.

Consequently, DINAMIA's capital stock stood at 26,932,500 euro, represented by 8,977,500 shares with a par value of 3 euro each, fully subscribed and paid.

The table below shows the change in the number of shares and capital in the period covered by the historical information:

	Number of shares	Variation in the period	Par value (Euros)	Capital stock
Shares at 1 January 2002	8,550,000	0	3	25,650,000
Shares at 31 December 2002	8,550,000	0	3	25,650,000
Shares at 31 December 2003	8,550,000	0	3	25,650,000
Shares at 31 December 2004	8,550,000	0	3	25,650,000
Shares at 30 June 2005	8,977,500	427,500	3	26,932,500

21.2. Memorandum and Articles of Association

21.2.1. *A description of the issuer's objects and purposes and where they can be found in the memorandum and articles of association..*

In accordance with article 2 of the Company's articles of association, its corporate purpose is *"the acquisition of temporary holdings in the capital of non-financial companies that, at the time of acquisition, are not traded on the primary market of securities exchanges"*. Similarly, the aforementioned article 2 of DINAMIA's articles of association also stipulates that, in carrying out its main corporate purpose as described in the previous paragraph, the Company can facilitate participating loans or other forms of financing, in the latter case solely for its investees, as well as carry out advisory activities.

DINAMIA's articles of association are available at its headquarters, its website (www.dinamia.es), the Spanish Stock Market Regulator (CNMV) and the Mercantile Registry of Madrid.

21.2.2. *A summary of any provisions of the issuer's articles of association, statutes, charter or bylaws with respect to the members of the administrative, management and supervisory bodies.*

DINAMIA's articles of association as well as the regulations of the Board of Directors contain provisions relating to the Company's administrative, management and supervisory bodies; the most relevant aspects are:

- ✓ The Board of Directors will be formed by at least three and at most 10 directors.
- ✓ A director need not necessarily be a shareholder of the Company.
- ✓ Directors will hold their position for a period of five years, although the General Shareholders' Meeting has the sovereign power to remove any or all of them at any time.
- ✓ In the event that a director's position becomes vacant in the period for which he/she has been appointed, the Board of Directors can appoint, from amongst the shareholders, another person to occupy the position until the next General Shareholders' Meeting, at which the appointment will either be confirmed or rejected.
- ✓ The Board of Directors will appoint, from amongst its members, a Chairman and one or more Deputy Chairmen. It will also appoint a Secretary, who may be a non-director.
- ✓ Board meetings will be validly constituted if half plus one of the Board's members attend and, unless otherwise required by law, an agreement will be adopted by absolute majority of the directors present, after the Chairman has explained the reasons for its adoption and it has been discussed.
- ✓ The powers of the Board as a representative body of the Company will be understood in all cases in the broadest sense and for all kinds of activity or business, with no limitations other than those expressly established in the articles of association.
- ✓ The Company's assets will be managed by a Venture Capital Management Company, with which the Company will sign the corresponding Management Agreement.
- ✓ The Board of Directors will meet whenever its Chairman deems opportune. It will be governed by the law in force at any given time.

- ✓ The Board of Directors can appoint one or more CEOs, an Executive Committee and any other committees it considers necessary for the proper functioning of the Company, conferring in each case all or part of the powers inherent to it that by law can be delegated. The Board of Directors will in any case set up an Audit Committee. The permanent delegation of powers will be valid if two-thirds of the members of the Board cast a favourable vote.
- ✓ The Board of Directors can also confer powers on a person with no ties to the Company.
- ✓ The position of director will be remunerated. Each of the directors will receive a remuneration amounting to three thousand five hundred (3,500) euros, with the exception of the Chairman, who will receive five thousand two hundred and fifty (5,250) euros, per meeting. In the event of non-attendance at the meetings of the Board of Directors, the director will receive half of the amount indicated above. In no case shall the combined remuneration of the Company's Directors and Audit Committee Members exceed the amount of one hundred and seventy-five thousand euros (175,000 euros). This amount is updated annually in accordance with the Consumer Price Index published by the National Statistics Institute (*Instituto Nacional de Estadística*).
- ✓ The Audit Committee will be formed by three external non-executive directors appointed by the Board of Directors for a period of three years or, where applicable, until they are no longer directors, and they can be appointed for one or various periods of the same duration. For these purposes, executive directors are understood to be those directors who under any title perform management responsibilities in the Company.
- ✓ The chairmanship of the Audit Committee will be rotated amongst its members and held for a period of one year. The Secretary of the Board of Directors will also act as Secretary of the Audit Committee.
- ✓ The Audit Committee's functions are as follows:
 - Report at the General Shareholders Meeting at the request of shareholders on issues which fall under its competence.
 - Make recommendations to the Board of Directors on the appointment of external auditors for approval at the General Shareholders Meeting and, where appropriate, their renewal or non-renewal.
 - Supervise the internal auditing process and review the Company's annual accounts and interim financial information, to ensure compliance with its legal requirements and the adequate application of generally accepted accounting principles.

- Know the Company's internal control and financial processes.
- Manage the relationship with the external auditors in order to address issues which could jeopardise the latter's independence and any other matters related to the account auditing process, as well as communicating any other matters provided for in prevailing auditing legislation and accounting standards.
- Carry out any other task assigned to it by the Board of Directors.
- ✓ The Audit Committee ordinarily meets on a quarterly basis in order to review the interim financial information to be reported to the CNMV as well as any matters for Board approval which have to be included in its public annual report. In addition, the Committee shall meet at its Chairman's request when the latter is obliged to do so because the Board of Directors or its Chairman requires the Committee to issue a report or adopt specific proposals, or whenever it is deemed necessary in order to properly carry out the role it is entrusted with.
- ✓ The Audit Committee shall issue an annual report highlighting the main incidents, where appropriate, in connection with its functions.
- ✓ Each member of the Audit Committee shall receive a fixed remuneration equal to 50% of that paid to a Board director.

DINAMIA's Internal Code of Conduct, which applies to (i) the members of the Company's Board of Directors as well as its Secretary, (ii) any person who, in the opinion of the Board, should be subject to the code, (iii) the members of the Board of Directors of the Management Company as well as its Secretary, and (iv) the senior managers and the direct and indirect shareholders of the Management Company, was approved by the Company's Board of Directors at its meeting of 11 June 1999 and subsequently changed on 2 June 2003 and 29 June 2004. The latter change affected in particular the regulations governing the conflicts of interest, functions and powers of the person in charge of supervising compliance with the obligations established in the Code, which in the case of DINAMIA is the Audit Committee. The new text of the Code was submitted to the CNMV on 30 July 2004.

The most important aspects of the Internal Code of Conduct include the following:

- It establishes restrictions and conditions for the sale/purchase of the securities and financial instruments of DINAMIA by persons subject to the Code and by persons who have insider information on the Company. It also establishes the obligation to safeguard information of a confidential nature.
- With respect to the notification of significant events, it establishes that the Management Company, under its Management Contract, is obliged to notify the CNMV of any significant events relating to the Company's investment policy.

- It establishes that the persons subject to the Internal Code of Conduct must refrain from preparing or carrying out practices that distort the free price formation of DINAMIA's securities or financial instruments.
- With respect to binding operations, it establishes that the provisions in the Internal Code of Conduct are applicable to operations and balances of persons who act on behalf of or in conjunction with any person subject to the Code.
- With respect to the registration of shares and the filing of notifications, the Secretary is the person in charge of maintaining a registry containing information on the securities and financial instruments of DINAMIA owned by persons subject to the Code.

21.2.3. *A description of the rights, preferences and restrictions attaching to each class of the existing shares.*

As all of DINAMIA's outstanding shares are ordinary shares, they give their holders the same voting and dividend rights, which are the full voting and dividend rights inherent to them, stipulated in Spanish Limited Companies Law and in the Company's articles of association. These rights are described in item 4.5 (Description of the rights relating to securities, including any limitation on these rights, and the procedure for their exercise) of the Share Securities Note.

21.2.4. *A description of what action is necessary to change the rights of holders of the shares, indicating where the conditions are more significant than is required by law.*

Any change in the rights of the holders of the shares that form DINAMIA's share capital will require a corresponding change in the articles of association, which, in the event that it affects only one part of the shares and entails discriminatory treatment of these shares, must be approved by the majority of the shareholders affected, without prejudice to its submission to the system of authorisation for changes in articles of association contained in the Law on Venture Capital Companies.

On 19 October 2005 the Finance and Tax Ministry, following a request from *Comisión Nacional del Mercado de Valores*, authorised a modification to Article 7 of DINAMIA's Articles of Association as a result of the capital increase referred to in this Prospectus.

DINAMIA's articles of association do not reflect any specific item with respect to the provisions in Spanish Company Law.

21.2.5. *A description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called including the conditions of admission.*

The conditions governing the manner of summoning the annual and extraordinary general meetings of shareholders, including the conditions relating to attendance, are set out in Section V of DINAMIA's articles of association as well as in the Regulations of the General Shareholders' Meeting approved by the Company and deposited at the CNMV on 30 June 2004.

The General Shareholders' Meeting will meet within the first six months of each financial year and an Extraordinary Shareholders' Meeting will be called if the Board of Directors considers it necessary or if requested by shareholders representing at least five per cent of the share capital. All matters concerning the manner of summoning the General Shareholders' Meeting will conform to the provisions of Spanish Limited Companies Law, in other words through an announcement published in the Official Gazette of the Mercantile Registry and in one of the province's daily newspapers with the largest circulation, at least fifteen days prior to the date set for the meeting.

A shareholders' meeting of a general nature can also be held, without the need for prior summons, if the entire share capital is present and those attending accept unanimously that the meeting be held, in accordance with article 99 of the revised text of Spanish Limited Companies Law.

The General Shareholders' Meetings will be chaired by the Chairman of the Board of Directors or, in his/her absence, by the Deputy Chairman or, in the absence of both, by the director or shareholder designated for this purpose by the meeting itself.

The Secretary of the Board of Directors will act as secretary or, in his/her absence, the person who has been acting as Secretary of the Company or whomever the meeting itself may designate.

Shareholders will have the right to attend on the condition that at least five days prior to the date set for the meeting they are registered as such in (i) the respective registries of one of the entities belonging to the Securities Clearing and Settlement Service Managing Company (Sociedad de Sistemas or Iberclear), which will provide the corresponding attendance cards that accredit the status of the shareholder with respect to the Company and/or in (ii) the Company's book-entry registry. Accordingly, shareholders seeking to attend the Shareholders' Meeting must show their attendance card or the document legally accrediting them as shareholders.

The members of the Board of Directors will attend the General Shareholders' Meeting unless there are justified reasons for their non-attendance. The non-attendance of a Board director will not affect the valid constitution of the Shareholders' Meeting and will not be a cause for contesting the agreements adopted. Also authorised to attend and to address the Shareholders' Meeting, but without voting rights, are the representatives of the Management Company, auditors, managers, technical staff and any other person who, in the opinion of the Board of Directors, is interested in the proper functioning of company matters and whose participation at the meeting could be useful to the Company. The Chairman of the General Shareholders' Meeting can authorise the

attendance of the press, financial analysts and any other person it considers appropriate, without prejudice to the power of the Shareholders' Meeting to revoke this authorisation.

21.2.6. *A brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the Issuer.*

There are no provisions in the articles of association or internal regulations that have the effect of delaying, deferring or preventing a change in the control of the Company.

21.2.7. *An indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed.*

DINAMIA's articles of association have no provisions requiring shareholders with significant stakes to disclose this circumstance, without prejudice to the requirements established in the regulations in force and, in particular, in Royal Decree 377/1991, of 15 March, on the notification of significant stakes in listed companies and acquisitions of treasury stock by these companies.

21.2.8. *A description of the conditions imposed by the memorandum and articles of association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law.*

The mandatory conditions relating to changes in DINAMIA's share capital and the respective rights of its shares are governed by the provisions of Spanish Limited Companies Law, and the Company's articles of association establish no particular condition in this respect. Notwithstanding, changes in the articles of association of DINAMIA, as a venture capital company, are subject to prior official authorisation in accordance with the provisions in article 15 of the Law on Venture Capital Companies and their Management Companies and the provisions in regulation 4 of the CNMV's Circular 4/1999 of 22 September on the administrative procedures and standard models for Venture Capital Entities and their Management Companies.

22. MATERIAL CONTRACTS

A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding publication of the registration document. A summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the registration document.

No significant contracts in which the Issuer participates, aside from the contracts signed in the ordinary course of the Company's business, have been signed during the two years preceding the date of this Prospectus.

As for other contracts that do not arise in the ordinary course of business activity but are signed by the Issuer and relevant to it, the main one at the date of the Prospectus is the Management Agreement.

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

- 23.1. Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the Registration Document.**

No statements or reports attributed to a person as an independent expert are included in this document. However, the Valuation Report has been reviewed by Deloitte, S.L. (formerly Deloitte & Touche España, S.L.), which has been auditor of the Company's financial statements.

- 23.2. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.. In addition, identify the source(s) of the information.**

The Company confirms that the Valuation Report has been reproduced exactly and that, to the Issuer's knowledge, it omits no event that would make the information reproduced inaccurate or misleading.

The Valuation Report is based on the following information:

- The latest available financial statements of investees, unaudited, as well as other financial information relating to them;
- Support documentation on sale/purchase transactions, capital increases, loans granted and other transactions;
- Description of listed companies considered to be comparable, where applicable, as well as the multiples and other data used and other support information for the valuations made;

- Other relevant information

24. DOCUMENTS ON DISPLAY

A declaration, if necessary, to the effect that the following documents (or copies of them) can be inspected during the period that the registration document is valid. a) the Issuer's Articles of Association and Memorandum; b) all the reports, letters and other documents, historical financial information, evaluations and declarations prepared by any expert at the Issuer's request that are included in part or mentioned in the registration document; c) the historical financial information of the Issuer or in the case of a group, the historical financial information of the Issuer and its subsidiaries for each of the two financial years prior to the publication of the registration document. Place where the documents presented can be examined, by physical or electronic means.

The following documents can be examined at the places indicated below:

Articles of association and Memorandum of the Company;

DINAMIA's articles of association are available to the public and can be consulted at its headquarters, located in Madrid at calle Padilla, 17, and also at the CNMV and the Mercantile Registry of Madrid. DINAMIA's articles of association can also be consulted on the Company's website (www.dinamia.es).

DINAMIA's deed of incorporation is available to the public and can be consulted at its headquarters, indicated above, as well as at the Mercantile Registry of Madrid.

Corporate Governance Report;

The Corporate Governance Report of DINAMIA mentioned in this Prospectus has been deposited at the CNMV and is also available on DINAMIA's website (www.dinamia.es) as well as on the CNMV's own website (www.cnmv.es).

DINAMIA valuation report at 30 June 2005;

The Valuation Report mentioned in this Prospectus was deposited at the CNMV as a significant event on 14 September 2005 and is also available on DINAMIA's website (www.dinamia.es) as well as on the CNMV's own website (www.cnmv.es).

The Company's historical financial information for each of the two financial years prior to the publication of the registration document.

DINAMIA's historical financial information is available to the public and can be consulted at the Company's headquarters, located in Madrid at calle Padilla, 17, as well as on the CNMV's website (www.cnmv.es) and the Mercantile Registry of Madrid.

DINAMIA's historical financial information can also be consulted on the Company's website (www.dinamia.es).

25. INFORMATION ON HOLDINGS

Information on the companies in which the Issuer owns a proportion of the capital, which could have a significant effect on the evaluation of its own assets and liabilities, financial position or profits and losses.

See item 6.1.

Madrid, 26 October 2005

DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.

On behalf of

Jorge Mataix Entero
Empowered representative