

Financial Report



→ *First Quarter 2005*

SyV



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## I. HIGHLIGHTS

OPERATING DATA			March		% Change
			2005	2004	
<b>CONSTRUCTION-SACYR/SOMAGUE</b>					
ORDER BOOK		Mn€	3,761	2,971	26.6%
		Months of activity	26.1	20.2	29.4%
<b>HOUSING DEVELOPMENT- VALLEHERMOSO</b>					
Committed Sales	Housing	Thds €	293,040	221,398	32.4%
		Nº houses	965	949	1.7%
	Land	Thds €	67	2,704	
ORDER BOOK		Mn€	1,809	1,582	14.3%
LAND RESERVE	Total	Thds m <sup>2</sup>	4,237	3,598	17.7%
	Housing	%	92.0%	91.0%	1.1%
<b>CONCESSIONS - ITINERE</b>					
INCOME ORDER		Mn€	49,281	33,612	46.6%
<b>PROPERTY- TESTA</b>					
INCOME		Thds €	54,038	45,413	19.0%
NET SURFACE		Thds m <sup>2</sup>	1,383.8	1,396.0	-0.9%
OCCUPANCY		%	96.1	94.5	1.7
INCOME ORDER		Mn€	2,271	1,957	16.0%
<b>SERVICES-VALORIZA</b>					
INCOME ORDER		Mn€	3,838	3,115	23.2%

## I. HIGHLIGHTS

ECONOMIC FINANCIAL DATA			March		%
			2005	2004*	Change
<b>NET INCOME</b>		<b>Thds €</b>	<b>817,479</b>	<b>744,442</b>	<b>9.8%</b>
By activity:	Construction		432,775	442,280	(2.2)%
		Sacyr	294,337	279,833	5.2%
		Somague	138,438	162,447	(14.8)%
	Housing development	Vallehermoso	266,307	166,692	59.8%
	Concessions	Itinere	79,587	72,608	9.6%
	Property	Testa	54,038	45,413	19.0%
	Services	Valoriza	32,937	21,969	49.9%
	Holding & adjustments		(48,164)	(4,518)	(966.0)%
<b>EBITDA</b>		<b>Thds €</b>	<b>199,882</b>	<b>144,716</b>	<b>38.1%</b>
By activity:	Construction		28,909	36,220	(20.2)%
		Sacyr	24,490	26,147	(6.3)%
		Somague	4,419	10,074	(56.1)%
	Housing development	Vallehermoso	66,153	22,662	191.9%
	Concessions	Itinere	60,999	52,814	15.5%
	Property	Testa	44,096	35,066	25.8%
	Services	Valoriza	2,649	670	295.5%
	Holding & adjustments		(2,924)	(2,715)	(7.7)%
<b>EBIT</b>		<b>Thds €</b>	<b>142,988</b>	<b>91,279</b>	<b>56.7%</b>
By activity:	Construction		19,059	21,531	(11.5)%
		Sacyr	17,667	14,720	20.0%
		Somague	1,392	6,810	(79.6)%
	Housing development	Vallehermoso	61,199	23,005	166.0%
	Concessions	Itinere	29,450	22,971	28.2%
	Property	Testa	36,354	27,550	32.0%
	Services	Valoriza	1,210	(704)	271.8%
	Holding & adjustments		(4,283)	(3,074)	(39.3)%
<b>NET ATTRIBUTABLE PROFIT</b>		<b>Thds €</b>	<b>144,388</b>	<b>68,189</b>	<b>111.8%</b>
By activity:	Construction		37,794	16,227	132.9%
		Sacyr	16,050	11,259	42.6%
		Somague	21,744	4,968	337.7%
	Housing development	Vallehermoso	31,440	9,713	223.7%
	Concessions	Itinere	(12,580)	(18,148)	30.7%
	Property	Testa	14,657	70,590	(79.2)%
	Services	Valoriza	(165)	(1,442)	88.6%
	Holding & adjustments		73,243	(8,748)	937.2%
<b>EPS**</b>		<b>€</b>	<b>0.54</b>	<b>0.31</b>	<b>72.22%</b>
<b>CASH-FLOW</b>		<b>Thds €</b>	<b>202,645</b>	<b>121,474</b>	<b>66.82%</b>

\* 2004 proforma including re-assignment of Somague's housing development, concessions and services business.

\*\* Adjusted in 2004 by bonus free capital increase of 1x40 last September.

## II. BASIS OF PRESENTATION

The financial information for the first quarter is prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations made thereof by the competent official bodies, and has to be read under following considerations:

- This information has been prepared in-house by the company and has not been audited.
- The accounting rules adopted by EU are subject to different interpretations issued by IFRIC. Moreover International accounting board could issue new rules that could be applied by SyV in the fiscal years starting as from 1<sup>st</sup> January 2005.
- Given that 2005 is the first year this international accounting rules comes into force, there is not any detailed experience in the handling of several technical aspects that may appear during their application, without having been provided a specific treatment procedure.
- Any potential change derived from the above mentioned issues or from sectorial developments in the future could result in a variation of the accounting treatment applied in the elaboration of this financial statements.
- As a consequence of the former, is possible that could be needed to introduce some changes in this information in the future.

### IFRS PRINCIPLES ADOPTED

The following is a summary of the most significant criteria adopted in accordance with international financial reporting standards (IFRS) in force in the EU and applicable from January 2005.

**Net turnover.** The classification of expenses by nature is maintained, just as was done previously.

**Housing Development:** The principle of accounting for booked sales at the time of the public deed for residences, both on the consolidated as well as the individual company level (the latter as permitted by the local General Chart of Accounts) is adopted. The latter benefits the cash flow generated by allowing deferral of the payment of tax.

**Construction:** The principle of recognition of income in the construction business on the basis of advance of income contemplated at sales price with respect to costs applied, as a valid approximation to the degree of progress (advance in income as an estimated margin over costs applied) as established in the IFRS rules.

**Concessions:** It has not been applied IFRIC interpretation draft concerning concessions relative to accounting for intangible assets and receivables.

Furthermore, revenues coming from capital grants reflected within the contractual frame of two highway concessions in Chile (El Elqui and Los Lagos) are reclassified as a greater amount of turnover.

#### Operating expenses:

Housing Development: The new accounting regulations do not allow capitalization of commercial expenses in the residential development business. These expenses are carried in their entirety as an expense of the period (as an external service).

Construction: There is no impact whatsoever on losses forecasted in construction and bidding costs since the group already recognizes scheduled losses and does not capitalize any bidding cost, as is required by the regulations.

#### Depreciation allocation:

Concessions: The allocation to the reversion fund in concessions, as per the new rules, is calculated on a straight-line basis over the life of the concession.

Net financial income: Conversion differences taking place in the period are recorded as income/losses for the period. According to the new accounting standard, the consideration at reasonable value of financial instruments used does not cause any impact on the group's income statement, since all of them are applied as hedging of debted contracted at variable rates.

Concessions: Financial expenses relating to toll highways generated after their entry into operation are allocated on an accrual basis.

Development: Financial expenses are capitalized in the housing development business until delivery of the asset.

Property: Financial expenses are capitalized in the rental property business until the placement into operation of the asset.

Services: Financial expenses are capitalized in the rental property business until the asset is placed into operation.

Goodwill: The systematic amortization of goodwill is eliminated. The performance of an impairment test of existing goodwill once per annum is established in order to determine the appropriate of the possible amortization thereof in each fiscal year.

Extraordinary income/capital grants: IFRS regulations do not allow inclusion of any item as extraordinary on the income statement. Such income is therefore

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reclassified to the chapter relating to the nature thereof, since such income deemed to be current income in its entirety

### **GROUP RESTRUCTURING**

In January 2005 Somague subgroup sold its different non-construction subsidiaries to each of respective head companies of SyV group, that carries out the activities of housing development, infrastructure concessions and services. The objective of this pursue to achieve a better organization and management optimization.

In order to show comparable figures in both periods of 2005 and 2004 corresponding to first quarter, it is presented a pro forma P&L statement for first quarter last year, that includes non-construction activities of Somague group within their respective head of companies of activity.

### III. PROFIT AND LOSS ACCOUNT

CONSOLIDATED PROFIT AND LOSS (Thds Euros)	March		Change 05/04
	2005	2004	
Net Income	817,479	744,442	9.8%
Other Income	209,491	139,753	49.9%
<b>Total Income</b>	<b>1,026,970</b>	<b>884,195</b>	<b>16.1%</b>
External and operating expenses	(827,088)	(739,478)	11.8%
<b>Gross Operating Profit</b>	<b>199,882</b>	<b>144,716</b>	<b>38.1%</b>
Depreciation	(48,557)	(46,816)	3.7%
Trade Provisions	(8,337)	(6,371)	30.9%
<b>Net Operating Profit</b>	<b>142,988</b>	<b>91,529</b>	<b>56.2%</b>
Financial Results	88,585	(20,129)	
Translation and forex differences	(2,192)	(8,561)	-74.4%
Results from equity accounted subsidiaries	(1,461)	(751)	94.5%
Provisions for financial investments	(1,363)	0	
Results from sales of non current assets	727	29,999	-97.6%
Other profit and losses	(433)	937	-146.2%
<b>Ordinary Profit</b>	<b>226,852</b>	<b>93,024</b>	<b>143.9%</b>
Corporate Tax	(80,893)	(20,420)	296.1%
<b>TOTAL PROFIT</b>	<b>145,958</b>	<b>72,603</b>	<b>101.0%</b>
Minorities	(1,571)	(4,414)	-64.4%
<b>NET ATTRIBUTABLE PROFIT</b>	<b>144,388</b>	<b>68,189</b>	<b>111.7%</b>

#### RESULTS ANALYSIS

In the first quarter of 2005 the group's sales rose 9.8% to 817.5 million euros. The considerable growth in operating income (+38.1%), together with the noteworthy positive financial results posted in the period, has allowed attributable net profit to surge 111.7% to 144.4 million euros.

#### TURNOVER

Net turnover reached 817.5 million euros, up 9.8% on the same period in 2004. This was due to the sound performance of housing development, property and service areas.

The concessions business area grew 9.6% in revenues to 79.6 million euros, due to a combination of the favorable evolution of traffic and increase in highway tolls.

The construction line of business operated by Sacyr-Somague achieved turnover of 442.3 million euros in March 2005, as compared to 442.3 million in 2004. Nevertheless. This reduction is entirely explained by the fall of activity in Portugal,



once that Sacyr registered a 5.2% increase, in spite of adverse weather conditions experienced in the north of Spain in the period.

For its part, Vallehermoso in housing development, with 266.3 million euros in net turnover, grew significantly (+59.8%) with respect to the same quarter last year. Booked sales, which reflect the performance of commercial activity in the period, grew 32.4% to 293.0 million euros, with a total of 965 units sold at March 31, 2005.

The services business posted a considerable increase of 49.9% to 32.9 million euros, as a consequence of the growth in Valoriza's four core businesses, especially in alternative energies.

In rental property, Testa increased its revenues 19% to 54 million euros. This performance is a combination of the growth in the average occupancy level to 95.7% and the 20.3% rise in average per unit revenue on the rental property portfolio, by far exceeding the reduction of 2.7% in rentable surface area for the period.

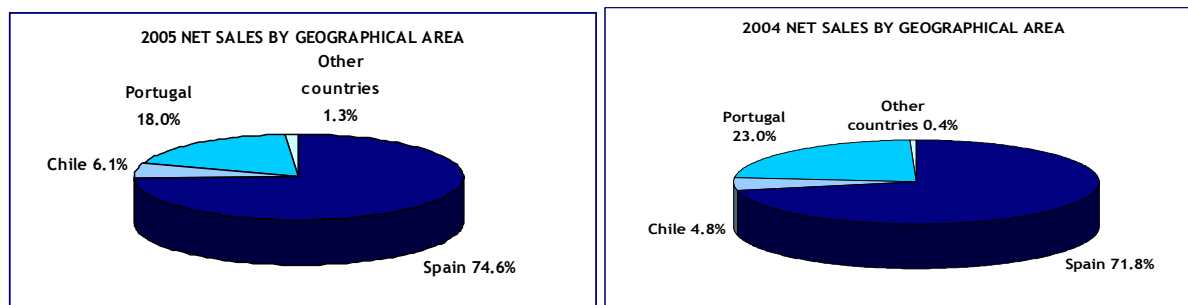
Broken down by geographic area, 74.6% of turnover is generated in Spain. Outside of Spain, Portugal deserves important mention, due to Somague's construction business, as well as Chile, which reflects revenues from operating concessions held in that country together with construction works executed for them.

The breakdown of turnover by business activity was as follows:

<b>TURNOVER by business area</b>		<b>March</b>		<b>%Change</b>
<b>(Thds Euros)</b>		<b>2005</b>	<b>2004</b>	<b>05/04</b>
Sacyr/Somague		432,775	442,280	-2.1%
Sacyr		294,337	279,833	5.2%
Somague		138,438	162,447	-14.8%
Vallehermoso		266,307	166,692	59.8%
Itinere		79,587	72,608	9.6%
Testa		54,038	45,413	19.0%
Valoriza		32,937	21,969	49.9%
Holding and adjustments		-48,164	-4,518	
<b>TOTAL</b>		<b>817,479</b>	<b>744,442</b>	<b>9.8%</b>

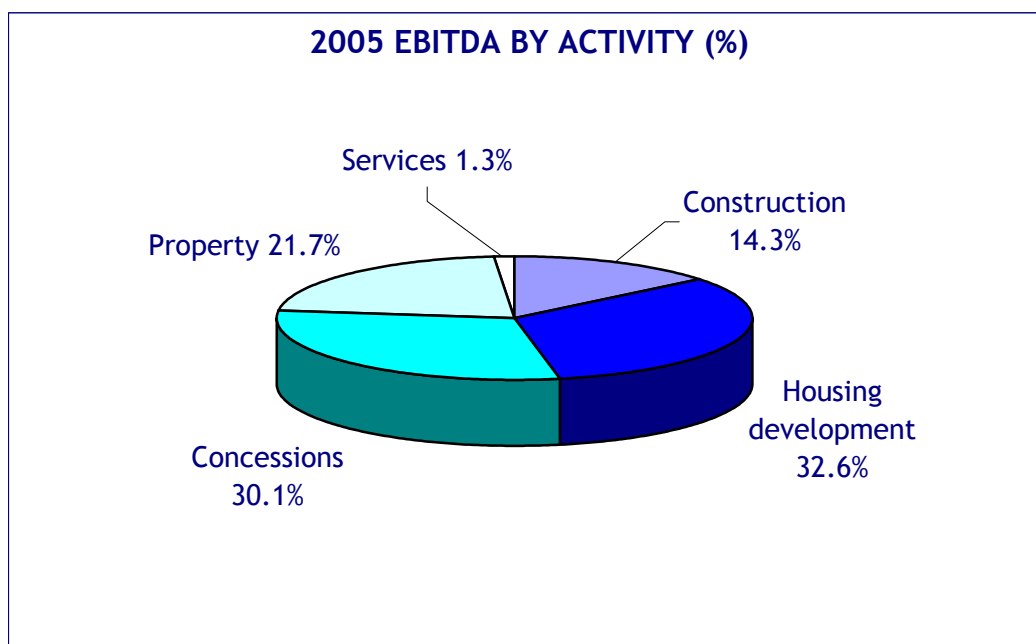
<b>TURNOVER by geographical area</b>		<b>March</b>		<b>%Change</b>
<b>(Thds Euros)</b>		<b>2005</b>	<b>2004</b>	<b>05/04</b>
Spain		609,871	534,311	14.1%
Chile		49,694	35,433	40.2%
Portugal		147,018	171,395	-14.2%
Other countries		10,896	3,303	229.9%
<b>TOTAL</b>		<b>817,479</b>	<b>744,442</b>	<b>9.8%</b>



**GROSS OPERATING PROFIT (EBITDA)**

The group's gross operating profit grew 38.1% on the same period last year to 199.9 million euros, with emphasis on the increase achieved in the areas of housing development, concessions and rental property. Ebitda from services division grew 295.5% to 2.6 Million euros.

The contribution from recurrent businesses (infrastructure concessions, property rentals and services) represented 53.9% of the total, to 107.7 million euros, growing 21.7% in the year. The contribution made by concessions represents 30.5% of total gross operating profit as at March 31 2005, with 61 million euros (up 15.5% on 2004).



Growth businesses (construction, residential development) and holding contributed 46.1% (92.1 million euros) to consolidated operating profit. These businesses grew 64% with respect to 2004 due to organic expansion and a reduction of operating expenses on the corporate level. It is noteworthy to mention the strong rise in the contribution of housing development, with an Ebitda of 66.2 million euros, a 191.9% higher than in 2004.

**DEPRECIATION**

The technical and revertible asset depreciation provision reached 48.6 million euros, having its origin fundamentally in Itinere's concession business.

**FINANCIAL RESULTS**

The variation in net financial results in 2005 to 88.6 million euros profit is mainly explained by the impact of 148.6 million euros generated by the sale of derivatives and shares of the BBVA group this past February and which contrast against the recording in March 2004 of income from the securities portfolio of 41.2 million euros for the sale of 100% of a company dedicated to operating rent-controlled housing in the property business.

Income from companies carried by the equity method posted a slight loss of 1.4 million euros, as opposed to 0.7 million euros in the red last year.

Gains on disposal of non current assets were 0.7 million euros, down 97.6% respect of 30 million euros, recorded on the previous year, when the gains on the sale of a building site located in Madrid were included.

**NET PROFIT**

Pre-tax profit amounts to 226.9 million euros, up 143.9% on the same period in 2004.

Normalization in the tax rate accruing in the period of 35.6%, and far above the previous year, yielded an attributable profit of 144.4 million euros, up 111.7% on 2004.

**PORTFOLIO INCOME**

The portfolio of assured future income in the various business areas as at the close of the first quarter reached 60,959.5 million euros. The operating margin implicit to the portfolio reached 40,352.9 million euros. This volume of future revenues is supported basically at Itinere (80.8% of the total), since it enjoys long periods of concessions, thereby allowing for a high forecast and certainty of revenues.

<b>ORDER BOOK</b> (Thds Euros)	<b>March 2005</b>		
	<b>Income</b>	<b>% Ebitda*</b>	<b>Ebitda</b>
Sacyr (Order Book)	3,532,691	8.4%	296,393
Somague (Order Book)	228,314	4.5%	10,179
Itinere (Concessional Income)	49,280,700	76.8%	37,831,285
Testa (Lease contracts to maturity)	2,270,600	76.1%	1,729,037
Vallehermoso (Pre-sales Book)	1,809,000	19.8%	357,672
Valoriza (Income Order)	3,838,200	3.3%	128,367
<b>TOTAL</b>	<b>60,959,504</b>	<b>66.8%</b>	<b>40,352,932</b>

\*Mg Ebitda as of end of 04

## IV. PERFORMANCE OF BUSINESS AREAS

CONSOLIDATED PROFIT AND LOSS AS OF 31ST MARCH 2005									
(Thds Euros)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
Net Income	294,337	79,587	266,307	54,038	32,937	138,438	3	(48,168)	817,479
Other Income	19,478	5,122	174,148	1,020	2,289	1,884	9,792	(4,241)	209,491
<b>Total Income</b>	<b>313,815</b>	<b>84,709</b>	<b>440,455</b>	<b>55,057</b>	<b>35,226</b>	<b>140,321</b>	<b>9,795</b>	<b>(52,408)</b>	<b>1,026,970</b>
External and Operating Expenses	(289,325)	(23,710)	(374,301)	(10,961)	(32,577)	(135,902)	(12,730)	52,419	(827,088)
<b>Gross Operating Profit</b>	<b>24,490</b>	<b>60,999</b>	<b>66,153</b>	<b>44,096</b>	<b>2,649</b>	<b>4,419</b>	<b>(2,935)</b>	<b>11</b>	<b>199,882</b>
Depreciation	(4,334)	(30,936)	(82)	(7,667)	(1,363)	(2,925)	(809)	(440)	(48,557)
Trade Provisions	(2,489)	(614)	(4,873)	(75)	(76)	(102)	(110)	0	(8,337)
<b>Net Operating Profit</b>	<b>17,667</b>	<b>29,450</b>	<b>61,199</b>	<b>36,354</b>	<b>1,210</b>	<b>1,392</b>	<b>(3,854)</b>	<b>(429)</b>	<b>142,988</b>
Financial Results	5,675	(37,076)	(12,141)	(13,088)	(1,739)	(163)	147,147	(30)	88,585
Translation and forex differences	(83)	(2,712)	0	612	(8)	(0)	(0)	0	(2,192)
Results from equity accounted subsidiaries	0	(2,132)	(14)	7	673	5	0	0	(1,461)
Provisions for financial investments	0	(538)	(825)		0	0	0	0	(1,363)
Results from sales of non current assets	794	77	(207)	63	1	21,571	0	(21,571)	727
Other profit and losses	(614)	195	(3)	(297)	87	198	2	0	(433)
<b>Ordinary Profit</b>	<b>23,439</b>	<b>(12,737)</b>	<b>48,009</b>	<b>23,650</b>	<b>224</b>	<b>23,002</b>	<b>143,294</b>	<b>(22,030)</b>	<b>226,852</b>
Corporate Tax	(7,264)	3,480	(16,600)	(8,993)	166	(1,587)	(50,100)	7	(80,893)
<b>TOTAL PROFIT</b>	<b>16,174</b>	<b>(9,257)</b>	<b>31,409</b>	<b>14,657</b>	<b>389</b>	<b>21,415</b>	<b>93,194</b>	<b>(22,023)</b>	<b>145,958</b>
Minorities	(124)	(3,324)	31	0	(554)	329	0	2,072	(1,571)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>16,050</b>	<b>(12,580)</b>	<b>31,440</b>	<b>14,657</b>	<b>(165)</b>	<b>21,744</b>	<b>93,194</b>	<b>(19,951)</b>	<b>144,388</b>



## IV. PERFORMANCE OF BUSINESS AREAS

CONSOLIDATED PROFIT AND LOSS AS OF 31ST MARCH 2004*									
(Thds Euros)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
Net Income	279,833	72,608	166,692	45,413	21,969	162,447	56	(4,574)	744,442
Other Income	2,818	6,772	125,823	445	64	3,377	5,443	(4,990)	139,753
<b>Total Income</b>	<b>282,651</b>	<b>79,379</b>	<b>292,515</b>	<b>45,858</b>	<b>22,033</b>	<b>165,824</b>	<b>5,499</b>	<b>(9,564)</b>	<b>884,195</b>
External and Operating Expenses	(256,504)	(26,566)	(269,853)	(10,792)	(21,363)	(155,751)	(8,821)	10,170	(739,478)
<b>Gross Operating Profit</b>	<b>26,147</b>	<b>52,814</b>	<b>22,662</b>	<b>35,066</b>	<b>670</b>	<b>10,074</b>	<b>(3,322)</b>	<b>607</b>	<b>144,716</b>
Depreciation	(3,641)	(29,853)	(46)	(7,353)	(1,353)	(2,680)	(1,502)	(387)	(46,816)
Trade Provisions	(7,785)	11	389	(162)	(21)	(333)	1,531	(0)	(6,371)
<b>Net Operating Profit</b>	<b>14,720</b>	<b>22,971</b>	<b>23,005</b>	<b>27,550</b>	<b>(704)</b>	<b>7,060</b>	<b>(3,294)</b>	<b>220</b>	<b>91,529</b>
Financial Results	2,836	(33,661)	(7,751)	28,581	(691)	(2,664)	59,256	(66,034)	(20,129)
Translation and forex differences	(13)	(8,736)	0	188	0	0	0	0	(8,561)
Results from equity accounted subsidiaries	(11)	(1,226)	27	126	254	1,717	0	(1,639)	(751)
Provisions for financial investments	0	0	0	0	0	0	0	0	0
Results from sales of non current assets	(52)	7	(21)	29,656	0	0	410	0	29,999
Other profit and losses	(85)	879	0	137	(540)	(193)	737	2	937
<b>Ordinary Profit</b>	<b>17,395</b>	<b>(19,767)</b>	<b>15,260</b>	<b>86,240</b>	<b>(1,681)</b>	<b>5,920</b>	<b>57,110</b>	<b>(67,451)</b>	<b>93,024</b>
Corporate Tax	(5,981)	4,078	(5,575)	(15,650)	359	(909)	3,085	172	(20,420)
<b>TOTAL PROFIT</b>	<b>11,414</b>	<b>(15,689)</b>	<b>9,685</b>	<b>70,590</b>	<b>(1,321)</b>	<b>5,011</b>	<b>60,195</b>	<b>(67,279)</b>	<b>72,603</b>
Minorities	(155)	(2,459)	28	0	(121)	(43)	0	(1,664)	(4,414)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>11,259</b>	<b>(18,148)</b>	<b>9,713</b>	<b>70,590</b>	<b>(1,442)</b>	<b>4,968</b>	<b>60,195</b>	<b>(68,943)</b>	<b>68,189</b>

\* Profit and Loss account as of March 2004 has been done following IFRS criteria and includes the reassignment of the housing development, concessions and services business of Somague.

## IV. PERFORMANCE OF BUSINESS AREAS

### SACYR/SOMAGUE

Revenues of this area reached 432.8 million euros, with a reduction of a 2.1% on 2004. Sacyr posted 294.3 million euros in revenues, up 5.2% with respect to last year. The weak market conditions in Portugal yielded Somague revenues of some 138.4 million euros, respect of 162.4 million euros in 2004. The latter partly due to the recognition in last year sales of the accounting of several extraordinary works relating with several construction stadiums for 04 Euro Cup.

Worthy of mention is the increase in contracts pending execution. Thus, at the close of March, the construction portfolio reached 3,761 million euros, the equivalent of 26 months of activity. This was a 26.6% increase on 2004.

The breakdown of the works portfolio is as follows:

ORDER BACKLOG (Mn Euros)	March		%Change
	2005	2004	05/04
Spain	2,051	1,768	16.0%
Portugal	845	837	0.8%
Italy	637		
Other Countries	228	365	-37.5%
<b>TOTAL</b>	<b>3,761</b>	<b>2,971</b>	<b>26.6%</b>

Some 93.9% of the portfolio is located in the European Union, with 54.5% pertaining to Spain, 22.5% to Portugal, 16.9% to Italy and the rest (6.1%), to other countries, nearly all of which coming from infrastructure concession projects in Chile and Costa Rica.

Works adjudicated during 2005 amounted to 698.1 million euros, up a noteworthy 61.4% on last year.

By type of work, 69.5% of contracting related to civil works (485.5 million euros), and 30.4% to building (212.6 million euros).

The following is a list of contracts awarded in the period:

<b>CONTRACTS AWARDED</b>	
<b>(Thds Euros)</b>	<b>March 2005</b>
Asturias Central Hospital	75,241
Houses awarded Vallehermoso	70,456
Construction, architecture and urbanization of the 12th and 14th wing of IFEMA	56,442
Other Buildings	10,479
<b>Building</b>	<b>212,618</b>
Burial of connection tranche Avenida Portugal with M-30 service road	143,352
Bulgary Highway	104,430
Tetuán-M-30 link works: Sor Angela de la Cruz-Marqués Viana axis	59,616
PAU 4 Móstoles Sur Urbanization	47,061
Urbanization of sector 8 Teneria II in Pinto	21,001
Aqua Pura	17,000
Other Civil Works	93,070
<b>Civil Works</b>	<b>485,530</b>
<b>TOTAL</b>	<b>698,148</b>

Among the core contracts obtained, the following are worthy of mention:

- Works for burial of connection tranche Avenida Portugal with M-30 service road in the amount of 143.4 million euros.
- Contract for connection of the M-30 highway in Madrid in various tranches for 59.6 million euros.
- Works for construction of a highway in Bulgary (443 kilometers) between the border with Serbia, Sofia and the Black Sea for 104.4 million euros.
- Construction of Asturias Central Hospital for 75.2 million euros.
- Various residential developments for the Vallehermoso Group, for a total amount of 70.5 million euros.

**VALLEHERMOSO**

Vallehermoso's sales at March 31, 2005 reached 266.3 million euros, up 59.8%. Sales of the residential product were 265.4 million euros and the rest, 0.9 million euros, came from the sale of other products and services.

Booked residential sales reached 293.0 million euros, up 32.4% with respect to 2004, supported by the pricing evolution and an increase in the number of units sold, up 1.7% on the previous year, reaching 965 units. As at the first quarter close, there were booked sales pending posting for 1,809 million euros, up 14.3% on last year.

The performance of booked sales and the operating margin on residential product and land in 2005 are shown below:

<b>CONTRACTED SALES</b> (Thds Euros)	March 2005		March 2004	
	Sales	Margin (*)	Sales	Margin (*)
Land	67	29	2,704	2,353
Residential sales	293,040	83,149	221,398	54,996
<b>TOTAL GROUP</b>	<b>293,107</b>	<b>83,178</b>	<b>224,102</b>	<b>57,349</b>

(\*) Direct Margin (only includes direct operating costs)

Investments made in the purchase of land grew consistently in the period, which entailed dedicating 285.4 million euros in the first quarter, equivalent to 2,426 homes, up 72% on the same period in 2004. The breakdown of acquisitions made by the various geographical areas is as follows:

<b>LAND PURCHASE</b>			
<b>LOCATION</b>	<b>Houses equivalent</b>	<b>% over total</b>	
Catalonia	24	1.0%	
Centre	239	9.9%	
East	744	30.7%	
North	1,419	58.5%	
<b>TOTAL</b>	<b>2,426</b>		

Land reserves and residential product amounted to 4.2 million m<sup>2</sup> at the close of the period, equivalent of a total of 25,700 homes and an assured period of business of 5.6 years. This reserve implies a significant increase of 17.7% in the volume of m<sup>2</sup> in stocks compared to March 2004. This position in the land reserve bank sustains the solidity of targets for business growth in the long term as a



consequence of a broad-based, geographically diversified portfolio with an adequate degree of urban planning and development.

**ITINERE**

Itinere's concession business performed well with turnover of 79.6 million euros, 9.6% up on 2004.

Operating income grew 15.5% to 61 million euros. This growth was supported by the sound performance of traffic in the various concessions, tariff revisions and to a lesser extent by the opening of new tranches.

Worthy of emphasis is the balanced impact of two events occurring in the period: the celebration of Holy Week in the first quarter of 2005, as opposed to its occurrence in the second quarter of 2004, and the adverse effect of the various cold spells, which with an unusual frequency, affected all of the group's concessions located in the Northern areas of the Iberian Peninsula (Audenasa, Aucalsa, Avasa and Audasa).

In the Spain-based concessions traffic growth continued higher than the growth of the economy in general. Growth on the most important routes was particularly notable.

Thus, ADT growth at Audasa stood at 3.6%. Aucalsa and Audenasa enjoyed traffic increases of 8.5% and 5.7%, respectively, while Avasa's traffic volume grew by 5.4% in the period. Aunor grew 6.1% with respect to the same period last year.

For their part, the Chilean concessions performed positively, with increases of 4.7% and 4% in the two extremes of Route 5, El Elqui and Los Lagos, respectively, while Rutas del Pacífico posted a slight increase of 1.0%.

ADT	March		% Change
	2005	2004	05/04
<b>Spain</b>			
Avasa	13,685	12,981	5.4%
Aunor	10,602	9,988	6.1%
Aucalsa	8,903	8,205	8.5%
Audasa	21,403	20,661	3.6%
Audenasa	15,958	15,093	5.7%
Autoestradas Galicia I	12,369	11,709	5.6%
Autoestradas Galicia II	7,496	7,028	6.7%
<b>Chile</b>			
R-5 Los Lagos	6,652	6,399	4.0%
R-5 El Elqui	3,220	3,076	4.7%
Rutas del Pacífico	15,676	15,519	1.0%
Red Vial Litoral Central*	1,974		

\*Non comparable data. There are new tranches included in 2004 (F-962 Las Pataguas and NCC)

At the close of the first quarter of 2005 offers remained filed for various domestic and international concessions which represented a bidding amount in excess of 1 billion euros.

As far as operations are concerned, noteworthy is the increased penetration in dynamic toll systems, which reached close to 30% at Audasa, Itinere's main concession, as well as the swift advances in others such as the radial highways in Madrid and Avasa, whose systems were introduced from the first quarter of last year.

Concessions revenues portfolio amounted to 49,280.7 million euros at March, up 46.6% on last year. Furthermore, 91.2% of the portfolio was located in Spain, reaffirming its profile of high security and profitability.

<b>ORDER BOOK</b> (Mn Euros)	March		% Change
	2005	2004	05/04
Spain	44,928.6	29,970.5	49.9%
Chile and Costa Rica	4,352.1	3,641.5	19.5%
<b>TOTAL</b>	<b>49,280.7</b>	<b>33,612.1</b>	<b>46.6%</b>

At the close of the period, the total gross highway investment amounted to 4,800.8 million euros, with 106.9 million euros in progress and largely pertaining to the development of works on the Santiago de Chile urban ring highway, Americo Vespucio Sur, and to a lesser extent, the Nororient highway concession, the latter located in the north metropolitan area of the Chilean capital. Furthermore, preliminary work was begun on the concessions awarded in 2004, the Palma-Manacor highway in Spain and the San José-San Ramón corridor in Costa Rica.

<b>INVESTMENT</b> (Thds Euros)	March 2005		March 2004		% Change
	In operation	under Construction	In operation	Under Construction	05/04
AVASA	662,797		659,888	349	0.4%
AUTOV. NOROESTE	96,954		43,629		122.2%
AUCALSA	738,827		683,734		8.1%
AUTOESTRADAS DE GALICIA	155,676		138,114		12.7%
AUDASA	2,030,158		1,702,321		19.3%
AUDENASA	389,725		338,800	2,808	14.1%
Spain	4,074,137		3,566,486	3,157	14.1%
ELQUI	204,858		208,345		-1.7%
LOS LAGOS	214,464		218,041		-1.6%
RUTAS DEL PACIFICO	167,311		169,776		-1.5%
LITORAL CENTRAL	33,133		32,924		0.6%
VESPUCIO SUR		81,834		33,265	146.0%
NORORIENTE		25,046			
Chile	619,766	106,880	629,086	33,265	9.7%
<b>TOTAL</b>	<b>4,693,903</b>	<b>106,880</b>	<b>4,195,572</b>	<b>36,422</b>	<b>13.4%</b>

**TESTA**

Revenues earned by Testa during the period were 54 million euros, up 19% on 2004. The increase was due to the increase in occupied surface area, especially shopping centers, as well as the receipt in the period of a single payment from a client as a consequence of its early relocation. Operating income rose 25.8% to 44.1 million euros.

The change in direction of net financial income in 2005, with 12.4 million euros of net expenses, is due to the sale recorded in March 2004 of 100% of a company owning inner-city properties in Madrid, which triggered a gain on the securities portfolio of 41.2 million euros in said period.

Furthermore, insignificant turnover of assets, with the consequent absence of capital gains in the first quarter of this year, as opposed to the rotation carried out in the same period of 2004, caused gains on disposal of non-current assets to be absolutely neutral, as opposed to the 29.6 million euros in 2004 coming from the sale of a land site located in the region of Madrid. This decrease explains how pre-tax income reached 23.6 million euros, as compared to 86.2 million euros in 2004. The application of a normalized tax rate brought net profit to 14.7 million euros.

The factors explaining the variance in rental income are shown below:

<b>RENTAL PERFORMANCE</b>	<b>March</b>		<b>% Change 05/04</b>
	<b>2005</b>	<b>2004</b>	
Net Rental Income (Thds Euros)	52,967	44,598	18.8%
Average Occupied Surface (m2)	1,320,947	1,338,187	-1.3%
Average Rent (€/m2/month)	13,37	11.11	20.3%
Land Lettable Surface (m2)	1,380,372	1,417,983	-2.7%
Average Occupancy Rate (%)	95.70	94.40	1.4%

Highlighted among new assets is the entry into operation in the month of March of an office property located in San Cugat del Vallés, Barcelona, with 10,000 square meters of surface area.

A total of 257.6 million euros were recorded in investments in progress, of which the most significant was the SyV skyscraper, a mixed-use hallmark building located in Madrid's business district, for 148.5 million euros. Other investments in various buildings were developed, of which 40.9 million euros related to five pre-leased senior citizen residences, which are currently in various stages of development.

**Results in the sale of property assets:**

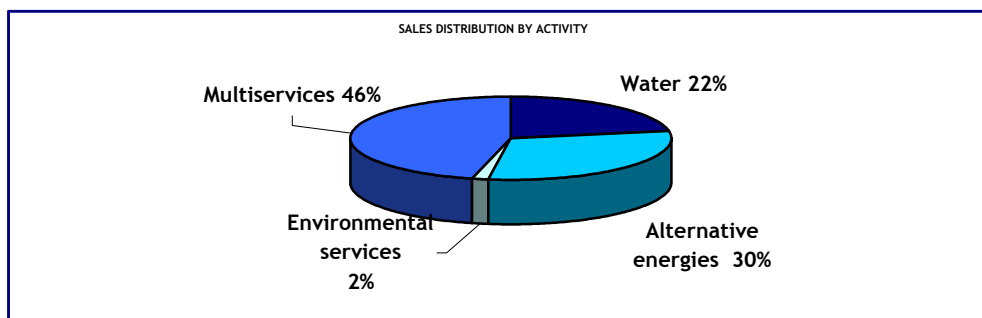
Asset Sales (Thds Euros)	SALES			GROSS PROFIT		
	2005	2004	% Δ	2005	2004	% Δ
Land Sales		36,157	-100.0%	29,264		-100.0%
Others	221	433	-49.0%	63	400	-84.3%
<b>TOTAL</b>	<b>221</b>	<b>36,590</b>	<b>-99.4%</b>	<b>63</b>	<b>29,664</b>	<b>-99.8%</b>

No significant sale of rental properties took place in the first quarter of the year.

**VALORIZA**

Up to March 2005, Valoriza achieved revenues of 32.9 million euros, surging 49.9% on 2004, due to a large extent to the implementation of new projects.

Its revenues are broken down among the various business areas as follows:



The alternative energies business headed by Iberese represented 30.0% of turnover, with 9.9 million euros, surging 125% with respect to 2004.

Sadyt, in the water cycle, was awarded a contract for maintenance and operation of the control system for the transport grid of the water desalinated in Níjar (Almería). For its part, Ags, the group’s head company in water distribution and treatment in Portugal and Brazil, achieved a total of 13 concessions under operation at the close of March, which entails providing service to a total of 1.5 million equivalent inhabitants.

In the area of multi-services, Cafestore reached a total of 22 points of business, as opposed to the 17 existing in March 2004. This allows Cafestore to strengthen the third place domestically as an operator of highway road services areas. In addition, Valoriza Facilities, specializing in the maintenance and management of all types of buildings, billed 6.7 million euros during the period, representing a 52,3% growth over the same period last year. Within the development of the strategic plan, worthy of mention in this area is the agreement reached with the Servisair group, one of the worldwide leaders in airport services, for the creation of a joint venture to bid in future tenders for handling services scheduled to be called throughout 2005.

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## V. BOARD RESOLUTIONS

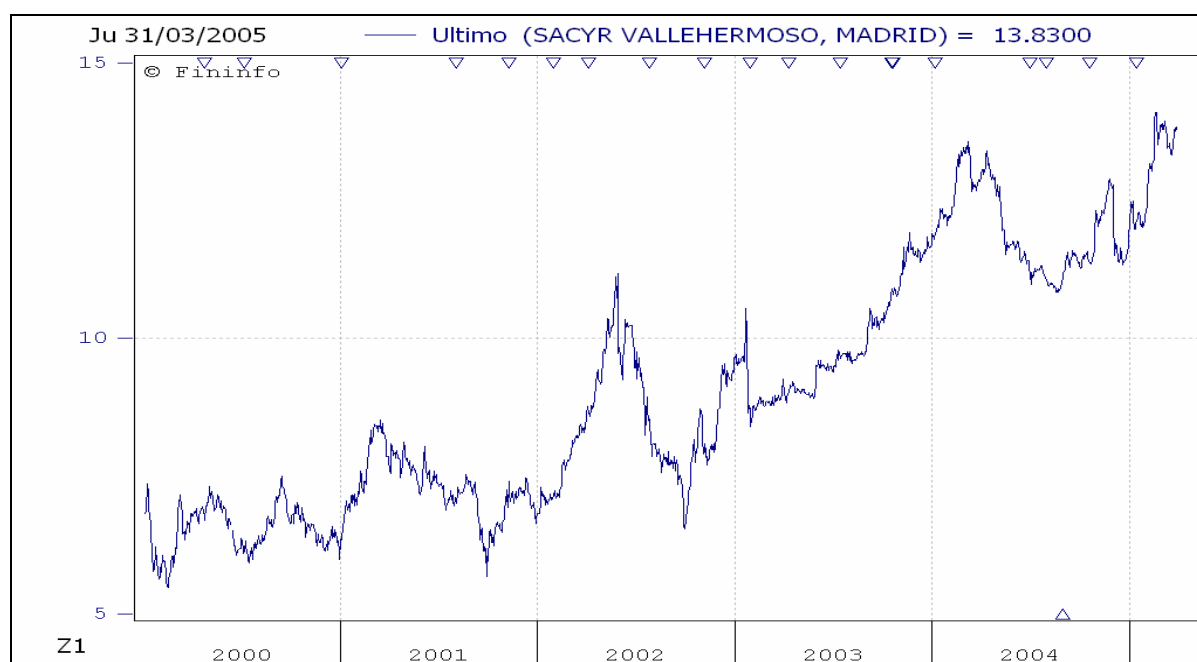
### DIVIDEND DISTRIBUTION

- On January 14, 2005, the third interim dividend for fiscal year 2004 in the gross amount of 0.075 euros per share was paid. The dividend distribution had been declared at the Board of Directors meeting held on December 15, 2004.
- At the Board of Directors meeting held on March 29, 2005, the last dividend for fiscal year 2004 in the gross amount of 0.135 euros per share was declared. Payment was made on April 15, 2005.

## VI. STOCK PERFORMANCE

	March		% Change 05/ 04
	2005	2004	
Closing Stock Price ( euros p.s. )*	13.83	12.98	6.58%
Max. Price of the year *	14.29	13.72	4.18%
Min. price of the year*	11.89	11.71	1.56%
Market Cap. as of end of period (Thd Euros)	3,680,901	3,269,284	12.59%
Trading Volumen ( Thds Euros )	657,711	508,244	29.41%
Daily trading volume	831,525	634,704	31.01%
Frecuency of trading	%	100	100
Nº of Shares ( Thds )	266,153	245,811	8.28%
Share Nominal Value	1 EURO	1 EURO	

\*Adjusted in 2004 due to the bonus issue increase of 1x40 made effective in September 2004



## VII. SHAREHOLDING STRUCTURE

According to the information registered in the Spanish Stock Exchange Commission at March 31st, Sacyr Vallehermoso, S. A. directors holds and/or represent the following number of shares in the company:

	Nº shares	%
Almarfe,S.L.	15,863,325	5.96%
D. Vicente Benedito Francés	55,866	0.02%
D. Demetrio Carceller Arce (1)	18,450	0.01%
Corporación Caixa Galicia, S.A.	7,558,684	2.84%
D. Matias Cortés Domínguez	100	0.00%
D. Manuel Manrique Cecilia (2)	18,631,463	7.00%
Nueva Compañía de Inversiones, S.A. (3)	23,524,387	8.84%
Participaciones Agrupadas, S.R.L.	16,295,815	6.12%
Prilou, S.L. (4)	33,128,986	12.45%
D. Luis Fernando del Rivero Asensio (5)	33,944,633	12.75%
D. Juan Miguel Sanjuan Jover	9,272,262	3.48%
Torreal, S.A. (3)	23,524,382	8.84%
D. Diogo Alves Diniz Vaz Guedes (6)	13,992,222	5.26%
D. José Seixas de Queiroz Vaz Guedes (6)	13,992,222	5.26%
<b>TOTAL BOARD OF DIRECTORS</b>	<b>172,286,193</b>	<b>64.73%</b>

(1) Director representing Disa Corporación Petrolífera, Atlantica Petrogas and Renta Insular Canaria.

(2) Director who holds a stake of 7.0% represented by Mr. Manuel Manrique, who holds a stake of 49.94% in Cymofag S.L.

(3) Directors representing Abelló Group. Torreal S.A. representation is already included as indirect stake in that one of Nueva Compañía de Inversiones, S.A.

(4) Represented by Mr. Jose Manuel Loureda, who holds a significant stake in Prilou,S.L.

(5) Actividades Inmobiliarias y Agrícolas,S.A. and Rimefor Milenio Nuevo,S.L. are the companies by which Mr. Luis del Rivero Asensio participates in the company. Actividades Inmobiliarias y Agrícolas has a stake of 5.067% and Rimefor Milenio Nuevo, S.L. a 7.648% .

(6) Executive Directors representing Finavague,S.L. who holds the stake.