

FINANCIAL REPORT 2008



Second half

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I. HIGHLIGHTS

OPERATING DATA (Millions of euros)	December 2008	December 2007	% Var 08/07
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CONSTRUCCIÓN - SACYR/SOMAGUE

ORDER BOOK	6,424	6,022	6.7%
<i>Months of Activity</i>	22.0	21.6	1.9%

HOUSING DEVELOPMENT - VALLEHERMOSO

PRE-SALES	281	1,304	-78.5%
PRE-SALES PORTFOLIO	1,551	2,360	- 34.3%
ASSET VALUE (DECEMBER 31)	5,990	6,969	-14.0%

CONCESSIONS- SACYR CONCESIONES *

INCOME PORFOLIO	13,595	12,191	11.5%
<i>KM UNDER CONCESSION</i>	1,258	1,040	21.0%

PROPERTY – TESTA

ASSET VALUE (DECEMBER 31)	4,426	4,725	- 6.3%
<i>RENTABLE AREA (Thousand Square meters)</i>	1,584	1,536	3.1%
<i>OCCUPANCY RATE**</i>	99.0%	99.0%	0.0%
RENTAL PORFOLIO	3,362	2,935	14.5%

SERVICES- VALORIZA

INCOME PORFOLIO	11,038	10,124	9.0%
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* Excluding the assets transferred to Clti

**Excluding the SYV tower's leasable area which was incorporated in 2008 year-end.

I. HIGHLIGHTS

ECONOMIC-FINANCIAL DATA (Millions of euros)	December 2008	December 2007 *	% Var 08/07
TURNOVER	5,379	5,236	2.7%
Construction (Sacyr – Somague)	3,498	3,346	4.5%
Housing Development (Vallehermoso)	1,087	1,400	-22.3%
Concessions (Sacyr Concesiones)	75	35	116.9%
Property (Testa)	273	264	3.3%
Services (Valoriza)	866	633	36.8%
Holding and Adjustments	-420	-441	ns
EBITDA	610	863	-29.2%
Construction (Sacyr – Somague)	203	226	-10.3%
Housing Development (Vallehermoso)	137	357	-61.7%
Concessions (Sacyr Concesiones)	36	11	224.1%
Property (Testa)	221	210	4.9%
Services (Valoriza)	92	69	34.0%
Holding and Adjustments	-79	-10	ns
NET ATTRIBUTABLE INCOME (1)	221	673	-67.1%
MARKET CAPITALISATION (2)	1,943	7,605	-74,5%
Nº of outstanding shares (Thousands)	304,967	284,636	
NET EQUITY	2,350	2,771	-15.2%
NET CORPORATE DEBT	1,866	1,646	13.4%

(1) Excluding Eiffage.

(2) Corrected in 2007 with a capital increase of 1x14 on October 2008.

* Pro forma with Itínere assets transferred to Citi considered as interrupted activities.

II. STATEMENT OF INCOME

INCOME STATEMENT (Thousands of Euros)	December 2008	December 2007 *	Var 08/07
Turnover	5,379,489	5,236,546	2.7%
Other Sales	327,451	221,844	47.6%
Total Income	5,706,940	5,458,390	4.6%
External and Operating Expenses	(5,096,478)	(4,595,578)	10.9%
GROSS OPERATING PROFIT	610,462	862,812	(29.2%)
Depreciation and goodwill	(163,065)	(142,639)	14.3%
Trade Provisions and change in value of non current assets	(172,276)	(40,928)	320.9%
NET OPERATING PROFIT	275,121	679,245	(59.5%)
Financial results	(751,957)	(701,698)	7.2%
Adjustment in exchange rates	(1,853)	(2,919)	(36.5%)
Results from equity accounted subsidiaries	518,992	606,678	(14.5%)
Provisions for financial investments	(36,935)	(7,994)	362.0%
Change in value of financial instruments	(125)	69	n.s
Results from sales of non current assets	44,058	16,583	165.7%
PROFIT BEFORE TAXES	47,302	589,964	(92.0%)
Corporate Tax	145,247	13,661	n.s
PROFIT FOR CONTINUING ACTIVITIES	192,549	603,625	(68.1%)
PROFIT FOR DISCONTINUING ACTIVITIES	38,306	73,602	n.s
CONSOLIDATE RESULTS	230,855	677,227	(65.9%)
Minorities	(9,582)	(4,360)	119.8%
NET ATTRIBUTABLE PROFIT (1)	221,274	672,867	(67.1%)
Eiffage Contribution	(477,293)	273,522	

* Pro forma

(1) As already mentioned in the first semester report, on April 17 2008, SyV's 33.32% stake in the French construction and infrastructure group, Eiffage, was sold for €1,920.2 million, equivalent to the sum originally paid for this stake and therefore there has been no impact on SyV's cash flow.

However, the sale of this stake means that Eiffage's profits for 2006 and 2007 have been eliminated from SyV's books. As a result, during the first semester of 2008 there were negative results of €477.3 million with respect to the first semester of 2007 when profits from Eiffage, which represented €331.9 million with €273.5 million contributing to net income, were included in the books.

(2) On November 30, 2008, SyV signed with Citi Infrastructure Partners a formulation and acceptance commitment agreement for the initial public offering of Itínere Infraestructuras, at a rate of €3.96 for each of the 725,571,117 shares constituting the share capital, once it has complied with the suspensive conditions which the takeover is subject to. This agreement will take place in 2009 and therefore has no impact on 2008's cash flow.

SyV also agreed to maintain Itinere's stakes in concessions under construction (Guadalcesa, Autovía del Arlazón, Autopistas del Valle y del Sol in Costa Rica, N6 and M50 in Ireland and Tunel do Marao in Portugal) or in operation that are not highways (hospitals, transportation hubs and service areas), as well as the shares of Itinere in concessions in a start up stage (the Madrid-Levante motorway, Madrid Sur motorway, Accesos de Madrid, Aunor, Viastur, Pamasa, Turia and Eresma) and a company was set up, Sacyr Concesiones, in order to group them together.

SyV's new concessions' division is called Sacyr Concesiones and is formed by a group of 25 important concessions in ramp-up phase (launch) and construction phase with a significant capacity for future value creation.

As a result of the abovementioned operations and in order to make comparisons between 2007 and 2008 easier, the financial statements presented for both 2008 as well as the proforma for 2007:

- do not include the results for Eiffage
- show the reclassification, in accordance to international accounting standards, for all those Itinere assets whose transfer has been agreed, in the entry, "Consolidated profit from discontinued operations" of the Consolidated Income Statement and in the entries "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" of the Consolidated Balance Sheet.
- the assets and liabilities associated with the remaining 25 concessions in Sacyr Concesiones, continue being registered in the relevant sections of the balance sheet as at December 31.

In addition, although Itinere prepared its financial information treating as "assets held for sale" the concessions that SyV will maintain and those that it will transfer to Abertis Infraestructuras and Atlantia on the basis of the agreement reached with these companies; in this report the information relating to the concessions business is presented using the same basis as for the Sacyr Vallehermoso Group (the activity for transferred concessions is treated as "assets held for sale"), and thus the concessions business only reflects the activity of Sacyr Concesiones.

RESULTS ANALYSIS

- In 2008, there have been a number of negative impacts on the statement of income (in addition to the sale of Eiffage and Itinere) that have had no effect on cash flow (as they are changes in accounting criteria or asset valuation), which make it difficult to compare the results of operations between years. Therefore, an adjusted attributable result of these effects is presented below:

Millions of Euros	2008	2007	% Var. 08/07
Net profits for continuing activities	192.5	603.6	-68.1%
Elimination of Vallehermoso's financial capitalisations	60.7	0	n/a
Elimination of Repsol YPF assets	99.0	-46.8	n/a
Elimination of fair value accounting. Tangible assets	42.4	0	n/a
Minorities	-9.6	-4.4	-119.3%
Net Attributable Profit in Continuing Activities	385.0	552.4	-30.3%
Results for interrupted activities	38.3	73.6	-52.0%

- This year different criteria have been used to calculate Vallehermoso's financial expenses. This has been done in order to comply with the November 24, 2008, ICAC stipulations and has resulted in greater expenses amounting to € 86.7 million, which has reduced net profit by €60.7 million.
- Repsol YPF's recurring operating result grew by 4.8%, without taking into account the equity changes relating to the 90 day stock valuation at closing prices. The differences in the cost of sale prices at repossession prices (CCS) and the FIFO system result in a negative figure of €234 million euros when comparing between years, compared to the positive €495 million euros corresponding to the same period last year. This has resulted in a reduction in net profits carried by the equity method of €99.0 million.
- The provisions amounted to €60.6 million in order to adjust the real estate assets at fair market value. This has had a €42.4 million negative effect on net profits.

TURNOVER

For the year ended December 31, 2008, the Group's turnover amounted to €5,379.5 million, up 2.7% with respect to December 2007.

Business areas performed as follows:

TURNOVER (Thousands of Euros)	December		% Var 08/07
	2008	2007	
Construction	3,498,203	3,346,163	4.5%
Housing Development (Vallehermoso)	1,087,470	1,400,023	(22.3%)
Concessions (Sacyr Concesiones)	75,514	34,808	116.9%
Property (Testa)	272,568	263,821	3.3%
Services (Valoriza)	866,145	633,080	36.8%
Holding and adjustments	(420,411)	(441,349)	
TURNOVER	5,379,489	5,236,546	2.7%

* Pro forma

- The construction business posted growth of 4.5%, achieving sales of €3,498.2 million for the year ended December 31, 2008. The positive performance of the construction business in Portugal, representing an increase in turnover of 4.8%, was accompanied by an increase of 4.5% throughout the Group's market areas, particularly Spain. The high order book amounts to €6,424.1 million as at December 2008 up 6.7% with respect to 2007 and guarantees significant business growth in the future.
- Total sales registered in the housing development division reached €1,087.5 million, up 22.3% with respect to 2007. The sale of residential products stood at €952.1 million euros. The sales of land represented €101.3 million in 2008, 61.2% less than the €261.4 million reached in 2007. The income corresponding to services increased by 233.1% to €34 million.
- In the concessions division, the 116.9% growth in income derives from the favourable evolution of existing concessions and the start of new concessions. Thus, the following concessions started operating in 2008: the Spanish motorways Turia and Eresma (opened in August 2008 and September 2008 respectively), the Moncloa transport hub in Madrid (in operation since February 2008).
- In Property, Testa's registered a turnover of €272.6 million. Income grew at 4.6% thanks to rents for homogenous space; it should be observed that in 2007 is included the €1.9 million received from a client as a result of the early cancellation of his rental contract. This performance has been boosted

by the increase in the average occupancy level by 0.4%, the increase in the average unit income of the rental portfolio by 3.8% and an increase of 0.4% in the average rental area for the period.

- The services business recorded a significant growth of 36.8% to €866.1 million as a consequence of Valoriza's organic growth in all its sectors. Therefore, Energy and Multiservices grew 121% and 42% respectively, Water grew 33% and the activity in Environment grew 16% with respect to December 2007.

Regarding the turnover registered by geographic areas, 79.6% corresponds to operations in Spain, 11.3% to Portugal through Somague's building activity and Valoriza's services business and the remaining 9.1% corresponds to the construction of newly awarded concessions in Ireland, the income from operating concessions in Chile and the properties rented by Testa in Miami and Paris.

TURNOVER (Thousands of Euros)	December		% Var 08/07
	2008	2007*	
Spain	4,279,751	4,622,422	(7.4%)
Portugal	615,256	799,792	(23.1%)
Chile	64,320	70,733	(9.1%)
Ireland	122,103		
Italy	63,656	25,919	145.6%
Other Countries	234,403	(282,320)	(183.0%)
TURNOVER	5,379,489	5,236,546	2.7%

* Pro forma

GROSS OPERATING INCOME (EBITDA)

The Group's gross operating income was €609.3 million representing a 29.4% reduction due to the Ebitda performance of the cyclical activities, particularly in the housing development (more specifically in the sale of land). Also, Ebitda growth registered by the other divisions has been noticeable, particularly in the service area.

- The recurrent business activities (infrastructure concessions, rental property and services), represent 57.2% of the total EBITDA, contributing €348.8 million and entailing a 20.2% growth.
- The more cyclical businesses (construction, housing development) and holding represent 42.8% of the consolidated operating income, contributing €260.5 million, down 54.5% with respect to 2007.

GROSS OPERATING PROFIT (EBITDA) (Thousands of Euros)	December		% Var 08/07
	2008	2007*	
Concessions (Sacyr Concesiones)	36,024	11,114	224.1%
Property (Testa)	220,903	210,522	4.9%
Services (Valoriza)	91,870	68,560	34.0%
Growth activities	348,796	290,196	20.2%
Construction (Sacyr - Somague)	203,254	226,521	(10.3%)
Housing development (Vallehermoso)	136,965	357,242	(61.7%)
Holding and adjustments	(79,744)	(11,148)	
Recurrent activities	260,474	572,615	(54.5%)
EBITDA	609,271	862,812	(29.4%)

*Pro Forma

DEPRECIATION

The depreciation provision – technical and revertible assets – amounted to €163.1 million, of which Testa's business activity accounted for 27.1% of SyV Group's total depreciation (€44.2 million), construction activity accounted for 25.9% (€42.3 million) and 21.6% corresponds to Valoriza (€35.2 million).

FINANCIAL INCOME

The financial results amounted to €752.0 million against €701.7 million with respect to the same period in 2007. It is noteworthy that in 2008 there have been financial costs amounting to €86.7 million corresponding to debts used to finance Vallehermoso's lands in urban projects that have not yet started, which is a change with respect to 2007 (year in which these figures were capitalised). This has been done in order to comply with the response issued on November 24, 2008 by the ICAC in relation to a consultation in connection with those criteria. Financial expenses would have decreased by 5.2% if the 2007 criteria had been used.

INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Income from Repsol YPF amounted to €542.5 million (20.01% of the €2,711.0 million registered by Repsol YPF in December 2008) contributing €299.4 million to net income, and reported under this heading.

Repsol YPF's recurring operating result grew by 4.8%, without taking into account the equity changes relating to the 90 day stock valuation at closing prices. The differences in the cost of sale prices at repossession prices (CCS) and the MIFO system result in a negative figure of €234 million euros when comparing between years, compared to the positive €495 million euros corresponding to the same period last year. This has resulted in a reduction in net profits carried by the equity method of €99.0 million.

NET INCOME

Net attributable income amounted to €221.3 million once the aforementioned sale of the Eiffage stake had been excluded.

INCOME PORTFOLIO

The future income portfolio amounted to €35,970.0 million and was primarily supported by the most recurrent activities, concessions and services, Sacyr Concesiones represents 38.1% of the total portfolio and Valoriza represents 30.9%. The implicit operating income on the above-mentioned portfolio stood at €10,952 million.

The future income portfolio increased by 6.9% with respect to December 31, 2007, mainly due to:

- Sacyr and Somague's order book, which grew by 6.7% thanks to the awards obtained during the year.
- New concessions awarded since December 2007 such as the Autovía de Arlanzón, Autopista Vallenar Caldera and the Marão Tunnel, which entail a portfolio increase of 11.5%.
- The organic growth registered in the services business entails a 9.0% increase in the income portfolio.
- The entry into operation of the SyV Tower Hotel and an elderly home in Consejo de Ciento (Barcelona), represent a 14.5% increase in the portfolio which compensates for outgoings related to the sales of an office building in Miami and Zaragoza and an elderly residence in Getafe (Madrid).

PORTFOLIO BY BUSINESS ACTIVITY (Thousands of Euros)	December 2008			December 2007**	% Var 08/07
	Portfolio	% Ebitda*	Ebitda		
Sacyr - Somague (Construction Porfolio)	6,424,160	5.8%	375,644	6,022,125	6.7%
Vallehermoso (Pre-sales portfolio)	1,551,280	12.6%	195,380	2,360,151	(34.3%)
Itínere (Revenues portfolio)	13,594,725	47.7%	6,485,305	12,191,000	11.5%
Testa (Rents to maturity)	3,361,827	81.0%	2,724,592	2,935,181	14.5%
Valoriza (Services portfolio)	11,037,997	10.6%	1,170,777	10,124,256	9.0%
TOTAL	35,969,989	30.4%	10,951,699	33,632,713	6.9%

*Margin of Ebitda as at December 31, 2008

** Pro forma

II. CONSOLIDATED BALANCE SHEET

BALANCE SHEET (Thousands of Euros)	December 2008	December 2007*	Var 2H 08
NON CURRENT ASSETS	14,354,605	15,706,133	(1,351,528)
Intangible Assets	280,946	274,384	6,563
Real Estate Investments	2,882,014	2,577,780	304,235
Concessions Investments	1,290,472	1,125,110	165,362
Fixed Assets	962,228	1,102,707	(140,479)
Financial Assets	8,726,372	10,454,923	(1,728,551)
Other non Current Assets	44,996	12,273	32,723
Goodwill	167,577	158,957	8,620
CURRENT ASSETS	13,757,961	14,070,891	(312,930)
Non current assets held for sale	5,751,963	5,833,751	(81,787)
Inventories	4,805,126	4,621,648	183,478
Accounts Receivable	2,535,446	2,383,403	152,043
Financial Assets	185,842	167,867	17,975
Cash	479,584	1,064,222	(584,638)
ASSETS = LIABILITIES	28,112,566	29,777,023	(1,664,457)
EQUITY	2,652,686	3,492,366	(839,680)
Shareholder's Equity	2,350,091	2,771,162	(421,071)
Minority Interests	302,596	721,204	(418,609)
NON CURRENT LIABILITIES	10,843,297	13,945,259	(3,101,962)
Financial Debt	9,746,412	13,136,558	(3,390,146)
Financial Instruments at fair value	228,135	3,418	224,718
Provisions	62,405	62,659	(253)
Other non current Liabilities	806,344	742,625	63,719
CURRENT LIABILITIES	14,616,583	12,339,398	2,277,185
Liabilities associated with the non current assets held for sale	5,014,674	4,977,231	37,443
Financial Debt	5,431,076	3,808,184	1,622,892
Trade Accounts Payable	3,426,988	2,939,389	487,599
Operating Provisions	194,448	165,852	28,596
Other current liabilities	549,397	448,742	100,656

* 2007 Pro forma with Itinere's concessions held for sale.

BALANCE SHEET PERFORMANCE

The balance sheet as at December 31, 2008, decreased by €1,664.5 million. This was mainly due to the disinvestment of Eiffage (where €2,362.4 million had been accounted due to SyV holding a stake in Eiffage). This sale for €1,920.2 million reduces the gross financial debt as the loans used to acquire Eiffage have been cancelled completely (€1,713 million as at December 31, 2007) and the rest of the amount received has gone to reducing corporate debt.

Similarly, concession projects currently under construction entailed a gross investment of €171.0 million in new assets. The bulk of net investments involve the construction of new energy plants and new water treatment plants for €174.5 million registered in the balance of the services area.

In the following section more detail is given about the composition and main movements in the balance sheet.

NON-CURRENT ASSETS

Real Estate assets include properties in operation for €2,882 million. At the close of the period, the SyV Tower project started operating, and works continued for various buildings under construction for future rental property operation for €87.4 million. Other investments in progress include electrical co-generation and generation plants, water and sewer grids and other projects pertaining to the services business for €203.8 million.

Tangible Assets include machinery, technical facilities and other fixed assets. The amount of accumulated depreciation totals €363.4 million.

Sacyr Vallehermoso Group has invested €1,033.5 million in concession projects in operation (mainly highways), and €334,.6 million in projects under development.

Non-current financial assets include stakeholdings carried by the equity method amounting to €8,142.0 million of which the investments in Repsol YPF and Itinere are of significant importance. In addition, this heading includes €376.3 million related to deferred tax and the remainder relates to amounts owed by SyV Group companies.

CURRENT ASSETS

In the aggregate, current assets amount to €13,758.0 million, down 2.2% since December 2007. Inventories are the most significant part with €4,805.1 million, which basically corresponds to the property development activity of Vallehermoso, and accounts receivable accounted for €2,535.5 million. The average collecting period of the construction business was under 200 days and approximately 180 days for the services business. Testa charges in advance while Vallehermoso and Itinere are paid in cash.

NET EQUITY

As at December 31, 2008, net equity was €2,652.7million. 88.6% of the total (€2,350.1 million) corresponded to SyV's net equity, and €302.6 million to the Group's minority shareholders.

As at December 31 the share capital is represented by 304.9 million shares with a nominal value of €1 each. After this date a share capital increase has taken place with charges against Voluntary

Reserves approved in the General Shareholders' meeting in the proportion of 1 new share for every 14 existing shares, this will take place through the issuing of 20,331.158 new shares at a nominal value of 1 euro.

FINANCIAL DEBT

As at December 31, net corporate debt amounted to €1.866 million, equivalent to 12.9% of the total debt for the period. Net debt related to capital intensive activities amounted to €6,228 million, 42.9% of the total.

The Group's net debt as at December 31 2008 is broken down as follows:

NET FINANCIAL DEBT (Millions of Euros)	Dec-08	Dec-07	% Var 08/07
Corporate	1,866	1,646	13.4%
Capital intensive activities	6,228	5,898	5.6%
Testa	2,655	2,093	26.9%
Sacyr Concesiones	844	583	45.0%
Vallehermoso	2,728	3,222	-15.3%
Other	6,418	7,771	-17.4%
Eiffage	-	1,713	
Repsol	5,079	5,248	-3.2%
SyV Participaciones	563	570	-1.3%
Other	776	240	223.4%
NET FINANCIAL DEBT	14,512	15,315	-5.2%

- **Corporate:**

- Debt raised to finance the 20.01% stake acquired in Repsol YPF is included under this heading. Such debt amounts to €1,375 million provided by the vehicle company that carried out the acquisition.

- **Capital Intensive Activities**

- The debt attached to infrastructure concessions reached €844 million. The increase with respect to December 2007 is mainly due to the raising of debt to fund projects under development. Sacyr Concesiones successfully finished a project finance for the Moncloa transport hub (Madrid) and the financing of the IP4 highway Marao Tunel project (Portugal), where the BEI and another six European banks are participating.

- In the rental property business, the debt consists of mortgage loans and leasing contracts for an amount of €2,655.4 million to finance operating assets and assets in progress, which as at December 31, 2008 have been valued by an independent expert at €4,426.3 million, which represents a Loan to Value of 60%.
 - As for the housing development business, its net debt of €2,728.4 million is aimed at financing the fixed assets appearing on Vallehermoso's balance sheet for an amount recorded on the books of €4,090.2 million and which have been valued by the independent expert as at December 31, 2008, at €5,989.8 million, which represents a Loan to Value of 45.5%. Furthermore, the pre-sales figure (signed housing contracts prior to the delivery of homes) reached €1,551 million, covering 56.8% of the total debt.
- **Other Business Activities:**
- Last April, following the sale of stake in Eiffage for €1,920.2 million, the bank loans used to finance the Eiffage stake were cancelled and the remaining money was used to reduce corporate debt.
 - The investment in Repsol YPF was financed through a bank loan with a balance as at December 31 of €5,078.8 million, subject to a 5-year bullet maturity.
 - Lastly, structured debt incurred by other business areas pertains mostly to Valoriza's project financing and environmental concessions. During August the financing of the Solucia project (50% Valoriza Energy) for a thermosolar plant in Lebrija was closed for €303 million.

As at December 31, 2008, of the total amount of the groups' net debt, €5,043 million have a fixed interest rate (34.7% of the total) and the remaining €9,469 million have a variable interest rate.

When in 2006 the takeover for Europistas was launched, SyV offered its minority shareholders and the Cajas Vascaas (BBK Caja and Vital Kutxa) to take up this put option.

As at December 31, 2008, SyV had an 84.08% stake in Itinere, after having acquired shares from Kutxa and Itinere's minority shareholders as a result of the exercise of the put option of which they were title holders and for giving BBK and Caja Vital payments in shares for the settlement of the put option to which they were entitled.

As previously mentioned above, during 2009 the takeover by Citi of Itinere will take place at 3.96 euros for each of the 725,571,117 shares constituting the share capital. Once the process is concluded a cash flow of €2,000 million will be generated for the SyV Group (net of the amount

corresponding to the concessions that remain in the group) which will be earmarked for debt repayment.

III. BUSINESS AREA PERFORMANCE

CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 2008									
(Thousands of Euros)	Sacyr	Concessions	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
Turnover	2,736,905	75,514	1,087,470	272,568	866,145	761,298	228	(420,638)	5,379,489
Other Sales	113,773	16,509	11,818	2,757	63,512	36,126	56,271	26,686	327,451
Total Income	2,850,678	92,023	1,099,288	275,325	929,657	797,424	56,498	(393,953)	5,706,940
External and Operating Expenses	(2,686,757)	(55,999)	(962,323)	(54,422)	(837,786)	(758,091)	(138,575)	396,286	(5,097,669)
GROSS OPERATING PROFIT	163,921	36,024	136,965	220,903	91,870	39,333	(82,077)	2,333	609,271
Depreciation and goodwill	(29,261)	15,879	(2,549)	(44,242)	(35,201)	(13,038)	(3,799)	(50,854)	(163,065)
Trade Provisions and change in value of non current assets	(16,411)	13	(77,687)	(58,357)	(4,559)	(15,257)	0	(17)	(172,276)
NET OPERATING PROFIT	118,248	51,916	56,728	118,303	52,110	11,038	(85,876)	(48,538)	273,930
Financial results	21,561	(29,870)	(143,850)	(91,558)	(20,842)	(14,003)	(312,719)	(191,059)	(782,339)
Adjustment in exchange rates	(94)	47	0	0	0	(1,492)	25	(340)	(1,853)
Results from equity accounted subsidiaries	(654)	(14,026)	782	(1,352)	1,267	(134)	542,471	(9,361)	518,992
Provisions for financial investments	0	1	(24,828)	0	(220)	(408)	(618,246)	606,766	(36,935)
Change in value of financial instruments at fair value	0	(82)	0	(26)	0	0	0	(17)	(125)
Results from sales of non current assets	(646)	(2)	(0)	41,852	1,438	580	(2,259)	(425,457)	(384,493)
PROFIT BEFORE TAXES	138,414	7,984	(111,169)	67,221	33,753	(4,419)	(476,603)	(68,006)	(412,824)
Corporate Tax	(39,576)	(10,738)	32,560	(20,042)	(6,942)	(4,705)	299,569	(122,046)	128,080
PROFIT FOR CONTINUING ACTIVITIES	98,838	(2,754)	(78,609)	47,179	26,811	(9,124)	(177,033)	(190,052)	(284,744)
PROFIT FOR DISCONTINUING ACTIVITIES	(186)	38,306	0	0	0	0	0	186	38,306
CONSOLIDATE RESULTS	98,653	35,552	(78,609)	47,179	26,811	(9,124)	(177,033)	(189,866)	(246,438)
Minorities	(1,692)	(6,779)	(455)	303	(391)	207	0	(775)	(9,582)
NET ATTRIBUTABLE PROFIT	96,960	28,773	(79,064)	47,482	26,421	(8,917)	(177,033)	(190,641)	(256,020)

CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 2007*									
(Thousands of Euros)	Sacyr	Concessions	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
Turnover	2,619,484	34,808	1,400,023	263,821	633,080	726,680	564	(441,913)	5,236,546
Other Sales	43,178	13,869	3,683	2,777	46,328	27,919	67,321	16,770	221,844
Total Income	2,662,661	48,676	1,403,706	266,597	679,408	754,598	67,885	(425,143)	5,458,390
External and Operating Expenses	(2,477,542)	(37,562)	(1,046,464)	(56,075)	(610,848)	(713,197)	(78,075)	424,185	(4,595,578)
GROSS OPERATING PROFIT	185,120	11,114	357,242	210,522	68,560	41,402	(10,189)	(958)	862,812
Depreciation and goodwill	(31,894)	30,922	(4,237)	(44,618)	(28,187)	(12,729)	(2,753)	(49,144)	(142,640)
Trade Provisions and change in value of non current assets	(26,402)	1,321	(3,565)	(2,757)	(4,426)	(6,072)	1,058	(83)	(40,928)
NET OPERATING PROFIT	126,823	43,357	349,440	163,147	35,947	22,601	(11,885)	(50,186)	679,244
Financial results	36,165	(25,301)	(7,311)	(79,690)	(12,672)	(11,385)	(241,925)	(446,136)	(788,255)
Adjustment in exchange rates	168	(25)	0	16	(654)	(1,914)	(517)	7	(2,918)
Results from equity accounted subsidiaries	(493)	(21,845)	105	(20)	(2,719)	511	969,866	(6,779)	938,626
Provisions for financial investments	0	0	(707)	0	19	(57)	(7,250)	0	(7,994)
Change in value of financial instruments at fair value	0	(73)	0	143	0	0	0	0	69
Results from sales of non current assets	(455)	(3)	(181)	5,581	12,565	2,024	3,491	(6,439)	16,583
PROFIT BEFORE TAXES	162,209	(3,890)	341,346	89,176	32,486	11,779	711,780	(509,532)	835,355
Corporate Tax	(53,501)	(12,029)	(112,847)	(16,890)	(3,413)	(3,968)	228,619	15,820	41,792
PROFIT FOR CONTINUING ACTIVITIES	108,708	(15,918)	228,499	72,286	29,073	7,811	940,399	(493,711)	877,147
PROFIT FOR DISCONTINUING ACTIVITIES	0	73,602	0	0	0	0	0	0	73,602
CONSOLIDATE RESULTS	108,708	57,684	228,499	72,286	29,073	7,811	940,399	(493,711)	950,748
Minorities	(1,202)	(16,431)	(212)	(516)	(492)	(301)	0	14,794	(4,360)
NET ATTRIBUTABLE PROFIT	107,506	41,253	228,287	71,770	28,581	7,510	940,399	(478,917)	946,389

* Pro forma

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2008									
(Thousands of Euros)	Sacyr	Concessions	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
NON CURRENT ASSETS	990,125	261,575	120,209	3,867,491	888,227	152,297	11,410,336	(3,335,656)	14,354,605
Intangible Assets	22,250	10,847	0	104,299	81,273	1,967	3,905	56,406	280,946
Real Estate Investments	0	(0)	51,516	2,724,044	0	0	0	106,454	2,882,014
Concessions Investments	74,857	72,737	0	0	0	0	0	1,142,878	1,290,472
Fixed Assets	103,031	5,411	7,955	153,025	577,117	87,680	10,229	17,782	962,228
Financial Assets	789,987	153,652	21,092	885,718	106,891	34,981	11,012,328	(4,278,277)	8,726,372
Other non Current Assets	0	0	39,509	405	5,082	0	383,874	(383,874)	44,996
Goodwill	0	18,929	137	0	117,864	27,670	0	2,977	167,577
CURRENT ASSETS	2,261,062	5,945,014	4,362,470	99,312	578,981	689,826	573,725	(752,429)	13,757,961
Non current assets held for sale	576	5,751,963	0	0	0	0	492,828	(493,403)	5,751,963
Inventories	603,627	42	4,090,211	16,157	24,701	53,621	15,888	880	4,805,126
Accounts Receivable	1,455,243	133,351	205,525	36,504	444,654	573,573	(89,425)	(223,978)	2,535,446
Financial Assets	22,270	295	10,582	30,102	5,478	9,241	150,457	(42,583)	185,842
Cash	179,347	59,362	56,152	16,551	104,149	53,391	3,978	6,655	479,584
ASSETS = LIABILITIES	3,251,187	6,206,589	4,482,679	3,966,804	1,467,207	842,123	11,984,061	(4,088,085)	28,112,566
	0								
Equity	456,396	366,991	194,411	1,111,681	269,256	135,931	1,017,939	(899,918)	2,652,686
Shareholder's Equity	439,124	286,400	190,940	1,106,440	259,324	135,889	1,017,939	(1,085,965)	2,350,091
Minority Interests	17,272	80,590	3,471	5,241	9,932	43	0	186,048	302,596
NON CURRENT LIABILITIES	283,126	564,525	987,030	2,430,510	499,309	72,778	8,685,128	(2,679,108)	10,843,297
Financial Debt	94,800	885,536	286,952	2,369,217	387,729	52,920	5,658,387	10,872	9,746,412
Financial Instruments at fair value	1,042	38,439	0	13,561	12,955	0	190,639	(28,500)	228,135
Provisions	6,935	10	16,974	3,516	17,645	5,551	995	10,779	62,405
Other non current Liabilities	180,349	(359,461)	683,104	44,216	80,981	14,307	2,835,107	(2,672,259)	806,344
CURRENT LIABILITIES	2,511,667	5,275,074	3,301,238	424,614	698,642	633,414	2,280,994	(509,060)	14,616,583
Liabilities associated with the non current assets held for sale	0	5,014,674	0	0	0	0	0	(0)	5,014,674
Financial Debt	250,481	18,479	2,508,137	332,840	173,219	190,941	1,947,515	9,463	5,431,076
Trade Accounts Payable	1,972,321	(21,349)	604,816	46,947	343,429	339,243	30,376	111,206	3,426,988
Operating Provisions	85,415	0	77,852	6,413	3,725	19,993	0	1,050	194,448
Other current liabilities	203,449	263,270	110,434	38,414	178,268	83,238	303,103	(630,779)	549,397

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2007*									
(Thousands of Euros)	Sacyr	Concessions	Vallehermoso	Testa	Valoriza	Somague	Holding	Ajustes	TOTAL
NON CURRENT ASSETS	899,568	320,450	426,849	3,290,251	770,811	159,389	13,010,010	(3,171,196)	15,706,133
Intangible Assets	27,350	8,230	3	106,607	124,555	1,974	3,016	2,648	274,384
Real Estate Investments	0	(0)	53,848	2,416,337	0	0	0	107,596	2,577,780
Concessions Investments	46,364	426,729	0	0	0	0	0	652,017	1,125,110
Fixed Assets	86,998	13,039	8,856	402,247	498,477	84,142	8,890	58	1,102,707
Financial Assets	738,856	165,019	356,701	363,450	36,271	44,509	12,998,103	(4,247,987)	10,454,923
Other non Current Assets	0	0	7,304	0	4,970	0	0	(0)	12,273
Goodwill	0	(292,567)	137	1,611	106,538	28,764	0	314,473	158,957
CURRENT ASSETS	2,028,771	6,023,647	4,289,725	568,445	502,134	686,916	464,341	(493,088)	14,070,891
Non current assets held for sale	0	5,833,751	0	0	0	0	0	0	5,833,751
Inventories	441,603	1,960	4,078,959	16,157	24,895	58,819	852	(1,598)	4,621,648
Accounts Receivable	1,383,842	127,211	164,520	20,156	402,113	551,727	105,209	(371,375)	2,383,403
Financial Assets	25,896	53	1,084	7,262	6,993	3,949	243,041	(120,412)	167,867
Cash	177,429	60,672	45,162	524,871	68,132	72,421	115,238	296	1,064,222
ASSETS = LIABILITIES	2,928,339	6,344,097	4,716,574	3,858,696	1,272,945	846,305	13,474,350	(3,664,283)	29,777,023
Equity	436,701	544,063	458,139	1,119,453	292,782	149,191	1,399,650	(907,613)	3,492,366
Shareholder's Equity	430,409	409,833	455,124	1,113,468	285,157	144,750	1,399,650	(1,467,229)	2,771,162
Minority Interests	6,293	134,230	3,015	5,986	7,625	4,441	0	559,615	721,204
NON CURRENT LIABILITIES	256,876	550,457	2,110,345	2,311,658	445,255	114,871	10,420,801	(2,265,004)	13,945,259
Financial Debt	110,790	502,973	1,939,962	2,266,980	282,696	95,046	7,928,863	9,249	13,136,558
Financial Instruments at fair value	0	3,326	0	0	92	0	0	(0)	3,418
Provisions	6,671	4	20,232	3,440	25,890	6,089	353	(21)	62,659
Other non current Liabilities	139,415	44,154	150,152	41,238	136,578	13,736	2,491,585	(2,274,231)	742,625
CURRENT LIABILITIES	2,234,762	5,249,577	2,148,089	427,585	534,908	582,244	1,653,900	(491,666)	12,339,398
Liabilities associated with the non current assets held for sale	0	4,977,231	0	0	0	0	0	0	4,977,231
Financial Debt	196,447	140,258	1,328,432	358,460	149,088	158,540	1,476,735	224	3,808,184
Trade Accounts Payable	1,798,494	12,624	615,732	32,854	229,804	307,966	7,991	(66,076)	2,939,389
Operating Provisions	78,384	2	62,550	1,753	3,085	20,006	62	10	165,852
Other current liabilities	161,437	119,461	141,375	34,517	152,931	95,733	169,111	(425,824)	448,742

*Pro forma

III. BUSINESS AREA PERFORMANCE

SACYR/SOMAGUE

Net income surged 4.5%, to €3,498.2 million. Sacyr, the strongest part of the business, contributed €2,736.9 million, representing a growth of 4.5% with respect to the previous year and 78% of the total. Somague's income grew 4.8% to €761.3 million.

The order book as at December 31 amounted to €6,424 million, equivalent to 22 months of activity.

86.8% of the order book is located in the European Union, with 48.9% pertaining to Spain, 23% to Italy, 11.7% to Portugal and 3.2% to Ireland. The remaining 13.2% is located in other countries, and mostly pertain to infrastructure concessions projects in Chile and Costa Rica.

The most significant contracts awarded during 2008 are:

- Awarding of the consortium in which Sacyr participates in 60% of the contract for the execution of the project and the urbanization works at the city of Beida (Libya) for an amount for SyV of €360.2 million.
- Construction work for the Marao Tunnel stretch of the A4/IP4 Amarante Vilareal highway (Portugal) for a sum of €163.3 million euros
- Awarding of the construction of the tunnel connecting Sants-La Sagrera of the Madrid-Zaragoza-Barcelona-French Border high speed line for €154.4 million. The awarded stretch is 5.64 kilometres long and the concession term is 35 months.
- Awarding of the construction of the highway Vallenar - Caldera in Chile, consisting in the widening of 188 km of double road for €156.2 million.
- Awarding the consortium in which SyV participates in 28% of the works for the extension of Valencia's port for a total of €193.4 million.
- Construction of Orihuela-Colada de la Buena Vida stretch (Alicante) of the AVE line Madrid - Castilla La Mancha - Comunidad Valenciana - Región Murcia. The warded amount €119.8 million.
- Awarding the consortium in which SyV participates in 70% of the works of the construction of the Hospital Clínico de Valladolid for €83.5 million.

- Awarding the consortium in which SyV participates the contract for Iberdrola's new hydraulic station in "La Muela II" in the municipality of Cortés de Pallás (Valencia). It is a €73.3 million investment that will allow the station to reach 1,480 megawatts.
- Awarding of the works for the Pontevedra stretch – Atlantic axis high speed link, for an amount of €55.6 million.
- Awarding the consortium in which Sacyr and Prinur (subsidiaries of the SyV Group) participate in the construction of the Alcolea (Huelva) dam for €52.1 million.
- Construction of the solar thermal plant "Lebrija I" (Sevilla) for €51.2 million.
- Awarding of the construction of the Alda del Cano – Mérida stretch of the Madrid – Extremadura Ave line for €46.9 million.
- Awarding of the construction works of the A-73 motorway, Quintanilla Vivar - Quintanaortuño stretch of the N-623 in Burgos for €38.9 million.
- Construction of Repsol YPF's industrial complex in Sines (Portugal) for a sum of €36.4 million.
- Awarding of the Estoril Sol residential complex for €28.5 million to Somague.
- Construction of a stretch of the Olivar motorway corresponding to the Baeza's west junction with Puente del Obispo's northern junction for €24.98 million.
- Awarding Sacyr and Osega, a SyV Group subsidiary in Galicia, for the juncture works at Sabarís, Ramallosa, Nigrán and Porto do Molle, which are located on the AG-57 motorway (Autoestradas de Galicia). The contract is for €24.7 million and the works are expected to finish in mid 2009.
- Awarding by the Ministry of Culture of the restoration of the Palacio de la Aduana de Malaga for €23.6 million euros.
- Construction of the commercial centre As Cancelas in Santiago de Compostela for €20.4 million.

VALLEHERMOSO

Vallehermoso's income as at December 31, 2008 amounted to €1,087.5 million, against €1,400 million from the previous year, down 22.3%.

3,491 housing units were delivered as at December 31, down 5.3% from the previous year. Of the total income amount, the sale of real estate products reached €952.1 million, €101.3 million correspond to land sales (against €261.4 million in 2007) and the remainder correspond to income from services.

The direct gross margin of registered real estate products amounted to 17.3%. However, as non residential sales of the period (land and services) have had less relative weight on turnover and have registered a lower margin (16.1% in 2008 against 46.7% in 2007) is the reason why the gross margin is lower than in 2007.

TURNOVER (Thousands of euros)	December		% Var 08/07
	2008	2007	
Residential Products	952,140	1,128,433	(15.6%)
<i>Number of houses</i>	3,491	3,687	(5.3%)
<i>Gross Margin / sales(%)</i>	17.3%	27.3%	
Land	101,351	261,390	(61.2%)
<i>Margin (%)</i>	27.1%	44.6%	
Total Residencialt product and land	1,053,491	1,389,823	(24.2%)
Services	33,979	10,200	233.1%
<i>Margin (%)</i>	13.7%	100.0%	
TURNOVER	1,087,470	1,400,023	(22.3%)

Residential pre-sales during this period maintain the same trend shown from the beginning of the year. Up to December, Vallehermoso has carried out sales amounting to €281.1 million.

As at December 31, the pre-sales portfolio amounted to €1,551.3 million, which at the levels of deeds reached in 2008, guarantee more than 17months of activity.

The value of Vallehermoso's property assets as at December 31, 2008, according to the valuation carried out by an independent expert, amounted to €5,989.8 million, with latent capital gains of €1,877 million.

In Million of euros	31 December		Var. 08/07	
	2008	2007	Absolute	%
VALUATION OF ASSETS				
Land	3,670	3,816	-146	-3.8%
Works in process and others	2,320	3,153	-833	-26.4%
TOTAL	5,990	6,969	-979	-14.0%
LATENT CAPITAL GAINS	1,877	2,538	-661	-26.0%

SACYR CONCESIONES

As has already been explained in the first part of this report, last 30 november, Sacyr Vallehermoso and Citi Infrastucture Partners reached an agreement that will be implemented during 2009 for the sale of Itinere to Citi Infrastucture Partners and the subsequent repurchase by Sacyr Vallehermoso of certain concessions under construction or in the ramp-up phase, which will form the SyV Group's concession activity under the name Sacyr Concesiones.

In accordance with international accounting standards, as at December 31, 2008, the SyV Group shows the results of all concession assets that will not remain in the group under the heading "Consolidated results for the year of interrupted activities" in the Income Statement and the associated assets and liabilities under the caption "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" in the Balance Sheet. The financial statements for 2007 are presented using the same criteria so that they are fully comparable.

Thus, although Itinere reports its financial information including as "assets held for sale", those concessions that Citi will sell to SyV (Sacyr Concesiones) and those concessions that it will transfer to other companies with which it has reached agreements, the data presented below reflects the activity of Sacyr Concesiones.

At year-end, Sacyr Concesiones' turnover was €75.5 million against €34.8 million in 2007 with a noteworthy growth of 116.9% due to the positive evolution of the concessions, and the start of operations for the Spanish toll motorways Eresma and Turia (which opened in August 2008 and September 2008 respectively), and Moncloa's transportation hub in the Autonomous Community of Madrid.

The gross operating result grew by 224.1% to €36.0 million, which allows an operating margin of 47.7% to be reached, up 15.8 p.p from the 31.9% of 2007.

The evolution of traffic and toll revenue for Sacyr Concesiones' concessions is shown below:

(Millions of euros)	Dec-08		Dec-08		% Var.08/07	
	Revenues	IMD	Revenues	IMD	Revenues	IMD
Sacyr Concesiones	75.5	16,606	34.8	16,434	116.9%	1.0%
Aunor	9.9	12,214	9.6	12,720	3.1%	-4.0%
Viastur ⁽¹⁾	5.7	20,577	2.9	18,887	93.5%	8.9%
Pamasa	3.3	21,090	2.1	20,667	56.0%	2.0%
Turia ⁽²⁾	4.8	36,915	0.0	ns		ns
Eresma ⁽²⁾	1.3	5,492	0.0	ns		ns
Hospital del Noreste	14.3		4.1		251.7%	
Hospital de Parla	13.2		3.9		236.3%	
Intercambiador Plaza Elíptica	6.6		4.2		57.4%	
Intercambiador Moncloa	8.7		2.0		326.0%	
Neopistas	2.3		2.3		-0.2%	
Other revenues	5.5		3.7		49.9%	

(1) Viastur stated its operations in 2007, therefore the data for both periods is not comparable.

(2) The ADT is not included in the total ADT calculation.

On January, the Ministry of Public Works agreed to award Neopistas, a company belonging to the Itínere Group which specialises in the services area, with a service area in the A-66, Ruta de la Plata, Zafra-Sevilla stretch, PK 680,875 located in the municipality of Calzadilla de Los Barros (Badajoz), for €5.1million.

On April 2008, the consortium Autostradas do Marão (55% participation by the SyV Group) was awarded the international tender to design, construct, finance, operate and maintain during 30 years the shadow toll motorway "Túnel do Marao", between the Portuguese cities of Amarante and Vila Real. It is 29.8 km long, including the extension of the Nó de Geraldés and Nó de Padronelo, where local users will not be charged the toll fee. The works will start at the beginning of 2009 and will have to be fully operative by 2012. The project requires a €517.4 million investment and 80% will be financed by an internationally syndicated loan (see Financial Debt section).

On October 2008, an international tender took place for the construction of the Vallenar-Caldera Chilean motorway. The highway represents the northern extension of Ruta 5, which runs through the country parallel to the coast and will join the cities of Vallenar and Caldera, one of the main fishing points in the north of Chile. This direct toll motorway is 188km long and will require an investment of €175 million.

Therefore, the group Sacyr Concesiones, ended 2008 with a portfolio of 25 concessions in 5 countries. Of these, 17 are motorway concessions, with 14 in the EU (Spain: 11, Portugal: 1, Ireland: 2) and 3 in America (Chile: 1 and Costa Rica: 2). Sacyr Concesiones also has eight concessions for other assets, all of which are located in Spain: 3 hospitals in the autonomous community of Madrid; 2 transportation hubs, also in Madrid; 1 underground line in Seville; 1 airport in Murcia and 1 service area company.

The portfolio of recurring revenues from the activity stands at €13,594.7 million as at year-end, up 11.5% from the previous year.

For more clarity, below is the breakdown of the turnover corresponding to Itínere's concession assets:

TURNOVER (Millions of euros)	December		% Var 08/07
	2008	2007	
Itínere CII motorways	306.3	326.1	-6.1%
Other revenues	23.6	17.0	38.8%
Turnover for Itínere CII	329.9	343.1	(3.9%)

TESTA

As at December 31, 2008, Testa's income was €272.6 million, 3.3% up from 2007's €263.8 million. Ebitda was up 4.9% to €220.9 million, resulting in an Ebitda margin on turnover of 81%.

As turnover for 2007 includes €1.9 million received from a client as a result of the early cancellation of its rental contract, and taking into account homogenous space, the comparable growth of the turnover figure has been 4.6%.

The rentable area at the end of the period was 1.583,7 thousand m², up by 3.1% from the 1,535.9 thousand m² at the 2007 year-end. This was due to the incorporation in December 2008 of the SYV tower as a leasable asset, with 53,190 m² of leasable area, of which 21,390 m² are for office use and 31,800 m² for hotel use. This incorporation explains why the occupancy rate was 97.2% on December 31, 2008 against 99% in 2007, as it was included in the last days of the year; the area allocated for offices was still available. Correcting for this effect the occupancy rate is 99%, thus maintaining the high occupancy rates of the previous year.

The following table details the change in rental income:

RENTAL PERFORMANCE	December 2008	December 2007	% Var 08/07
Net Rental Income (Thds Euros)	254,856	243,689	4.6%
Average Occupied Surface (m2)	1,519,319	1,507,173	0.8%
Average Rent (€/m2/month)	14.0	13.5	3.8%
Land Lettable Surface (m2)	1,535,845	1,529,565	0.4%
Average Occupancy Rate (%)	98,9	98,5	0.4%

During 2008, the sale of two buildings (located in 1401 Brickell Avenue, Miami (U.S.) and Zaragoza (Spain) respectively) and an old people's home in Getafe (Madrid) took place, resulting in capital gains of €41.9 million. The sales price exceeded by 43.3% the last valuation carried out by an independent expert. The results for asset sales stood at €5.6m during the same period of the previous year for the sale of two shopping centres.

As at December 31, 2008, projects under construction amounted to €87.4 million. Of this amount €57.5 million correspond to various awarded housing development projects in the Community of Madrid, aimed at the youth market under the scheme of renting with an option to buy and which are currently at different stages of development; €12.4 million correspond to a land plot for a home for the elderly and the remainder to other projects.

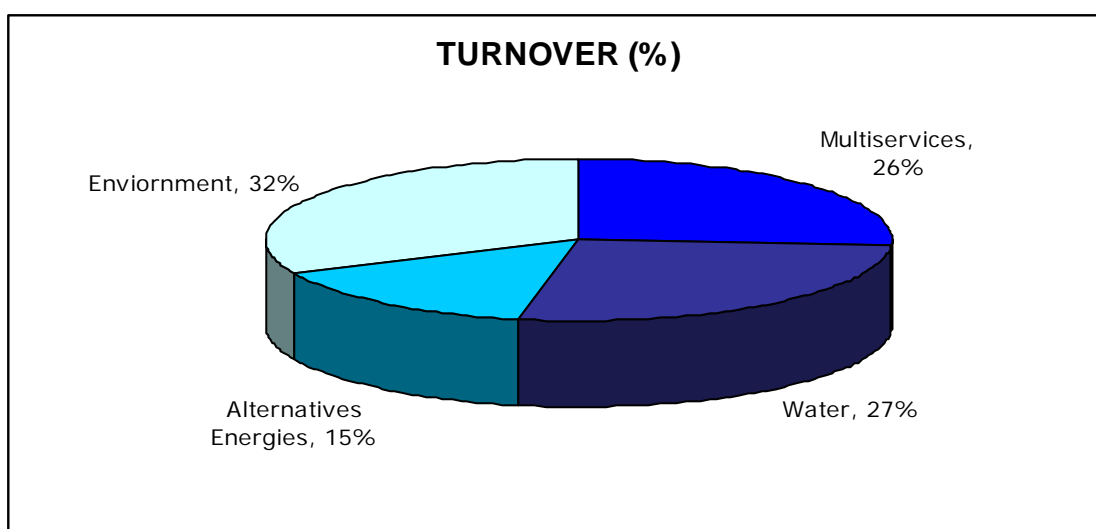
The value of Testa's assets as at December 31, 2008, according to an independent expert, amounted to €4,426 million, with latent capital gains of €1,446 million.

Millions of euros	December 31		Var. 08/07	
VALUATION OF ASSETS	2008	2007	Absolute	%
Offices	2,597	2,926	-329	-11.2%
Shopping Centres	451	493	-42	-8.5%
Rents from Housing	256	268	-12	-4.5%
Hotels	220	175	45	25.7%
Industrial	147	156	-9	-5.8%
Elderly Homes	95	105	-10	-9.5%
Other	36	32	4	12.5%
Works in progress, sites and other	624	570	54	9.5%
TOTAL	4,426	4,725	-299	-6.3%
LATENT CAPITAL GAINS	1,446	1,778	-332	-18.7%

VALORIZA

For the year ended December 31, 2008, Valoriza registered revenues of €866.1 million, a significant increase of 37% compared with the €633.1 million in 2007. This increase is due to the organic growth that has come with the implementation of new projects.

The following chart breaks down income by business area:



- **Environment:**

The environmental business provided an income of €278.8 million, representing a 16.3% increase with respect to 2007. The increasing presence of SyV group in this sector was due to concessions awarded for recycling and waste evaluation (urban, sludge, container) and access to other types of services (cleaning, parking meters, etc.)

The most significant business activities currently in operation are:

- Solid waste treatment: 40 Waste Treatment Facilities. Significant presence in Madrid, Valencia, Jerez, Tenerife and the Island of Madeira. Total treatment: 3.8 million metric tons/year.
- Municipal Services:

- Street cleaning and urban solid waste collection: (most important cities: Parla, Boadilla del Monte, Majadahonda and Moratalaz and Alcala de Henares in Madrid, Cádiz, Lérida, Soria, etc.)
 - Gardening and tree maintenance: more than 300,000 trees
 - Servicing of surface regulated parking: more than 60,000 parking spaces
- Waste water treatment Plant (treatment of 550,000 m³/day) and sludge treatment (670,000 metric tons/year).

During 2008, several projects have been awarded such as the Aranda de Duero Composting of Organic Waste Plant (Burgos) for €7.2 million and the contract for service management of the project, work and maintenance during the 20 years of placing urban waste underground as well as the conservation of pedestrian infrastructure for the next 8 years in Torrejón de Ardoz (Madrid), for €42.6 million and €6.1 million respectively.

During the month of July, it was awarded the design of the project, the execution of works and implementation for a composting plant in Arico (Tenerife).

Furthermore, the SyV Group belongs to the joint venture that has been awarded the service management contract of Guadalajara's parks and green spaces. The contract is for eight years for a sum that reaches €12 million.

Valoriza has also been awarded the infrastructure construction and operation for estimation and disposal services for construction and demolition residues in the province of Cuenca, amounting to €46.90 billion with a term of 2 year to carrying out the work, and a 20 years term for exploitation.

▪ **Water:**

Water management provided an income of €237million, a 32.9% increase compared with the €178 million recorded in the same period last year. Valoriza Agua in Spain and AGS in Brazil and Portugal manage the following:

- Supply to more than 3 million inhabitants in said three countries.
- Management of 1,000,000 customers in Spain, Portugal and Brazil.
- Demand exceeding 180 Hm³.

Sadyt, SyV's subsidiary specializing in water technology has built a waste water plant for Cítricos de Andévalo, a citrus-producing factory with state-of-the-art technology employed to remove 99% of organic and solid contamination providing high quality water for irrigation. The plant is fully compliant with current reuse and chemical spill legislation and has an average installed capacity of 1,000 m³/day. Additionally, it uses the leading water treatment technology of membrane bioreactor (MBR), a landmark in the Spanish food sector. The plant will also house a reverse osmosis facility for the use of high quality water at the factory.

During 2008, Valoriza Agua was awarded the drinking water service concession of Almadén (Ciudad Real) for the next 20 years for €28.5 million.

In November 2008, Valoriza was awarded a contract for the design, construction and operation, during 25 years, of the seawater desalination plant in the city of Perth (Australia), with a capacity of 150,000 m³ / day, which can be doubled. The contract is for €340 million in construction and €536 million in operation.

In addition, Valoriza has been chosen, through its Portuguese subsidiaries AGS (70%) and Hidurbe (30%) - the latter which is in the environment sector- as a private partner for the constitution of a mixed company in Covilhã (Portugal), that will be responsible for the management of municipal services concerning the supply of water, sewage, collection of urban solid waste, various types of cleaning and maintenance of parks and gardens. It's a 25 year contract that can be extended that will generate an estimated €10 million for the mixed company. Through this contract Valoriza will service a population of over 55,000.

- **Multiservices:**

In Multiservices, income grew a significant 42% to €220.7 million against €158.6 million in 2007. Valoriza Facilities, specializing in property maintenance and management, posted 38.8% more than in 2007.

- **Energy:**

Income from the alternative energy business was €125.6 million, against €56.9 million of the previous year.

Valoriza Energía specializes in the development, construction and operation of projects involving energy efficiency and renewable energy.

Among the contracts awarded it is worth noting the 25 year Hidurbe contract for the design, construction (€27.1 million) and exploitation (€93.3 million) of Portoalegre's Thermoelectric Plant of Forestry Biomass for the exploitation and energy management. During September, Valoriza Energía has set up a company with Álvarez Forestal and the Government of Cantabria, through the public company MARE, for the installation and start up of a biomass plant that will be the first of its kind in Cantabria. The plant will be able to treat 90,000 tonnes per year of forest residues and it will have an installed power capacity of 10MW. The investment exceeds €30 million

IV. BOARD RESOLUTIONS

DIVIDEND DISTRIBUTION

- On January 11 2008, the third interim dividend against fiscal year 2007 in the amount of 0.15 euros per share was paid. This distribution was declared at the Board of Directors meeting held on December 5, 2007.
- At its meeting on March 12, 2008, the Board of Directors declared the payment of a dividend in the amount of 0.15 euros per share. This dividend was the last one pertaining to fiscal year 2007, following its approval at the General Shareholders' Meeting entailing a total dividend for 2007 results of €0.60 per share, a 20% increase with respect to the figure for the previous year. Payment was made on April 8, 2008.
- On July 10, 2008, the first interim dividend against fiscal year 2008 in the amount of 0.15 euros per share was paid. This distribution was declared at the Board of Directors meeting held on June 18, 2008.
- At its meeting on October 2, 2008, the Board of Directors declared the payment of the second dividend of 2008, in the amount of 0.15 euros per share. . Payment was made on October 31, 2008.
- After issuing new shares relating to the share capital increase of October 2008 and its corresponding entry in the Iberclear records, on November 4, the dividends accrued since January 1, 2008 were paid, which amounted to 0.30 euros per share.

OTHER RESOLUTIONS

- The general shareholders' meeting of Sacyr Vallehermoso, held on June 18 2008, resolved a free capital increase, or bonus issue, of 1 new share for every 14 by issuing 20,331,158 new shares each of the same type and series and with the same rights as the ones that were issued on circulation and more specifically with the right to benefit from the profits made by the company since January 1 2008, also recognising the right of these aforementioned shares to receive the corresponding dividends.
- The Board of Directors during the meeting held on October 2 2008, resolved to carry out the following agreements:

- Adopt point 7 of the General Shareholder's Meeting of June 18 2008. The share capital will increase by €20,331,158 through the issuance of 20,331,158 new shares that will be allocated with no charge to the current shareholders, in the proportion of 1 new share for every 14 existing on October 8 (publication date in the BORME with the capital increase announcement). The new shares will have the right to participate in the profits obtained by the company from January 1 2008.
 - Accept the resignations as a director, as well as all for all the responsibilities carried out in the Board of Directors and other committees, by Juan Miguel Sanjuán Jover and José Luis Méndez López.
 - Appoint as members of the Board of Directors, through the process of cooptation, and with the character of Directors, the Group Satocán, S.A. (represented by Juan Miguel Sanjuán Jover) and the CXG Corporación Caixa Galicia, S.A. (represented by José Luis Méndez López).
- The Board of Directors of Sacyr Vallehermoso, S.A. and Itínere Infraestructuras, S.A. signed the Framework Agreement between Sacyr Vallehermoso, S.A. and Itínere Infraestructuras, S.A. establishing the terms of their partnership.
 - On October 30, the capital increase deed was registered in the Companies Register. This increase was made by a charge against Reserves for a total of 20,331,158 shares of € 1 par value. Therefore, from this date the share capital is represented by 304,967,371 shares of € 1 par value.
 - On November 10, 2008, the 20,331,158 new shares issued from the aforementioned capital increase began trading on the following Stock Exchanges: Madrid, Barcelona, Bilbao and Valencia
 - On December 31, 2008, Sacyr Vallehermoso, S.A. informs that it has signed with Citi Infrastructure Partners L.P: a formulation and acceptance commitment agreement for the initial public offering of Itínere Infraestructuras, S.A.'s shares, whereby Citi Infrastructure Partners L.P. will launch an initial public offering for 100% of Itinere's share capital at a price of 3.96 euros per share, which is conditioned to obtaining a final stake in Itínere of more than 50%. The aforementioned commitment is subject to suspensive clauses of the approval of the transaction by the relevant antitrust authorities and other necessary third-party approvals needed to implement the transactions mentioned under the contract.

- On December 1, 2008 Sacyr Vallehermoso signed an agreement with BBK and Caja Vital in connection with the exercise and liquidation in kind for differences in their put options over Itínere Infraestructuras, S.A.'s shares ("Itínere"), granted in the public offer framework for the purchase of shares in Europistas Concesionaria Española, S.A. formulated by Sacyr Vallehermoso Participaciones, S.L.U. and Telekutxa, S.L. in 2006. As a result of the application of this mechanism for the liquidation of differences, Sacyr Vallehermoso, S.A. will have to transfer and hand over to BBK and Caja Vital a total of 60,524,972 Itínere shares to BBK and Caja Vital. The hand over of the abovementioned shares will have to take place no later than April 30, 2009.

The Itínere minority shareholders that were granted, in due time and form the abovementioned put options may exercise them between November 29, 2008 and May 29, 2009, with liquidation in cash.

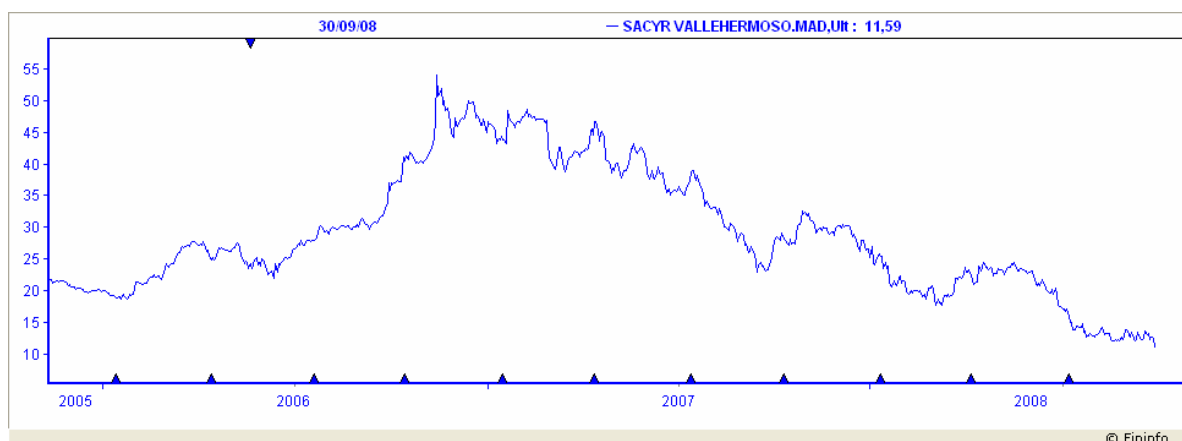
In addition, on November 29, 2008, Kutxa exercised its put option against Sacyr Vallehermoso, S.A. over a total of 15,907,042 Itínere shares, and on December 5, 2008, the transaction was formalised in relation to the abovementioned put option for €151.1 million.

On December 9, 2008, we reported that in compliance with the commitments made in connection with the trading of our subsidiary Itínere Infraestructuras, S.A., that Itínere would sign a contract in order to improve its liquidity and share price regularity. The contract was signed on December 30, 2008.

V. STOCK PERFORMANCE

	December 2008	December 2007	% Var 08/07
Market Price at closing (euros per share)	6.37	24.94	-74.46%
High of the year	26.90	50.00	-46.20%
Low of the year	6.12	21.06	-70.94%
Market Capitalization at closing (Thousands of euros)	1,942,640	7,605,118	-74.46%
Average Trading Volume (Thousands of euros)	3,053,072	6,114,659	-50.07%
Average Trading Volume (Number of shares)	796,091	675,309	17.89%
Liquidity	100	100	
Number of shares (Thousands)	304,967	284,636	
Share Nominal Value	1 EURO	1 EURO	

*Corrected in 2007 with a share capital increase of 1 x 14 carried out on October 2008



VI. SHAREHOLDER STRUCTURE

SHAREHOLDER STRUCTURE

According to the information registered in the Spanish Stock Exchange Commission (CNMV), Sacyr Vallehermoso S.A.'s Directors hold and/or represent the following number of shares in the Company:

	%
Actividades Inmobiliarias y Agrícolas, S.A. (1)	
Mr. Luis del Rivero Asensio (1)	13.75%
Prilomi, S.L.(2)	
Prilou, S.L. (2)	13.50%
Torreal, S.A. (3)	
Nueva Compañía de Inversiones, S.A. (3)	10.15%
Mr. Manuel Manrique Cecilia (4)	8.23%
Participaciones Agrupadas, S.R.L.	8.00%
Mr. Demetrio Carceller Arce (5)	6.04%
Sofip, Sociedade Gestora de Participações Sociais, S.A (6)	5.09%
Mutua Madrileña Automovilista	5.01%
CXG Corporación Caixa Galicia, S.A.	2.99%
Caixanova	3.50%
Grupo Satocan, S.A.(7)	3.54%
Mr. Francisco Javier Pérez Gracia	0.04%
Mr. Matias Cortés Domínguez	0.00%
TOTAL	79.84%

- 1) Mr. Luis Del Rivero Asensio has an indirect participation through Actividades Inmobiliarias y Agrícolas, S.A. (represented by Mr. Victor Guillamón Melendreras), which holds a 6.06% participation and through Rimefor Nuevo Milenio, S.I., which holds a 7.69% participation, in which Mr Luis Del Rivero Asensio holds a 100% and 61.89% participation respectively.
- 2) Prilou, S.L., is represented by Mr. Jose Manuel Loureda Mantiñan, holds an 8.47% direct participation and a 5.03% indirect participation through Prilomi, S.L., which is represented by Mr. Jose Manuel Loureda López.
- 3) The proprietary director representing Grupo Abelló, whose total participation in the SyV Group increases to 10.15%
- 4) Mr.Manuel Manrique Cecilia's indirect participation is represented through Cymofag, S.L., which holds an 8.23% and in which Mr. Manuel Manrique holds a 100% participation.
- 5) The proprietary director representing Disa Corporación Petrolífera y Renta Insular Canaria.
- 6) Represented at the Board of Directors by Mr. Diogo Alvez Diniz Vaz Guedes
- 7) Represented in the Board by Mr. Juan Miguel Sanjuán Jover, who holds a 49.73% participation.

Note: The financial information contained in this document has been elaborated according to the International Financial Information Standards. This information has not been audited and could be modified in the future.