

2007

financial report

second half



## TABLE OF CONTENTS

I.	HIGHLIGHTS	
	• OPERATING DATA	2
	• FINANCIAL DATA	3
II.	STATEMENT OF INCOME AND CONSOLIDATED BALANCE SHEET	4
III.	BUSINESS AREAS PERFORMANCE	13
IV.	BOARD RESOLUTIONS	24
V.	STOCK PERFORMANCE	26
VI.	SHAREHOLDER STRUCTURE	27

For further information, please contact:

**Investor Relations Department**

**Tel: +34 91 545 50 00**

**[relacionesinversores@gruposyv.com](mailto:relacionesinversores@gruposyv.com)**

**Paseo de la Castellana, 83-85  
28046 Madrid**

## I. HIGHLIGHTS

<b>OPERATING DATA</b> (Millions of euros)	<b>December</b> <b>2007</b>	<b>December</b> <b>2006</b>	<b>% Var.</b> <b>07/06</b>
<b>CONSTRUCTION - SACYR/SOMAGUE</b>			
ORDER BOOK	6,022	5,538	6.8%
<i>Months of Activity</i>	21.6	25.8	(16.3%)
<b>HOUSING DEVELOPMENT - VALLEHERMOSO</b>			
PRE-SALES PORTFOLIO	2,360	2,446	(3.5%)
PRE-SALES	1,304	1,654	(21.1%)
ASSET VALUE (December 31)	6,969	7,800	(10.6%)
<b>CONCESSIONS - ITINERE /EUROPISTAS</b>			
INCOME PORTFOLIO	65,862	55,828	18.0%
<i>KM UNDER CONCESSION</i>	3,786	3,583	5.7%
<b>PROPERTY - TESTA</b>			
RENTAL PORTFOLIO (1)	2,935	4,162	(29.5%)
<i>RENTABLE AREA (Thousand Square meters)</i>	1,536	1,543	0.4%
<i>OCCUPANCY RATE</i>	99.0%	97.9%	1.1%
ASSET VALUE (December 31)	4,725	4,592	2.8%
<b>SERVICES - VALORIZA</b>			
SERVICES PORTFOLIO	10,124	9,890	2.4%

(1) In 2007 hospital concessions were handed over to Itinere

## I. HIGHLIGHTS

<b>FINANCIAL DATA</b> (Millions of euros)	<b>December</b> <b>2007</b>	<b>December</b> <b>2006</b>	<b>% Var.</b> <b>07/06</b>
<b>TURNOVER</b>	<b>5,760</b>	<b>4,685</b>	<b>23.0%</b>
<b>EBITDA</b>	<b>1,277</b>	<b>1,066</b>	<b>19.9%</b>
Construction (Sacyr – Somague)	266	191	18.9%
Housing Development (Vallehermoso)	357	330	8.1%
Concessions (Itinere- Europistas)	426	320	32.9%
Property (Testa)	210	191	10.3%
Services (Valoriza)	69	53	29.8%
Holding and Adjustments	-11	-19	
<b>NET ATTRIBUTABLE INCOME</b>	<b>946</b>	<b>542</b>	<b>74.5%</b>
<b>EPS</b>	<b>3.3</b>	<b>1.9</b>	<b>74.5%</b>
Number of outstanding shares (Thousands)	284,636	284,636	
<b>NET EQUITY</b>	<b>3,492</b>	<b>3,009</b>	<b>16.1%</b>
<b>NET CORPORATE DEBT</b>	<b>1,646</b>	<b>1,893</b>	<b>-13.1%</b>

## II. STATEMENT OF INCOME

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>December</b>	<b>December</b>	<b>% Var.</b>
<b>(Thousands of euros)</b>	<b>2007</b>	<b>2006</b>	<b>07/06</b>
<b>Net Turnover</b>	<b>5,759,810</b>	<b>4,684,664</b>	<b>23.0%</b>
Other income	257,268	205,711	25.1%
Total operating income	6,017,078	4,890,375	23.0%
External and operating income	(4,739,673)	(3,824,632)	23.9%
<b>GROSS OPERATING PROFIT</b>	<b>1,277,405</b>	<b>1,065,743</b>	<b>19.9%</b>
Depreciation, amortization and goodwill impairment	(318,900)	(207,190)	53.9%
Trade provisions	(39,762)	3,367	
<b>NET OPERATING INCOME</b>	<b>918,743</b>	<b>861,920</b>	<b>6.6%</b>
Financial Results	(976,627)	(358,852)	172.2%
Exchange Differential Results	22,575	6,761	233.9%
Equity accounted income	951,082	181,563	423.8%
Provisions for financial investments	(7,994)	(1,350)	491.9%
Change in value of financial instruments at fair value	1,453	15,538	(90.7%)
Change in value of assets at fair value	(2,020)	2,516	
Results from disposal of non-current assets	16,619	14,751	12.7%
<b>Income before taxes</b>	<b>923,830</b>	<b>722,846</b>	<b>27.8%</b>
Corporate tax	26,919	(161,184)	
<b>Consolidated income</b>	<b>950,749</b>	<b>561,662</b>	<b>69.3%</b>
Attributable to minority interests	(4,360)	(19,455)	(77.6%)
<b>NET ATTRIBUTABLE INCOME</b>	<b>946,389</b>	<b>542,207</b>	<b>74.5%</b>

### RESULTS ANALYSIS

- As at December 31, the Group's total turnover amounted to €5,759.8 million, up 23.0% with respect to 2006.
- EBITDA stood at €1,277.4 million, up 19.9% with respect to 2006, which places the margin on sales at 22.2%, among the highest in the Spanish and European sectors.
- Net operating income grew 6.6%, to €918.7 million.
- Ordinary net income amounted to €946.4 million, surging 74.5%.

The financial statements as at December 31 2007 reflect the inclusion in the consolidation perimeter of the following:

- The concessionaire Europistas, in which SyV group acquired a 50% stake in November 2006 by global consolidation.

On December 31 2007, the Board of Directors at Itinere and Europistas agreed on the merger of Itinere by Europistas. The exchange price was 16 Europistas shares with a nominal value of €0.49 for 5 Itinere shares with a nominal value of €1 each. The resulting company has been trading since January 2008 as *Itinere Infraestructuras S.A.* In view to clarify the resulting

figures, the vehicle company enabling Europistas acquisition will not be part of Itinere-Europistas merger, instead it will be consolidated into the holding company (SyV).

- The business activity of the oil group Repsol YPF, in which SyV holds a stake of 20.01%, acquired by the equity method during the last quarter of 2006.
- As at December 31 2007, results include the 33% stake (equity method) that SyV holds in Eiffage corresponding to fiscal year 2007. As at December 2006 results derived from the French group only pertain to the 9-month period from March to December 2006 as Eiffage stake was acquired between November 2005 and March 2006.

## **TURNOVER**

As at December 31 2007, the Group's turnover amounted to €5,759.8 million, up 23% with respect to 2006.

Business areas performed as follows:

<b>TURNOVER</b> (Thousands of euros)	<b>December</b>		<b>% Var.</b> <b>07/06</b>
	<b>2007</b>	<b>2006</b>	
Construction	3,346,163	2,620,819	27.7%
Sacyr	2,619,484	1,958,800	33.7%
Somague	726,680	662,018	9.8%
Housing Development (Vallehermoso)	1,400,023	1,246,752	12.3%
Concessions (Itinere - Europistas)	558,072	417,141	33.8%
Property (Testa)	263,821	251,169	5.0%
Services (Valoriza)	633,080	512,051	23.6%
Holding and adjustments	(441,349)	(363,268)	21.5%
<b>TURNOVER</b>	<b>5,759,810</b>	<b>4,684,664</b>	<b>23.0%</b>

- The construction business posted growth of 27.7%, achieving sales of €3,346.1 million as at December 31 2007. The positive performance of the construction business in Portugal was driven by a noteworthy increase of 33.7% throughout the Group's market areas, especially Spain. The high order book, amounting to €6,022.1 million as at December 31 (+6.8%), guarantees significant business growth in the future.

- Total sales under contract, which reflect the performance of Vallehermoso's commercial activity for the year, reached €1,304.5 million, down 21.1% with respect to the same period last year.

- In the concessions division, the 33.8% income growth derives from the favourable traffic performance of the Group's motorway concessions, tariff increase, the incorporation of Europistas and, to a lesser extent, from the operation of Palma-Manacor (inaugurated in January 2007), Viastur (inaugurated in May 2007), Plaza Elíptica transport hub in Madrid and two hospital concessions in the Community of Madrid (Hospital de Parla and Hospital del Noreste).

- In Property, Testa's earnings increased by 5.0% to €263.8 million as a result of a 1.0% increase in the average occupancy level, a 2.1% increase in the average unit income of the rental portfolio and a 1.7% increase in the average rentable surface area, the operation of new buildings such as an elderly home in Barcelona comprising 5,791 square meters, an office building on 48 Josefa Valcárcel in Madrid comprising

19,843 square meters, the greatest contribution in 2007, the Adriá Tower (Paris), and 1401 Brickell (Miami). Said buildings contributed rental income for nine months in 2006 (from March).

- The services business recorded a significant growth of 23.6% to €633.1 million as a consequence of Valoriza's organic growth, particularly in the Water and Multiservices sectors.

Regarding the turnover registered by geographic areas, 78.9% corresponds to operations in Spain, 13.8% to Portugal through Somague's building activity and Valoriza's services business and the remaining 7.3% correspond to operations in Chile, mainly income from undertaking and operating concessions and to the lease of new buildings operated by Testa in Miami and Paris.

TURNOVER (Thousands of Euros)	December		% Var. 07/06
	2007	2006	
Spain	4,545,058	3,683,715	23.4%
Portugal	799,792	723,725	10.5%
Chile	277,709	112,913	101.7%
Other countries	187,251	164,311	14.0%
<b>TURNOVER</b>	<b>5,759,810</b>	<b>4,684,664</b>	<b>23.0%</b>

#### GROSS OPERATING INCOME (EBITDA)

The Group's gross operating income grew 19.9% to €1,277.4 million with respect to the same period in the previous year.

- The cash-flow generating businesses (construction, housing development) and holdings represent 44.8% of the consolidated operating income, contributing €572.6 million, up 14.1% in the year.
- The recurrent business activities (infrastructure concessions, rental property and services) contributed €704.8 million entailing 55.2% of the total EBITDA, up 25.0% in the year.

GROSS OPERATING INCOME (EBITDA) (Thousands of Euros)	December		% Var. 07/06
	2007	2006	
Construccion (Sacyr - Somague)	226,521	190,562	18.9%
Housing Development (Vallehermoso)	357,242	330,394	8.1%
Holding and adjustments	(11,148)	(19,190)	
<b>Growth activities</b>	<b>572,615</b>	<b>501,766</b>	<b>14.1%</b>
Concessions (Itinere - Europistas)	425,709	320,343	32.9%
Property (Testa)	210,522	190,814	10.3%
Services (Valoriza)	68,560	52,821	29.8%
<b>Recurrent activities</b>	<b>704,791</b>	<b>563,978</b>	<b>25.0%</b>
<b>GROSS OPERATING INCOME</b>	<b>1,277,045</b>	<b>1,065,743</b>	<b>19.9%</b>

**DEPRECIATION**

The depreciation provision – technical and revertible assets – amounted to €317.2 million. The provision corresponding to the heavily invested recurrent activities (infrastructure concessions, rental property and services) accounted for 68.8%. Itinere's business activity accounted for 45.8% of SyV Group's total depreciation (€145.3 million), 14.1% corresponds to Testa (€44.6 million) and 8.9% to Valoriza (€28.2 million).

**FINANCIAL INCOME**

Net financial expenses amounted to €976.6 million, against €358.8 in 2006. This increase was mainly due to the cost of direct financing in order to acquire Eiffage and Repsol YPF.

**INCOME FROM COMPANIES CARRIED BY THE EQUITY METHOD**

Income from Repsol YPF is reported under this heading (20.1% of €3,188.0 million registered by Repsol YPF in 2007) contributing €417.3 million to the overall net profit. Income from Eiffage as at December 31 amounted to €1,000 million, contributing €273.5 million to the overall net profit.

**NET INCOME**

Total pre-tax income amounted to €923.8 million. The net attributable income amounted to €xxx million, up 74.5%.

**INCOME PORTFOLIO**

The future income portfolio is €87,303.2 million and is primarily supported by Itinere, with 75.4% of the total figure. The implicit operating income of said portfolio stands at €54,694.2 million.

The income portfolio has risen 12% since December 31, 2006, benefiting from:

- Various concessions for both civil and building works, representing a 6.8% increase in the construction portfolio.
- New concessions awarded throughout the year such as Murcia airport, the N6 Galway-Ballinasloe highway, Dublin M50 beltway and Arlanzón Dual Carriageway
- In Property, Testa has handed over the hospital concessions to Itinere. Although the rental portfolio has been reduced, the Group's total order book has not been affected by this transfer since it is currently included in Itinere.
- The organic growth registered in the services business.



BUSINESS PORTFOLIO (Thousands of Euros)	December 2007		
	Income	% Ebitda*	Ebitda
Sacyr (Construction Portfolio)	5,092,330	7.1%	359,876
Somague (Construction Portfolio)	929,795	5.7%	52,974
Vallehermoso (Pre-sales Portfolio)	2,360,151	25.5%	602,237
Itinere - Europistas (Income Portfolio)	65,861,519	76.3%	50,240,502
Testa (Rents to Maturity)	2,935,181	79.8%	2,342,196
Valoriza (Services Portfolio)	10,124,256	10.8%	1,096,414
<b>BUSINESS PORTFOLIO</b>	<b>87,303,232</b>	<b>62.6%</b>	<b>54,694,199</b>

\*Ebitda margin as at December, 2007

## II. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (Thousands of euros)	December 2007	December 2006	Var. 07/06
<b>Non current assets</b>	<b>21,331,247</b>	<b>20,028,404</b>	<b>1,302,844</b>
Intangible assets	290,358	307,651	(17,293)
Real estate investments	2,577,780	2,630,411	(52,632)
Concessions investments	5,618,612	5,298,226	320,386
Fixed Assets	1,124,357	993,490	130,867
Financial Assets	11,236,464	10,442,820	793,643
Other non current assets	12,273	26,655	(14,382)
Goodwill	471,404	329,149	142,254
<b>Current assets</b>	<b>8,445,770</b>	<b>7,058,442</b>	<b>1,347,328</b>
Inventories	4,622,812	4,418,087	204,724
Accounts receivable	2,494,887	1,840,755	654,132
Financial assets	182,070	129,004	53,066
Cash	1,146,001	710,596	435,405
<b>TOTAL ASSETS/LIABILITIES</b>	<b>29,777,017</b>	<b>27,126,846</b>	<b>2,650,171</b>
<b>Net Equity</b>	<b>3,492,366</b>	<b>3,008,900</b>	<b>483,465</b>
Shareholder's equity	2,771,162	2,194,080	577,081
Minority interests	721,204	814,820	(93,616)
<b>Non current liabilities</b>	<b>18,577,652</b>	<b>17,972,773</b>	<b>604,879</b>
Financial Debt	16,987,105	16,372,263	614,842
Financial instruments at fair value	7,265	14,112	(6,847)
Provisions	64,548	60,323	4,225
Other non current liabilities	1,518,733	1,526,075	(7,341)
<b>Current liabilities</b>	<b>7,707,000</b>	<b>6,145,173</b>	<b>1,561,827</b>
Financial debt	4,066,531	2,824,389	1,242,143
Trade accounts payable	2,963,737	2,777,121	186,616
Operating provisions	165,852	162,180	3,672
Other current liabilities	510,879	381,483	129,396

## **BALANCE SHEET PERFORMANCE**

The balance sheet grew by €2,650.2 million, up 9.8% with respect to the previous year. The stake increase in the French construction company Eiffage aimed at controlling 33% following the capital increase carried out by Eiffage for its employees, as well as the stake increase in Itinere from 91% to 100% entailed €222 million.

Additionally, business activities entailed an increase in investments amounting to a net figure of €2,428.2 million, corresponding mainly to:

- Concessions in operation and in progress entail €529.2 million in new assets.
- Investments for €132.4 million recorded on the services business balance sheet.
- With regard to the Property business, the figure for tangible assets in progress has increased to €93.2 million owing to the progress in the SyV tower building works as well as in various properties under construction as future rental property.

The following items detail the composition and movements registered in the balance sheet.

## **NON-CURRENT ASSETS**

Real Estate assets include properties in operation for €2,577.8 million. In addition, intangible assets include long-term rentals for an additional amount of €123.4 million. At the close of the period, investment in progress were maintained primarily, the SyV Tower and various buildings under construction as future rental property for €369.9 million. Other investments include electrical co-generation and generation plants, water and sewer grids and other projects pertaining to the services business for €215.5 million. Additionally, investments in land for future developments entailing €38.7 million are recorded under the heading Tangible Fixed Assets.

Tangible Assets include machinery, technical facilities and other fixed assets. The amount of accrued depreciation totals €336.9 million.

Sacyr Vallehermoso Group has invested €6,187.1 million in concession projects in operation (mainly highways), and €505.7 million in projects under development.

Non-current financial assets include stakeholdings carried by the equity method amounting to €10,177.6 million, of which the investments in the French construction company Eiffage, Repsol YPF and Itinere-Europistas are of significant importance. In addition, this heading includes €446.6 million relating mostly to grants for the operation of Itinere's various Chilean concessions of which €427.3 million correspond to deferred tax and the remainder relates to amounts charged by the Group's subsidiaries.

## **CURRENT ASSETS**

In the aggregate, current assets amount to €8,445.8 million, up 19.0% with respect to the same period in 2006. This is mainly due to an increase in fixed assets by €204.7 million, derived from the expansion of the construction business.

## **NET EQUITY**

As at December 31 2007, net equity was €3,492.4, million, up 16.1% with respect to the previous year; 79.3% of the total (€2,771.2 million) correspond to SyV's net equity and €721.2 million to the Group's minority shareholders. As at December 31 2007 the Group's share capital is represented by €284.6

million shares with a nominal value of €1 each.

## **FINANCIAL DEBT**

As at December 31, net corporate debt amounted to €1,646 million, equivalent to 8.3% of the total debt for the period. Net debt incurred by capital intensive activities amounted to €9,911 million, 50.2% of the total.

The Group's net debt as at December 31 2007 is broken down as follows:

<b>NET FINANCIAL DEBT (Millions of euros)</b>	<b>Dec-07</b>	<b>Dec-06</b>	<b>Asset Value*</b>	<b>LTV</b>
<b>Corporate</b>	<b>1,646</b>	<b>1,893</b>	-	-
<b>Capital Intensive Activities</b>	<b>9,911</b>	<b>8,739</b>	<b>11,694</b>	<b>84.8%</b>
Testa	2,093	1,907	4,725	44.3%
Itinere - Europistas	4,595	3,896		
Vallehermoso	3,222	2,936	6,969	46.2%
<b>Other</b>	<b>8,169</b>	<b>7,725</b>	<b>10,747</b>	<b>76.0%</b>
Eiffage	1,713	1,750	2,091	81.9%
Repsol YPF	5,248	5,175	5,956	88.1%
SyV Participaciones	570	560	-	-
Other	638	240	2,700	23.6%
<b>NET FINANCIAL DEBT</b>	<b>19,726</b>	<b>18,357</b>		

\* Obtained as market value from the Stock Market (31/12/2007 value), independent expert or internal valuation of the company.

- **Corporate:**

- It is worth noting the commercial paper issued by Sacyr Vallehermoso Group for a nominal amount of €800 million. As at December 31, €187 million had been drawn down.
- Debt raised to finance the interest acquired in Repsol and Eiffage are also included under this heading. Such debt amounts to €1,500 million provided by the credit entities under the same terms and conditions as the main loans corresponding to the aforementioned acquisitions (see other business activities).

- **Capital Intensive Activities:**

- The debt attached to transportation concessions reached €4,595.4 million in December 2007 and is 85% project financing without additional recourse thanks to the visibility derived from the concessions cash flow.
- In the rental property business, the debt consists of mortgage loans and leasing contracts for €2,093.3 million to finance operating assets and assets in progress. Thus, according to the latest valuation of assets by an independent expert, as at December 31, 2007 debt only represented 44.2% of the aforementioned value.
- As for the housing development business, its net debt of €3,222.1 million is aimed at financing the inventories appearing on Vallehermoso's

balance sheet for a recorded amount of €4,078.9 million. Additionally, the pre-sales figure (signed housing contracts prior to the delivery of homes) amounts to €2,360 million, covering 73.2% of the total debt.

- **Other Business Activities:**

- Bank loans for €1,750 million to finance Eiffage acquisition have an average maturity of 4 years and an average spread over Euribor of (as per the selected term) between 0.34 and 0.58. These loans are guaranteed by Eiffage shares. As at December 31 2007, the market value of our stake amounted to €2,091 million.

- The investment in Repsol YPF was financed through a bank loan of €5,175 million, subject to a 6-year bullet maturity, with a spread over Euribor of 100 b.p. The main guarantees are a pledge on Repsol YPF shares, which would be increased if the quotient between the market value of the pledged shares and the outstanding loan balance goes down from 105% in the first two years (115% in successive years), with the contribution of liquid listed securities or additional cash. Repsol's market value as at December 31, 2007 for our stakeholding amounted to €5,956 million. Repsol YPY's dividend for fiscal year 2007 for the amount of €1 per share covers the total debt raised for the stake acquisition (corporate vehicle).

- This heading also comprises the debt raised to acquire Europistas for €570 million which will mature in November 2008 or have an early cancellation as a result of Itinere's listing.

- Lastly, structured debt incurred by other business areas pertains mostly to the financing of Valoriza's projects and environmental concessions.

## II. BUSINESS AREAS PERFORMANCE

<b>CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31 2007</b>									
<b>(Thousands of Euros)</b>	<b>Sacyr</b>	<b>Itinere - Europistas</b>	<b>Vallehermoso</b>	<b>Testa</b>	<b>Valoriza</b>	<b>Somague</b>	<b>Holding</b>	<b>Adjustments</b>	<b>TOTAL</b>
<b>Turnover</b>	<b>2,619,484</b>	<b>558,072</b>	<b>1,400,023</b>	<b>263,821</b>	<b>633,080</b>	<b>726,680</b>	<b>564</b>	<b>(441,913)</b>	<b>5,759,810</b>
Other Sales	43,178	49,293	3,683	2,777	46,328	27,919	67,321	16,769	257,268
Total Income	2,662,661	607,365	1,403,706	266,597	679,408	754,598	67,885	(425,143)	6,017,078
External and Operating Expenses	(2,477,542)	(181,656)	(1,046,464)	(56,075)	(610,848)	(713,197)	(78,075)	424,185	(4,739,673)
<b>GROSS OPERATING PROFIT</b>	<b>185,120</b>	<b>425,709</b>	<b>357,242</b>	<b>210,522</b>	<b>68,560</b>	<b>41,402</b>	<b>(10,189)</b>	<b>(959)</b>	<b>1,277,405</b>
Depreciation	(31,894)	(145,340)	(4,237)	(44,618)	(28,187)	(12,729)	(2,753)	(49,143)	(318,900)
Trade Provisions	(25,742)	466	(3,932)	(502)	(5,038)	(6,072)	1,058	0	(39,762)
<b>NET OPERATING PROFIT</b>	<b>127,484</b>	<b>280,835</b>	<b>349,073</b>	<b>165,402</b>	<b>35,335</b>	<b>22,601</b>	<b>(11,885)</b>	<b>(50,102)</b>	<b>918,743</b>
Financial results	36,165	(213,673)	(7,311)	(79,690)	(12,672)	(11,385)	(241,925)	(446,136)	(976,627)
Forex results	168	25,469	0	16	(654)	(1,914)	(517)	7	22,575
Results from equity accounted subsidiaries	(493)	(9,388)	105	(20)	(2,719)	511	969,866	(6,779)	951,082
Provisions for financial investments		0	(707)	0	19	(57)	(7,250)	0	(7,994)
Change in value of financial instruments at fair value		1,310	0	143	0	0	0	0	1,453
Change in value of assets at fair value	(660)	0	367	(2,256)	612	0	0	(83)	(2,020)
Results from sales of non current assets	(455)	33	(181)	5,581	12,565	2,024	3,491	(6,439)	16,619
<b>PROFIT BEFORE TAXES</b>	<b>162,209</b>	<b>84,586</b>	<b>341,346</b>	<b>89,176</b>	<b>32,486</b>	<b>11,779</b>	<b>710,998</b>	<b>(509,532)</b>	<b>923,830</b>
Corporate Tax	(53,501)	(26,903)	(112,847)	(16,890)	(3,413)	(3,968)	228,619	15,821	26,919
<b>TOTAL PROFIT</b>	<b>108,708</b>	<b>57,684</b>	<b>228,499</b>	<b>72,286</b>	<b>29,073</b>	<b>7,811</b>	<b>939,617</b>	<b>(492,929)</b>	<b>950,749</b>
Minorities	(1,202)	(16,431)	(212)	(516)	(492)	(301)	0	14,794	(4,360)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>107,506</b>	<b>41,253</b>	<b>228,287</b>	<b>71,770</b>	<b>28,581</b>	<b>7,510</b>	<b>939,617</b>	<b>(478,135)</b>	<b>946,389</b>

CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31 2006									TOTAL
(Thousands of Euros)	Sacyr	Itinere - Europistas	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	
<b>Turnover</b>	<b>1,958,800</b>	<b>417,141</b>	<b>1,246,752</b>	<b>251,169</b>	<b>512,051</b>	<b>662,018</b>	<b>8,717</b>	<b>(371,984)</b>	<b>4,684,664</b>
Other Sales	28,217	32,402	3,082	1,591	61,729	19,172	43,737	15,780	205,711
Total Income	1,987,018	449,543	1,249,834	252,760	573,781	681,190	52,453	(356,203)	4,890,375
External and Operating Expenses	(1,830,854)	(129,200)	(919,440)	(61,945)	(520,960)	(646,793)	(72,961)	357,521	(3,824,632)
<b>GROSS OPERATING PROFIT</b>	<b>156,164</b>	<b>320,343</b>	<b>330,394</b>	<b>190,814</b>	<b>52,821</b>	<b>34,398</b>	<b>(20,508)</b>	<b>1,318</b>	<b>1,065,743</b>
Depreciation	(28,139)	(96,750)	(2,557)	(41,643)	(18,972)	(12,622)	(4,635)	(1,872)	(207,190)
Trade Provisions	(12,992)	(33)	20,616	(303)	(2,069)	(8,520)	6,669	(1)	3,367
<b>NET OPERATING PROFIT</b>	<b>115,033</b>	<b>223,560</b>	<b>348,453</b>	<b>148,868</b>	<b>31,779</b>	<b>13,256</b>	<b>(18,474)</b>	<b>(556)</b>	<b>861,920</b>
Financial results	28,605	(175,571)	(15,825)	(68,649)	(7,557)	(4,343)	49,104	(164,616)	(358,852)
Forex results	(134)	8,024	0	(1,428)	0	805	(0)	(505)	6,761
Results from equity accounted subsidiaries	40	(11,798)	(903)	(176)	759	2,605	191,035	1	181,563
Provisions for financial investments	0	0	(139)	0	(698)	(1,201)	688	(0)	(1,350)
Change in value of financial instruments at fair value	0	13,950	0	1,731	0	0	(142)	(0)	15,538
Change in value of assets at fair value	(447)	0	0	3,731	(772)	0	0	4	2,516
Results from sales of non current assets	(380)	6,083	181	7,000	1,879	0	(13)	1	14,751
<b>PROFIT BEFORE TAXES</b>	<b>142,716</b>	<b>64,248</b>	<b>331,767</b>	<b>91,078</b>	<b>25,390</b>	<b>11,121</b>	<b>222,197</b>	<b>(165,672)</b>	<b>722,846</b>
Corporate Tax	(45,558)	(35,055)	(117,304)	(24,870)	(6,192)	(2,730)	71,820	(1,296)	(161,184)
<b>TOTAL PROFIT</b>	<b>97,158</b>	<b>29,193</b>	<b>214,463</b>	<b>66,208</b>	<b>19,198</b>	<b>8,391</b>	<b>294,018</b>	<b>(166,968)</b>	<b>561,662</b>
Minorities	(1,095)	(13,660)	227	(572)	(1,244)	(864)	0	(2,246)	(19,455)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>96,063</b>	<b>15,533</b>	<b>214,690</b>	<b>65,636</b>	<b>17,954</b>	<b>7,527</b>	<b>294,018</b>	<b>(169,214)</b>	<b>542,207</b>

<b>CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31 2007</b>									
<b>(Thousands of Euros)</b>	<b>Sacyr</b>	<b>Itinere - Europistas</b>	<b>Vallehermoso</b>	<b>Testa</b>	<b>Valoriza</b>	<b>Somague</b>	<b>Holding</b>	<b>Adjustments</b>	<b>TOTAL</b>
<b>NON CURRENT ASSETS</b>	<b>899,568</b>	<b>5,945,564</b>	<b>426,849</b>	<b>3,290,251</b>	<b>770,811</b>	<b>159,389</b>	<b>13,010,010</b>	<b>(3,171,195)</b>	<b>21,331,247</b>
Intangible Assets	27,350	24,204	3	106,607	124,555	1,974	3,016	2,649	290,358
Real Estate Investments	0	0	53,848	2,416,337	0	0	0	107,595	2,577,780
Concessions Investments	46,364	4,920,231	0	0	0	0	0	652,017	5,618,612
Fixed Assets	86,998	34,689	8,856	402,247	498,477	84,142	8,890	58	1,124,357
Financial Assets	738,856	946,560	356,701	363,450	36,271	44,509	12,998,103	(4,247,986)	11,236,464
Other non Current Assets	0	0	7,304	0	4,970	0	0	0	12,273
Goodwill	0	19,880	137	1,611	106,538	28,764	0	314,473	471,404
<b>CURRENT ASSETS</b>	<b>2,028,771</b>	<b>398,525</b>	<b>4,289,725</b>	<b>568,445</b>	<b>502,134</b>	<b>686,916</b>	<b>464,341</b>	<b>(493,086)</b>	<b>8,445,770</b>
Inventories	441,603	3,124	4,078,959	16,157	24,895	58,819	852	(1,598)	4,622,812
Accounts Receivable	1,383,842	238,694	164,520	20,156	402,113	551,727	105,209	(371,374)	2,494,887
Financial Assets	25,896	14,256	1,084	7,262	6,993	3,949	243,041	(120,411)	182,070
Cash	177,429	142,450	45,162	524,871	68,132	72,421	115,238	297	1,146,001
<b>ASSETS = LIABILITIES</b>	<b>2,928,339</b>	<b>6,344,089</b>	<b>4,716,574</b>	<b>3,858,696</b>	<b>1,272,945</b>	<b>846,305</b>	<b>13,474,350</b>	<b>(3,664,281)</b>	<b>29,777,017</b>
<b>Equity</b>	<b>436,701</b>	<b>544,062</b>	<b>458,139</b>	<b>1,119,453</b>	<b>292,782</b>	<b>149,191</b>	<b>1,399,650</b>	<b>(907,613)</b>	<b>3,492,366</b>
Shareholder's Equity	430,409	409,833	455,124	1,113,468	285,157	144,750	1,399,650	(1,467,228)	2,771,162
Minority Interests	6,293	134,230	3,015	5,986	7,625	4,441	0	559,616	721,204
<b>NON CURRENT LIABILITIES</b>	<b>256,876</b>	<b>5,182,849</b>	<b>2,110,345</b>	<b>2,311,658</b>	<b>445,255</b>	<b>114,871</b>	<b>10,420,801</b>	<b>(2,265,003)</b>	<b>18,577,652</b>
Financial Debt	110,790	4,353,520	1,939,962	2,266,980	282,696	95,046	7,928,863	9,248	16,987,105
Financial Instruments at fair value	0	7,174	0	0	92	0	0	0	7,265
Provisions	6,671	1,893	20,232	3,440	25,890	6,089	353	(20)	64,548
Other non current Liabilities	139,415	820,262	150,152	41,238	136,578	13,736	2,491,585	(2,274,231)	1,518,733
<b>CURRENT LIABILITIES</b>	<b>2,234,762</b>	<b>617,178</b>	<b>2,148,089</b>	<b>427,585</b>	<b>534,908</b>	<b>582,244</b>	<b>1,653,900</b>	<b>(491,666)</b>	<b>7,707,000</b>
Financial Debt	196,447	398,605	1,328,432	358,460	149,088	158,540	1,476,735	224	4,066,531
Trade Accounts Payable	1,798,494	36,972	615,732	32,854	229,804	307,966	7,991	(66,076)	2,963,737
Operating Provisions	78,384	2	62,550	1,753	3,085	20,006	62	10	165,852
Other current liabilities	161,437	181,598	141,375	34,517	152,931	95,733	169,111	(425,823)	510,879



<b>CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31 2006</b>									
<b>(Thousands of Euros)</b>	<b>Sacyr</b>	<b>Itinere - Europistas</b>	<b>Vallehermoso</b>	<b>Testa</b>	<b>Valoriza</b>	<b>Somague</b>	<b>Holding</b>	<b>Adjustments</b>	<b>TOTAL</b>
<b>NON CURRENT ASSETS</b>	<b>773,336</b>	<b>7,114,008</b>	<b>307,849</b>	<b>3,166,202</b>	<b>603,516</b>	<b>177,489</b>	<b>12,105,528</b>	<b>(4,219,524)</b>	<b>20,028,404</b>
Intangible Assets	27,078	37,652	9	109,985	69,069	2,245	58,864	2,748	307,651
Real Estate Investments	0	0	54,950	2,466,108	0	0	0	109,353	2,630,411
Concessions Investments	83,379	5,139,715	0	69,352	5,779	0	0	0	5,298,226
Fixed Assets	95,668	35,754	9,880	378,042	379,980	87,263	6,902	0	993,490
Financial Assets	554,040	1,887,246	227,796	142,714	43,294	60,515	12,039,761	(4,512,545)	10,442,820
Other non Current Assets	13,171	0	13,338	0	146	0	0	(0)	26,655
Goodwill	0	13,640	1,875	0	105,248	27,467	0	180,920	329,149
<b>CURRENT ASSETS</b>	<b>1,516,167</b>	<b>324,343</b>	<b>4,326,212</b>	<b>131,730</b>	<b>425,774</b>	<b>641,249</b>	<b>210,903</b>	<b>(477,935)</b>	<b>7,098,442</b>
Inventories	244,464	3,075	4,091,923	38	25,944	53,217	1,025	(1,598)	4,418,087
Accounts Receivable	1,042,237	184,965	201,457	32,372	267,793	519,677	53,326	(461,074)	1,840,755
Financial Assets	27,633	7,847	1,029	84	3,150	10,102	94,423	(15,263)	129,004
Cash	201,833	128,455	31,804	99,236	128,887	58,253	62,128	0	710,596
<b>ASSETS = LIABILITIES</b>	<b>2,289,503</b>	<b>7,438,351</b>	<b>4,634,061</b>	<b>3,297,931</b>	<b>1,029,291</b>	<b>818,739</b>	<b>12,316,430</b>	<b>(4,697,459)</b>	<b>27,126,846</b>
<b>Equity</b>	<b>457,813</b>	<b>1,038,812</b>	<b>464,517</b>	<b>1,148,827</b>	<b>276,246</b>	<b>143,704</b>	<b>1,292,656</b>	<b>(1,813,676)</b>	<b>3,008,900</b>
Shareholder's Equity	454,222	332,708	461,714	1,081,255	266,258	138,874	1,292,656	(1,833,606)	2,194,080
Minority Interests	3,591	706,104	2,803	67,572	9,989	4,830	0	19,930	814,820
<b>NON CURRENT LIABILITIES</b>	<b>136,886</b>	<b>5,921,258</b>	<b>1,891,017</b>	<b>1,887,443</b>	<b>343,316</b>	<b>148,333</b>	<b>10,052,923</b>	<b>(2,408,402)</b>	<b>17,972,773</b>
Financial Debt	79,407	4,331,020	1,659,754	1,838,557	227,698	129,159	8,106,669	(0)	16,372,263
Financial Instruments at fair value	263	12,930	0	567	262	0	90	0	14,112
Provisions	71	18	15,370	3,501	34,137	4,262	2,963	0	60,323
Other non current Liabilities	57,144	1,577,290	215,894	44,817	81,219	14,911	1,943,201	(2,408,402)	1,526,075
<b>CURRENT LIABILITIES</b>	<b>1,694,805</b>	<b>478,281</b>	<b>2,278,527</b>	<b>261,662</b>	<b>409,729</b>	<b>526,702</b>	<b>970,851</b>	<b>(475,383)</b>	<b>6,145,173</b>
Financial Debt	91,849	261,066	1,308,917	168,055	87,180	106,409	800,912	0	2,824,389
Trade Accounts Payable	1,428,978	37,033	745,073	11,938	189,524	297,237	70,165	(2,826)	2,777,121
Operating Provisions	64,024	0	52,718	1,693	2,446	28,566	12,733	1	162,180
Other current liabilities	109,954	180,182	171,818	79,976	130,579	94,489	87,041	(472,557)	381,483

### III. BUSINESS AREA PERFORMANCE

#### SACYR/SOMAGUE

Net income surged 27.7% to €3,346.2 million. Sacyr, the strongest part of the business, contributed €2,619.5 million, representing an outstanding growth of 33.7% with respect to the previous year and 78.3% of the total. Despite the business slump experienced by the Portuguese market, Somague's income grew 9.8% to €726.7 million.

The order book as at December 31 amounted to €6,022.1 million, equivalent to 21.6 months of activity, and representing a 6.8% increase with respect to 2006.

96.1% of the order book is located in the European Union, with 53.9% pertaining to Spain, 25.4% to Italy, 11.0% to Portugal and 5.8% to Ireland. The remaining 3.9% is located in other countries, and mostly pertain to infrastructure concession projects in Chile and Costa Rica.

The most significant contracts awarded in 2007 are:

- Aeromur consortium led by Sacyr (60%) was awarded tender for the construction, financing, maintenance and management of the international airport of the Murcia Region. The construction works amount pertaining to SyV will be €185.2 million.
- Construction of the High Speed line to the French border, "Borras-Figueres" link for €114.93 million. It will consist of a 7.48-kilometer stretch with 5 viaducts and a tunnel 1.75 kilometers long, among other outstanding features.
- Construction of a fish farm awarded to the consortium lead by Somague, Portuguese subsidiary of Sacyr Vallehermoso Group for €83.3 million.
- Construction of a third lane at Malpica junction A2 *Ronda norte de Zaragoza* dual carriageway for €76.9 million.
- Construction of platform for the AVE stretch of "Aramaio-Mondragón" in the Basque Country (known as the Basque Y) for €67.5 million.
- Construction of *Parbayón-Cacicedo* stretch on the S-30 *Ronda de la Bahía de Santander* dual carriageway, in Cantabria, for €67.4 million.
- The Somague and MECI consortium was awarded the construction of the new combined-cycle cogeneration plant of Sociedade Portuguesa de Cogeração Eléctrica, S.A. (SPCG) for over €65 million.
- Construction of the junction stretch of the Nueva Ronda de Circumvalación Oeste de Málaga on the A-7 dual carriageway for €60.3 million.
- Construction works for Dublin M50 beltway for €55.8 million.
- Construction of the Villatoro-Villimar stretch of the *Variante Norte de Burgos* for €55.0 million
- Construction of a high speed road in Câmara de Lobos city (Island of Madeira) for €44.7 million
- Works on the railway line of Porto de Aveiro. Viaduct access to Gafanha in Portugal for €27.8% million.
- First and second phases of urbanization works of the "Buenavista" section in Getafe for €25.2 million.

- Construction of "Troia Resort" complex in "Troia Bay" (Costa de la Plata) for €20.6 million in a 440-hectare land comprising 289 apartments, a golf course, a casino and a conference centre.
- Works for the waste water evacuation project in Pinto for €18.7 million.
- Building of 168 homes in Gata (Almería) for €18.1 million.
- Building of 117 homes in Soto del Henares for €17.6 million.
- Construction of L'Hotra hospital in Manises (Valencia) for €17.1 million.
- Building of 160 homes in Campo de la Salud for €15.8 million.
- Siles dam (Jaén) for €14.6 million.

## **VALLEHERMOSO**

Vallehermoso's income as at December 31 2007 reached €1,400.0 million, against €1,246.7 million from the previous year, up 12.3%. €1,128.4 million correspond to housing development deeds, up 7.9% with respect to the previous year, and the remainder correspond to land sales and services.

The Ebitda margin of sales was €357.2 million corresponding to 25.5%, up 8.1% with respect to the previous year.

Residential pre-sales amounted to €1,304.5 million, slightly below the €1,654.0 million in 2006 primarily due to the market slowdown accentuation in the last quarter of the year. As at December 31, unrecorded pre-sales amounted to €2,360 million, securing the turnover figure for the next two years.

As at December 31 2007, Vallehermoso's land bank amounted to €4.6 million of building square meters, equivalent to 36,200 homes.

## **ITINERE/EUROPISTAS**

The concessions business of Itinere and Europistas recorded an income of €558.1 million, a significant growth of 33.8%. The homogenous growth (considering the overall turnover figure of Europistas for both years) was 15%.

Gross operating income grew 32.9% to €425.7 million, enabling an operating margin of 76.3%.

The average traffic increase remained above the overall economy growth, with very positive performance of the concessions in Spain, Chile and Brazil.

(Millions of Euros)	Dec 2007		Dec 2006		% Change 07/06	
	Income	ADT	Income	ADT	Income	ADT
<b>Spain</b>	<b>415.3</b>		<b>313.1</b>		<b>32.6%</b>	
Audasa	152.9	27,030	137.9	25,059	10.9%	7.9%
Avasa	75.2	14,712	70.0	14,177	7.5%	3.8%
Burgos - Armiñón	73.0	23,189	5.3	22,178	1277.4%	4.6%
Audenasas	42.1	19,751	39.5	19,220	6.7%	2.8%
Aucalsa	40.5	10,288	36.8	9,683	10.2%	6.2%
Aunor	9.6	12,720	10.6	11,907	-9.7%	6.8%
Autoestradas Galicia	14.2	11,930	12.8	11,109	10.3%	7.4%
Túneles de Artxanda	2.7	16,427	0.2	14,117	1252.0%	16.4%
Palma - Manacor	2.1	20,667			n/a	n/a
Víastur	2.9	18,887			n/a	n/a
<b>Chile</b>	<b>66.1</b>		<b>60.5</b>		<b>9.2%</b>	
Rutas del Pacífico	21.3	20,049	20.9	18,318	1.8%	9.4%
El Elqui	15.1	4,042	14.0	3,608	8.0%	12.0%
Los Lagos	13.3	8,084	12.9	7,432	3.0%	8.8%
Vespucio Sur	14.0	54,627	10.5	44,970	33.6%	21.5%
Red Vial Litoral Central	2.4	2,168	2.2	2,049	6.2%	5.8%
<b>Brazil</b>	<b>35.5</b>		<b>30.5</b>		<b>16.5%</b>	
Triangulo do Sol	35.5	6,935	30.5	6,260	16.5%	10.8%
<b>TOTAL TOLL</b>	<b>516.8</b>		<b>404.1</b>		<b>27.9%</b>	
Otros Ingresos	41.2		13.1		215.4%	
<b>TURNOVER</b>	<b>558.1</b>		<b>417.1</b>		<b>33.8%</b>	

Four significant concessions were awarded during the year:

- During the first quarter of 2007, the Aeromur consortium, led by SyV (60%) was awarded the concession for management of the international airport of the Murcia region, to be located in the city of Corvera, for a 40-year period and €394.2 million.
- In April 2007, Ireland's National Roads Authority and the consortium in which Itinere holds a 45% stake signed an agreement to design, build, finance and manage the Irish N6 Galway-Ballisnaole highway for a 30-year period. The investment will approximately entail €350 million.
- Additionally, a contract with the NRA has been signed for a 35 year term for the design, construction, financing and operation of Dublin M50 beltway. The awarded consortium in which Itinere holds a 45% stake will invest approximately €300 million.
- In October, Itinere was awarded the maintenance and operation of the so called First Generation Dual Carriageway A-1, "Santo Tomé del Puerto-Burgos" stretch (Arlanzón Dual Carriageway) for an estimated investment of €259.8 million and a concession term of 19 years. The awarded stretch is a 146-kilometer section on the former A-1 "Madrid-Irún".

The Itinere-Europistas concessions group achieved a portfolio of 43 concessions in 7 countries. 35 of them are road concessions, 25 in the EU (Spain: 20, Portugal: 3, Ireland 2), 9 in America (Chile: 6; Brazil: 1 and Costa Rica: 2) and 1 in Bulgaria.

Additionally, Testa handed over the three awarded hospital (Hospital del Sur, Hospital del Henares and Hospital del Noreste) under construction in Madrid to Testa, SyV Group's property subsidiary, considering the concessional nature of their operation. Itinere has 5 concessions in other products: 2 transport hubs, 1 metro, 1 airport and 1 services area company.

The Group holds 15 concessions in progress and 23 in operation.

At the end of the period, the gross investment in concessions amounted to €7,329.4 million, of which €458.2 million are in progress and pertain mostly to the works on the Nororiente Highway concession located in the urban area of Santiago (Chile), together with three shadow toll highways in Spain (Autopista del Turia, Eresma and Barbanza), two concessions in Ireland and one transport hub in Madrid (Moncloa).

INVESTMENT (Thousands of Euros)	December 2007		December 2006		% Var. 07/06
	Development	In Course	Development	In Course	
Audasa	2,294,827		2,298,903	0	-0.2%
Avasa	673,225		669,665	0	0.5%
Audenasa	436,173	166	433,488	548	0.5%
Aucalsa	791,961		787,922	0	0.5%
Aunor	97,467		97,071	0	0.4%
Autoestradas de Galicia	171,088		170,888	0	0.1%
Burgos - Armiñón	1,081,258		1,074,514	0	0.6%
Túneles de Artxanda	52,173		52,071	0	0.2%
Palma - Manacor	46,908		0		
Viastur	120,073		0	72,517	65.6%
Neopistas	16,590		0		
Autovia del Turia		112,344	0	48,770	130.4%
Intercambiador de la Plaza Elíptica	58,561			32,375	80.9%
Intercambiador de Moncloa		67,201		41,993	60.0%
Autovia del Eresma		53,234		10,107	426.7%
Autopista del Barbanza		46,826		5,844	701.3%
Autopista de Guadalmedina		1,972		228	764.9%
Hospital de Parla	83,316				
Hospital del Noreste	93,127				
<b>Spain</b>	<b>6,016,747</b>	<b>281,743</b>	<b>5,584,522</b>	<b>212,382</b>	<b>8.7%</b>
Elqui	214,174		221,456		-3.3%
Los Lagos	224,217		231,840		-3.3%
Rutas del Pacífico	175,568		181,253		-3.1%
Red Vial Litoral Central	34,824		35,913		-3.0%
Vespucio Sur	123,607		125,863		-1.8%
Triangulo do Sol	82,031	648	52,402	7,306	38.5%
Acceso Nororiente		133,936		64,805	106.7%
Autopista del Valle		3,341		3,353	-0.4%
Autopista del Sol		3,164		401	689.0%
<b>America</b>	<b>854,421</b>	<b>141,089</b>	<b>848,727</b>	<b>75,865</b>	<b>7.7%</b>
N6 Galway - Ballisnaloe		22,781			
M50 Dublín		12,558			
<b>Ireland</b>	<b>0</b>	<b>35,339</b>	<b>0</b>	<b>0</b>	
<b>TOTAL</b>	<b>6,871,168</b>	<b>458,171</b>	<b>6,433,249</b>	<b>288,247</b>	<b>9.0%</b>

## TESTA

As at December 31 2007, Testa's income was €263.8 million, up 5.0% with respect to 2006. €256.9 million of total income correspond to rentals and the remaining €6.9 million correspond to services.

The following table details the change in rental income:

RENTAL PERFORMANCE	December 2007	December 2006	% Var. 07/06
Rental Income (Thousands of Euros)	256,934	245,334	4.7%
Average Occupied Area (sq.m)	1,519,090	1,479,899	2.6%
Average Unit Income (€/sq.m/month)	14.1	13.8	2.1%
Average leasable surface (sq. m)	1,541,660	1,515,669	1.7%
Average occupancy rate (%)	98.5	97.6	0.9%

The increase in the average leasable area derives from the completion and subsequent operation of a senior citizen home in Barcelona with 5,791 square meters, and from an office building on 48 José Valcárcel, Madrid, with 19,843 square meters. The average occupancy level registered in office buildings and housing has increased due to the rental of the housing development in Alameda de Osuna, in operation since 2006.

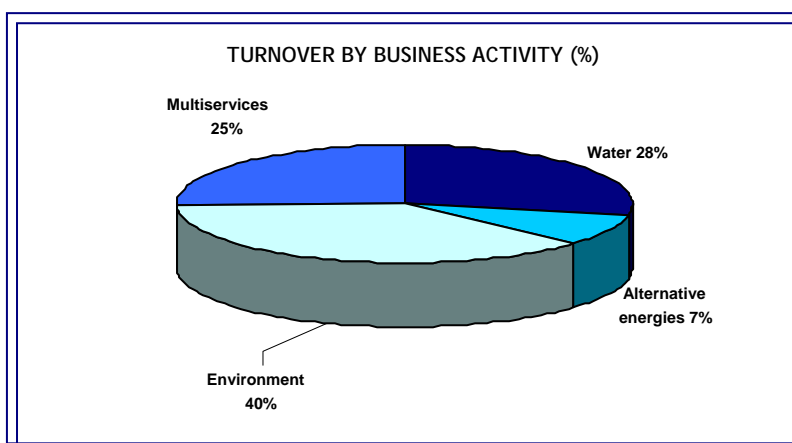
During fiscal year 2007 Testa finalised, as part of its mature asset rotation strategy, the sale of two of its operating shopping centers, Los Fresnos in Gijón and Lakua in Vitoria. The overall amount resulting from the sale is €65 million.

As at December 31, 2007 projects under construction amounted to €362.3 million, the most significant one being SyV Tower, a peculiar multipurpose building located at Madrid’s financial district and entailing an investment of €303.8 million. In addition, various ongoing investments include €24.2 million for two pre-leased elderly homes currently in various development stages and €24.0 million pertain 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. In total, projects in progress amount to 198,891 square meters.

**VALORIZA**

As at December 31, Valoriza registered €633.1 million, a significant increase of 23.6% compared with the €512.0 million in 2006. This increase is due to organic growth derived from the operations of new projects, especially in the areas of multiservices (integral property maintenance) and the environment.

The following chart breaks down income by business area:



- **Environment:**

The environmental business provided an income of €239.5 million, entailing a 7.1% increase with respect to 2006. 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 various 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: (largest cities: Parla, Boadilla del Monte, Majadahonda, Moratalaz and Alcalá 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 m<sup>3</sup>/day) and sludge treatment (670,000 metric tons/year)

- **Water:**

Water management provided an income of €178 million, a 25.5% increase compared with €141.9 million recorded in the same period of the previous year. Valoriza Agua in Spain and AGS in Brazil and Portugal manage the following:

- Supply to 2.6 million inhabitants in said three countries.
- Management of 1,000,000 customers in Spain, Portugal and Brazil.
- Demand exceeding 180 Hm<sup>3</sup>.

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 m<sup>3</sup>/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.

- **Multiservices:**

In Multiservices, income grew a significant 45.8% to €158.6 million. Valoriza Facilities, specializing in property maintenance and management, posted €108.7 million in turnover.

- **Energy:**

Income from the alternative energy business was €56.9 million, up 50.8% with respect to €37.7 million of the previous year.

As at December 31 2007, the most significant figures were provided by the energy business in Andalusia's olive-producing regions. During the last *alpejuero* (n.b. an olive by-product) season, Valoriza Energía processed 370,000 tons of *alpejuero* out of the total average (3,066,515 tons) produced per year. In addition, Valoriza Energía will be processing 800,000 tons during 2007-08 season, equivalent to 25% of national production.

In June, an oil sludge reduction and treatment cogeneration plant was inaugurated in Puente del Obispo (Jaén) entailing an investment of €18 million. The combined-cycle plant will house three natural gas engines with an installed capacity of 24.9 MW. The construction of a similar plant was also completed in Villanueva del Arzobispo (Jaén).

Lastly, the most significant projects awarded during the year were:

- The consortium in which Sufi has a stake of 38% was awarded a concession for building and operation of an energy treatment and evaluation plant to process municipal waste in Mataró for approximately €440 million and a 15-year timeline.
- Street cleaning and urban solid waste collection in the Alcalá de Henares municipality. The 20-year contract is for €297 million.
- Sufi was awarded the operation of an underground parking in Paseo San Gregorio, parking meters (pay-and-display), tow truck services and a construction project to build an underground parking in Plaza Asunción (Puertollano) for €25 million.
- Sufi was awarded a concession for street cleaning and urban solid waste collection in Soria city for 17.87 million euros for 8 years extendable by two years. It will service over 35,000 inhabitants.
- Construction and operation of a Construction and Demolition Waste Treatment Plant in Arganda del Rey (Madrid) and the operation of the Villarejo de Salvanés (Madrid) transfer center for the amount of €15.2 million.
- Awarded concession for the supply and cleaning service of Pioz for a period of 25 years, providing an income of €43 million.
- Construction, operation, maintenance and management of the Covilha Biomass Plant (Portugal). The estimated income throughout the life of the concessions will be €104 million.



## IV. BOARD RESOLUTIONS

### DIVIDEND DISTRIBUTION

- On January 16, 2007, the third interim dividend against fiscal year 2006 in the gross amount of 0.105 euros per share was paid. This distribution was agreed upon at the Board of Directors meeting held on December 13, 2006.
- At its meeting on March 7, 2007, the Board of Directors declared the payment of a dividend in the gross amount of 0.185 euros per share. This dividend will be the last one pertaining to fiscal year 2006, following its approval at the General Shareholders' Meeting. Payment was made on April 13, 2007.
- At its meeting held on July 11, 2007, the Board of Directors agreed the first dividend of 0.15 euros per share charged against 2007, payable on July 17, 2007. On October 3, 2007 the Board of Directors agreed on the distribution of a second dividend charged against fiscal year 2007 for a gross amount of €0.15 per share. Payment was made on October 11, 2007.
- At its meeting on December 5, 2007 the Board of Directors agreed on the distribution of a third dividend charged against fiscal year 2007 for a gross amount of €0.15 per share. Payment was made on January 11, 2008.

### CHANGES IN THE BOARD OF DIRECTORS

- At its meeting held on January 10, 2007, the Board of Directors of Sacyr Vallehermoso, S.A. resolved to accept the resignation tendered by Grupo Satocán, S.A., expressing appreciation for the services provided to the company. Additionally, it agreed on the appointment of Mr. Juan Miguel Sanjuán Jover as an independent director of the company.
- At its meeting held on May 10, 2007, the Board of Directors of Sacyr Vallehermoso, S.A. agreed to accept the resignation of CXC Corporación Caixa Galicia, S.A. (represented by Mr. José Luis Méndez López) member of the Board of Directors, Executive Commissions and Appointments and Remuneration Commission. Sacyr Vallehermoso, S.A. is grateful for the services provided to the company. The new elected (co-option) member of the Board of Directors, Executive Commissions and Appointments and Remuneration Commission will be Mr. José Luis Méndez López as independent director representing a major shareholder.
- The Board of Directors met following the General Meeting of Shareholders held on June 29 to agree and implement the resolutions adopted at the meeting. They re-elect Mr. Juan Miguel Sanjuán Jover as member and Chairman of the Auditing Commission at Sacyr Vallehermoso S.A. and re-elect Mr. José Luis Méndez López as member of the Executive Commission and Appointments and Remuneration Commission.

### OTHER RESOLUTIONS

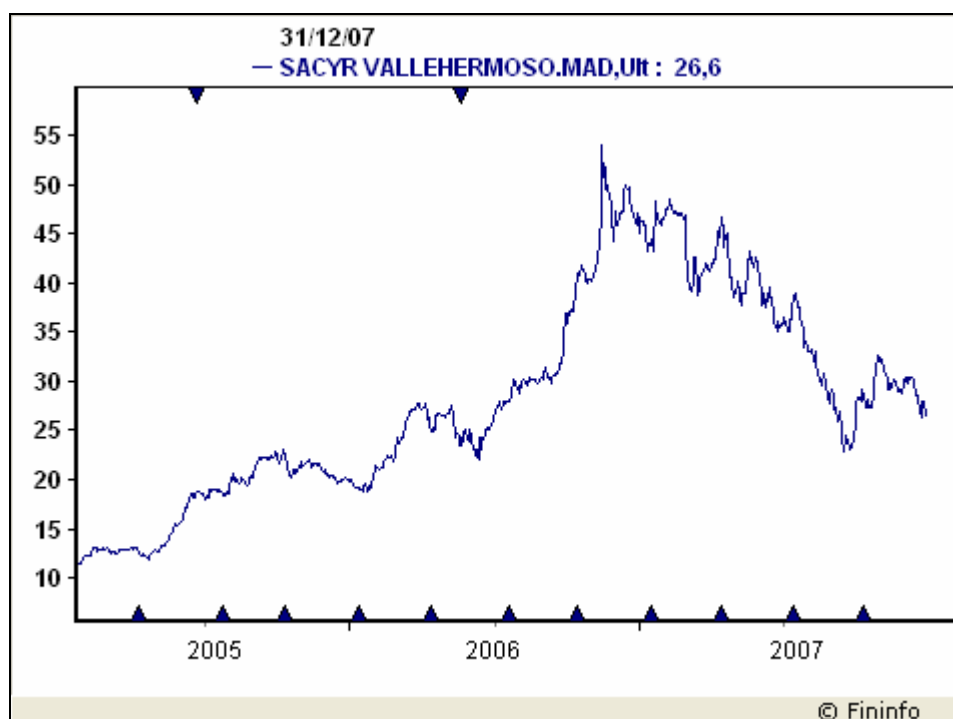
- On April 17, 2007, the Board of Directors of Europistas and Itinere Infraestructuras S.A. agreed on the acquisition of Itinere by Europistas. This agreement was later ratified by the Board of Directors of both companies. The exchange price will be 16 Europistas shares with a nominal value of €0.49 for 5 Itinere shares with a nominal value of €1 each.
- On April 19, 2007, following the resolutions adopted at the meeting held on April 18, 2007 by the Board of Directors, Sacyr Vallehermoso, S.A. requested French market regulator *Autorité des Marchés Financiers* (AMF) to acquire the shares it did not already own in French company Eiffage through a swap deal of 12 Sacyr Vallehermoso shares with a nominal value of €1 each (same class, same series as the outstanding shares) for every 5 Eiffage shares with a nominal

value of €4 each. Sacyr Vallehermoso appealed to the Paris Court of Appeal after the AMF ruled against Sacyr Vallehermoso's full bid. At the moment, Sacyr Vallehermoso awaits for the Court of Appeal's ruling.

## V. STOCK PERFORMANCE

	December 2007	December 2006	% Var. 07/06
Market stock price at closing (euros per share)	26.60	45.00	-40.89%
High of the year	50.00	56.30	-11.19%
Low of the year*	22.46	18.67	20.28%
Market capitalization at closing (Thds of euros)	7,571,323	12,808,630	-40.89%
Trading volume (Thds of euros)	6,114,659	6,472,010	-5.52%
Average trading volume (Number of shares)	675,309	861,560	-21.62%
Liquidity %	100	100	
Number of shares (Thousands)	284,636	284,636	
Share nominal value	1 EURO	1 EURO	

\*Adjusted in 2006 by means of a 1x27 capital increase carried out in July 2006



## VI. SHAREHOLDER STRUCTURE

According with the information registered in the Spanish Stock Exchange Commission at March 31st. 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)	10.00%
Mr. Manuel Manrique Cecilia (4)	9.13%
Participaciones Agrupadas, S.R.L.	8.00%
Mr. Demetrio Carceller Arce (5)	6.05%
Sofip, Sociedade Gestora de Participações Sociais, S.A (6)	5.09%
Mutua Madrileña Automovilista	5.01%
Mr. José Luis Méndez López (7)	5.00%
Mr. Juan Miguel Sanjuán Jover (8)	3.48%
Mr. Francisco Javier Pérez Gracia	0.05%
Mr. Matias Cortés Domínguez	0.00%

### TOTAL BOARD OF DIRECTORS

79.07%

- Actividades Inmobiliarias y Agrícolas, S.A (represented by Mr. Víctor Guillamón) and Rimefor Nuevo Milenio, S.L. are the companies by which Mr. Luis del Rivero Asensio participates in the Company. Actividades Inmobiliarias y Agrícolas, S.A. (1) has a stake of 6.06% and Rimefor Nuevo Milenio, S.L. has a stake of 7.69%. Mr Luis del Rivero holds the 100% Actividades Inmobiliarias y Agrícolas, S.A's equity, and the 61.89% of Rimefor Nuevo Milenio, S.L's equity.
- (2) Prilou, S.L., represented by Mr. Jose Loureda Mantiñán, holds a direct stake 8.44%shares and an indirect stake through Prilomi, S.L., represented by Mr. Jose Manuel Loureda López, of 5.00%.
- (3) Directors representing Abelló Group.
- (4) Mr. Manuel Manrique Cecilia holds an indirect stake through Cymofag, S.L., with a 9.13% stake and in which Mr. Manuel Manrique holds a stake of 100%.
- (5) Propietary Member representing Disa Corporación Petrolífera, Atlántica Petrogás and Renta Insular Canaria
- (6) Represented in the Board by Mr. Diogo Alvez Diniz Vaz Guedes
- (7) Propietary member representing Corporación Caixa Galicia, S.A .
- (8) Indirect stake through S.G.T, S.A., in which Mr. Juan Miguel Sanjuán Jover holds an interest of 49.73%.