

Financial Report

2006



Second Half

## CONTENTS

I.	HIGHLIGHTS	
	• OPERATING DATA	1
	• FINANCIAL AND ECONOMIC DATA	2
II.	STATEMENT OF INCOME AND CONSOLIDATED BALANCE SHEET	3
III.	PERFORMANCE OF BUSINESS AREA	11
IV.	BOARD RESOLUTIONS	22
V.	STOCK PERFORMANCE	24
VI.	SHAREHOLDER STRUCTURE	25

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## I. HIGHLIGHTS

OPERATING DATA (Millions of Euros)	December 2006	December 2005	% Var 06/05
<b>CONSTRUCTION - SACYR/SOMAGUE</b>			
ORDER BOOK	5,638	4,500	25.3%
<i>Months of Activity</i>	25.8	23.7	8.9%
<b>HOUSING DEVELOPMENT - VALLEHERMOSO</b>			
COMMITTED SALES	1,654	1,530	8.1%
<i>Number of houses</i>	5,131	4,824	6.4%
ORDER BOOK	2,446	2,024	20.8%
<i>LAND RESERVES (Millions of m2)</i>	4.2	4.6	- 8.7%
ASSETS VALUE (31 diciembre )	7,800	6,130	27.2%
<b>CONCESSIONS – ITINERE /EUROPISTAS</b>			
REVENUE PORTFOLIO	55,828	50,925	9.6%
<b>PATRIMONIO - TESTA</b>			
ASSET VALUES (31 December )	4,592	3,481	31.9%
<i>LEASEABLE AREA (Thousands of m2)</i>	1,543	1,419	8.8%
<i>OCCUPANCY</i>	97.9%	97.3%	0.6
LEASE PORTFOLIO	4,162	3,712	12.1%
<b>SERVICIOS - VALORIZA</b>			
REVENUE PORTFOLIO	9,890	6,868	44.0%

## I. HIGHLIGHTS

FINANCIAL ECONOMIC DATA (Millions of Euros)	December 2006	December 2005	Change 06/05
<b>NET SALES</b>	<b>4,685</b>	<b>4,177</b>	<b>12.2%</b>
<b>EBITDA</b>	<b>1,066</b>	<b>924</b>	<b>15.4%</b>
Construction (Sacyr – Somague)	191	156	22.3%
Housing development (Vallehermoso)	330	277	19.4%
Concessions (Itinere - Europistas)	320	287	11.6%
Real Estate Property (Testa)	191	165	15.5%
Services (Valoriza)	53	40	31.6%
Holding and Adjustments	- 19	- 1	
<b>ORDINARY NET ATTRIBUTABLE PROFIT *</b>	<b>542</b>	<b>227</b>	<b>139.4%</b>
Non ordinary	0	187	
NET ATTRIBUTABLE PROFIT	542	413	31.2%
<b>MARKET CAPITALIZATION</b>	<b>12,809</b>	<b>5,661</b>	<b>126.2%</b>
Number of outstanding shares (Thousands)	284,636	274,471	3.7%
<b>EQUITY</b>	<b>2,194</b>	<b>1,834</b>	<b>19.6%</b>
<b>NET CORPORATE DEBT</b>	<b>1,893</b>	<b>923</b>	<b>105.1%</b>

\*The ordinary net benefit reaches 542.2 million Euros and grows by 139.4%, once the effect of the 2005 extraordinary results has been eliminated due to:

- The shares/ELS shares and the collection of BBVA dividends amounting to 102.8 million euros after taxes,
- The sale in the service area of wind-power assets based in Portugal amounting to 83.8 million euros.

## II. STATEMENT OF INCOME

<b>CONSOLIDATED PROFIT AND LOSS</b> (Thousands of Euros)	<b>December</b> <b>2006</b>	<b>December</b> <b>2005</b>	<b>% Change</b> <b>06/05</b>
<b>Net amount of the business turnover</b>	<b>4,684,664</b>	<b>4,176,957</b>	<b>12.2%</b>
Other income	205,710	218,663	(5.9%)
Total operating income	4,890,374	4,395,620	11.3%
External and operating expenses	(3,824,633)	(3,472,035)	10.2%
<b>GROSS OPERATING PROFIT</b>	<b>1,065,741</b>	<b>923,585</b>	<b>15.4%</b>
Depreciation	(207,190)	(235,231)	(11.9%)
Trade Provisions	3,367	(68,584)	n/a
<b>NET OPERATING PROFIT</b>	<b>861,918</b>	<b>619,770</b>	<b>39.1%</b>
Financial Results	(358,852)	(123,237)	191.2%
Financial expenses	6,761	24,490	n/a
Results from equity accounted subsidiaries	181,563	(13,424)	n/a
Provisions for Financial Investments	(1,350)	(4,609)	(70.7%)
Change in Value of Financial Instruments	15,538	5,588	178.1%
Change in Value of Assets	2,516	9,757	(74.2%)
Results from sales of non current assets	14,751	95,670	(84.6%)
<b>Result before taxes</b>	<b>722,844</b>	<b>614,005</b>	<b>17.7%</b>
Corporate tax	(161,182)	(191,660)	(15.9%)
<b>TOTAL PROFIT</b>	<b>561,661</b>	<b>422,345</b>	<b>33.0%</b>
Minorities	(19,455)	(9,219)	111.0%
<b>NET ATTRIBUTABLE PROFIT</b>	<b>542,207</b>	<b>413,126</b>	<b>31.2%</b>

### RESULTS ANALYSIS

- As of 31 December the Group business total amounted to 4,684.7 million Euros, with an increase of 12.2% with respect to 2005.
- EBITDA stands at 1,065.7 million euros, 15.4% greater than 2005, which places the sales margin at 22.7%, the highest in the sector in Spain and Europe.
- The net operating profit is up by 39.1%, to 861.9 million Euros.
- The ordinary net profit amounts to 542.2 million euros and is up by 139.4%, once the effect of the 2005 extraordinary results have been eliminated for the sale of the ELS shares and the cashing-in of BBVA's dividends for an amount of 102.8 million euros after taxes; and for the sale of the wind-power assets based in Portugal for an amount of 83.8 million Euros after taxes.

The financial statements for 2006 include for the first time the incorporations in the consolidation perimeter of:

- The monthly activity of the concessions company Europistas, in which the SyV Group bought a stake of 50% during the previous month of November, for global consolidation.
- The nine-month activity of the French construction and infrastructure group Eiffage, in which e SyV has a stake of 32.61%, acquired between November 2005 and April 2006, using the equity accounting method.

- The activity of the oil company Repsol YPF, in which SyV has a stake of 20.01%, acquired between September and December 2006, using the equity accounting method.

## **BUSINESS TURNOVER**

As of 31 December 2006, the Group business turnover amounts to 4,684.7 million Euros, with an increase of 12.2% with respect to 2005.

By sector activities the performance is as follows:

<b>BUSINESS TURNOVER (Thousands of Euros)</b>	<b>December 2006</b>	<b>December 2005</b>	<b>% Chg 06/05</b>
Construction	2,620,818	2,278,555	15.0%
Sacyr	1,958,800	1,532,157	27.8%
Somague	662,018	746,398	(11.3%)
Housing Development (Vallehermoso)	1,246,752	1,246,502	0.0%
Concessions (Itinere)	417,141	362,955	14.9%
Property (Testa)	251,169	209,958	19.6%
Services (Valoriza)	512,051	367,578	39.3%
Holding and adjustments	(363,267)	(288,592)	25.9%
<b>BUSINESS TURNOVER</b>	<b>4,684,664</b>	<b>4,176,957</b>	<b>12.2%</b>

- The construction sector has experienced an increase of 15.0%, reaching sales of 2,620.8 million Euros in 2006. The notable increase of 27.8% in the rest of the markets which the Group Works in, especially Spain compensation for the adjustment of construction activity in Portugal. The high order book, which amounts to 5,638.4 million Euros at close of business (+25.3%), guarantees important growth activity in the future.

- The total of committed sales, which reflects the yearly performance of commercial activity in Vallehermoso, reaches 1,654.0 million Euros, which means an increase of 8.1% with respect to the same period the year before, with a total of 5,131 houses sold as of 31 December 2006.

- In the concessions sector, the growth of 14.9% in income relates to the favourable performance of traffic in the Group's motorway concessions, to tariff increases and, to a lesser extent the running of Vespucio Sur (inaugurated in December 2005). The incorporation of Europistas in 2006 does not have a significant effect, with only one month's consolidation - from 1 December 2006 - and its impact will be seen in the next year. The growth ex - Europistas stands at 13.4%

- In Property, Testa has increased its earnings by 19.6% to 251.2 million Euros. This evolution is the result of the combination of the growth in the average occupation at 0.9%, the rise of 12.7% in the average unit income of the rental portfolio and an increase of 6.1% in the average leaseable area during the period, with the development of new properties, amongst others The Adriá Tower (Paris) and 1401 Brickell (Miami).

- The services activity registered an important increase of 39.3% to 512.0 million Euros, as a consequence of organic growth of Valoriza's activity, especially Water and Multiservices. Further, they influence the incorporations to the Group of Sufi, acquired in the second quarter of 2005 and Empresa Municipal de Aguas de Tenerife (Emmasa), adjudicated in December 2005.

By geographical regions 78.6% of the turnover was generated in Spain, 15.4% corresponded to Portugal, due to the construction activity of Somague and Valoriza's services and the remaining 6.0% refers to the majority of activity in Chile, which gathers concessions income in operation along with the works carried out for them and the renting of new properties that Testa has acquired in Miami and Paris.

<b>BUSINESS TURNOVER (Thousands of Euros)</b>	<b>December 2006</b>	<b>December 2005</b>	<b>% Chg 06/05</b>
Spain	3,683,715	3,093,471	19.1%
Chile	112,913	156,302	(27.8%)
Portugal	723,725	808,078	(10.4%)
Other Countries	164,311	119,107	38.0%
<b>BUSINESS TURNOVER</b>	<b>4,684,664</b>	<b>4,176,958</b>	<b>12.2%</b>

### **GROSS OPERATING PROFIT (EBITDA)**

The Group's gross operating profit grew 15.4% with respect to the same period the previous year, reaching 1,065.7 million euros.

- The growing businesses (construction, housing development) and holding contribute 47.1% to the consolidated operating profit, with 501.8 million Euros, 16.4% more than 2005.
- The recurrent businesses (infrastructure concessions, rental property and services), with 564.0 million euros, represent 52.9% of total EBITDA, with a yearly growth of 14.5%.

<b>GROSS OPERATING PROFIT (Thousands of Euros)</b>	<b>December 2006</b>	<b>December 2005</b>	<b>% Chg 06/05</b>
Construction (Sacyr - Somague)	190,561	155,837	22.3%
Housing development (Vallehermoso)	330,394	276,733	19.4%
Holding and adjustments	(19,189)	(1,415)	
<b>Growth activities</b>	<b>501,766</b>	<b>431,155</b>	<b>16.4%</b>
Concessions (Itinere)	320,342	287,088	11.6%
Property (Testa)	190,813	165,203	15.5%
Services (Valoriza)	52,821	40,139	31.6%
<b>Recurrent activities</b>	<b>563,976</b>	<b>492,430</b>	<b>14.5%</b>
<b>EBITDA</b>	<b>1,065,741</b>	<b>923,585</b>	<b>15.4%</b>

### **DEPRECIATION**

The provision for depreciation –technical and of reversible assets- reached 207.2 million Euros. Itinere's activity represents 46.7% of the SyV group's total depreciation (96.8 million euros) Testa's activity stands at 20.1% (41.6 million Euros).

### **FINANCIAL RESULTS**

The financial net expenses amounted to 358.9 million euros, compared to 123.2 million euros registered in 2005. This increase is due to two main reasons:



- The positive impact of the previous year generated by the sales of financial derived instruments and shares from the BBVA group in the month of February.
- The corresponding cost of the direct financing of the Eiffage and Repsol YPF acquisitions during 2006.

### **RESULTADO DE SOCIEDADES POR EL METODO DE LA PARTICIPACIÓN**

The profit from the companies Eiffage and Repsol YPF has been registered in this epigraph for amounts of 102.2 million Euros and 88.8 million Euros respectively.

### **NET PROFIT**

The total result before taxes amounts to 722.8 million Euros. Once the extraordinary results have been eliminated for the sale of the ELS shares and the cashing-in of BBVA dividends for an amount of 102.8 million Euros after taxes, and the results for the sale of the wind-power assets based in Portugal for an amount of 83.8 million Euros after taxes, both registered in 2005, ordinary net profit goes up by 139.4%.

### **REVENUE PORTFOLIO**

The future revenue portfolio amounts to 77,964.6 million Euros and is basically supported by Itinere, with 71.6% of the total. The implicit operating result of said portfolio stands at 48,131.0 million Euros.

The portfolio has had an increase of 14.6% with respect to 2005, in particular:

- The diverse adjudications, in civil Works as well as building works, which have meant an increase in the order book of 25.3%.
- The positive activity in residencial development, whose presales grow by 22.0% in 2006.
- The newly adjudicated concessions in 2006, toll motorways in Málaga, Barbanza and Eresma in Spain and Costa Rica II and the transport interchange at Moncloa, as well as the contributions of concessions by Europistas.
- The incorporation into the rental properties of the rent from the new properties acquired in Paris and Miami.
- The incorporation of Emmasa and Emalsa, to the services sector.

<b>ORDER BOOK</b> <b>(Thousands of Euros)</b>	<b>December 2006</b>		
	<b>Revenue</b>	<b>% Ebitda*</b>	<b>Ebitda</b>
Sacyr (Order Book)	4,924,196	8.0%	392,577
Somague (Order Book)	714,228	5.2%	37,110
Vallehermoso (Pre-sales Book)	2,445,687	26.5%	648,116
Itinere (Concessions revenue)	55,828,320	76.8%	42,873,148
Testa (Lease contracts to maturity)	4,161,709	76.0%	3,161,655
Valoriza (Services portfolio)	9,890,417	10.3%	1,020,244
<b>ORDER BOOK</b>	<b>77,964,557</b>	<b>61.7%</b>	<b>48,132,851</b>

\*EBITDA margin as for December 2006



## II. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (Thousands of Euros)	December 2006	December 2005	% Change 06/05
<b>Non current assets</b>	<b>20,028,404</b>	<b>8,849,598</b>	<b>11,178,806</b>
Intangible Assets	307,651	212,115	95,536
Real Estate Investments	2,630,411	2,008,134	622,277
Concessions Investments	5,298,226	4,194,102	1,104,124
Fixed Assets	993,490	839,467	154,023
Financial Assets	10,442,820	1,313,141	9,129,679
Other non current assets	26,655	26,861	(206)
Goodwill	329,149	255,777	73,372
<b>Current Assets</b>	<b>7,098,442</b>	<b>5,457,098</b>	<b>1,641,344</b>
Inventories	4,418,087	3,447,499	970,589
Accounts Receivable	1,840,755	1,602,988	237,767
Financial Assets	129,004	31,576	97,428
Cash	710,596	375,035	335,561
<b>TOTAL ASSETS / LIABILITIES</b>	<b>27,126,846</b>	<b>14,306,696</b>	<b>12,820,150</b>
			0
<b>Equity</b>	<b>3,008,900</b>	<b>1,979,749</b>	<b>1,029,152</b>
Shareholder's Equity	2,194,080	1,834,258	359,822
Minority Interests	814,820	145,491	669,329
<b>Non Current Liabilities</b>	<b>17,972,773</b>	<b>8,010,874</b>	<b>9,961,899</b>
Financial Debt	16,372,263	6,681,028	9,691,235
Financial Instruments at fair value	14,112	73,134	(59,022)
Provisions	60,323	55,570	4,753
Other non current Liabilities	1,526,075	1,201,142	324,933
<b>Current Liabilities</b>	<b>6,145,173</b>	<b>4,316,073</b>	<b>1,829,100</b>
Financial Debt	2,824,389	1,810,865	1,013,524
Trade Accounts Payable	2,777,121	1,967,978	809,142
Operating Provisions	162,180	118,609	43,571
Other current liabilities	381,483	418,621	(37,138)

### EVOLUTION OF THE BALANCE

The balance presents an increase of 12,820.1 million Euros, with a growth of 89.6% compared to the previous year, due mainly to the acquisition of shares in the French construction company Eiffage (1,868.9 million Euros), the Spanish oil company Repsol YPF (6,525.5 million euros) and the concessions company Europistas (2,192.1 million Euros).

In this way, the development of activity in the business areas meant an increase of investments with a net amount of 2,322.8 million Euros, broken down by activity as follows:

- **Investments in non current assets:**
  - In the concessions which are under construction, which amount 370.1 million euros of new assets.
  - Acquisition of 8.6% of Itinere by Corporación Caixa Galicia, for an amount of 119.7 million euros.
  - Investments for an amount of 230.8 million euros registered in the balance of service activities.
  - For the property activity, the acquisition of the new building at Brickell Avenue (Miami) and the Adriá Tower in Paris, and the advance in the works

in progress which Testa is carrying out, explain the increase of 774.5 million euros in the sector.

- **Investments in current assets:**
  - The increase of investments in land for housing development and product in progress with 846.6 million Euros, aiming to guarantee the increase in activity predicted for the future.

Following is the detailed composition and movement in the main headings of the balance sheet.

### **NON CURRENT ASSETS**

The Real Estate assets includes properties in operation for 2,630.4 million Euros. Besides, the intangible assets include those dedicated to their development for rent under long-term concessions agreements, for an additional amount of 307.6 million Euros. At close of business investments for rental properties were maintained in progress for an amount of 387.1 million Euros and another 63.8 million Euros in land for future development, registered under the heading Fixed Assets.

Investments also exist in progress in cogeneration plants and for electrical energy, water & sewage networks and other projects for an amount of 174.3 million Euros

Fixed Assets include – resides work in progress and land for future rental property development and the projects for service activities – machinery, technical installations and other fixed assets. The amount of the accrued depreciation is 287.1 million euros.

The Sacyr Vallehermoso Group has invested 6,433.2 million Euros in operational concessions projects (the majority being motorways), and in development projects 345.1 million euros, of which 288.2 relate to transport infrastructures and 56,9 to other concessions.

The non current financial assets includes stakes in equity-accounted subsidiaries amounting 9,579.6 million Euros, amongst which stand out the investments corresponding to the French construction company Eiffage and in Repsol YPF. Besides, under this heading is included 348.2 million Euros corresponding in its majority to the grants for the development of distinct concessions at Itinere which makes use of the mentioned advantages. The rest basically corresponds to amounts charged by the Group companies.

### **CURRENT ASSETS**

As a whole the current assets amount to 7,098.4 million Euros, with a growth of 30.1% compared to the same period in 2005. This is as a result of the increase in land amounting to 970.6 million Euros, originating in the expansion of residential development activity, due to land purchase and the Works in progress of the new developments. Cash at the Sacyr Vallehermoso Group increases by 89% to 710.6 million Euros.

### **EQUITY**

As of 31 December 2006 equity amounted 3,008.9 million Euros, with an increase of 52.0% over the year before; 72.9% of the total ( 2,194.1 millon Euros) corresponded to SyV's equity and 814.8 million Euros to the Grop's minority shareholder.

In June 2006 a capital increase was enacted charged to reserves of 10,165,579 shares with a nominal price of 1€ . Thus, on 31 December 2006 equity is represented by 284.6 million shares, at 1€ of nominal value.

**FINANCIAL DEBT**

At the end of the third term the group's net corporate debt amounts to 1,893 million Euros, equal to 10.3% of the total existing in the period. For its part the amount of net debt in intensive capital activities amounts to 9,299 million Euros, 50.7% of the total.

The group's net debt as of 31 December 2006, is broken down as follows:

<b>NET FINANCIAL DEBT (Million of Euros)</b>	<b>December 2006</b>	<b>December 2005</b>	<b>% Chg 06/05</b>
<b>Corporate Debt</b>	<b>1,893</b>	<b>923</b>	<b>105.1%</b>
<b>Intensive capital activities</b>	<b>9,299</b>	<b>6,964</b>	<b>33.5%</b>
Testa	1,907	1,295	47.3%
Itinere - Europistas	4,456	3,569	24.9%
Vallehermoso	2,936	2,100	39.8%
<b>Others</b>	<b>7,165</b>	<b>198</b>	
Eiffage	1,750	0	
Repsol YPF	5,175	0	
Otras	240	198	21.2%
<b>NET FINANCIAL DEBT</b>	<b>18,357</b>	<b>8,085</b>	<b>127.0%</b>

- **Corporate Debt:**

- Worthy of note in corporate debt is the payment program issued by the Sacyr Vallehermoso Group, for a nominal amount of 800 million Euros and for which 486 million Euros have been set aside at the end of the year.

- **Intensive capital activities:**

- The Debt that affects financing for transport concessions amounted to 4,455.8 million Euros last December. Of this amount, 562.2 million Euros correspond to the financing obtained for the acquisition of Europistas and the financial costs associated as a result. The rest, 3,893.5 million Euros correspond to Itinere's debt - Europistas and represent 62.4% of the accountable value of gross in concessions investment, which rose to 6,238.5 million Euros at close of business.

- In the field of rental property debt is materialized in mortgage loans and leasing contracts for an amount of 1,907.3 million Euros, which finance assets in operation and in development. In this way, in agreement with the last asset by an independent assessor, valuation, as of December 2006 debt only stood at 41.5% of said value.

- As for development activity, with a net debt 2,935.8 million Euros, the land banks which are mentioned in Vallehermoso's balance are financed for an accountable value of 4,091.9 million Euros, and which were valued by CB Richard Ellis as of 31 December 2006 at 7,800 million Euros, which implies a Loan to Value of 37.6%.

- **Other Activities:**

- The bank loans for an amount of 1,750 million Euros finance the acquisition of Eiffage and have an average maturity term of 4 years and an average differential over the Euribor (depending on chosen figure) between 0.34 and 0.58. These loans are guaranteed via shares from Eiffage.

- Investment in Repsol YPF has been financed via a bank loan amounting 5,175 million Euros with a maturity of de 6 years, a differential over the Euribor of 100 p.b. The main guarantees are the shares of Repsol YPF, which would rise, if the quotient between the market value of the shares quoted and the real balance of the loan were to fall to 105% in the first two years (115% in successive years), with a contribution of quoted liquid values or additional cash.
- Lastly, structured debt in other businesses corresponds in the main to financing of projects and environmental in concessions in Valoriza.

### III. PERFORMANCE OF BUSINESS SECTORS

CONSOLIDATED PROFIT AND LOSS AS OF DECEMBER 2006									
(Thousands of Euros)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
<b>Net Sales</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	43,738	15,779	205,711
Total Income	1,987,018	449,543	1,249,834	252,760	573,781	681,191	52,454	(356,204)	4,890,375
External and Operating Expenses	(1,830,854)	(129,200)	(919,440)	(61,944)	(520,960)	(646,793)	(71,644)	356,204	(3,824,632)
<b>GROSS OPERATING PROFIT</b>	<b>156,164</b>	<b>320,343</b>	<b>330,394</b>	<b>190,815</b>	<b>52,821</b>	<b>34,398</b>	<b>(19,190)</b>	<b>0</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	0	3,367
<b>NET OPERATING PROFIT</b>	<b>115,033</b>	<b>223,560</b>	<b>348,453</b>	<b>148,869</b>	<b>31,779</b>	<b>13,256</b>	<b>(17,157)</b>	<b>(1,872)</b>	<b>861,920</b>
Financial results	28,605	(175,571)	(15,825)	(68,650)	(7,557)	(4,343)	51,485	(166,996)	(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)	(177)	759	2,605	191,036	0	181,563
Provisions for financial investments	0	0	(139)	0	(698)	(1,201)	688	0	(1,350)
Change in value of financial instruments	0	13,950	0	1,730	0	0	(142)	0	15,538
Change in value of assets	(447)	0	0	3,731	(772)	0	0	4	2,516
Results from sales of non current assets	(380)	6,083	181	7,001	1,879	0	(13)	0	14,751
<b>PROFIT BEFORE TAXES</b>	<b>142,716</b>	<b>64,248</b>	<b>331,767</b>	<b>91,077</b>	<b>25,390</b>	<b>11,122</b>	<b>225,896</b>	<b>(169,370)</b>	<b>722,846</b>
Corporate Tax	(45,558)	(35,055)	(117,304)	(24,871)	(6,192)	(2,730)	70,526	0	(161,184)
<b>TOTAL PROFIT</b>	<b>97,158</b>	<b>29,193</b>	<b>214,463</b>	<b>66,205</b>	<b>19,198</b>	<b>8,392</b>	<b>296,422</b>	<b>(169,369)</b>	<b>561,662</b>
Minorities	(1,095)	(13,660)	227	(573)	(1,244)	(864)	0	(2,245)	(19,455)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>96,063</b>	<b>15,533</b>	<b>214,690</b>	<b>65,632</b>	<b>17,954</b>	<b>7,528</b>	<b>296,422</b>	<b>(171,614)</b>	<b>542,207</b>

<b>CONSOLIDATED PROFIT AND LOSS AS OF DECEMBER 2005</b>									<b>TOTAL</b>
<b>(Thousands of Euros)</b>	<b>Sacyr</b>	<b>Itinere</b>	<b>Vallehermoso</b>	<b>Testa</b>	<b>Valoriza</b>	<b>Somague</b>	<b>Holding</b>	<b>Adjustments</b>	
<b>Net Sales</b>	<b>1,532,157</b>	<b>362,955</b>	<b>1,246,502</b>	<b>209,958</b>	<b>367,578</b>	<b>746,398</b>	<b>2,056</b>	<b>(290,648)</b>	<b>4,176,957</b>
Other Sales	37,356	39,575	3,173	4,871	46,478	31,671	46,066	9,473	218,663
Total Income	1,569,513	402,530	1,249,675	214,829	414,056	778,069	48,122	(281,175)	4,395,620
External and Operating Expenses	(1,446,628)	(115,442)	(972,942)	(49,626)	(373,917)	(745,117)	(49,578)	281,215	(3,472,035)
<b>GROSS OPERATING PROFIT</b>	<b>122,885</b>	<b>287,088</b>	<b>276,733</b>	<b>165,203</b>	<b>40,139</b>	<b>32,952</b>	<b>(1,456)</b>	<b>41</b>	<b>923,585</b>
Depreciation	(15,110)	(145,118)	(1,601)	(32,041)	(21,496)	(14,650)	(3,456)	(1,760)	(235,231)
Trade Provisions	(23,440)	(80)	(26,384)	(349)	(3,091)	(5,442)	(9,798)	(0)	(68,584)
<b>NET OPERATING PROFIT</b>	<b>84,335</b>	<b>141,890</b>	<b>248,748</b>	<b>132,813</b>	<b>15,552</b>	<b>12,860</b>	<b>(14,709)</b>	<b>(1,720)</b>	<b>619,770</b>
Financial results	19,095	(199,651)	(12,973)	(49,692)	(5,806)	(2,368)	237,882	(109,724)	(123,237)
Forex results	560	25,055	0	2,006	(120)	(3,011)	(1)	0	24,490
Results from equity accounted subsidiaries	30	(14,503)	(323)	15	2,246	(889)	0	(0)	(13,424)
Provisions for financial investments	0	537	(3,408)	10,140	(823)	(137)	(777)	(10,139)	(4,609)
Change in value of financial instruments	78	2,021	0	1,315	0	0	2,173	0	5,588
Change in value of assets	(362)	0	0	0	(103)	0	0	10,222	9,757
Results from sales of non current assets	1,894	183	(216)	140	94,586	20,655	0	(21,571)	95,670
<b>PROFIT BEFORE TAXES</b>	<b>105,631</b>	<b>(44,468)</b>	<b>231,827</b>	<b>96,737</b>	<b>105,533</b>	<b>27,110</b>	<b>224,568</b>	<b>(132,933)</b>	<b>614,005</b>
Corporate Tax	(32,187)	10,483	(83,512)	(36,021)	(9,402)	(2,030)	(39,018)	27	(191,660)
<b>TOTAL PROFIT</b>	<b>73,444</b>	<b>(33,985)</b>	<b>148,315</b>	<b>60,716</b>	<b>96,131</b>	<b>25,080</b>	<b>185,550</b>	<b>(132,907)</b>	<b>422,345</b>
Minorities	(640)	(13,998)	172	0	(1,802)	(821)	0	7,871	(9,219)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>72,804</b>	<b>(47,983)</b>	<b>148,487</b>	<b>60,716</b>	<b>94,329</b>	<b>24,259</b>	<b>185,550</b>	<b>(125,036)</b>	<b>413,126</b>

<b>CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2006</b>									
<b>(Thousands of Euros)</b>									
	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
<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	54,950	2,466,108	0			109,353	2,630,411
Concessions Investments	83,379	5,139,715		69,352	5,779			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		146			0	26,655
Goodwill		13,640	1,875		105,248	27,467		180,920	329,149
<b>CURRENT ASSETS</b>	<b>1,516,167</b>	<b>324,343</b>	<b>4,326,212</b>	<b>127,287</b>	<b>422,921</b>	<b>641,249</b>	<b>210,903</b>	<b>(470,641)</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	27,929	264,940	519,677	53,326	(453,779)	1,840,755
Financial Assets	27,633	7,847	1,029	84	3,150	10,102	94,423	(15,264)	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>3,293,489</b>	<b>1,026,438</b>	<b>818,739</b>	<b>12,316,430</b>	<b>(4,690,165)</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		19,930	814,820
<b>NON CURRENT LIABILITIES</b>	<b>136,886</b>	<b>5,921,258</b>	<b>1,891,017</b>	<b>1,887,442</b>	<b>343,316</b>	<b>148,333</b>	<b>10,052,923</b>	<b>(2,408,401)</b>	<b>17,972,773</b>
Financial Debt	79,407	4,331,020	1,659,754	1,838,556	227,698	129,159	8,106,669	0	16,372,263
Financial Instruments at fair value	263	12,930	0	567	262		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	(2,408,401)	1,526,075
<b>CURRENT LIABILITIES</b>	<b>1,694,805</b>	<b>478,281</b>	<b>2,278,527</b>	<b>257,220</b>	<b>406,876</b>	<b>526,702</b>	<b>970,851</b>	<b>(468,089)</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	186,671	297,237	70,165	27	2,777,121
Operating Provisions	64,024		52,718	1,693	2,446	28,566	12,733	0	162,180
Other current liabilities	109,954	180,182	171,818	75,534	130,579	94,489	87,041	(468,115)	381,483



<b>CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2005</b>									
<b>(Thousands of Euros)</b>									
	<b>Sacyr</b>	<b>Itinere</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>567,880</b>	<b>5,154,438</b>	<b>288,933</b>	<b>2,453,734</b>	<b>462,002</b>	<b>194,693</b>	<b>2,042,745</b>	<b>(2,314,827)</b>	<b>8,849,598</b>
Intangible Assets	32,211	36,423	17	112,731	28,450	519	1,764	(0)	212,115
Real Estate Investments	0	0	60,947	1,836,077	0	0	0	111,110	2,008,134
Concessions Investments	0	4,194,103	0	0	0	0	0	(1)	4,194,102
Fixed Assets	87,036	36,426	8,963	347,831	261,396	93,116	4,696	3	839,467
Financial Assets	435,462	873,823	212,601	157,094	44,408	68,332	2,032,964	(2,511,543)	1,313,141
Other non Current Assets	13,171	0	4,531	0	582	5,259	3,321	(2)	26,861
Goodwill	0	13,663	1,874	0	127,167	27,467	0	85,606	255,777
<b>CURRENT ASSETS</b>	<b>968,165</b>	<b>199,760</b>	<b>3,544,251</b>	<b>29,208</b>	<b>333,581</b>	<b>543,090</b>	<b>21,971</b>	<b>(182,928)</b>	<b>5,457,098</b>
Inventories	131,632	3,191	3,245,357	75	18,352	49,600	890	(1,598)	3,447,499
Accounts Receivable	686,191	127,130	263,047	7,451	223,559	455,985	21,063	(181,438)	1,602,988
Financial Assets	13,657	853	12,261	0	640	4,148	5	13	31,576
Cash	136,684	68,586	23,586	21,681	91,031	33,357	13	96	375,035
<b>ASSETS = LIABILITIES</b>	<b>1,536,045</b>	<b>5,354,198</b>	<b>3,833,184</b>	<b>2,482,942</b>	<b>795,583</b>	<b>737,783</b>	<b>2,064,716</b>	<b>(2,497,755)</b>	<b>14,306,696</b>
<b>Equity</b>	<b>421,338</b>	<b>375,467</b>	<b>321,709</b>	<b>1,075,238</b>	<b>264,450</b>	<b>137,231</b>	<b>949,063</b>	<b>(1,564,748)</b>	<b>1,979,749</b>
Shareholder's Equity	418,533	297,873	318,704	1,075,238	255,382	135,217	949,063	(1,615,753)	1,834,258
Minority Interests	2,805	77,594	3,005	0	9,068	2,014	0	51,005	145,491
<b>NON CURRENT LIABILITIES</b>	<b>71,433</b>	<b>4,566,024</b>	<b>1,869,879</b>	<b>1,315,825</b>	<b>238,720</b>	<b>183,472</b>	<b>525,946</b>	<b>(760,425)</b>	<b>8,010,874</b>
Financial Debt	43,090	3,327,545	1,376,584	1,260,085	171,332	139,960	362,432	0	6,681,028
Financial Instruments at fair value	0	64,152	0	6,385	1,309	0	1,289	0	73,134
Provisions	90	0	13,977	3,432	7,132	28,465	2,474	(0)	55,570
Other non current Liabilities	28,253	1,174,328	479,318	45,923	58,947	15,047	159,750	(760,424)	1,201,142
<b>CURRENT LIABILITIES</b>	<b>1,043,273</b>	<b>412,707</b>	<b>1,641,596</b>	<b>91,879</b>	<b>292,413</b>	<b>417,080</b>	<b>589,707</b>	<b>(172,582)</b>	<b>4,316,073</b>
Financial Debt	37,780	311,394	758,852	56,490	66,314	74,869	505,165	0	1,810,865
Trade Accounts Payable	851,063	38,415	732,690	9,262	139,683	249,268	4,886	(57,289)	1,967,978
Operating Provisions	51,877	0	51,401	2,106	1,205	0	12,021	(1)	118,609
Other current liabilities	102,553	62,898	98,652	24,020	85,211	92,943	67,635	(115,292)	418,621

### III. PERFORMANCE OF THE BUSINESS SECTORS

#### SACYR/SOMAGUE

Net incomes in the sector amounted to 2,620.8 million Euros, 15.0% greater than the previous year. The most important component of the business, Sacyr, paid 1,958.8 million Euros, with a notable increase of 27.8% with respect to the year before and a amount of 74.7% of the total. Despite the situation of low activity current in the Portuguese market, Somague's income amounted to 662.0 million Euros.

The order book has significantly increased and on 31December rose to 5,638.4 million Euros, equal to 25.8 months of activity. The increase with respect to 2005 was 25.3%.

A 94.6% of the order book is within the European Union, with 56.2% corresponding to Spain, 27.4% a Italy and 11.0% Portugal. The remaining 5.4%, in other countries, relates in the main to concession and infrastructure projects in Chile and Costa Rica.

Amongst the main contracts obtained in 2006 are the following:

- Adjudication to SIS, the SyV Group's Italian subsidiary for modernising works suitable for a first-class motorway on the 31 kilometre stretch of the old motorway Salerno – Reggio Calabria, for 407.4 million Euros.
- Construction of the motorway AP-46 Alto de Las Pedrizas-Málaga, with an investment of 367.1 million Euros.
- Contract for implantation of the tramway system in Palermo, with an amount of 96 million Euros. The adjudication has been conferred to the consortium of which SIS takes part.
- Platform works on the Cornellá del Terri-Vilademuls (Gerona) stretch on the high velocity train line Madrid-Barcelona-French Border. The contract adjudicated for Adif has an amount of 80.4 million Euros.
- Adaptation Works for a 220km/h rail line stretch Alcázar de San Juan- Manzanares on the high velocity train line Madrid-Jaén. The budget is 80.3 million Euros.
- Construction of the new shadow motorway between the towns of Padrón and Santa Uxía de Ribeira, the Barbanza motorway in A Coruña, for an amount of 78.5 million Euros.
- Construction of the new transport interchange at Moncloa, Madrid for an amount of 69.0 million Euros.
- Works for the construction of the Eresma motorway, between Cuéllar and Segovia for an amount of 65.0 million Euros.
- Construction of the San José-Caldera motorway, in Costa Rica, for an amount of 47.5 million Euros.
- Construction of Works of a desalination plant in Águilas for an amount of 36.6 million Euros.
- Construction of 500 houses in the Vista Hermosa complex, in La Línea de Concepción, for an amount of 44.4 million Euros.
- Works construction of the Auditorio-Palacio de Congresos Casa Mar, in the city of Vigo, for an amount of 38.7 million Euros.

- Finishing Works of the Basílica at Fatima for an amount of 28.5 million Euros.

## **VALLEHERMOSO**

Vallehermoso's income as of 31 December 2006 amounted to 1,246.7 million Euros, compared to 1,246.5 million Euros the year before. The sales corresponding to the residential product were 1,046.1 million Euros, 186.5 million Euros due to the sale of land and the rest, 14.1 million Euros, correspond to services income.

Despite sales growth being moderate due to the temporary lapse in the accounting of part of the developments, the operating result (Ebitda) has experienced a significant rise of 19.4% to 330.4 million Euros, reaching a margin over sales of 26.6%, greater than 4.3 p.p. to the margin reached in 2005.

Committed residential amounted to 1,654 million Euros, growing 8.1% respect to 2005, with an increase of units sold by 6.4% to 5,131 houses. As of 31 December there were committed sales awaiting accounting for an amount of 2,445.6 million Euros, 20.8% greater than previous years and the sales of the next two years.

During 2006 Vallehermoso has guaranteed investments in land for an amount of 769 million Euros

At close of business, Vallehermoso's land reserves amounted 15.96 million m<sup>2</sup>, equal to 4.2 million built m<sup>2</sup>, which means 32,448 houses.

## **ITINERE/EUROPISTAS**

During 2006 SyV Group has carried out intense activity in the concessions sector. At the adjudication of 5 new concessions the OPA has been added which, along with the Cajas Vascaas BBK, Kutxa y Vital, was launched in terms of the concessions company Europistas. This OPA process finished successfully last November, with the SyV Group having a stake in Europistas of 50%. SyV's intention and that of the Cajas Vascaas is to fuse Itinere and Europistas.

Europistas has consolidated itself following the method of global participation, from 1 December 2006, thus not having a great impact on this year's results.

Itinere and Europistas concessions business registered a turnover of 417.1 million Euros, 14.9% more than 2005, of which 5.5 million Euros correspond to Europistas. Growth ex – Europistas of income has been 13.4%.

Gross operating profit grew by 11.6%, to 320.3 million Euros, which reaches an operating margin of 76.8%.

The average increase in traffic has been greater than the economy in general, with a positive evolution in the Spanish concessions as well as Chile.

(Thousands of Euros)	Dec-06		Dec-05		% Change 06/05	
Spain	Income	ADT	Income	ADT	Income	ADT
Audasa	137.9	25,060	126.6	23,556	8.9%	6.4%
Avasa	70.0	14,177	64.8	13,542	8.0%	4.7%
Audenasa	39.5	17,110	36.6	16,641	7.8%	2.8%
Aucalsa	36.8	9,684	32.7	9,006	12.5%	7.5%
Aunor	10.6	11,907	10.3	11,101	3.1%	7.3%
Autoestradas Galicia	12.8	11,113	11.5	10,572	11.7%	5.1%
Burgos - Armiñón	5.3	22,209		21,206	n/a	4.7%
Túneles de Artxanda	0.2	14,117		13,108	n/a	7.7%
<b>Chile</b>						
El Elqui	14.0	3,608	12.3	3,363	13.7%	7.3%
Los Lagos	12.9	7,432	11.1	6,961	15.5%	6.8%
Rutas del Pacífico	20.9	18,507	17.5	16,742	19.6%	10.5%
Red Vial Litoral Central	2.2	2,047	1.9	1,944	20.5%	5.3%
Vespucio Sur	10.5	45,131	73.6%	n/a	n/a	n/a
<b>Brazil</b>						
Triangulo do Sol	30.5	5,930	27.5	5,743	11.0%	3.3%

During 2006 Itinere was adjudicated the following concessions:

- Concession for construction, maintenance and development during 30 years of toll shadow motorway between Padrón y Santa Uxía and Ribeira, Barbanza motorway in A Coruña. The Barbanza motorway Hill have a total of 40 kilometres length and amounts 93.8 million Euros.
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- Concession for construction, maintenance and development during 35 years toll shadow motorway between Cuéllar and Segovia, with a length of con 48.5 kilometres and includes three viaducts, amounting 94.8 million Euros.
- Concession for construction, maintenance and development during 25 years of the San José-Caldera stretch of the Autopista del Sol, in Costa Rica, amounting 203.1 million Euros.
- Concession for construction, maintenance and development during 35 years of the transport interchange at Moncloa in Madrid amounting 98.1 million Euros.
- Concession for construction, maintenance and development of the motorway AP-46 Alto de Las Pedrizas-Málaga. The adjudicating consortium is formed by Itinere (70%) and Sacyr (10%), respective infrastructure and concessions subsidiaries of the SyV Group, and for GEA 21 (20%). The concession is for 36 years extending to 40 and the investment to place in service the motorway will rise to 321.6 million Euros, including expropriations.

With these adjudications Itinere-Europistas reaches a portfolio of 35 transport infrastructure concessions, distributed between the UE with 25 (Spain: 21, Portugal: 3), America with 10 (Chile: 6, Brazil: 1 and Costa Rica: 2) and 1 in Bulgaria.

At the end of 2006 the works at Autovía Palma-Manacor have been finished, which the Group has 12 under development and 23 in operation.

The recurrent revenue portfolio of activity at close of the quarter amounted to 55,828.3 million Euros, 9.6% more than the year before, 89.8% is attributable to Spain.

Gross investment in motorways rose to 6,721.5 million Euros at close of business. Of these, 288.2 million Euros are in progress and correspond in the main to works at the concession Autopista Nororiental located in Chile's capital, along with toll shadow tolls in Spain (Viastur, Autopista del Turia, Eresma y Barbanza) and toll transport interchanges in Madrid (Plaza Elíptica and Moncloa).

INVESTMENT (Thousands of Euros)	Dec-06		Dec-05		% Chg
	Development	In Course	Development	In Course	06/05
Audasa	2,298,903		2,295,609		0.1%
Avasa	669,665		666,210		0.5%
Audenasa	433,488	548	432,948		0.3%
Aucalsa	787,922		786,130		0.2%
Aunor	97,071		96,954		0.1%
Autoestradas de Galicia	170,888		170,700		0.1%
Burgos - Armiñón	1,074,514				
Túneles de Artxanda	52,071				
Viastur		72,517		5,347	1256.2%
Autovia del Turia		48,770		5,474	790.9%
Intercambiador de la Plaza Elíptica		32,375			
Intercambiador de Moncloa		41,993			
Autovia del Eresma		10,107			
Autopista del Barbanza		5,844			
Autopista de Guadalmina		228			
<b>Spain</b>	<b>5,584,522</b>	<b>212,382</b>	<b>4,448,551</b>	<b>10,821</b>	<b>19.2%</b>
Elqui	221,456		256,512		-13.7%
Los Lagos	231,840		268,540		-13.7%
Rutas del Pacífico	181,253		209,952		-13.7%
Red Vial Litoral Central	35,913		41,556		-13.6%
Vespucio Sur	125,863		144,013		-12.6%
Acceso Nororiente		64,805		33,103	95.8%
Triangulo do Sol	52,402	7,306	50,925		17.2%
Autopista del Valle		3,353		374	796.5%
Autopista del Sol		401			
<b>América</b>	<b>848,727</b>	<b>75,865</b>	<b>971,498</b>	<b>33,477</b>	<b>-8.0%</b>
<b>TOTAL</b>	<b>6,433,249</b>	<b>288,247</b>	<b>5,420,049</b>	<b>44,298</b>	<b>14.2%</b>

## TESTA

As of 31 December 2006, Testa's income amounted to 252.0 million Euros, 20% more than 2005.

The following shows factors explaining the variation in rental incomes:

Rentals Performance	December 2006	December 2005	% Var 06/05
Rental Incomes (Thousands of Euros)	245,334	205,300	19.5%
Average Occupied Surface (M2)	1,444,721	1,349,808	7.0%
Average Income per Unit (€/M2/month)	14.15	12.56	12.7%
Average Rental Surface (M2)	1,480,247	1,395,150	6.1%
Average Occupancy Level (%)	97.60	96.75	0.9%

The increase of the rental surface is a consequence of the incorporation by purchase of both an office building in Paris, La Defense, and another in Miami, with 53,841 and 22,761 square metres respectively. Besides, it is also as a consequence of the end of these works and beginning of works for

two old people's homes in Barcelona and Santander with 12,260 and 4,896 square metres, as well as a housing complex for leasing in Madrid with 9,318 square metres. The increase in average occupancy level is produced especially in offices.

During 2006 the leasing right was ceded which was for rental of a building in Almería to Endesa, which means a profit of 6.6 million Euros, registered under the heading of asset sales. In 2005 significant property assets were not sold.

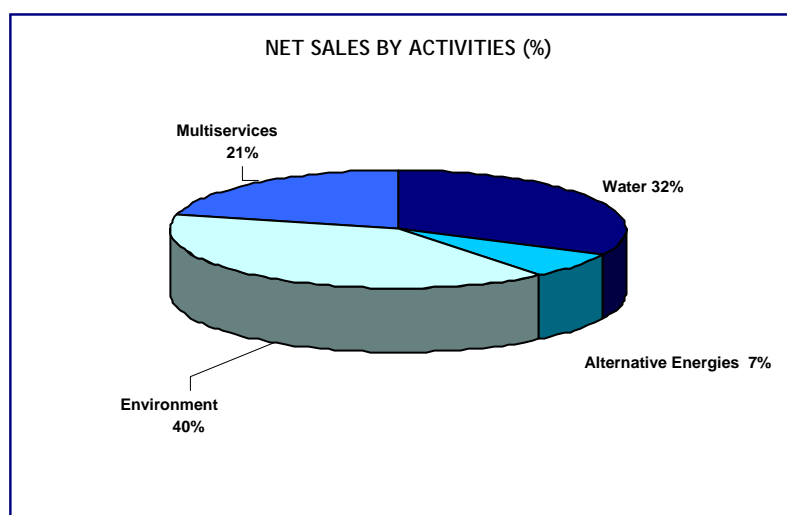
As of 31 December 2006 there were works in progress for a total of 387.1 million Euros, The SyV Toser being one of the most significant, singular building for mixed use in the business area of Madrid with 217.1 million Euros invested. Besides, other investments are maintained in various buildings, of which 59.8 million Euros correspond to an office building at Josefa Valcárcel in Madrid, preleased to L'óreal Spain for its headquarters, 69.3 million Euros for two hospitals adjudicated in the Community Of Madrid, 17.9 million Euros for 2 preleased homes for the elderly, Ander various levels of development and another 16.2 million Euros correspond to diverse housing developments adjudicated in the Community of Madrid destined for rental with options to buy for young people. In total, works in progress amount to 311,440 square metres.

**VALORIZA**

In 2006 Valoriza amounted an income of 512.0 million Euros, with a strong increase of 39.3% respecto to 367.6 million Euros in 2005, due to three factors:

- The organic growth by creating new projects, especially in the area of multiservices (integral maintenance of property) and environment.
- The acquisition of Sufi in 2005, specialized in environmental activities, collection and solid waste treatment and other public services.
- The incorporation of aguas de Tenerife (EMMASA), purchased last December and dealing with water supply in Santa Cruz de Tenerife.

The breakdown of incomes in the different areas is as follows:



- **ENVIRONMENT:**

In the environmental sector, the purchase of Sufi has permitted reaching incomes of 200.9 million Euros, which means growth of 37.0% respect to 2005. This incorporation has permitted the consolidation of the development of services activity, especially via the concessions in the area of recycling and residue valuation (urban, land waste and containers) and access to other types of services (cleaning, parking metres...)

The most significant businesses in operation currently are the following:

- Treatment of solid residues: 40 Installations Residue Treatment. Significant Presence in Madrid, Valencia, Jerez, Tenerife and Isla de Madeira. Total Treatment: 3.8 Million Tm/year.
- Municipal Services:
  - Street cleaning and Solid Urban Collection Limpieza: (most important cities: Parla, Boadilla del Monte, Majadahonda and Moratalaz in Madrid, Cádiz, Lérida,...) Serviced population: 1,893,000 inhabitants
  - Gardening and tree maintenance: More than 300,000 trees
  - Regulated Stationing Service Area: More than 60,000 spaces.
- Residual Water purifiers (treatment 550,000 m<sup>3</sup>/day) and treatment of land residue (670,000 Tm/year).

- **Water:**

In water management, revenues were of 164.6 million Euros, with a strong increase with respect of 93.8 million Euros registered in the same period of the exercise before. Emmaasa contributed the business turnover with 32.0 million Euros. Valoriza Agua in España y AGS in Brasil y Portugal participate in this activity:

- Supplying to 2,6 million inhabitants in the 3 countries.
- Managing 1,000,000 clients in Spain, Portugal and Brasil.
- Covering a demand of above 180 Hm<sup>3</sup>.

- **Multiservices:**

In the area of multiservices income grow by 47.8% to 108.8 million Euros. Valoriza Facilities, specialized in maintenance and management of every type of property, has invoiced 62.1 million Euros during the period, with growth of 66.6% compared with the same period of the year before. For its part Cafestore, with 24.7 million Euros, has experienced invoice growth of 21.2%.

- **Energy:**

Alternative energy activity represents 7.4% of invoicing, with 37.7 million Euros.

In 2006, the most significant businesses were in the olive areas of Andalusia. Of a total average of 3,066,515 annual tons of olive residue in Spain, Valoriza Energía has treated 370,000 tons in the last year and Hill process 800,000 tons during 07-08, equal to 25% of national production.

Lastly, among the adjudications during the period feature:

- The adjudication of the Sacyr Vallehermoso group, via its construction and water subsidiaries Sacyr and Sadyt, the Project bid, for the works execution, operation and maintenance of the desalination plant in Águilas/Guadalestín, in Murcia.
- Adjudication to Sufi for public service management of regulated public stationary areas in Zone 6 of Madrid, for 74.5 million Euros. The contract lasts 11 months with a possibility of 14 years more.



- The street clearing and residue collection service in Cádiz for 10 years, with estimated yearly income of 13.7 million Euros,
- In this way, Sufi has been adjudicated park and gardens service for Cádiz. The adjudication time frame is four years (with further two years) with a total budget of 9 million Euros.
- Also adjudicated is the cleaning and residue collection service, park and garden maintenance for Parla (Madrid) The contract has a ten year time frame with a further two years and the period means a portfolio of 216.6 million Euros.
- Sufi, has been adjudicated street cleaning, residue collection in Toledo. This contract will mean a yearly income of 6.1 million de Euros for the use of its services (around 85.9 million Euros during the whole period. The contract for street cleaning and solid urban residue collection in Toledo has a time frame of 10 years, extendable to 4 years more, and will service a population greater than 75,500 inhabitants.
- Also during September, the group of companies Sufi and Hera were adjudicated 50% of a project for the construction, operation and modification of a waste plant in Granollers, changing to anaerobic digestion using FORM (organic fraction of municipal residues, coming from select collection) for an amount of 23.1 million Euros.

## IV. BOARD AGREEMENTS

### DIVIDEND DISTRIBUTION

- On 13 January 2006 the third dividend was issued on account of 2005 for an amount of 0.100 euros gross per share, whose distribution has been agreed at the meeting of the Board of Directors, held on 29 November 2005.
- In their meeting on 8 March 2006 the Board of Directors agreed the payment of one dividend for a gross amount of 0.120 euros per share. This dividend will be the last corresponding to 2005 after its approval in the Shareholders General Meeting. The payment came into effect on 12 April 2006.
- In the meeting held on 5 July 2006, the Board of Directors agreed the payment of one dividend for 2006 for an amount of 0.105 euros per share. The payment came into effect on 21 July 2006.
- In the meeting held on 4 October 2006, the Board of Directors agreed the payment of the second dividend for 2006 for an amount of 0.105 euros per share. The payment came into effect on 13 October 2006.
- On 16 January 2007 the third payment was made effective 2006 for a gross amount of 0,105 euros per share, whose distribution had been agreed at the meeting of the Board of Directors held on 13 December 2006.

### CHANGES IN THE BOARD OF DIRECTORS

- Sacyr Vallehermoso, S.A., Board of Directors in the meeting held on 11 January 2006, agreed unanimously to accept the resignation of Mr. José Seixas de Queiroz Vaz Guedes as director,. Likewise, Mr. Francisco Javier Pérez Gracia was accepted as director.
- In the meeting held on 5 May 2006 the Board of Directors agreed to accept unanimously the resignation of Mr. Vicente Benedito Francés as director.
- In the meeting held on 4 October 2006 the Board of Directors named Mutua Madrileña Automovilista as director, to be represented by Mr. Carlos Javier Cutillas Córdón.

### CAPITAL ENLARGEMENT

- The Shareholders Ordinary Meeting held on 5 May 2006 accepted an enlargement of capital by freeing reserves for an amount of 10,165,579 Euros, through the issue of 10,165,579 shares of 1 euro of nominal value and in proportion of one new share for every twenty-seven shares. Said shares have been admitted to quotation on 10 July 2006.

### OTHER AGREEMENTS

- In its meeting of 22 March 2006, Sacyr Vallehermoso, S.A., Board of Directors. Agreed to call the Shareholders Ordinary General Meeting, which was held on 5 May 2006. In this same

meeting a modification in the Rules of the Board of Directors was approved, whose application is conditioned by the approval of modifications introduced into the Social Statutes of Sacyr Vallehermoso.

- On 4 August 2006, Sacyr Vallehermoso Participaciones, S.L.U and Telekutxa S.L presented a public bid of acquisition for Europistas., which was accepted by the CNMV on 4 October 2006. The compensation offered was 9.15 euros per share of Europistas. On 23 November the CNMV states the outcome of the formulated OPA by which Sacyr Vallehermoso Participaciones, S.L.U obtains 50% of Europistas capital.
- On 28 December 2006, Sacyr Vallehermoso, S.A. communicates that via its subsidiary, Sacyr Vallehermoso Participaciones Mobiliarias S.L. has acquired (in successive acquisitions), a stake of 20.01% of Repsol YPF's capital, S.A. for an amount of 6,525.5 million Euros

## V. SHARE PERFORMANCE

	December 2006	December 2005	% Chg 06/05
Closing stock price (euros p.s)	45.00	19.89	126.25%
High of the year (euros p.s)	56.30	23.62	138.39%
Low of the year (euros p.s)	19.34	11.89	62.66%
Market Cap as of end of the period (Thds euros)	12,808,630	5,661,316	126.25%
Trading volume (Thds euros)	6,472,010	3,613,499	79.11%
Average trading volume (no. Shares)	861,560	809,106	6.48%
Liquidity (shares traded/capital) %	100	100	
Nº of shares (Thds)	284,636	274,471	3.70%
Share Nominal Value	1 EURO	1 EURO	

\* Adjusted in 2005 by bonus issue of 1x27 carried out last June.



## VI. SHAREHOLDERS STRUCTURE

As of 31 December, according to the significant register of participations of the CNMV, the board members and shareholders of significant participation of Sacyr Vallehermoso, S.A. are the following:

	%
Actividades Inmobiliarias y Agrícolas, S.A. (1)	
M. Luis del Rivero Asensio (1)	13.75%
M. Demetrio Carceller Arce (2)	0.01%
Corporación Caixa Galicia, S.A.	5.00%
M. Matias Cortés Domínguez	0.00%
M. Manuel Manrique Cecilia (3)	8.91%
Torreal, S.A. (4)	
Nueva Compañía de Inversiones, S.A. (4)	10.00%
Prilomi, S.L.(5)	
Prilou, S.L. (5)	13.44%
Grupo Satocán, S.A.	3.48%
Participaciones Agrupadas, S.R.L.	8.00%
M. Francisco Javier Pérez Gracia	0.05%
Sofip, Sociedade Gestora de Participações Sociais, S.A (6)	5.09%
Mutua Madrileña Automovilista	5.01%

**TOTAL BOARD**

**72.75%**

(1) The indirect participation of M. Luis del Rivero Asensio is made through Actividades Inmobiliarias y Agrícolas, S.A. (represented by M. Víctor Guillaón Melendreras) who holds a participation of 6.06% and of Rimefor Nuevo Milenio, S.L., who holds a participation of 7.9%, in which M. Luis del Rivero Asensio possesses 100% respectively and 61.89%.

(2) Board representative of Disa Corporación Petrolífera, Atlántica Petrogás and Renta Insular Canaria.

(3) The indirect participation of M. Manuel Manrique Cecilia is made through Cymofag, S.L., with a participation of 8.91 % of which M. Manuel Manrique Cecilia participates at 100%.

(4) Board representatives of the Abelló Group

(5) Prilou, S.L., represented by M. Jose Manuel Loureda Mantiñán, holds a direct participation of 8.44% and an indirect participation via Prilomi, S.L., represented by M. Jose Manuel Loureda López, of 5.00%

(6) Represented on the Board by M. Diogo Alvez Diniz Vaz Guedes