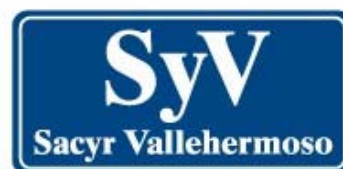


Financial Report



→ *Second Half 2004*



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For more information, please contact:  
**Investor Relations Department**

Tel: + 00 34 91 545 5000  
relacionesinversores@gruposyv.com  
Pº Castellana 83-85  
28046  
Madrid

Webpage : [www.gruposyv.com](http://www.gruposyv.com)

## I. HIGHLIGHTS

OPERATING DATA			December		% Change
			2003	2004	
<b>CONSTRUCTION-SACYR/SOMAGUE</b>					
ORDER BOOK		Euros Mn €	3,201	3,732	16.6%
		Months of Activity	19.3	20.6	6.2%
<b>HOUSING DEVELOPMENT- VALLEHERMOSO</b>					
HOUSING	Committed Sales	N° HOUSES	3,833	4,368	14.0%
		Euros thds €	901,787	1,081,333	19.9%
LAND	Committed Sales	Euros thds €	41,469	30,630	-26.1%
LAND RESERVE ( End of quarter ):TOTAL		Thds m <sup>2</sup>	3,213	4,032	25.5%
	Housing	%	92.0%	91.0%	-1.1%
<b>CONCESSIONS - ITINERE</b>					
ORDER BOOK		Euros Mn €	32,789	49,370	50.6%
<b>PROPERTY- TESTA</b>					
INCOME		Euros thds €	181,604	191,983	5.7%
LETTABLE SURFACE ( End of quarter )		Thds m <sup>2</sup>	1,429.2	1,371.6	-4.0%
OCCUPANCY ( End of quarter )		%	94.2%	96.3%	2.3%

## I. HIGHLIGHTS

ECONOMIC FINANCIAL DATA		December		% Change
		2003	2004	
NET INCOME	Euros thds €	3,333,748	3,703,323	11.09%
EBITDA	Euros thds €	576,882	747,309	29.54%
By activity	Sacyr /Somague	139,919	148,434	6.09%
	Vallehermoso	201,915	211,415	4.71%
	Itinere	115,979	247,893	113.74%
	Testa	140,128	146,193	4.33%
	Valoriza	1,504	3,013	100.33%
	Holding	-22,563	-9,639	-57.28%
NET ATTRIBUTABLE PROFIT	Euros thds €	334,348	376,332	12.56%
EPS*	€	1.33	1.41	6.55%
CASH-FLOW	Euros thds €	461,644	536,411	16.20%
Equity ( as of end of period )	Euros thds €	1,312,054	1,980,498	50.95%
NET CORPORATE DEBT	Euros thds €	776,721	1,018,719	31.16%
%Over Total Net Financial Debt		12.72%	13.59%	6.83%

\*Adjusted in 2003 for free capital increase of 1 x 40 carried out in 2004

## II. FINANCIAL STATEMENTS

COLSOLIDATED PROFIT AND LOSS (Thds Euros)	December		Change
	2003	2004	04/03
Net Sales	3,333,748	3,703,323	11.1%
Other Income	444,271	459,000	3.3%
<b>Total Income</b>	<b>3,778,018</b>	<b>4,162,323</b>	<b>10.2%</b>
External and Operating expenses*	(3,201,137)	(3,415,014)	6.7%
<b>Gross Operating Profit</b>	<b>576,882</b>	<b>747,309</b>	<b>29.5%</b>
Depreciation	(92,446)	(117,394)	27.0%
Reversion Fund	(16,961)	(39,664)	133.9%
Trade provisions	(16,297)	(10,614)	-34.9%
<b>Net Operating Profit</b>	<b>451,178</b>	<b>579,636</b>	<b>28.5%</b>
Financial Results	(106,217)	(189,399)	78.3%
Results from equity accounted subsidiaries	(2,665)	9,925	-472.4%
Financial Provisions	(2,896)	(1,132)	-60.9%
Goodwill	7,751	(11,715)	-251.1%
<b>Ordinary Profit</b>	<b>347,152</b>	<b>387,316</b>	<b>11.6%</b>
Net Extraordinary Results	121,550	120,422	-0.9%
<b>Profit before Taxes</b>	<b>468,702</b>	<b>507,738</b>	<b>8.3%</b>
Corporate Tax	(111,245)	(99,448)	-10.6%
<b>Total Profit</b>	<b>357,457</b>	<b>408,290</b>	<b>14.2%</b>
Minorities	(23,108)	(31,958)	38.3%
<b>Net attributable Profit</b>	<b>334,348</b>	<b>376,332</b>	<b>12.6%</b>

### RESULTS PERFORMANCE

The combination of a strong rise in all areas in the period, both in sales, operating income and ordinary revenue, explains the 12.6% growth in net attributable profit to 376.3 million euros.

#### TURNOVER

Net turnover surged 11.1% to 3,703.3 million euros. This was due to growth in all business areas:

The concessions business area grew 103.2% in sales to 322.9 million euros, a combination of the acquisition of ENA in October 2003 and the favorable performance of traffic and increase in highway tolls. Due to the fact that the acquisition of 50% of the capital of transportation infrastructure concession group ENA took place in October 2003, the fiscal year 2003 income statement reflects only three months of its figures in the concessions area, while the fiscal year 2004 income statement includes the contribution of the complete fiscal year.

The construction line of business operated by Sacyr-Somague achieved turnover of 2,179.1 million euros, up 9.7% on the previous year. Construction sales represented 58.8% of the group's total sales. Sacyr posted 1,304.3 million euros in

revenues, a marked increase of 17.6% with respect to the previous year. In spite of the temporary situation of lower activity facing the Portuguese market, Somague achieved revenues of 874.8 million euros.

Housing development, with 1,069.3 million euros, contributed 28.8% to consolidated revenues and its net turnover grew significantly (+10.3%) with respect to the same period last year. Pre-sales, which reflect the evolution of commercial activity in the period, grew 17.9% to 1,111.9 million euros, with a total of 4,368 units sold at December 31, 2004.

The services business posted a considerable increase of 86.3% to 90.1 million euros, as a consequence of the implementation of various alternative energy projects and the opening of new highway service area concessions over recent months.

In rental property, Testa increased its revenues 5.7% to 191.9 million euros. This performance is a combination of the growth in the occupancy level and the 4% rise in the average rents of the yielding portfolio, which completely offset the slight 0.3% decline in rented surface area.

A 71% of turnover is generated in Spain. Outside of Spain, Portugal deserves important mention, due to Somague's construction business, as well as Chile, which reflects revenues from operating concessions held in that country together with construction works executed for them.

The breakdown of turnover by business activity was as follows:

TURNOVER by business area (Thds Euros)	December		% Change
	2003	2004	04/03
Sacyr / Somague	1,985,522	2,179,106	9.7%
Vallehermoso	969,463	1,069,278	10.3%
Itínere	158,943	322,916	103.2%
Testa	181,604	191,983	5.7%
Valoriza	48,343	90,083	86.3%
Adjustments	-10,127	-150,043	1381.7%
<b>TOTAL</b>	<b>3,333,748</b>	<b>3,703,323</b>	<b>11.1%</b>

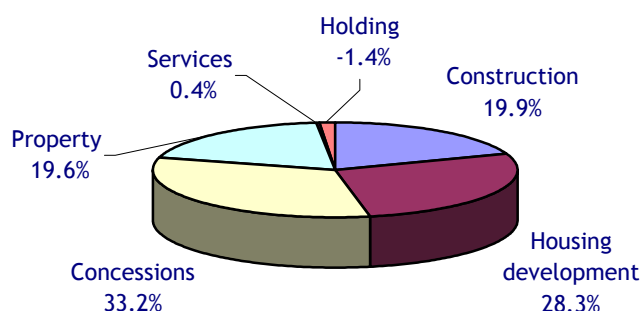
  

TURNOVER (by geographical area) (Thds Euros)	December		% Change
	2003	2004	04/03
Spain	2,350,993	2,645,572	12.5%
Chile	106,237	170,143	60.2%
Portugal	815,162	792,090	-2.8%
Other countries	61,356	95,518	55.7%
<b>TOTAL</b>	<b>3,333,748</b>	<b>3,703,323</b>	<b>11.1%</b>

**GROSS OPERATING PROFIT (EBITDA)**

The group's gross operating profit grew 29.5% on the same period last year to 747.3 million euros. Growth was favorable in all areas of business.

The contribution from property and recurrent businesses (infrastructure concessions, property rentals and services) represented 53.1% of the total, to 397.1 million euros, with a growth of 54.1% respect of the previous year. The contribution made by concessions following the acquisition of ENA was noteworthy, as Itinere already represents 33.2% of gross operating profit as at December 31, 2004, with 247.9 million euros, a 113.7% more than in 2003.

**GROSS PROFIT BY ACTIVITIES (in %)**

Growth businesses (construction, residential development) and holding contributed with a 46.9% (350.2 million euros) towards consolidated operating profit. These businesses grew 9.7% with respect to 2003 due to organic expansion and a reduction of operating expenses.

**PROVISIONS AND DEPRECIATION**

The increase in depreciation and reversion fund up to 167.7 million euros, is mainly due to toll roads activity, because of the acquisition of Ena and the opening of new roads tranches along this year.

**FINANCIAL RESULTS**

The 78.3% increase in net financial expenses in 2004 to 189.4 million euros, is explained by the following factors:

- Increase in average indebtedness as a consequence of investments undertaken in the period, especially in the area of concessions due to the acquisition of an additional 20% of ENA in December 2004, in land purchases

for development of new housing projects, and the acquisition of various properties, including a building site for 140 million euros for development by Testa of a unique commercial-use building in Madrid city center.

- The positive effect of 41.2 million euros due to the sale of 100% of an asset holding company which owns a portfolio of rent-controlled properties closed this past March.

The application of deferred financial expenses originated by infrastructure concessions entailed income of 49.3 million euros.

### **ORDINARY REVENUE**

Income from companies carried by the equity method grew considerably to 9.9 million euros, as opposed to 2.7 million euros in losses last year. This is explained by the growing contribution of services included in the Somague group.

Besides, goodwill charge was increased to 11.7 million euros, corresponding to interests of Somague in its diversification activities. This resulted ordinary revenue grew 11.6% to 387.3 million euros at end the year,

### **EXTRAORDINARY INCOME**

Extraordinary income (120.4 million euros) declined 0.9% year-on-year, due mostly to the sale of an office building and a building site in Madrid owned by the Testa group, and framed within the turnover process characteristic of this business.

### **NET PROFIT**

Total pre-tax profit came at 507.7 million euros, up 8.3% against the same period in the last year.

A tax rate accruing in the period slightly lower than the previous year, together with an increase in the share in the profit of minority interests in concessions yielded an attributable profit of 376.3 million euros, up 12.6% on 2003.

### **PORTFOLIO**

The portfolio of assured future income in the various business areas as at December 2004 reached 59,708.5 million euros. The operating margin implicit to the portfolio reached 40,309.7 million euros. This volume of future revenues is supported to a great extent at Itinere (82.7% of the total), since it enjoys long periods of concessions, thereby allowing for a high forecast and certainty of revenues.



INCOME PORTFOLIO (Thds Euros)	December 2004		
	Income	% Ebitda*	Ebitda
Sacyr (Order Book)	2,858,500	8.4%	239,828
Somague (Order Book, concessions, services and h. development)	3,288,200	4.5%	146,605
Itinere (Concessional Income)	49,369,600	76.8%	37,899,531
Testa (Lease contracts to maturity)	2,412,700	76.1%	1,837,244
Vallehermoso (Pre-sales Book)	772,800	19.8%	152,796
Valoriza (Income Order)	1,006,700	3.3%	33,669
<b>TOTAL</b>	<b>59,708,500</b>	<b>67.5%</b>	<b>40,309,673</b>

\*Ebitda margin as of end of 2004

## II. FINANCIAL STATEMENTS:

CONSOLIDATED BALANCE SHEET (Thds Euros)	December		Change
	2003	2004	04/03
<b>ASSETS</b>			
Fixed Assets	6,719,120	8,351,242	1,632,122
Net Intangible Fixed Assets	449,628	514,260	64,632
Net Tangible Fixed Assets	5,958,560	6,823,553	864,993
Financial Assets & Others	310,931	1,013,429	702,498
Goodwill in consolidation	79,917	103,027	23,110
Deferred expenses	589,873	609,648	19,775
Current Assets	3,956,469	4,653,195	696,726
Inventories	1,844,645	2,288,824	444,179
Debtors	1,844,107	2,149,484	305,378
Cash & Short term financial investments	260,971	214,887	(46,084)
Other Current Assets	6,747	0	(6,747)
<b>TOTAL ASSETS / LIABILITIES</b>	<b>11,345,379</b>	<b>13,717,112</b>	<b>2,371,733</b>
<b>LIABILITIES</b>			
Equity	1,312,054	1,980,498	668,444
Minorities Interests	736,239	546,686	(189,553)
Badwill	612	11,799	11,186
Deferred revenues	140,353	419,830	279,477
Provisions	572,231	607,496	35,265
Long term creditors	4,991,187	6,850,489	1,859,302
Short term creditors	3,592,703	3,300,314	(292,389)

### BALANCE SHEET

The expansion of 2,371.7 million euros (up 20.9%) posted on the balance sheet, is due fundamentally to:

- Investments made in concessions with the acquisition of an additional 20% of the ENA group and in highways in progress, contributing 1,063 million euros in new assets/liabilities.
- The increase in Vallehermoso's investments in land and product in progress, with an increase of 389.1 million euros and in debtors by 135.6 million euros, due to the projected expansion of business and delivery of residential units in the future.

- The growth in rental property assets by 309.5 million euros, of which the purchase of a commercial-use building site for a value of 140 million euros is noteworthy.

The composition and movement in the core headings on the balance sheet are shown below.

#### FIXED ASSETS

The balance as at December 31, 2004 is broken down as follows:

FIXED ASSETS (Thds Euros)	December		Change
	2003	2004	04/03
Start Up Expenses	14,627	16,676	2,050
Net Intangible Fixed Assets	449,628	514,260	64,632
Net Tangible Fixed Assets	5,958,560	6,823,553	864,993
Financial Assets & LT debtors	294,599	969,135	674,535
Own shares of the controlling company	1,705	27,618	25,913
<b>Total</b>	<b>6,719,120</b>	<b>8,351,242</b>	<b>1,632,122</b>

Intangible fixed assets include, among other line-items, 333 million euros pertaining to the leasing of 12 properties leased to the Endesa group, as well as other assets operated under rental pursuant to a long-term concession, for an additional amount of 120.5 million euros.

The most significant items of tangible assets pertain to the leased land and buildings with 1,663 million euros, as well as highways and other toll roads in operation with 4,696 million euros. Investments in progress continued during the period, both in rental properties as well as highway concessions, with an amount of 280.6 million euros and 87.1 million euros, respectively. Among these, the incorporation of a building site for construction of a commercial-use tower in Madrid for 140 million euros this past month of June and an office building for 99.8 million euros, are worthy of mention.

The remainder relates to machinery, technical facilities and other fixed assets, with total cumulative depreciation of 465.4 million euros.

The financial fixed assets heading includes, inter alia, holdings valued by the equity method worth 217.9 million euros. Highlighted among these holdings are Somague's investment in services and concessions for 82.8 million euros and Itinere's stake in Alazor (Madrid radial highways 3 and 5) worth 36 million euros, as well as the addition of the Palma-Manacor concessionaire for 7 million euros. This heading also includes 405 million euros, the majority of which pertaining to subsidies on the operation of various Itinere concessions which enjoy such guarantees and other stakes in the securities portfolio for 255.7 million euros.

**CURRENT ASSETS**

The development in current assets is shown below:

<b>CURRENT ASSETS</b> (Thds Euros)	December		Change
	2003	2004	04/03
Inventories	1,844,645	2,288,824	444,179
Debtors	1,844,107	2,149,484	305,378
Cash & Short term financial investments	260,971	214,887	(46,084)
Other current assets	6,747	0	(6,747)
<b>TOTAL</b>	<b>3,956,469</b>	<b>4,653,195</b>	<b>696,726</b>

Current assets on the whole grew by 696.7 million euros, 17.6% up on the same period in 2003. This is fundamentally due to the following:

- An increase in stock, mainly caused by the increase in land plots in the residential development business worth 389.1 million euros, due to purchases of land and works in progress for new developments.
- The increase in accounts receivable in the development business by 135.6 million euros as a result of the 10.3% increase in recorded sales.

**SHAREHOLDERS' EQUITY**

Shareholders' equity increased by 668.4 million euros in the period. Of this growth, 159.2 million euros are a consequence of the capital increase carried out in July for the acquisition of Somague and which entailed a share capital increase of 13.8 million euros and paid-in surplus of 145.4 million euros. It also reflects the increase in reserves at group companies caused by the capital increase at Itinere in order to acquire 20% of ENA. The remainder of the increase is caused by the cumulative attributable profit 376.3 million euros and by dividends paid in the same period for a total amount of 76.69 million euros.

During the month of September a capital increase of 6,491,544 shares each having a par value of €1 was carried out and charged against reserves. Therefore, at December 31, 2004, the share capital was represented by 266.15 million shares each having a par value of €1.

**FINANCIAL DEBT**

Most of the group's financial debt is on the balance sheets of the five main business subsidiaries. In this manner, the structure, kind of financing, terms and financial instruments most suitable for each of them are clearly identified, in function of the nature of the various businesses, such as Testa's property business or Itinere's concessions and Vallehermoso's housing development projects.

By type of instrument, bank debt predominates with 77.7% of the total and, with regards to the terms, long-term debt accounted for 82.3% of the total.

At the close of 2004, fixed and covered interest rate debt amounted to 46.7% of the total and was mainly concentrated in areas with more recurring business and assets held on the balance sheet for longer (concessions and rental property).

As at December 31, 2004, the group's net debt is broken down as follows:

<b>FINANCIAL DEBT</b> (Thds Euros)	SyV Group		Related to Intensive	Total
	Corporate Debt	Structured Debt	Cap. Activities	
Long term	636,025	130,454	5,578,576	6,345,055
Short term	510,687	8,812	847,487	1,366,986
<b>TOTAL</b>	<b>1,146,712</b>	<b>139,266</b>	<b>6,426,062</b>	<b>7,712,041</b>
Cash & ST F. investments	(127,993)	0	(86,894)	(214,887)
<b>TOTAL NET DEBT</b>	<b>1,018,719</b>	<b>139,266</b>	<b>6,339,168</b>	<b>7,497,154</b>

The amount of gross debt in capital-intensive businesses (concessions, rental property and residential development) reached 6,426.1 million euros, 83.3% of the total.

Among such businesses, it is important to highlight the weight of debt committed to project financing for transportation concessions, which reached 3,087.8 million euros this past December, 40.0% of the group total and 64.6% of the book value of highway investments, which reached 4,783.1 million euros at the close of the period. This financing is linked to specific business involving public service concessions, toll highways, which provides great security and stability to the revenues and cash flow generated by the operations. In this regard, worthy of mention is the successful refinancing carried out at two important concessionaires, Audasa and Aucalsa, in the amount of 364 million euros this past June, which was closed at a fixed rate of only 4% for a term of 10 years.

In the property holding area, debt is almost entirely materialized in mortgage loans and leasing agreements amounting to 1,454.9 million euros, which finance assets under operation. According to the latest available independent appraisal, at

December 2004, the area's property assets reached a market value of 3.1 billion euros, yielding a loan-to-value ratio of only 46.9%.

Finally, the development business had debt of 1,884.2 million euros to finance the stocks shown on Vallehermoso's balance sheet with a book value of 2,084.5 million euros. On the same date, the market value of said stocks reached 3,339.7 million euros, 177.2% greater than the debt financing them. Furthermore, booked sales pending delivery to customers reached 772.8 million euros, together with a number of homes sold, which grew 14.0% to 4,368 units.

Structured debt in other businesses, including construction financing by the German method at Sacyr, with 94.7 million euros, and environmental project financing at Valoriza, with another 18.2 million euros, reached a total of 139.3 million euros.

Finally, the group's net corporate debt, 13.6% of the total existing as at December 31, was 1,018.7 million euros measured against equity of 1,980.5 million euros on that date.

### III. PERFORMANCE OF BUSINESS AREAS

CONSOLIDATED PROFIT AND LOSS AS OF 31TH DECEMBER 2004									
(Thds Euros)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustements	TOTAL
Net Sales	1,304,311	322,916	1,069,278	191,983	90,083	874,795	355	(150,398)	3,703,323
Other Income	47,003	24,988	348,119	264	1,702	14,053	28,534	(5,663)	459,000
<b>Total Income</b>	<b>1,351,314</b>	<b>347,904</b>	<b>1,417,397</b>	<b>192,247</b>	<b>91,786</b>	<b>888,847</b>	<b>28,889</b>	<b>(156,061)</b>	<b>4,162,323</b>
External and operating expenses	(1,241,882)	(100,012)	(1,205,981)	(46,054)	(88,773)	(849,845)	(38,568)	156,100	(3,415,014)
<b>Gross Operating Profit</b>	<b>109,432</b>	<b>247,893</b>	<b>211,415</b>	<b>146,193</b>	<b>3,013</b>	<b>39,003</b>	<b>(9,678)</b>	<b>38</b>	<b>747,309</b>
Depreciation	(15,447)	(42,449)	(367)	(31,033)	(3,133)	(17,113)	(6,094)	(1,760)	(117,394)
Reversion Fund	0	(39,664)	0	0	0	0	0	0	(39,664)
Trade Provisions	(12,153)	(78)	1,447	(564)	8	(3,115)	3,841	(0)	(10,614)
<b>Net Operating Profit</b>	<b>81,832</b>	<b>165,701</b>	<b>212,496</b>	<b>114,596</b>	<b>(112)</b>	<b>18,775</b>	<b>(11,931)</b>	<b>(1,722)</b>	<b>579,636</b>
Financial Results	14,528	(107,492)	(33,106)	(11,826)	(1,153)	(17,446)	126,548	(159,452)	(189,399)
Results from equity acctd. subsidiaries	20	(1,760)	147	775	0	10,744	0	0	9,925
Financial Assets Provisions	0	0	0	0	0	(98)	(1,033)	0	(1,132)
Goodwill	(148)	0	0	0	(294)	(5,367)	0	(5,905)	(11,715)
<b>Ordinary Profit</b>	<b>96,232</b>	<b>56,449</b>	<b>179,537</b>	<b>103,545</b>	<b>(1,560)</b>	<b>6,608</b>	<b>113,584</b>	<b>(167,079)</b>	<b>387,316</b>
Net Extraordinary Results	(1,534)	4,066	123	97,343	(608)	6,789	2,555	11,688	120,422
<b>PROFIT BEFORE TAXES</b>	<b>94,698</b>	<b>60,515</b>	<b>179,660</b>	<b>200,888</b>	<b>(2,168)</b>	<b>13,397</b>	<b>116,139</b>	<b>(155,391)</b>	<b>507,738</b>
Corporate Tax	(31,684)	(20,008)	(63,013)	(45,790)	2,669	(3,849)	62,201	26	(99,448)
<b>TOTAL PROFIT</b>	<b>63,014</b>	<b>40,507</b>	<b>116,647</b>	<b>155,099</b>	<b>500</b>	<b>9,548</b>	<b>178,340</b>	<b>(155,365)</b>	<b>408,290</b>
Minorities	79	(27,510)	125	0	(516)	(816)	0	(3,321)	(31,958)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>63,094</b>	<b>12,997</b>	<b>116,772</b>	<b>155,099</b>	<b>(16)</b>	<b>8,732</b>	<b>178,340</b>	<b>(158,686)</b>	<b>376,332</b>

### III. PERFORMANCE OF BUSINESS AREAS

<b>CONSOLIDATED PROFIT AND LOSS AS OF 31TH DECEMBER 2003</b>									
<b>(Thds Euros)</b>	<b>Sacyr</b>	<b>Itinere</b>	<b>Vallehermoso</b>	<b>Testa</b>	<b>Valoriza</b>	<b>Somague</b>	<b>Holding</b>	<b>Adjustements</b>	<b>TOTAL</b>
Net Sales	1,109,004	158,943	969,463	181,604	48,343	876,518	25,566	(35,693)	3,333,748
Other Income	31,105	48,233	354,361	5,563	534	15,453	85	(11,063)	444,271
<b>Total Income</b>	<b>1,140,110</b>	<b>207,175</b>	<b>1,323,824</b>	<b>187,167</b>	<b>48,877</b>	<b>891,971</b>	<b>25,651</b>	<b>(46,756)</b>	<b>3,778,018</b>
External and operating expenses	(1,046,390)	(91,196)	(1,121,909)	(47,039)	(47,373)	(845,771)	(48,214)	46,755	(3,201,137)
<b>Gross Operating Profit</b>	<b>93,719</b>	<b>115,979</b>	<b>201,915</b>	<b>140,128</b>	<b>1,504</b>	<b>46,200</b>	<b>(22,563)</b>	<b>(0)</b>	<b>576,882</b>
Depreciation	(11,988)	(24,735)	(328)	(28,442)	(1,494)	(18,627)	(5,282)	(1,549)	(92,446)
Reversion Fund	0	(16,961)	0	0	0	0	0	0	(16,961)
Trade Provisions	(4,787)	(78)	(5,045)	(247)	91	(795)	(5,436)	0	(16,297)
<b>Net Operating Profit</b>	<b>76,943</b>	<b>74,204</b>	<b>196,543</b>	<b>111,439</b>	<b>101</b>	<b>26,779</b>	<b>(33,281)</b>	<b>(1,550)</b>	<b>451,178</b>
Financial Results	10,212	(4,382)	(24,915)	(46,385)	(377)	(7,552)	125,775	(158,594)	(106,217)
Results from equity acc. subsidiaries	27	385	292	(3,364)	(432)	427	0	0	(2,665)
Financial Assets Provisions	61	0	0	(991)	(701)	(1,336)	71	0	(2,896)
Goodwill	13,102	(258)	(13)	0	(790)	(3,233)	0	(1,057)	7,751
<b>Ordinary Profit</b>	<b>100,345</b>	<b>69,950</b>	<b>171,907</b>	<b>60,699</b>	<b>(2,198)</b>	<b>15,084</b>	<b>92,565</b>	<b>(161,201)</b>	<b>347,152</b>
Net Extraordinary Results	4,652	2,852	(41)	118,962	(259)	3,475	(1,312)	(6,778)	121,550
<b>PROFIT BEFORE TAXES</b>	<b>104,997</b>	<b>72,802</b>	<b>171,866</b>	<b>179,662</b>	<b>(2,458)</b>	<b>18,559</b>	<b>91,253</b>	<b>(167,979)</b>	<b>468,702</b>
Corporate Tax	(32,963)	(15,804)	(60,462)	(17,936)	933	(8,629)	23,584	32	(111,245)
<b>TOTAL PROFIT</b>	<b>72,034</b>	<b>56,998</b>	<b>111,404</b>	<b>161,726</b>	<b>(1,524)</b>	<b>9,930</b>	<b>114,836</b>	<b>(167,947)</b>	<b>357,457</b>
Minorities	(427)	(14,610)	141	0	162	(1,058)	0	(7,315)	(23,108)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>71,607</b>	<b>42,388</b>	<b>111,545</b>	<b>161,726</b>	<b>(1,363)</b>	<b>8,871</b>	<b>114,836</b>	<b>(175,262)</b>	<b>334,348</b>



<b>CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2004</b>									
<b>(Thds Euros)</b>	<b>Sacyr</b>	<b>Itinere</b>	<b>Vallehermoso</b>	<b>Testa</b>	<b>Valoriza</b>	<b>Somague</b>	<b>Holding</b>	<b>Adjustements</b>	<b>TOTAL</b>
<b>FIXED ASSETS</b>	<b>403,533</b>	<b>5,695,738</b>	<b>420,907</b>	<b>2,543,167</b>	<b>87,756</b>	<b>315,281</b>	<b>1,900,260</b>	<b>(2,302,725)</b>	<b>9,063,917</b>
Tangible	26,750	4,662,890	3,591	1,844,118	64,136	105,829	3,368	112,871	6,823,553
Intangible	59,946	775	672	439,379	8,545	1,666	3,277	(0)	514,260
Financial and Other	314,412	514,979	412,068	181,343	9,035	157,520	1,891,611	(2,467,539)	1,013,429
Goodwill	259	0	0	0	558	50,267	0	51,944	103,027
Deferred Expenses	2,165	517,095	4,576	78,327	5,482	0	2,004	0	609,648
<b>CURRENT ASSETS</b>	<b>928,012</b>	<b>170,607</b>	<b>2,994,747</b>	<b>45,801</b>	<b>47,654</b>	<b>608,634</b>	<b>59,038</b>	<b>(201,299)</b>	<b>4,653,195</b>
Inventories	120,226	2,888	2,084,547	56	4,545	77,087	1,073	(1,598)	2,288,824
Debtors	728,294	97,533	906,511	32,727	35,874	489,631	55,306	(196,392)	2,149,484
Others	79,491	70,186	3,689	13,019	7,235	41,916	2,660	(3,309)	214,887
<b>ASSETS = LIABILITIES</b>	<b>1,331,545</b>	<b>5,866,345</b>	<b>3,415,654</b>	<b>2,588,968</b>	<b>135,410</b>	<b>923,915</b>	<b>1,959,298</b>	<b>(2,504,023)</b>	<b>13,717,112</b>
<b>LONG TERM FUNDS</b>	<b>581,491</b>	<b>5,511,564</b>	<b>2,024,874</b>	<b>2,483,621</b>	<b>79,708</b>	<b>417,636</b>	<b>1,619,500</b>	<b>(2,301,595)</b>	<b>10,416,798</b>
Equity	376,451	637,134	382,653	1,061,500	26,246	169,193	884,551	(1,557,229)	1,980,498
Minority interest	1,327	411,683	3,170	0	3,479	8,922	0	118,106	546,686
Badwill	0	1,115	6	325	0	10,350	0	3	11,799
Deferred Income	74	410,523	6	6,308	2,918	0	2	0	419,830
Provisions for expenses	139	579,110	14,602	3,716	121	5,899	3,909	0	607,496
Other Interest-free LT debt	6,916	608,462	294,680	26,491	2,960	18,630	409,770	(862,474)	505,434
Long term interest bearing debt	196,583	2,863,537	1,329,758	1,385,280	43,984	204,643	321,269	(0)	6,345,055
<b>CURRENT LIABILITIES</b>	<b>750,054</b>	<b>354,781</b>	<b>1,390,781</b>	<b>105,347</b>	<b>55,703</b>	<b>506,279</b>	<b>339,798</b>	<b>(202,429)</b>	<b>3,300,314</b>
Trade creditors	578,653	15,097	615,862	17,463	41,694	238,087	3,228	33	1,510,117
Trade provisions	30,537	0	104,454	1,054	449	22,357	10,447	0	169,297
Short term creditors	116,998	115,372	116,005	18,116	5,983	76,852	7,050	(202,462)	253,914
Short term interest bearing debt	23,866	224,312	554,460	68,715	7,577	168,984	319,073	0	1,366,986

<b>CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2003</b>									
(Thds Euros)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustements	TOTAL
<b>FIXED ASSETS</b>	<b>130,053</b>	<b>4,618,640</b>	<b>239,209</b>	<b>2,215,718</b>	<b>58,586</b>	<b>298,352</b>	<b>1,454,713</b>	<b>(1,626,360)</b>	<b>7,388,910</b>
Tangible	38,533	4,107,232	2,900	1,573,990	36,835	99,346	3,992	95,732	5,958,560
Intangible	34,476	820	2,165	399,912	6,559	498	5,200	0	449,628
Financial and Other	28,461	268,324	225,869	158,176	14,454	123,763	1,439,701	(1,947,818)	310,931
Goodwill	520	742	0	0	738	74,744	0	3,172	79,917
Deferred Expenses	28,063	241,522	8,275	83,640	0	0	5,820	222,554	589,873
<b>CURRENT ASSETS</b>	<b>976,990</b>	<b>184,476</b>	<b>2,471,768</b>	<b>51,753</b>	<b>41,931</b>	<b>517,498</b>	<b>181,676</b>	<b>(469,622)</b>	<b>3,956,469</b>
Inventories	73,151	2,039	1,695,492	862	3,599	51,402	843	17,257	1,844,645
Debtors	536,267	66,894	770,880	37,382	29,432	431,406	67,497	(95,652)	1,844,107
Others	367,571	115,543	5,396	13,509	8,899	34,690	113,337	(391,228)	267,718
<b>ASSETS = LIABILITIES</b>	<b>1,107,043</b>	<b>4,803,115</b>	<b>2,710,977</b>	<b>2,267,470</b>	<b>100,516</b>	<b>815,850</b>	<b>1,636,390</b>	<b>(2,095,982)</b>	<b>11,345,379</b>
<b>LONG TERM FUNDS</b>	<b>486,581</b>	<b>4,083,258</b>	<b>1,023,224</b>	<b>2,179,501</b>	<b>69,636</b>	<b>403,730</b>	<b>1,111,270</b>	<b>(1,604,522)</b>	<b>7,752,676</b>
Equity	334,423	245,760	391,869	921,139	25,703	159,434	661,942	(1,428,217)	1,312,054
Minorities interest	1,173	599,486	3,295	0	3,009	10,641	0	118,635	736,239
Badwill	0	0	6	604	0	0	0	3	612
Deferred Income	4,331	80,158	94	9,895	2,280	43,597	0	0	140,353
Provisions for expenses	293	536,657	14,698	4,392	619	6,686	8,885	(0)	572,231
Other Interest-free LT debt	19,108	195,947	130,970	25,248	3,928	43,656	188,469	(294,942)	312,383
LT interest bearing debt	127,252	2,425,250	482,292	1,218,222	34,097	139,716	251,974	0	4,678,804
<b>CURRENT LIABILITIES</b>	<b>620,462</b>	<b>719,858</b>	<b>1,687,753</b>	<b>87,969</b>	<b>30,880</b>	<b>412,120</b>	<b>525,120</b>	<b>(491,460)</b>	<b>3,592,703</b>
Trade creditors	499,690	34,995	651,610	19,372	19,536	265,411	3,197	602	1,494,413
Trade provisions	20,771	0	72,891	2,328	335	0	10,066	(0)	106,391
ST creditors	88,861	371,109	49,595	7,401	3,368	63,090	211,476	(492,062)	302,838
ST interest bearing debt	11,141	313,754	913,658	58,869	7,641	83,618	300,380	0	1,689,061

### III. PERFORMANCE OF BUSINESS AREAS

#### SACYR/SOMAGUE

Revenues of this area reached 2,179.1 million euros, up 9.7%. This permitted achieving Ebitda of 148.4 million euros, up 6.1% on 2003.

The effect of the application of negative goodwill in 2003 for 13.12 million euros, fully explains the 10.8% reduction in the net profit of the area (Sacyr/Somague) in 2004 to 71.8 million euros, down 10.8% on the same period last year.

Worthy of mention is the increase in contracts pending execution. Thus, at the close of 2004, the construction portfolio reached 3,732 million euros, the equivalent of 20. months of activity. This was a 16.6% increase on 2003.

The breakdown of the works portfolio is as follows:

ORDER BACKLOG (Mn Euros)	December		% Change 04/03
	2003	2004	
Spain	1,839	1,971	7.2%
Portugal	969	784	-19.1%
Italy	0	637	
Other Countries	393	340	-13.5%
<b>TOTAL</b>	<b>3,201</b>	<b>3,732</b>	<b>16.6%</b>

Some 90.9% of the portfolio is located in the European Union, with 52.8% pertaining to Spain, 21.0% to Portugal, 17.1% to Italy, and the rest (9.1%), to other countries, nearly all of which coming from infrastructure concession projects in Chile and Costa Rica.

Works adjudicated during 2004 amounted to 2,676.4 million euros, up a noteworthy 28.7% on last year.

By type of work, 76.8% of contracting related to civil works (2,056.1 million euros), and 23.2% to building (620.3 million euros).

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

<b>CONTRACTS AWARDED</b>	
<b>(Thds Euros)</b>	<b>December 2004</b>
subsidized houses in Parla	40,407
290 houses construction	27,616
Menorca Airport Terminal enlargement	26,023
New Fatima Basilica	16,100
Lucrecia Paim Maternity Hospital	15,576
Almeria houses	14,189
Universiti Library in A. Neto	14,131
Praia Tercera Port restoration	13,782
Riu Funana Hotel	11,790
137 houses restoration	11,000
Miramar Housing set	7,482
Auchan Puazn Amadora	7,000
Other Buildings	415,169
<b>Building</b>	<b>620,265</b>
Palermo-Orleans (Italy) railway	554,167
Link road M-30 with N-III	147,179
L-1 and L-4 Madrid Tube Stations	135,773
Carballino- O Rixo Lalin AVE train	115,753
Cesana-Claviere highway (Italy)	83,217
Américo Vespucio Concession (Chile)	60,283
L-7 Madrid Tube Station. Las Musas - M- 40 stretch	60,249
San Jose Highway Corridor (Costa Rica)	51,512
Metro Line 9 in Barcelona	37,638
Madrid-Levante AVE. Sax-Elda stretch	36,362
C-715 Manacor highway works	35,832
Madrid- Barna AVE train. Llinars-Sant Celloni stretch	31,613
Madrid- Barna AVE train. Massanet- Macanet stretch	26,692
Jucar Vinalopó VII stretch	22,427
A-8 Abeledo - Regovide	18,013
L-3 Madrid Tube Station platform enlargement	17,449
Other Civil Works	621,942
<b>Civil Works</b>	<b>2,056,100</b>
<b>TOTAL</b>	<b>2,676,365</b>

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

- Works for construction of Palermo-Orleans-Carini railway crossing in Sicily (Italy) for 554.2 million euros.
- Works for connection of M-30 with A-3 for 147.2 million euros.
- Works on lines 1 and 4 of the Madrid subway: Chamartín-Parque de Santamaría transfer point for 135.8 million euros, and on line 7: Las Musas-M-40 tranche for 60.2 million euros.

- Project for construction of the high speed train tranche connecting Galicia and Portugal in the Carballino-O Rixo Lalin tranche for 115.7 million euros.
- Project for construction of highway between Cesana and Claviere, in the province of Turin (Italy), in the amount of 83.2 million euros.
- Project for construction of the San Jose-San Ramon corridor in Costa Rica, in the toll highway providing access to the San Jose International Airport for 61.1 million euros.
- Supplementary contract no. 1 of the Americo Vespuccio International Concession in Chile for 60.3 million euros.
- Construction of 712 housing units in Parla for 40.4 million euros.
- Construction works on line 9 of the Barcelona subway: Segrera-Meridiana transfer point for 22.3 million euros and tranche 1 for 15.3 million euros.
- Project for construction of the high speed train connecting Madrid and Levante in the Sax-Elda tranche for 36.4 million euros.
- Project for construction of the high speed train connecting Madrid-Barcelona-French border in the Llinars-Sant Celoni and Massanet-Macanet tranches for 31.6 and 26.7 million euros respectively.
- Projects for construction of the shadow toll highway to join Palma de Mallorca with Manacor: expansion of C-715 highway between Cami de Sa Siquia and Manacor for 35.8 million euros.
- Various residential developments for the Vallehermoso Group, for a total amount of 246.4 million euros.

## VALLEHERMOSO

Vallehermoso's sales at December 31, 2004 reached 1,069.3 million euros, up 10.3%. Sales of the residential product were 1,041.2 million euros and the rest, 28.1 million euros, came from the sale of other products and services.

Booked residential sales reached 1,081.3 million euros, up 19.9% with respect to 2003, supported by an increase in the number of units sold, up 14.0% on the previous year, reaching 4,368 units. As at December 31, there were booked sales pending posting for 772.8 million euros, up 10.3% on last year. For their part, land sales grew to 30.6 million euros, 2.7% of the total product booked in the period.

The performance of booked sales and the operating margin on residential product and land in 2004 are shown below:

<b>CONTRACTED SALES</b> (Thds Euros)	December 2003		December 2004	
	Sales	Margin (*)	Sales	Margin (*)
Land	41,469	2,770	30,630	4,364
Residencial Sales	901,586	218,723	1,081,333	272,912
<b>TOTAL GROUP</b>	<b>943,055</b>	<b>221,493</b>	<b>1,111,963</b>	<b>277,276</b>

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

Investments made in the purchase of land grew consistently in the period, which entailed dedicating 616.9 million euros in the fiscal year, equivalent to 7,780 homes. The breakdown of acquisitions by the various geographical areas is as follows:

LAND PURCHASE		
LOCATION	Houses equivalent	% /total
Andalusia	1,385	17.8%
Canary Islands	781	10.0%
Catalonia	1,162	15.0%
Centre	1,642	21.1%
Galicia	148	1.9%
East	1,254	16.1%
North	1,408	18.1%
<b>TOTAL</b>	<b>7,780</b>	

Land reserves and residential product amounted to 4.0 million m<sup>2</sup> at the close of fiscal year 2004, the equivalent of a total of 24,000 homes and an assured period of business of 5.4 years. This reserve implies a significant increase of 25.5% in the volume of buildable surface compared to December 2003 and is the equivalent of 36.6% in growth in the number of housing units in portfolio in the same period. This position in the land reserve bank sustains the solidity of targets for business growth in the long term as a consequence of a broad-based, geographically diversified portfolio with an adequate degree of urban planning and development.

### ITINERE

Itinere's concession business performed well with turnover of 322.9 million euros, 103.2% up on 2003. Operating income grew 113.7% to 247.9 million euros. This growth was supported both by ENA joining the group in October 2003 as well as by the sound performance of traffic in the various concessions and the opening of new tranches.

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

The opening in December 2003 of the last concession tranche awarded to Audasa, the northern access to Ferrol, and the tranche of Tuy-Rebullón with and additional 24.7 km. under operation, places ADT growth at 2.4%. Excluding the effect of this opening, traffic grew 12.7%.

Aucalsa and Audenasa enjoyed traffic increases of 8.5% and 6.2%, respectively, while Avasa's traffic volume grew by 5.1% in the period. Aunor grew 5.8% with respect to the same period last year.

ADT	December		% Change 04/03
	2003	2004	
<b>Spain</b>			
Avasa	12,843	13,499	5.1%
Aunor	9,881	10,455	5.8%
Aucalsa	8,049	8,736	8.5%
Audasa	20,583	21,146	2.7% (1)
Audenasa	14,883	15,803	6.2%
Autoestradas Galicia I	11,554	12,262	6.1%
Autoestradas Galicia II	6,887	7,435	8.0%
<b>Chile</b>			
R-5 Los Lagos	6,290	6,539	4.0%
R-5 El Elqui	3,045	3,139	3.1%
Rutas del Pacífico	15,968	15,752	-1.4% (2)
Red Vial Litoral Central	2,851	2,064	-27.6% (3)

(1) Total toll traffic volume increases 10 points above ADT due to the opening of new stretches

(2) Not comparable to data on 2003 Report due to opening of new southern by-pass (Viña del Mar)

(3) Not comparable due to opening of new stretches in 2004 (F-962 Las Pataguas and NCC)

During fiscal year 2004, two new concessions were contracted to be added to the portfolio of 24 held by the Group. The consortium, in which Itinere participates with 35%, was the awardee of the tender for development and management of a roadway concession in Costa Rica, specifically the San Jose-San Ramon corridor, the one most traveled by the Central American country and which provides access to San Jose International Airport, to which the Santa Ana-Rio Segundo radial concession has been added. The length of the highway is 60 kilometers and that of the radial highway 7.5 kilometers. The operating term for the concession is 25 years and carries with it doubling and improving the existing stretch, by mobilizing a total investment of 266 million dollars.

Furthermore, in the month of April, the government of the Balearic Islands awarded to the consortium 40% invested by Sacyr Vallehermoso, the development and operation of the shadow toll road joining Palma de Mallorca with Manacor. The project has a length of 41 kilometers. The forecasted investment is 116 million euros. The concession term is 33 years and estimated construction time is 27 months. The concessionaire company, apart from the demand royalty in function of the number of vehicles which transit the highway, will receive from the regional government fixed payments during the first seven years of the concession for 37 million euros. The estimated traffic for the first year of operation of the highway is 16,000 vehicles/day.

In November 2004, Itinere acquired an additional 20% of the capital of Ena, thereby reaching a stake of 70%. This transaction was carried out through the absorption of the holding companies of the said percentage, as a consequence

of which their shareholders, Caixa Galicia and Caixa Nova, each hold a stake of 8.62% in Itinere's share capital.

Within the corporate restructuring process, Itinere executed in the month of December an agreement with a sector operator for the exchange of holdings in certain concessionaires in which both groups hold interests. This has entailed Itinere assigning its stakes in Euroglosa 45 (33%)—holder of tranche III of the M-45 highway, and in Aeropistas, S.L. (20%)—holder of the Airport Axis Concessionaire. In exchange, Itinerary has received as a counterpart the holdings in the companies Aunor (45%), Tacel Inversiones, S.A. (5.9%)—owner of the Central Galician Highway—and Alazor Inversiones, S.A. (6.75%)—owner of the Radial-III and Radial-V concessions in Madrid. Itinere has thus become the most important shareholder of the aforesaid three companies. The valuation criteria employed for the transaction was the cash value of the contributions made by each company.

<b>ORDER BOOK</b> (Mn Euros)	December		% Change 04/03
	2003	2004	
Spain	30,036	45,001	49.8%
Chile and Costa Rica	2,754	4,369	58.6%
<b>TOTAL</b>	<b>32,789</b>	<b>49,370</b>	<b>50.6%</b>

The portfolio of recurrent business revenues amounted to 49,369.6 million euros at December, up 50.6% on last year. Furthermore, 91.1% of the portfolio was located in Spain, reaffirming its profile of high security and profitability.

<b>INVESTMENTS</b> (Mn Euros)	2003		2004		% Change 04/03
	In operation	Under Construc.	In operation	Under Construc.	
AVASA	659,792		662,728		0.4%
AUTOV, NOROESTE	43,629		96,954		122.2%
AUTOPISTA ASTUR-LEONESA	727,315		739,314		1.6%
AUTOESTRADAS DE GALICIA	141,345		155,818		10.2%
AUTOPISTAS DEL ATLANTICO	1,640,957		2,031,323		23.8%
AUTOPISTAS DE NAVARRA	340,280		390,204		14.7%
<b>Spain</b>	<b>3,553,618</b>		<b>4,076,341</b>		<b>14.7%</b>
S.C.DEL ELQUI	205,543		204,958		-0.3%
S.C.LOS LAGOS	215,109		214,569		-67.5%
S.C. RUTAS P.	167,399		167,228		283.3%
S.C.LITORAL C.	13,421	15,526	32,863		13.5%
S.C.VESPUICIO SUR		30,948		62,772	102.8%
S.C,ACCESO NORORIENTE				24,370	
<b>Chile</b>	<b>601,472</b>	<b>46,474</b>	<b>619,618</b>	<b>87,142</b>	<b>9.1%</b>
<b>TOTAL</b>	<b>4,155,090</b>	<b>46,474</b>	<b>4,695,959</b>	<b>87,142</b>	<b>13.8%</b>



At the close of the fiscal year, the total highway investment amounted to 4,783.1 million euros, with 87.1 million euros in progress and largely pertaining to the implementation of works on the Santiago de Chile urban service highway, Americo Vespucio Sur, and to a lesser extent, the Nororiente highway concession, the latter located in the metropolitan area of the Chilean capital.

## TESTA

The revenues earned by Testa during the period were 191.9 million euros, up 5.7% on 2003. Operating income grew 4.3% to 146.2 million euros. The realization of capital gains on rental properties yielded extraordinary income of 97.3 million euros, down 18.2% on the previous fiscal year. This explains why, although ordinary revenue grew 70.6% to 103.5 million euros, pre-tax income, which reached 200.9 million euros, rose 11.8%. Because the normalization of the tax rate also took place in this period following full application of tax credits in 2003, the net profit of 155.1 million euros declined 4.1%.

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

RENTAL PERFORMANCE	December		% Change 04/03
	2003	2004	
Net Rental Income (Thds Euros)	178,508	188,045	5.3%
Average Occupied Surface (M2)	1,315,350	1,311,936	-0.3%
Average Rent (€ /M2 /Month)	11.30	11.75	4.0%
Lettable Surface (M2)	1,401,771	1,376,927	-1.8%
Average Occupancy Rate (%)	93.83	95.28	1.5%

During the fiscal year, another two senior citizen residences started operation, added to the three already operated by the group. One of them is located in Madrid city-center and has a surface area of 3,600 m<sup>2</sup>. The second of them, with a surface area of 5,829 m<sup>2</sup>, is located in La Coruña. They respond to a plan for selective development of this use, by focusing on pre-leasing promotion based on long-term contracts agreed to with specialized operators.

Among the investments made in the period, the acquisition in June of land for construction of a tertiary-use tower in the Madrid business district for 140 million euros, is noteworthy. This purchase, made from the Madrid Town Hall, is framed within "Project Ciudad Arena", located in the center/north of the city, and comprising the construction of a unique, 250 meter-high tower having a buildable surface area of 52,672 meters. This will entail consolidating this area within the city's business district and converting it into one of the city's most emblematic and visible areas. In addition, in December

a building, leased to the Town Hall of Madrid, was acquired for 99.7 million euros.

The remaining investments in progress totaled 107.1 million euros at the close of 2004 and included two office buildings under development for a value of 54.8 million euros, another 29.9 million euros invested in five senior citizen residences, which are currently in various stages of development, as well as other projects aimed at rehabilitation and placement into operation, of various uses.

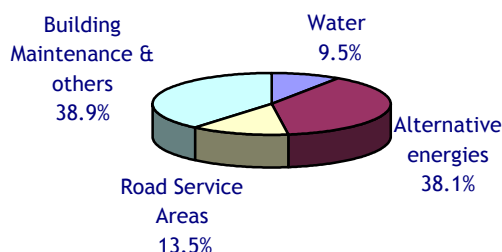
ASSET SALES (Thds Euros)	SALES			GROSS PROFIT		
	2003	2004	% Δ	2003	2004	% Δ
Land Sales		36,157			29,264	
Capitán Haya, 41		132,850			51,818	
Phillips Building	79,000			40,457		
Princesa 3	58,193			46,042		
E. J. Millas 2	12,727			10,049		
Others	33,101	4,885	-85.2%	27,200	3,326	-87.8%
<b>TOTAL</b>	<b>183,021</b>	<b>173,892</b>	<b>-5.0%</b>	<b>123,748</b>	<b>84,408</b>	<b>-31.8%</b>

During the fiscal year, the principal portfolio property sold were a building sight for 36.2 million euros and a Madrid office building for 132.9 million euros. Because these assets were long-held by the group, they contributed a high margin of 29.3 million euros and 51.8 million euros, respectively.

Furthermore, on March 31, 100% of a company owning 380 mostly residential properties located in Madrid was sold for a price of 47.6 million euros. These properties, subject to rent-control leases, allow, through their sale, freeing up financial resources through generating a capital gain amounting to 41.2 million euros.

**VALORIZA**

SyV’s growing services business is grouped around Valoriza, which achieved revenues of 90.1 million euros in 2004, surging 86.3% on 2003, due to a large extent to the implementation of new projects. Its revenues are broken down among the various business activities as follows:



The alternative energies business carried on by Iberese represented 38.1% of turnover, with 34.3 million euros. Various projects were booked during the period in this business area, both as regards execution as well as subsequent operation by the group. In the fiscal year as a whole, the construction of 7 new co-generation plants was booked, with more than 60 MW of installed power for various industrial customers. In the facet of development and operation, two bio-mass plants located in the province of Jaén were obtained, based on generating electrical energy by drying agricultural mud waste. Consequently, at year-end, a total of 6 plants were in the portfolio. Furthermore, the stake in Iberese, a leader in the business, was increased in the period from 50% to 74%, with an investment of 2.8 million euros. This transaction allowed consolidating the exposure and control of management of an area which enjoys a high growth potential.

Sadyt, in the water cycle, was awarded within the GEIDA joint venture, two development and operation projects for a period of 25 years for seawater desalination plants in Algeria. The first of these plants, located in Skikda, was adjudicated this past March and has a desalination capacity of 100,000 cubic meters per day. The second project was awarded in the month of May and is located in the region of Beni-Saf, with a desalination capacity of 150,000 cubic meters of seawater per day. With these plants more than 330,000 m<sup>3</sup>/desalination day installed by Sadyt will be achieved, bringing the total to eight—four in operation and four in development, apart from other facilities dedicated to water purification and other treatments.

Through December, Cafestore inaugurated a total of 14 new service areas. This entails a total of 21 points of business, as opposed to the 7 existing in December 2003. This allows Cafestore to rank third place domestically as an operator of highway hospitality services.

Finally, Valoriza Facilities, specializing in the maintenance and management of all types of real properties, billed 25.7 million euros during the fiscal year, representing considerable growth over the same period last year.

## IV. BOARD RESOLUTIONS

### DISTRIBUTION OF DIVIDENDS

- On January 9, 2004, the third interim dividend for fiscal year 2003 in the gross amount of 0.075 euros per share was paid. The dividend distribution had been resolved at the Board of Directors meeting held on December 11, 2003.
- At the Board of Directors meeting held on June 25, 2004, the distribution of a supplementary dividend against fiscal year 2003 was resolved in the amount of 0.075 euros gross per share, which was distributed on June 29, 2004, as well as the first interim dividend against fiscal year 2004 in the amount of 0.077 euros gross per share, which was paid on July 28, 2004.
- The Board of Directors, at its meeting held on October 6, 2004, resolved distribution of the second interim dividend against fiscal year 2004 in the amount of 0.075 euros gross per share, which was paid on October 15, 2004.

### CHANGES TO THE BOARD OF DIRECTORS:

- The Board of Directors of Sacyr Vallehermoso, S.A., at its meeting held on February 11, 2004, resolved to accept the resignation tendered by Mr. Jose Ramon Calderon Ramos from his post as Member of the Board of Directors, for and on behalf of Almarfe S.L.
- At its meeting on June 3, 2004, the Board of Directors of Sacyr Vallehermoso, S.A. resolved to appoint as Chairman of the Board Mr. Luis de Rivero Asensio, replacing Mr. Jose Manuel Loureda Mantiñán, who was leaving this post due to his age, and as First Vice Chairman and Chief Executive Officer Mr. Manuel Manrique Cecilia. Such appointments were carried out at the Board of Directors meeting held on November 10, 2004. Mr. José Manuel Loureda Mantiñán continues rendering his services as a Company Director.
- The Board of Directors, at its meeting held on June 25, 2004, resolved to appoint as directors of Sacyr Vallehermoso, S.A., for a term of five years: Mr. Diogo Alves Diniz Vaz Guedes, who will hold the post of Third Vice Chairman of the Board of Directors and member of the Executive Committee, Mr. Jose Seixas de Queiroz Vaz Guedes and Almarfe, S.L., as represented by Mr. Fernando Martin Alvarez. The said appointments were ratified at the General Shareholders' Meeting held on June 25, 2004.
- At its meeting on November 10, 2004, the Board of Directors appointed as Chairman of the Board Mr. Luis del Rivero Asensio, who left his post

as Chief Executive Officer, the post of CEO being replaced by Mr. Manuel Manrique Cecilia. Also tendering their resignation as Company Directors were the company Cymofag, represented on the Board by Mr. Manuel Manrique Cecilia, Mr. Antonio Basagoiti García-Tuñón, Mr. Javier Gayo Pozo and Mr. Pedro Gamero del Castillo y Bayo.

- At the Board of Directors meeting held on December 15, 2004, the resignation tendered by Board member José Manuel Loureda Mantiñán was accepted, and the appointment to such post of Prilou, S.L. (represented by Mr. José Manuel Loureda Mantiñán) was accepted.

### CAPITAL INCREASES

- The Annual General Shareholders' Meeting held on June 25, 2004 approved increasing the share capital by 13,850,948 euros, through the issuance of 13,850,948 shares each having a par value of 1 euro, to service the operation involving the integration of Somague into the Sacyr Vallehermoso Group. These shares were exchanged for 16,776,607 shares of Somague SGPS representing 64.28% of its share capital. The new shares were admitted to trading on the Madrid Stock Exchange on July 21, 2004.
- Furthermore, the Annual General Shareholders' Meeting approved increasing the share capital by 6,491,544 euros, through the issuance of 6,491,544 shares each having a par value of one euro, as a charge against freely disposable reserves and in the proportion of one new share for every forty in circulation. These shares were admitted to trading as of September 30, 2004.
- The Board of Directors, at its meeting held on September 10, 2004, decided to apply for admission to trading on the Lisbon Euronext Official Market of the 266,153,343 shares forming all of the capital stock of Sacyr Vallehermoso S.A. The shares began to trade on September 30, 2004.

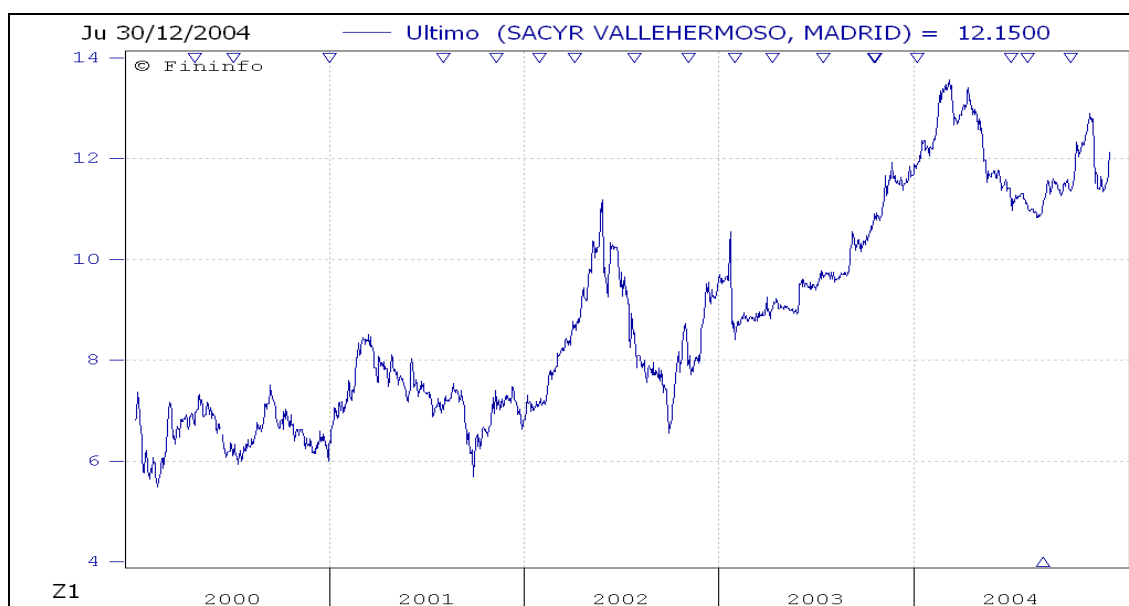
### OTHER RESOLUTIONS

- At its meeting on June 3, 2004, the Board of Directors of Sacyr Vallehermoso, S.A. approved the new Regulations of the Board of Directors, which took effect after the new Bylaws were approved by the General Shareholders' Meeting.
- On June 25, 2004, the Board approved the new Internal Rules of Conduct of Sacyr Vallehermoso, S.A., the new Corporate Bylaws of Sacyr Vallehermoso, S.A., and the Regulations of the General Shareholders' Meeting, which have been forwarded to the Spanish Securities Regulatory Commission for public disclosure.

## V. STOCK PERFORMANCE

	December		% Change 04 / 03
	2003	2004	
Closing Stock Price ( euros p.s. )*	11.71	12.15	3.78%
Max. Price of the year *	11.98	13.72	14.50%
Min. price of the year*	8.15	10.77	32.10%
Market Cap. as of end of period (Thd Euros)	2,949,730	3,233,763	9.60%
Year Trading Volume ( Thds Euros )	3,228,721	2,169,922	-32.79%
Average Daily Volume	1,751,767	721,902	-58.79%
Frecuency of Trading	%	100	100
Nº of Shares ( Thds )	245,811	266,153	8.28%
Share Nominal Value	1 EURO	1 EURO	

\* Adjusted in 2003 by capital share increase of 1x40 (effective in 2004).



## VI. SHAREHOLDING STRUCTURE

According to the information registered in the Spanish Stock Exchange Commission at December 30th, Sacyr Vallehermoso, S. A. directors holds and/or represent the following number of shares in the company:

	Nº Shares	%
Almarfe, S.L.	15,863,325	5.96%
Mr. Vicente Benedito Francés	55,866	0.02%
Mr. Demetrio Carceller Arce (1)	18,450	0.01%
Corporación Caixa Galicia, S.A.	7,558,684	2.84%
Mr. Matias Cortés Domínguez	100	0.00%
Mr. Manuel Manrique Cecilia (2)	18,631,463	7.00%
Nueva Compañía de Inversiones, S.A. (3)	23,524,387	8.84%
Participaciones Agrupadas, S.R.L.	16,295,815	6.12%
Prilou, S.L. (4)	30,720,356	11.54%
Mr. Luis Fernando del Rivero Asensio (5)	33,842,133	12.72%
Mr. Juan Miguel Sanjuan Jover	9,272,262	3.48%
Torreal, S.A. (3)	23,524,382	8.84%
Mr. Diogo Alves Diniz Vaz Guedes (6)	13,992,222	5.26%
Mr. José Seixas de Queiroz Vaz Guedes (6)	13,992,222	5.26%
<b>Total Board of Directors</b>	<b>169,705,063</b>	<b>63.79%</b>

- (1) Director representing Disa Corporación Petrolífera, Atlantica Petrogas and Renta Insular Canaria.
- (2) Director represented by Mr. Manuel Manrique, who holds a stake of 7.0% in Cymofag, S.L., in which Mr. Manuel Manrique holds a stake of 49.94%.
- (3) Dominical directors representing Abelló Group. Torreal S.A. Representation is already included as indirect stake in that one of Nueva Compañía de Inversiones, S.A.
- (4) Represented by Mr. Jose Manuel Loureda, who holds a significant stake in Prilou, S.L.
- (5) Actividades Inmobiliarias y Agrícolas, S.A. and Rimefor Milenio Nuevo, S.L. are the companies by which Mr. Luis del Rivero Asensio participates in the company. Actividades Inmobiliarias y Agrícolas has a stake of 5.067% and Rimefor Milenio Nuevo, S.L. a 7.648% in which Mr. Luis del Rivero Asensio holds a 61.89%.
- (6) Dominical directors representing Finavague, S.L. who holds the stake.