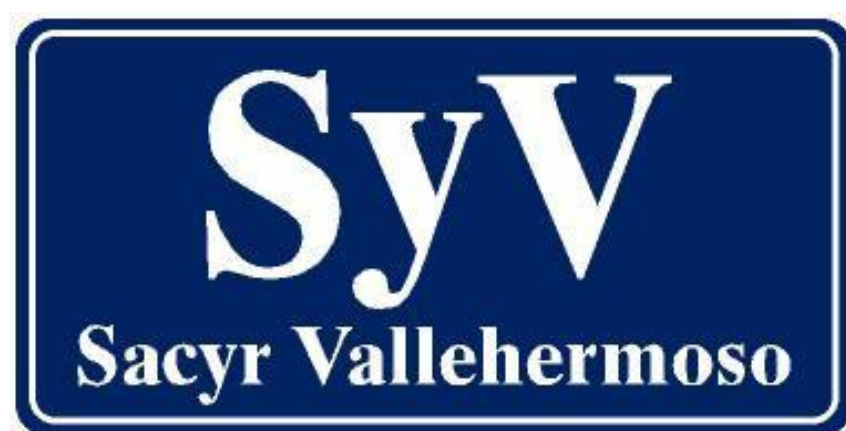


SACYR VALLEHERMOSO

2 Half Year Results 2003



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I. HIGHLIGHTS

OPERATING DATA			December		%
			2002	2003	Change
<u>CONSTRUCTION-SACYR/ SOMAGUE</u>					
ORDER BOOK		Euros thds €	1,932,290	2,711,900	40.3%
(Somague contributes with 29,69% in 2002 and at 100% in 2003)					
		Months of Activity	22.6	16.4	-27.3%
	Domestic/Total	In %	77.4%	67.8%	-12.4%
<u>HOUSING DEVELOPMENT- VALLEHERMOSO</u>					
HOUSING	Committed sales	N° houses	3,809	3,833	0.6%
		Euros thds €	835,410	901,586	7.9%
LAND	Committed sales	Euros thds €	38,797	41,469	6.9%
LAND RESERVE (End of quarter): TOTAL		Thds m ²	2,660	3,213	20.8%
	Housing	%	88%	92%	4.5%
<u>CONCESSIONS-ITINERE</u>					
INCOME PORTFOLIO		Euros thds €	11,314,070	32,789,200	189.8%
<u>PROPERTY- TESTA</u>					
RENTAL INCOME		Euros thds €	142,093	178,508	25.6%
NET SURFACE (End of period)		Thds m ²	1,284.0	1,429.2	11.3%
OCCUPANCY under Mgmt.(End of period)		%	94.7	96.5	1.9%

I. HIGHLIGHTS

ECONOMIC FINANCIAL DATA		December		%
		2002	2003	Change
NET INCOME	Euros thds €	2,064,152	3,333,748	61.51%
EBITDA	Euros thds €	453,921	576,882	27.09%
By activity:				
	SACYR	86,079	93,719	8.88%
	VALLEHERMOSO	163,400	201,915	23.57%
	ITINERE	83,386	115,979	39.09%
	TESTA	102,626	140,128	36.54%
	VALORIZA	34	1,504	N/M
Others and Holding		18,396	23,637	N/M
NET ATTRIBUTABLE PROFIT	Euros thds €	331,084	334,348	0.99%
EPS	€	1.35	1.36	0.99%
CASH-FLOW	Euros thds €	396,618	465,218	17.30%
Equity (as of end of period)	Euros thds €	1,080,078	1,312,054	21.48%
NET FINANCIAL DEBT	Euros thds €	3,339,860	6,367,684	90.66%
Project Finance	Euros thds €	908,515	2,718,000	196.16%
Over/Total		27%	42%	
By activity:				
Vallehermoso	Euros thds €	655,727	1,395,949	112.89%
	Pre-sales Stock	727,514	735,190	1.06%
	Stocks	1,303,048	1,695,492	30.12%
Itínere	Euros thds €	951,599	2,739,004	187.83%
Testa	Euros thds €	840,211	1,277,091	52.00%
	Over/G.A.V.	0.35	0.47	
Somague*	Euros thds €	79,546	223,154	180.53%
Others and Holding	Euros thds €	812,777	732,486	-9.88%

*Somague consolidated by 29,69% in 2002 and by 100% in 2003

II. FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS			Change
(Thds Euros)	Dec. 02*	Dec. 03	03/02
Net Income	2,064,152	3,333,748	61.5%
Other Income	151,580	79,192	-47.8%
Total Income	2,215,732	3,412,939	54.0%
External and Operating expenses**	(1,761,811)	(2,836,058)	61.0%
Gross Operating Profit	453,921	576,882	27.1%
Depreciation	(54,172)	(92,446)	70.7%
Reversion Fund	(8,607)	(16,961)	97.1%
Trade Provisions	6,541	(16,297)	-349.2%
Net Operating Profit	397,683	451,178	13.5%
Financial Results	(108,373)	(106,217)	-2.0%
Results from equity accounted subsidiaries	4,594	(2,665)	-158.0%
Financial Provisions	(10,735)	(9,344)	-13.0%
Goodwill	1,439	7,751	438.8%
Ordinary Profit	284,608	340,703	19.7%
Net Extraordinary Results	121,984	127,999	4.9%
PROFIT BEFORE TAXES	406,592	468,702	15.3%
Corporate Tax	(72,958)	(111,245)	52.5%
TOTAL PROFIT	333,634	357,457	7.1%
Minorities	(2,550)	(23,108)	806.2%
NET ATTRIBUTABLE PROFIT	331,084	334,348	1.0%

*Pro forma SyV

**Includes Operating expenses and other expenses

ANALYSIS OF RESULTS

NET INCOME

The consolidated profit and loss account 2003 for the SyV Group, created last May, is compared to the SyV Group's pro forma figures for the same period in 2002. They are thus fully comparable within the scope of the group's various business areas. In addition, it is worth mentioning the effect of two events on the company in 2003:

- The agreement reached in December, whereby SyV will purchase most of the capital of the Portuguese construction and services group Somague. This means that it has been included through global consolidation in 2003, since the effective control of the company was agreed last financial year and the formalities are to be carried out in 2004. In 2002, Somague was included through proportional consolidation in line with the group's percentage economic and political holding in the company, which was 29.69%.

- The acquisition of 50% of the capital of ENA, the only existing public-owned transport infrastructure concession group. The formalities of the deal were carried out on October 30 and since November 1, 2003, it has been included in through global consolidation in the infrastructure concession area, since the group effectively controls its management.

The 61.5% surge in turnover to €3,333.8 million is due to both Somague's and Ena's greater contribution due to the reasons already mentioned, and organic growth in all business areas.

The growth of the construction business is particularly noteworthy, with a 38.6% rise in income to €1,109 million. This can be explained by the long term of the works portfolio existing at the start of the financial year. In addition, housing development, based on robust growth in contracted sales in 2002, brought in 42.7% higher income at €969.5 million. Recurring business also rose considerably. In property, Testa saw a 26.3% rise in income to €181.6 million, thanks to growth of 15.3% in area under operation and the rise of 8.3% in average prices in the rental portfolio. Meanwhile, Itinere ended the financial year excellently with the acquisition of Ena. Through its inclusion in the consolidation since the time it was acquired, as mentioned above, together with the good progress backed on traffic and prices revisions in the existing concessions, income rose 24.5% to €158.9 million.

Geographical distribution of turnover was largely domestic, with Spanish income accounting for 70.5% of the total. However, the full inclusion of Somague in 2003 has raised its weighting to 24.4% of the total. Lastly, Chile and others, with 5.1% of revenue, mainly includes the infrastructure concession services under operation and the construction works carried out for their development in that country.

The change in turnover by business area was as follows:

TURNOVER by business area (Thds Euros)	December		% Change
	2002	2003	03/02
Sacyr	800,112	1,109,004	38.6%
Vallehermoso	679,331	969,463	42.7%
Itinere	127,655	158,943	24.5%
Testa	143,814	181,604	26.3%
Valoriza	49,826	48,343	-3.0%
Somague	227,971	876,518	284.5%
Others	35,443	-10,127	-128.6%
TOTAL	2,064,152	3,333,748	61.5%

TURNOVER by geographical area (Thds Euros)	December		% Change
	2002	2003	03/02
Spain	1,771,807	2,350,993	32.7%
Chile	58,059	106,237	83.0%
Portugal	227,971	815,162	257.6%
Others	6,315	61,356	871.6%
TOTAL	2,064,152	3,333,748	61.5%

OPERATING PROFIT

The group's gross operating profit of €576.9 million was 27.1% up on the same period in the previous financial year. This was due to the increasing contribution from all areas, but especially those that are most stable and have the highest operating margin, concessions and property.

The contribution of recurring business, infrastructure concessions, property rental and services, was 44.7% of the total with €257.6 million, while in 2002, its contribution was just 40.9% with €186 million. The latter was despite the minimal contribution by the Ena group, which was only acquired and consolidated last November, with what this trend of increasing weight of income stable areas will intensify in upcoming years.

Growth businesses and others (construction, housing development and holdings) accounted for 55.3%, contributing €319.3 million to consolidated operating profit, while in 2002 the same businesses contributed €267.8 million, equivalent to 59% of the gross operating profit that year.

FINANCIAL RESULTS AND GOODWILL

Net financial profits performed very well in 2003 with a fall of 2% to €106.2 million, and this despite the increase in outside financing to support the sharp rise in investments in 2003, especially in concessions and property. This change was the result of both a fall in the average cost of debt and exchange rate gains due to the strength of the Euro, which allowed €39.4 million to be recorded in the concession business in Chile. Capitalized and deferred financial expenses, mainly due to infrastructure concessions under development and in operation, amounted to €34.9 million.

The €9.3 million of financial provisions in 2003 were 13% down on 2002. They were mainly due to the necessary provision for the adjustment of Testa's holdings in the listed company Maag Holding to its market price at the end of the period.

Amortization of goodwill in 2003 was positive at €7.8 million, due to fully applying the negative consolidation difference in Sacyr Chile, within the construction business.

Ordinary profits amounted to €340.7 million, 19.7% growth compared to 2002.

EXTRAORDINARY RESULTS

Extraordinary profits, worth €128 million, 4.9% more than those recorded the year before, were mainly due to the sale of property in the process of rotation usual in the business. Notable items included the sale of rental homes in Madrid at Calle de Emilio Jiménez Millas 2 and Calle Princesa 3, which contributed €56.1 million, and the selling off of an office building in Madrid in July with a margin of €40.5 million and a set of homes sold contributing an additional €20.6 million to extraordinary profits. This results in total profits before tax of €468.7 million, 15.3% higher than the same period in 2002.

Meanwhile, the higher tax payable during the period due to using up the tax credits available in the property business during 2003, together with the higher share of minority shareholders in group companies' profits (Somague and Ena), left an attributable profit of €334.3million, 1.0% up on 2002.

ORDER BOOK

Lastly, it is worth mentioning the portfolio of assured future income in the various business areas, which in December 2003 amounted to €38,008 million with an implied operating margin, according to the margin obtained during the financial year, of €25,676 million, 180.7% up on 2002. This jump in the future income from activities was mainly due to the acquisition and inclusion of Ena, which due to having long periods of guaranteed concessions, allows high income forecastability and certainty and high usage of specific outside financing for each project.

ORDER BOOK	(Mn Euros)		
December 2003	Order Book	% Ebitda*	O.Book Ebitda
Sacyr (Order Book)	2,124.6	8.5%	180
Somague (Order Book)	587.3	5.3%	31
Itinere (Concessional Income)	32,789.2	73.0%	23,926
Testa (Lease contracts to maturity)	1,806.5	77.2%	1,393
Vallehermoso (Pre-sales Book)	700.2	20.8%	146
TOTAL	38,008	67.6%	25,676

ORDER BOOK	(Mn Euros)		
December 2002	Order Book	% Ebitda*	O.Book Ebitda
Sacyr (Order Book)	1,635.3	10.8%	176
Somague (Order Book)	297.0	4.8%	14
Itinere (Concessional Income)	11,314.1	65.3%	7,390
Testa (Lease contracts to maturity)**	1,806.5	77.2%	1,393
Vallehermoso (Pre-sales Book)	727,5	24.1%	175
TOTAL	15,780	58.0%	9,148

*Ebitda margin as of end of the period

** Income portfolio corresponding to 2003.

II. FINANCIAL STATEMENTS:

CONSOLIDATED BALANCE SHEET				Change
(Thds Euros)		Dec. 02*	Dec. 03	03/02
ASSETS				
Uncalled Share Capital		3,156	0	(3,156)
Fixed assets		3,225,828	6,719,120	3,493,292
Goodwill in Consolidation		109,726	79,917	(29,809)
Deferred expenses		266,344	589,873	323,529
Current assets		2,511,915	3,956,469	1,444,554
TOTAL ASSETS/LIABILITIES		6,116,969	11,345,379	5,228,410
LIABILITIES				
Equity		1,080,078	1,312,054	231,976
Minorities Interests		36,478	736,239	699,761
Badwill		13,879	612	(13,267)
Accruals		40,426	140,353	99,927
Provisions for contingencies and credit expenses		312,336	572,231	259,895
Long term creditors		2,844,814	4,991,187	2,146,373
Short term creditors		1,788,958	3,592,703	1,803,745

*Pro-forma Sacyr Vallehermoso

DEVELOPMENT OF THE BALANCE SHEET

The balance sheet 2003 is the result of the takeover of the Sacyr Group by Vallehermoso on 2003, while the balance sheet for the same period in 2002 is the pro forma balance sheet on such date for the Sacyr Vallehermoso Group. As a result, they are fully comparable. Much of the expansion shown on the balance sheet, with growth of 85.5%, is due to the following factors:

- The inclusion of Somague through global consolidation, with a €576.91 million higher contribution.
- The acquisition of the concession group Ena, which contributed €2,981 million.
- The expansion through Vallehermoso's increased investment in land and product in progress with an increase of €1,042 million.
- Lastly, Testa's acquisitions and investments in rental assets, that rose its balance sheet in €490 million last December.

The make-up and movement under the main headings on the balance sheet are shown below.

FIXED ASSETS

The balance on December 31, 2003 breaks down as follows:

FIXED ASSETS	Change		
(Thds Euros)	Dec. 02	Dec. 03	03/02
Start Up Expenses	6,093	14,627	8,534
Net Intangible Fixed Assets	105,220	449,628	344,408
Net Tangible Fixed Assets	2,895,624	5,958,560	3,062,936
Financial Assets & LT debtors	210,560	294,599	84,039
Own shares of the controlling company	8,331	1,705	-6,626
TOTAL	3,225,828	6,719,120	3,493,292

The intangible fixed assets include the hire purchase of 12 properties from the Endesa group for €385 million in February 2003.

The following chapters are the most significant entries under the tangible fixed assets heading: leased land and real estate at €1,574.0 million, and net investment in turnpikes and other toll roads at €4,107.2 million, €4,060.7 million of which are roads in operation and €46.5 million are works in progress. The rest is machinery, technical facilities and other fixed assets. The balance of total cumulative depreciation is €397.1 million. During the financial year 2003 the investments in progress in both leased real estate and turnpike concessions have been continued, without there having been significant additional changes to the amount.

The financial fixed assets heading includes holdings consolidated using the equity consolidation method worth €134.7 million, which includes Guadalmetro, the concession company for line 1 of the new Seville subway with €23.9 million of attributable investment. This heading also includes other holdings in the securities portfolio worth €84.2 million. The latter most notably includes MAAG holding with a balance of €38.5 million on December 30, 2003. Other credits worth €73.5 million are also included.

CURRENT ASSETS

The change in current assets is shown below:

CURRENT ASSETS	Change		
(Thds Euros)	Dec.02	Dec.03	03/02
Inventories	1,388,829	1,844,645	455,816
Debtors	890,613	1,844,107	953,494
Cash & ST financial Investments	228,265	260,971	32,706
Other Current Assets	4,208	6,747	2,539
TOTAL	2,511,915	3,956,469	1,444,554

The current assets as a whole grew by €1,445 million, 57.5% up on the same period in 2002. This is basically due to the following:

- The aforementioned effect of including the Somague group through global integration, with an additional contribution of €305.3 million in the construction business in the accounts receivable balance.
- An increase in stock, mainly caused by the increase in stock in the residential development business worth €392.4 million, due to purchases of land and works in progress for new developments (the acceleration in sales in 2003 compared to 2002 required greater investment).
- The increase in accounts receivable in the development business as a result of the 42.7% rise in recorded sales and the non-renewal of Vallehermoso's factoring agreement contracts, which had an assigned balance of €228.3 million in December 2002.

EQUITY

The €232 million increase in capital and reserves during the period can be explained by a combination of two main factors: the increase brought about by the attributable profit of €334.3 million earned, on the one hand, and the combination of the payment of an interim dividend of €66.4 million during the financial year together with adjustments to the value of holdings in subsidiaries outside the Eurozone on the other.

The stock capital is represented by 245.81 million certificates with a par value of €1 each.

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, depending on how cyclical or stable the various business are, such as Testa's property business or Itinere's concessions and Vallehermoso's housing development projects.

The group's debt on December 31, 2003 breaks down as follows:

(Thds Euros)	As of 31st December 2003							
	SYV	SACYR	ITINERE	VALORIZA	TESTA	VALLSO	SOMAGUE	TOTAL
Long term bonds and notes	103,415	0	915,938	0	0	0	5,191	1,024,543
Long term banking debt	148,559	127,252	1,509,312	34,097	1,218,222	482,292	137,909	3,657,644
Short term bonds and notes	251,586	0	188,899	0	0	0	8,109	448,594
Short term banking debt	48,794	11,141	124,855	7,641	58,869	913,658	71,946	1,236,903
TOTAL	552,354	138,393	2,739,004	41,738	1,277,091	1,395,949	223,154	6,367,684

As far as the kind of instrument is concerned, bank debt predominates with a 76.8% share of the total and, with regards to the terms, long-term debt accounted for 73.5% of the total.

Fixed-interest debt amounted to 53.9% 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).

It is important to highlight the amount of debt committed to project financing, which was €2,718 million in 2003, 43% of the group total in December last year. This financing is linked to specific business involving public service concessions, mainly turnpikes, which provides great security and stability to the revenues and cash flow generated by the operations.

The proportion of the debt portfolio used to finance the property business is also relevant. These come in the form of mortgages and leasing agreements that totaled €1,277 million and finance assets under operation. According to the last available valuation by an independent expert, on December 2003, the property assets had a market value of €2,737 million, in other words the debt was just 47% of the value.

Lastly, the development business had debt of €1,395.9 million in December 2003 to finance the stocks shown on Vallehermoso's balance sheet with a book value of €1,695.4 million. On the same date, contracted homes corresponding to sales pending delivery to customers amounted to €700.2 million.

III. DEVELOPMENT OF THE BUSINESS AREAS

CONSOLIDATED PROFIT AND LOSS AS OF DECEMBER 31st 2003									
(Thds Euros)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustements	TOTAL
Net Income	1,109,004	158,943	969,463	181,604	48,343	876,518	25,566	(35,693)	3,333,748
Other Income	8,669	48,233	1,020	5,563	534	15,453	85	(365)	79,192
Total Income	1,117,674	207,175	970,483	187,167	48,877	891,971	25,651	(36,058)	3,412,939
External and Operating expenses*	(1,023,954)	(91,196)	(768,568)	(47,039)	(47,373)	(845,771)	(48,214)	36,057	(2,836,058)
Gross Operating Profit	93,719	115,979	201,915	140,128	1,504	46,200	(22,563)	(0)	576,882
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)
Net Operating Profit	76,943	74,204	196,543	111,439	101	26,779	(33,281)	(1,550)	451,178
Financial Results	10,212	(4,382)	(24,915)	(46,385)	(377)	(7,552)	125,775	(158,594)	(106,217)
Results from equity accounted subsidiaries	27	385	292	(3,364)	(432)	427		0	(2,665)
Financial Assets Provisions	61	0	0	(7,439)	(701)	(1,336)	71	0	(9,344)
Goodwill	13,102	(258)	(13)	0	(790)	(3,233)		(1,057)	7,751
Ordinary Profit	100,345	69,950	171,907	54,251	(2,198)	15,084	92,565	(161,201)	340,703
Net Extraordinary Results	4,652	2,852	(41)	125,411	(259)	3,475	(1,312)	(6,778)	127,999
PROFIT BEFORE TAXES	104,997	72,802	171,866	179,662	(2,458)	18,559	91,253	(167,979)	468,702
Corporate Tax	(32,963)	(15,804)	(60,462)	(17,936)	933	(8,629)	23,584	32	(111,245)
TOTAL PROFIT	72,034	56,998	111,404	161,726	(1,524)	9,930	114,836	(167,947)	357,457
Minorities	(427)	(14,610)	141	0	162	(1,058)		(7,315)	(23,108)
NET ATTRIBUTABLE PROFIT	71,607	42,388	111,545	161,726	(1,363)	8,871	114,836	(175,262)	334,348

*Includes Operating expenses and other expenses

CONSOLIDATED PROFIT AND LOSS AS OF DECEMBER 31st 2002*									
(Thds Euros)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustements	TOTAL
Net Income	800,112	127,655	679,331	143,814	49,826	227,971	60,765	(25,322)	2,064,152
Other Income	104,785	51,669	3,785	3,678	492	2,847	(4,229)	(11,447)	151,580
Total Income	904,897	179,324	683,116	147,492	50,318	230,818	56,536	(36,769)	2,215,732
External and Operating expenses**	(818,818)	(95,938)	(519,716)	(44,866)	(50,284)	(220,022)	(48,076)	35,909	(1,761,811)
Gross Operating Profit	86,079	83,386	163,400	102,626	34	10,796	8,460	(860)	453,921
Depreciation	(8,082)	(15,133)	(68)	(20,951)	(809)	(5,239)	(2,341)	(1,494)	(54,172)
Reversion Fund	0	(8,607)	0	0	0	0	0	0	(8,607)
Trade Provisions	7,922	0	(164)	327	(646)	0	(901)	3	6,541
Net Operating Profit	85,919	59,646	163,168	82,002	(1,421)	5,557	5,163	(2,351)	397,683
Financial Results	(11,022)	(26,641)	(28,004)	(30,201)	(1,213)	(1,966)	104,207	(113,533)	(108,373)
Results from equity accounted subsidiaries	20,985	1,677	2,325	252	200	0	0	(19,965)	4,594
Financial Assets Provisions	0	0	0	(7,981)	(26)	0	901	(3,629)	(10,735)
Goodwill	(7,407)	(2,167)	0	(18)	(300)	(1,057)	0	8,054	1,439
Ordinary Profit	87,595	36,849	137,489	44,054	(2,760)	2,534	110,271	(131,424)	284,608
Net Extraordinary Results	123,626	(92)	(2,172)	97,408	2,947	3	(680)	(99,056)	121,984
PROFIT BEFORE TAXES	211,221	36,757	135,317	141,462	187	2,537	109,591	(230,480)	406,592
Corporate Tax	(36,708)	(9,719)	(45,567)	(842)	1,395	(1,632)	7,613	12,502	(72,958)
TOTAL PROFIT	174,513	27,038	89,750	140,620	1,582	905	117,204	(217,978)	333,634
Minorities	(380)	(1,298)	0	0	(131)	199	0	(940)	(2,550)
NET ATTRIBUTABLE PROFIT	174,133	25,740	89,750	140,620	1,451	1,104	117,204	(218,918)	331,084

*Pro forma Sacyr Vallehermoso

**Includes operating expenses and other expenses

CONSOLIDATED BALANCE SHEET As of December 31st 2003									
(Thds €)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustements	TOTAL
FIXED ASSETS	130,053	4,618,639	239,209	2,215,718	58,586	298,352	1,454,713	(1,626,360)	7,388,910
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	56,523	509,846	234,145	241,815	14,454	123,763	1,445,521	(1,725,264)	900,804
Goodwill	520	742	0	0	738	74,744	0	3,172	79,917
CURRENT ASSETS	976,990	184,476	2,471,768	51,753	41,931	517,498	181,676	(469,622)	3,956,469
Stocks	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
ASSETS = LIABILITIES	1,107,043	4,803,115	2,710,977	2,267,470	100,516	815,850	1,636,390	(2,095,982)	11,345,379
LONG TERM FUNDS	486,581	4,083,257	1,023,224	2,179,501	69,636	403,730	1,111,270	(1,604,522)	7,752,676
Equity	334,423	245,760	391,869	921,139	25,703	159,434	661,942	(1,428,217)	1,312,053
Long term creditors	24,905	1,412,248	149,063	40,139	9,836	104,580	197,354	(176,305)	1,761,819
Long term interest bearing debt	127,252	2,425,250	482,292	1,218,222	34,097	139,716	251,974	0	4,678,804
CURRENT LIABILITIES	620,462	719,858	1,687,753	87,969	30,880	412,120	525,120	(491,460)	3,592,703
Short term creditors	609,321	406,104	774,096	29,101	23,239	328,502	224,740	(491,460)	1,903,642
Short term interest bearing debt	11,141	313,754	913,658	58,869	7,641	83,618	300,380	(0)	1,689,061

SACYR GROUP

Sacyr's Group's income, including the income from owning 100% of Somague, amounted to €1,985.5 million with 93.1% growth. If one uses the same integration perimeter for Somague as in 2002 - 29.69% - growth was a notable 33.2%, due to the strong expansion in the works portfolio at the end of the financial year 2002.

The combined net profit of the construction area (Sacyr + Somague) amounted to €80.5 million, lower than in 2002, but not comparable due to the high extraordinary profits that year, €30.8 million produced by the sale of an stake in Iberpistas and €92.8 million for the sale of Prosacyr, the latter eliminated in the consolidated result of the group for corresponding to an inter-companies sale operation.

It is worth mentioning that the higher consolidation perimeter for Somague in 2003 (100%) is due to the agreement reached on December 11 with the majority shareholders of the largest Portuguese construction and service company, Somague, to bring the company into the Spanish group. Sacyr Vallehermoso was already a Somague shareholder with a stake of 29.69%. Sacyr Vallehermoso will carry out an increase in capital in 2004 in order to perform this transaction and will then make a takeover bid on the Portuguese market for the remaining 6.03% of Somague's capital.

The aim of this deal is to improve the group's competitive position in the construction sector in countries such as Portugal and Brazil, where major infrastructure projects are being developed, while expanding the business portfolio for the rest of the group's business, due to Somague's presence in both infrastructure concessions and property and services.

At the close of 2003, the works portfolio amounted to €2,712 million, equivalent to 16.4 months' business. The increase compared to 2002 is due to both the higher relative weighting of Somague (21.6% of the total in 2003) and the effect produced by the rise in awarded contracts along the year.

The breakdown of the Order Book is as follows:

ORDER BOOK (Mn Euros)	December		% Change
	2002	2003	03/02
Spain	1,496	1,839	22.9%
Portugal*	297	587	97.7%
Other Countries	139	285	105.3%
TOTAL	1,932	2,712	40.3%

*Somague's Order Book in 2002 at 29.69%, in 2003 at 100%

The portfolio is still mainly domestic, with Spanish works accounting for 67.8% of the total.

Since the beginning of the year, the tenders awarded generated joint growth in Sacyr and Somague of 40.3% in projects pending performance at the end of 2003. If one isolates the effect of bringing Somague into the group by global

consolidation, this increase meant growth of 18.9% for the Sacyr group to €2,298 million.

Out of all of the contracts awarded to Sacyr and Sacyr Chile, civil engineering works accounted for 71.5%, and building projects for 28.5%. If one takes into account the contracts won by the rest of the subsidiaries as a whole, excluding Somague, which focuses on the Portuguese market, the volume of civil engineering works awarded exceeded 75% of the total in 2003. These levels were very close to those in 2002.

The most relevant contracts obtained during the period were as follows:

CONTRACTS AWARDED	
(Thds Euros)	December 03
BSCB Bussiness Center	29,946
Pórtico Building	24,236
Señorío del Pinar Houses	20,073
Nova Benicalap Houses	10,977
Sanchinarro TR2 Houses	13,253
Remodelling of Capitán Haya Building	12,000
Remodelling of Príncipe de Vergara,187 Building	10,515
Other Building	167,160
Building	288,159
Metro Line 1 in Sevilla	121,854
Access to Nororiente S. Chile	108,876
AVE Pajares Túnel	72,168
C. Real Airport	63,366
AVE Platform Alcira-Algemessí stretch	34,092
Contadores Catering Installation	24,122
Navarra Channel	31,146
Palencia Highway: Amusco-Fromista	20,790
Access to the North of Seville	17,553
Other Civil Work	229,666
Civil Work	723,634
Somague	464,507
Others	187,423
Total	1,663,723

The works awarded during the last financial year amounted to €1,663.7 million. The main contracts awarded notably included the following:

- AVE high-speed railway works awarded by GIF on the Pajares tunnel stretch, worth €72.2 million and the platform for the Alcira-Algemessí stretch worth €34.1 million.
- Northeast access expressway to Santiago de Chile worth €108.9 million.
- Construction of line 1 of the future Seville subway worth an attributable amount of €121.9 million, which was awarded jointly with other companies.
- Performance of the first stage of the Ciudad Real airport for an amount of €63.4 million.

VALLEHERMOSO

Vallehermoso's 2003 sales surged 42.7% to €969.5 million, with net profits of €111.5 million, 24.2% higher than 2002. Sales of the residential product were €928.9 million and the rest, €40.6 million, came from the sale of land and other products.

In 2003 sales margin was 20.8%, compared to 24.1% in previous year. This was due to the accounting of several developments in that year, among which highlights Prado de Somosaguas in Madrid, with a very low book cost of land.

Meanwhile, contracted residential sales grew consistently over the period to €901.6 million, with growth of 7.9% compared to 2002. As of December 2003 remaining committed sales amounted to €700.2 million.

The change in contracted sales and the operating margin of the residential and land product in 2003 is shown below:

CONTRACTED SALES (Thds Euros)	2002		2003	
	Sales	Margin*	Sales	Margin*
LAND	38,797	13,222	41,469	2,770
DEVELOPMENT	835,410	204,956	901,586	218,723
OTHER PRODUCTS	3,426	793	0	0
TOTAL GROUP	877,633	218,971	943,055	221,493

*Direct margin (only includes direct operating costs)

The amount of investment made is particularly noteworthy, with €579.1 million investment in buying land in 2003, equivalent to 7,246 homes. The breakdown of land purchases by the various geographical areas is as follows:

<u>Location</u>	<u>Product Equivalent</u>
. Centre	1,516 homes
. East	1,571 homes
. North	2,622 homes
. Northeast	539 homes
. Canary Islands	430 homes
. South	568 homes
TOTAL	7,246 homes

Reserves of land for the residential product thus amounted to 2.95 million m2 last December, which is the equivalent of a total of 17,566 homes and an assured period of business of 4.6 years, 15% higher than the 4 years existing at the end of 2002. This policy shores up the development of the business in the long term, as there is a broad, geographically diversified portfolio with a suitable degree of urban development.

ITINERE

Itinere Infraestructuras' concession business performed well with turnover of €158.9 million, 24.5% up on 2002. This was aided by the good performance of traffic in the various concessions and the inclusion of new planned stretches and the Ena group, which was acquired and consolidated on November 1 last year.

The daily traffic intensity recorded in 2003 grew in all of the concessions. In the Spain-based concessions the increase was much higher than the general level of economic growth of 2.4%. Growth on the most important routes was particularly notable. Audasa, with 20,583 vehicles/day, saw its year-on-year traffic grow by 5.4% and increased the length of its concession at the end of the year by 13% with the inclusion of the last stretch awarded, the northern access to Ferrol, an extra 24.7 km under operation. Aucalsa and Audenasa enjoyed traffic increases of 4.6% and 4.9%, respectively, while Avasa's traffic volume grew by 3.9% over the financial year. Aunor and Euroglosa M-45 reached the highest traffic levels since they opened, with growth well over 10% in both cases compared to the same period of the previous year.

The business in Chile, where the concessions had a high level of guaranteed income as part of the deal, has seen a gradual improvement in traffic levels since the start of the year, in line with the progressive economic recovery. Noteworthy aspects include the effect of opening two stretches on the Red Vial Litoral Central concession and the 36 km Viña del Mar-Quilpué stretch on the Rutas del Pacífico concession in the second half of the financial year, which allowed considerable growth in recorded traffic.

ADT Y-O-Y CHANGE	December		% Change
	2002	2003	03/02
SPAIN			
Avasa	12,358	12,843	3.9%
Aunor	8,408	9,881	17.5%
M-45	-	78,495	(*)
Aucalsa	7,696	8,049	4.6%
Audasa	19,521	20,583	5.4%
Audenasa	14,194	14,883	4.9%
Autoestradas Galicia I	10,885	11,554	6.1%
Autoestradas Galicia II	6,426	6,887	7.2%
Chile ADT Aprox.			
R-5 Los Lagos	3,933	4,008	1.9%
R-5 El Elqui	2,881	2,838	-1.5%
Rutas del Pacífico	14,204	16,193	14.0%
Red Vial Litoral Central	-	2,851	

(*) November data. December data not available due to a breakdown in the measurement system.

The new contracts won in 2003 were for line 1 of the Seville Subway, with total forecast revenue during the concession period of €592.5 million and the northeast access to Santiago en Chile, consisting of a 21.5 Km expressway for a 40-year term with a contribution of €822.7 million expected during its operating term.

It is also worth mentioning the awarding of the privatization of ENA for €1,586 million plus the capital and reserves generated up to the date of the transfer balance sheet last May to a consortium led by Itinere with a 50% stake. The final amount paid was €1,621 million.

The formalities of this deal were carried out on October 30 and contributed to the results for the last two months of the year. Its contribution has raised Itinere's expected income by 50% from 2004 onwards and means that we now have a concession portfolio with a share in more than 2,600 km of expressways under operation. ENA has a total of 436 km of operational expressways shared among 5 road concessions in Spain plus other minority stakes in Spain and Chile.

Ena was acquired through a syndicated loan worth €1,200 million agreed by the purchasing consortium and the forty participating financial institutions. Thus, taking the portfolio of income expected from ENA together with the rest of the Itinere group concessions, the total portfolio of future income grew significantly to €32,789 million in December 2003, up 189.8% on 2002.

This major rise in the business' recurring income portfolio means that expected turnover in 2004, a year in which the full effect of Ena's acquisition will be felt, will be a little less over 1% of the total portfolio existing last December, of which more than 90% is in Spain.

The most notable current operational investment is the addition of the 436 km of Ena highways. Works in progress on other roads amounted to €46.5 million.

INVESTMENTS (Thds Euros)	December	
	In Operation	Under Construction
AVASA	659,792	
AUTOV. NOROESTE	43,629	
AUDASA	1,640,957	
AUCALSA	727,615	
AUDENASA	340,280	
AUTOESTRADAS DE GALICIA	141,345	
Spain	3,553,618	
S.C.DEL ELQUI	205,543	
S.C.LOS LAGOS	215,109	
S.C. RUTAS P.	167,399	
S.C.LITORAL C.	13,421	15,526
S.C.AUTOP.MET	0	30,948
Chile	601,472	46,474
TOTAL	4,155,090	46,474

TESTA

The income earned by Testa during the period was €181.6 million, 26.3% more than in 2002. Meanwhile, net profit grew to €161.7 million, 15% higher than in 2002, which was affected by the regularization of the tax cost after fully using up the tax losses, which were offset the previous year.

Income growth was mainly due to the combination of a 16% rise in the average occupied rentable surface area and a 8.3% growth in average unit income as a result of rent reviews and the inclusion of assets in the portfolio with a higher level of average income per area.

The change in the factors that explain the change in rental income is shown below:

Rental Performance	December		% Change
	2002	2003	03/02
Net Rental Income (Thds Euros)	142,093	178,508	25.6%
Average Occupied Surface (M ²)	1,134,358	1,315,350	16.0%
Average Rent (€/M ² /month)	10.43	11.30	8.3%
Land Lettable Surface (M ²)	1,216,270	1,401,771	15.3%
Average Occupancy Rate (%)	93.27%	93.83%	0.6%

The slight fall in the occupancy rate at the end of the year compared to 2002 is entirely due to the renovation of two office buildings in Madrid, planned since the beginning of 2003, the full marketing of which is progressing apace. Adjusted for this fact, the occupancy rate for the whole of the assets under operation would have been 96.5% last December.

The most significant investments include the purchase of 12 office buildings from Endesa worth €385 million with a surface area of 110,491 square meters. Endesa has remained as lessee, for a period that range from 5 to 25 years . This means a rise of more than 26% in office space and an increase of approximately 28% in Testa's net rental income.

The deal was completed on February 15, 2003 and was mainly financed through long-term leasing (14 years).

PROPERTY (Thds Euros)	SALES		GROSS PROFIT	
	2002	2003	2002	2003
Phillips Building		79,000		40,457
Princesa 3		58,193		46,042
E. J. Millas 2		12,727		10,049
Others	191,534	33,101	76,792	27,200
TOTAL	191,534	183,021	76,792	123,748

The most significant property sales were the 414 apartments in Calle Princesa 3 and Calle E. Jiménez Millas 2, worth 70.9 million euros, which contributed a margin of 56.1 million euros.

In addition, the office building in Calle Martínez Villergas, Madrid, was sold last July for €79 million with a margin of €40.5 million.

Lastly, according to the valuation of the independent expert (CB. Richard Ellis) as of 31 of December, the market value of the property assets reached €2,737 millions, a 12.3% more than the same period 2002.

IV. BOARD RESOLUTIONS

- **DISTRIBUTION OF DIVIDENDS:** In its meeting on January 29, 2003, the Board of Directors resolved to pay the third dividend for the financial year 2002 of €0.075 per share (7.5% of the par value of the shares). This payment was made on January 31, 2003. In addition, the General Shareholders Meeting, in an extraordinary session on April 3, 2003, resolved to pay a supplementary dividend for the financial year 2002 of €0.075 per share. This dividend was paid on April 10, 2003. These dividends are 20% higher than those of the previous year.

On July 7, 2003 the Board of Directors adopted a resolution to pay an interim dividend for the financial year 2003 of €0.075 per share (7.5% of the par value of the shares). This dividend was paid on July 14. In its meeting on October 8, 2003, the Board of Directors adopted a resolution to pay a second interim dividend for the financial year 2003 of €0.075 per share, as well as an extraordinary dividend of €0.12 per share in order to share a part of the value created by the merger of Sacyr and Vallehermoso among all the shareholders. These dividends were paid on October 15 and 16, 2003, respectively. On December 11, 2003, the Board of Directors adopted a resolution to pay a third interim dividend for the financial year 2003 worth €0.075 per share, which was paid on January 9, 2004.

- **SACYR-VALLEHERMOSO MERGER:** On January 29, 2003, the Boards of Directors of the Vallehermoso Group and the Sacyr Group approved the takeover of the Sacyr Group by Vallehermoso, S.A. The exchange ratio set was 1 Vallehermoso share per 1.2765 Sacyr Group shares. Vallehermoso's advisor in the transaction was Goldman Sachs International, and the Sacyr's Group's was Schroder Salomon Smith Barney. In order to deal with the exchange needs, Vallehermoso, S.A. was to carry out an increase in capital of €91,046,810. The merger was approved in the General Shareholders Meeting held in an Ordinary and Extraordinary session on April 3, 2003. The company resulting from the takeover, called "SACYR VALLEHERMOSO, S.A." was recorded in the Companies Registry of Madrid on May 30, 2003.
- **CORPORATE GOVERNANCE:** On March 26, 2003, the Board of Directors approved the increase, improvement and adaptation of its corporate governance regulations by modifying several articles included in the Board Regulations. The reference point for the modifications was the recommendations of the Aldama report and the Financial System Reform Measures Act. The aim is to increase the company's transparency, efficiency and responsibility.
On July 30, 2003 the Company's new Internal Code of Conduct was approved, the text of which was sent to the Spanish Securities and Exchange Commission for publishing.

- **DEAL WITH SOMAGUE:** On December 11, 2003 Sacyr Vallehermoso S.A. reached an agreement with the majority shareholders of the largest Portuguese construction and service company, Somague, to bring the company into the Spanish group. Sacyr Vallehermoso was already a Somague shareholder with a stake of 29.69%. Sacyr Vallehermoso will carry out an increase in capital of 13,850,948 shares in order to perform this transaction. These will be swapped for shares representing 64.28% of Somague's share capital, raising the group's holding in Somague's capital to 93.97%. Somague's majority shareholders will have a 5.3% holding in Sacyr Vallehermoso's capital. Sacyr Vallehermoso will then make a takeover bid on the Portuguese market for the remaining 6.03% of Somague's capital.

This deal will enable Sacyr Vallehermoso to improve its competitive position in the construction sector in countries such as Portugal and Brazil, where major infrastructure projects are being developed. In addition, the Sacyr Vallehermoso Group will boost its portfolio of infrastructure concessions and raise its potential for growth in public services in the Iberian Peninsula. In the property sector, the takeover will provide new opportunities for developments and building maintenance service agreements. The deal is subject to approval by the competition authorities and Sacyr Vallehermoso's General Shareholders' Meeting.

V. STOCK MARKET DEVELOPMENT

		December		% Change 03 / 02
		2002	2003	
Closing Stock Price (euros p.s.)		9.90	12.00	21.2%
Market Capitalization (Mn Euros)		1,532,164	2,949,730	92.5%
EPS (Y-o-Y EPS / N° Shares)	Euros	1.35	1.36	1.1%
CFPS (Y-o-Y EPS / N° Shares)	Euros	1.62	1.89	17.3%
Trading Volumen (Thds Euros)		2,469,590	3,228,721	30.7%
Frecuency of trading	%	100	100	
N° of Shares (Thds)		154,764	245,811	58.8%
Share Nominal Value		1 EURO	1 EURO	



VI. SHAREHOLDING STRUCTURE

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

	Nº shares	%
Mr. Antonio Basagoiti García Tuñón (1)	1,000	0.00%
Mr. Vicente Benedito Francés	51,103	0.02%
Mr. José Ramón Calderón Ramos (2)	15,496,514	6.30%
Mr. Demetrio Carceller Arce (3)	18,000	0.01%
Corporacion Caixa Galicia	3,687,660	1.50%
Mr. Matias Cortés Domínguez	100	0.00%
Torreal, S.A (4)	22,072,569	8.98%
Nueva Compañía de Inversiones, S.A (4)	22,072,574	8.98%
Mr. Luis Fernando del Rivero Asensio (5)	33,016,715	13.43%
Participaciones Agrupadas, S.R.L.	15,124,349	6.15%
Mr. Pedro Gamero del Castillo y Bayo	100	0.00%
Mr. Francisco Javier Gayo Pozo	5,005,806	2.04%
Mr. José Manuel Loureda Mantiñán	29,964,343	12.19%
Cymofag, S.L (6)	17,206,760	7.00%
Mr. Juan Miguel Sanjuan Jover	9,046,110	3.68%

TOTAL Board of Directors	172,763,703	61.30%
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- (1) Director representing BSCH.
- (2) Director representing Almarfe, S.L., owned at 100% by Mr. Fernando Martín Alvarez.
- (3) Director representing Disa Corporación Petrolífera,S.A.
- (4) Directors representing Abelló Group.
- (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 5.353% and Rimefor Milenio Nuevo,S.L. a 8.079% in which Mr. Luis del Rivero Asensio holds a 61.89%.
- (6) Director represented by Mr. Manuel Manrique, who holds a significant stake at Cymofag,S.L.