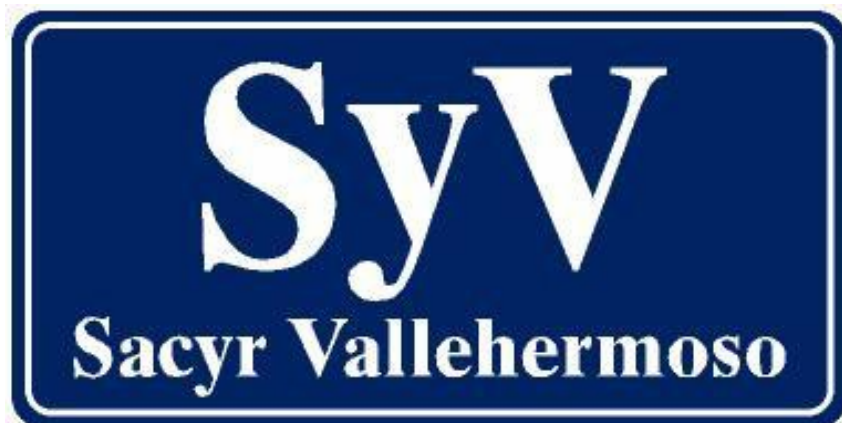


SACYR VALLEHERMOSO

Third Quarter Results 2003



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I. HIGHLIGHTS

OPERATING DATA		2003	
		September 03	
GROWTH AREAS			
<u>SACYR</u>			
ORDER BOOK		Euros thds €	2,161,960
		Months of Activity	18.7
	Domestic/Total	In %	74.3%
<u>VALLEHERMOSO</u>			
HOUSING	Committed sales	Nº houses	2,588
		Euros thds €	587,789
LAND	Committed sales	Euros thds €	24,657
LAND RESERVE (End of quarter)		Thds m ²	3,260
		Housing %	88%
RECURRING AREAS			
<u>ITINERE</u>			
ORDER BOOK (includes ENA)		Euros thds €	33,833,592
<u>TESTA</u>			
RENTAL INCOME		Euros thds €	136,009
NET SURFACE (End of quarter)		Thds m ²	1,411.4
OCCUPANCY		%	93.7

I. HIGHLIGHTS

FINANCIAL - ECONOMIC DATA			2003
			September
NET INCOME		Euros thds €	1,939,092
EBITDA		Euros thds €	329,496
By Activity	Growth	SACYR	51,921
		VALLEHERMOSO	118,495
	Recurrent	ITINERE	63,078
		TESTA	99,639
		VALORIZA	557
	Others and Holding		(4,194)
NET ATTRIBUTABLE PROFIT		Euros thds €	234,161
EPS		€	0.95
CASH-FLOW		Euros thds €	303,527
GROSS INVESTMENTS		Euros thds €	1,253,276
	ITINERE Concessions (fixed assets)	Euros thds €	71,990
	TESTA Property (fixed assets)	Euros thds €	436,313
	VALLEHERMOSO Land (Stocks)	Euros thds €	404,710
	VALLEHERMOSO Work in Progress (Stocks)	Euros thds €	340,263
Equity (as of end of period)		Euros thds €	1,254,215
NET FINANCIAL DEBT		Euros thds €	4,149,925
	Project Finance	Euros thds €	959,296
	Mortgages, Hire purchases and Loans Assoc. Hous. Develop (*)		1,937,889
	Other financing	Euros thds €	1,252,740
	(*) Vallehermoso	Euros thds €	919,981
		Stock	1,597,231
	(*) Testa	Euros thds €	1,287,969
	Over/G.A.V.		0.51

II. FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS			Change
(Thds Euros)	Sept 02	Sept 03	03/02
Net Income	586,889	1,939,092	230.4%
Other Income	143	38,025	26.490.8%
Total Income	587,032	1,977,117	236.8%
External and Operating expenses*	(388,902)	(1,647,622)	323.7%
Gross Operating Profit	198,130	329,496	66.3%
Depreciation	(18,884)	(53,450)	183.0%
Reversion Fund	0	(7,999)	
Trade Provisions	(3,217)	4,376	(236.0%)
Net Operating Profit	176,029	272,423	54.8%
Financial Results	(53,487)	(75,469)	41.1%
Results from equity accounted subsidiaries	622	1,427	129.5%
Financial Provisions	(9,232)	(7,444)	(19.4%)
Goodwill	0	(4,849)	
Ordinary Profit	113,932	186,089	63.3%
Net Extraordinary Results	87,528	115,440	31.9%
PROFIT BEFORE TAXES	201,460	301,529	49.7%
Corporate Tax	(11,674)	(62,846)	438.3%
TOTAL PROFIT	189,786	238,683	25.8%
Minorities	(952)	(4,522)	375.0%
NET ATTRIBUTABLE PROFIT	188,834	234,161	24.0%

*Includes Supplies

ANALYSIS OF RESULTS

The high increase in net turnover, 230.4%, is due to the takeover of the Sacyr Group on the last month of May, which has made construction sales a large share of the whole - at €1,039 million (including Somague's proportional sales) they were 53.6% of the group's total. Property development was the second largest business at €634.5 million, 32.7% of consolidated revenues.

The gross operating profit of the Sacyr Vallehermoso Group, €329.4 million, grew 66.3% over the same period last financial year. Ordinary profits amounted to €186 million, 63.3% higher than the same period 2002.

As for gross operating profits, the contribution of recurring business, infrastructure concessions, property rental and services contributed 49.5% of the total at €163.2 million. Meanwhile, growth businesses and others (construction, housing development and holding company) accounted for 50.5%, contributing €166.2 million to the consolidated operating profit.

Extraordinary profits, which mostly came from the sale of assets in the property business, produced €115.4 million, 31.9% up on 2002. This, together with the

positive development of ordinary profit, explains the 24% rise in profit after tax attributable to Sacyr Vallehermoso in the first nine months of 2003, to €234.1 million, compared to €188.8 million in September 2002.

The performance in turnover by businesses was as follows:

TURNOVER by bussiness area (Thds Euros)	2003
	September
Sacyr	845,877
Vallehermoso	634,576
Itinere	89,430
Testa	136,009
Valoriza	33,431
Somague	193,335
Others	6,435
TOTAL	1,939,092

TURNOVER by geographical area (Thds Euros)	2003
	September
Spain	1,656,475
Chile and Others	89,282
Portugal	193,335
TOTAL	1,939,092

In terms of geographic distribution, turnover is greatly concentrated in the domestic market with 85.4% of the total. The business in Portugal is due to the proportionate contribution of the 29.69% of Somague, the second-largest company in Portugal in terms of turnover and held by Sacyr, head of the construction business of Sacyr Vallehermoso. Lastly, Chile and others, with 4.6% of the total, mainly includes the income from the infrastructure concessions held and operated in that country.

Operating expenses (general, personnel and operating costs) amounted to €1,647,622. Together with the increase in sales, this brought about a 66.3% increase over the group's gross operating profit in 2002 to €329.4 million.

The financial provisions recorded are due to the contribution needed to adjust Testa's holding in the listed company Maag Holdings to its market price at the end of the period.

The 41.1% increase in net financial expenses up to September 2003 compared to 2002 is mainly due to the increase in average remunerated debt, caused by the purchase of 12 properties leased from Endesa, increased purchasing of land in order to build the new developments in the first nine months of 2003 and the inclusion of the Sacyr group's debt, especially the concession debt to finance projects, among other factors.

Extraordinary profits have almost all come from the sale of real estate property in the course of the assets' usual rotation. The sale of housing leased in Madrid in Calle Emilio Jiménez Millas 2 and Calle Princesa 3 particularly stands out with a contribution of €56 million, along with disinvestment of an office block in Madrid in July with a margin of €40.2 million and a set of dwellings sold with a joint additional contribution to extraordinary profits of €20.6 million. This made total profits before tax €301.5 million, 49.7% higher than the same period 2002.

ORDER BOOK INCOME (Thds Euros)	September 2003		
	Order Book	% Ebitda*	O.Book/Income
Sacyr (Order Book)	1,839,968	6.1%	112,940
Somague (Order Book)	321,992	4.9%	15,729
Itinere (Concessional Income)	33,833,592	70.5%	23,863,768
Testa (Lease contracts to maturity)	1,900,000	73.3%	1,391,929
Vallehermoso (Pre-sales Book)	703,245	18.7%	131,318
TOTAL	38,598,797	66.1%	25,515,683

*Ebitda margin Q3 03

II. FINANCIAL STATEMENTS:

CONSOLIDATED BALANCE SHEET			
(Thds Euros)	Sept 02	Sept 03	Change 03/02
ASSETS			
Uncalled Share Capital	0	255	255
Fixed assets	1,740,113	3,594,856	1,854,743
Goodwill in Consolidation	3,463	100,405	96,942
Deferred expenses	11,529	367,515	355,986
Current assets	1,616,102	3,387,477	1,771,375
TOTAL ASSETS/LIABILITIES	3,371,207	7,450,507	4,079,300
LIABILITIES			
Equity	1,056,521	1,254,215	197,694
Minorities Interests	7,096	42,033	34,937
Badwill	601	14,080	13,479
Accruals	10,621	50,914	40,293
Provisions for contingencies and credit expenses	41,105	314,127	273,022
Long term creditors	1,267,882	3,293,822	2,025,940
Short term creditors	987,381	2,481,317	1,493,936

DEVELOPMENT OF THE BALANCE SHEET

The balance sheet 2003 is the result of the takeover of the Sacyr Group by Vallehermoso on May 29, while the balance sheet for the same period in 2002 is for the Vallehermoso Group and does not include the Sacyr Group. Thus, a great deal of the expansion shown on the balance sheet, with growth of 121%, is due to the inclusion of the Sacyr Group's assets.

The composition and movement under the main headings on the balance sheet are shown below.

Fixed assets

The balance on September 30, 2003 breaks down as follows:

FIXED ASSETS			
(Thds Euros)	Sept 02	Sept 03	Change 03/02
Start Up Expenses	3,228	13,434	10,206
Net Intangible Fixed Assets	74,686	451,326	376,640
Net Tangible Fixed Assets	1,553,486	2,944,962	1,391,476
Financial Assets & LT debtors	97,857	175,723	77,866
Own shares of the controlling company	10,856	9,411	(1,445)
Total Fixed Assets	1,740,113	3,594,856	1,854,743

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

The following chapters are the most significant entries under the tangible fixed assets heading: properties at €1,617.6 million, and investment in turnpikes and other toll roads at €1,241 million, of which €1,200 million are roads in operation and €40.8 million are works in progress. The rest is machinery, technical facilities, advances and other fixed assets. The balance of total cumulative depreciation is €204.9 million. During the financial year 2003, investments in progress in both leased real estate and turnpike concessions have been continued, without there having been significant additional increases.

The financial fixed assets heading includes holdings consolidated using the equity consolidation method worth €96.3 million, which includes the incorporation of Guadalmetro, awardee of the line 1 of the new Seville metro, as well as other financial holdings included in the securities portfolio worth €57.2 million. The latter most notably includes MAAG holding with a balance of €38.7 million on September 30, 2003. Other credits worth €31.4 million are also included.

Current assets

The current assets are shown below:

CURRENT ASSETS			Change
(Thds Euros)	Sept 02	Sept 03	03/02
Inventories	1,169,353	1,723,724	554,371
Debtors	415,779	1,321,784	906,005
Cash & Short term financial investments	29,240	341,969	312,729
Other Current Assets	1,730		(1,730)
Total	1,616,102	3,387,477	1,771,375

Current assets as a whole grew by €1,771 million, 109.6% compared with the same period in 2002. This is basically due to the following:

- 1.- The aforementioned effect of the takeover of the Sacyr Group with a contribution of €852.3 million from the construction business, which breaks down into €686.3 million from Sacyr and a further €166 million from its investee company Somague, which operates in Portugal, as well as €271 million from the concession business.
- 2.- An increase in stock, mainly caused by the increase in stock in the residential development business worth €457 million, due to purchases of land and works in progress for new developments (the acceleration in sales expected in 2003 compared to 2002 requires greater investment).
- 3.- The expansion of the development business has also involved a €242.5 million increase in current assets under the receivables heading.

Capital and reserves

The €197.6 million increase in capital and reserves during the period can be explained by a combination of two main factors; on the one hand there is the addition of the Sacyr Group's capital and reserves due to the takeover of Grupo Sacyr, S.A. by Vallehermoso, S.A. on January 1, and on the other hand, the effect of eliminating the financial holding that the Sacyr Group held in Vallehermoso, worth €568 million (bought in May 2002) which cancels out against the capital and reserves of the merged company.

The stock capital is represented by 245.81 million shares 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, the Itinere subgroup's concessions and Vallehermoso's housing development projects.

The group's debt on September 30, 2003 breaks down as follows:

(Thds €)	As of 30th September 2003								TOTAL
	SYV	SACYR	ITINERE	VALORIZA	TESTA	VALLSO	SOMAGUE	Adjustments	
Long term bonds and notes	103,415	0	126,163	0		0	3,949		233,527
Long term banking debt	129,785	261,227	786,628	27,665	1,232,625	385,998	29,645	0	2,853,573
Short term bonds and notes	214,75	0	0	0	0	0	2,407		217,157
Short term banking debt	59,049	57,488	83,667	8,597	55,344	533,983	45,957	1,583	845,668
TOTAL	506,999	318,715	996,458	36,262	1,287,969	919,981	81,957	1,583	4,149,925

As far as the kind of instrument is concerned, bank debt predominates with an 89.1% share of the total and with regards to the terms, long-term debt accounted for close to 75% of the total.

It is important to highlight the amount of debt committed to project financing, which was €959.2 million in September. This finance is linked to specific business involving public service concessions, especially turnpikes, which provides great security and stability to the revenues and cash flow generated by the operations.

The weighting of the debt portfolio that finances the property business, in the form of mortgages and hire purchase contracts, is also relevant. These total €1,287.9 million and are used to finance assets under operation. According to the last available valuation by an independent expert, in December 2002, adjusted for the acquisitions and divestments performed up until September 2003 (calculated at the acquisition/divestment price) property assets have a market value of €2,532 million. In other words, the debt is just 50.9% of such value.

Lastly, the development business, with debt of €919.9 million, finances the inventory shown on Vallehermoso's balance sheet with a book value of €1,597.2 million. On the same date, the contracted housing pending delivery to customers amounted to €703.2 million.

III. DEVELOPMENT OF THE BUSINESS AREAS

CONSOLIDATED PROFIT AND LOSS AS OF 30 TH SEPTEMBER									
(Thds Euros)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
Net Income	845,877	89,430	634,576	136,009	33,431	193,335	25,403	(18,968)	1,939,092
Other Income	3,096	31,725	291	28	201	2,751	85	(152)	38,025
Total Income	848,973	121,155	634,866	136,037	33,633	196,085	25,488	(19,120)	1,977,117
External and Operating expenses*	(797,052)	(58,077)	(516,371)	(36,398)	(33,076)	(186,641)	(39,127)	19,120	(1,647,622)
Gross Operating Profit	51,921	63,078	118,495	99,639	557	9,444	(13,638)	(0)	329,496
Depreciation	(9,228)	(12,651)	(143)	(21,240)	(678)	(4,513)	(3,834)	(1,163)	(53,450)
Reversion Fund	0	(7,999)	0	0	0		0	0	(7,999)
Trade Provisions	2,341	(128)	(724)	(273)	259	(117)	3,020	(0)	4,376
Net Operating Profit	45,033	42,299	117,628	78,126	138	4,814	(14,452)	(1,163)	272,423
Financial Results	7,143	(8,483)	(17,562)	(32,942)	(85)	(2,694)	73,941	(94,787)	(75,469)
Results from equity accounted subsidiaries	11	439	325	199	(289)	742	0	0	1,427
Financial Assets Provisions	(132)	0	0	(7,333)	0	0	0	21	(7,444)
Goodwill	(132)	(3,439)	(15)	0	(470)	0	0	(793)	(4,849)
Ordinary Profit	51,923	30,817	100,376	38,050	(707)	2,862	59,489	(96,721)	186,089
Net Extraordinary Results	5,255	534	875	118,222	288	667	(3,726)	(6,674)	115,440
PROFIT BEFORE TAXES	57,178	31,351	101,252	156,272	(419)	3,529	55,762	(103,395)	301,529
Corporate Tax	(18,867)	(6,202)	(35,472)	(13,840)	104	(1,144)	12,574	0	(62,846)
TOTAL PROFIT	38,311	25,149	65,780	142,432	(315)	2,385	68,337	(103,395)	238,683
Minorities	(587)	(2,882)	105	0	(10)	(194)	0	(954)	(4,522)
NET ATTRIBUTABLE PROFIT	37,724	22,267	65,885	142,432	(325)	2,191	68,337	(104,349)	234,161

*Includes Supplies

CONSOLIDATED BALANCE SHEET									
As of September 30th									
(Thds €)	Sacyr	Itinere	Vallehermoso	Testa	Valoriza	Somague	Holding	Adjustments	TOTAL
FIXED ASSETS	174,629	1,551,100	48,785	2,245,919	63,731	77,189	1,424,534	(1,522,858)	4,063,030
Tangible	23,647	1,214,502	2,938	1,520,438	35,332	25,476	26,510	96,119	2,944,962
Intangible	34,890	87	2,207	401,327	6,910	164	5,740	(0)	451,326
Financial and Other	115,527	265,126	43,640	324,154	17,460	30,558	1,392,284	(1,622,412)	566,337
Goodwill	564	71,386	0	0	4,029	20,990	0	3,436	100,405
CURRENT ASSETS	1,104,320	271,073	2,218,643	55,341	24,333	166,425	99,647	(552,306)	3,387,477
Stocks	79,065	999	1,597,231	6,810	3,219	18,307	835	17,257	1,723,724
Debtors	530,421	34,952	615,542	31,074	13,068	140,505	26,985	(70,763)	1,321,784
Others	494,834	235,122	5,870	17,457	8,046	7,613	71,827	(498,800)	341,969
ASSETS = LIABILITIES	1,278,949	1,822,173	2,267,428	2,301,261	88,065	243,614	1,524,181	(2,075,163)	7,450,507
LONG TERM FUNDS	613,305	1,480,164	1,115,921	2,191,807	62,919	99,405	906,722	(1,501,052)	4,969,190
Equity	314,752	223,022	380,107	916,830	28,301	47,775	659,143	(1,315,715)	1,254,215
Long term creditors	37,325	344,350	349,816	42,352	6,953	18,036	14,379	(185,337)	627,875
Long term interest bearing debt	261,227	912,791	385,998	1,232,625	27,665	33,594	233,200	0	3,087,100
CURRENT LIABILITIES	665,644	342,010	1,151,507	109,454	25,146	144,209	617,459	(574,111)	2,481,317
Short term creditors	608,156	258,343	617,524	54,109	16,548	95,846	343,660	(575,695)	1,418,491
Short term interest bearing debt	57,488	83,667	533,983	55,344	8,597	48,364	273,799	1,583	1,062,825

GROWTH AREAS

SACYR

Sacyr's income amounted to €845.8 million and its profit after tax amounted to €37.7 million.

The works portfolio amounted to €2,161 million, equivalent to 18,7 months' business.

The breakdown of the works portfolio is as follows:

ORDER BOOK (Thds Euros)	2003	
		September
Spain		1,606,700
Portugal		321,992
Other Countries		233,268
TOTAL		2,161,960

The portfolio is still mainly domestic, such works accounting for 74.3% of the total. Since the beginning of the year, the contracts awarded have enabled an increase of 11.9% in projects pending execution by September.

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

MAIN CONTRACTS AWARDED	
(Thds Euros)	September 03
BSCH Bussiness Center	29,946
Pórtico Building	24,236
Señorio 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	94,681
Building	215,680
Metro line 1 in Seville	121,854
Access to Nororiente S. Chile	108,876
AVE Pajares Tunnel	72,168
C. Real Airport	63,366
AVE Platform Alcira-Algemessí stretch	34,092
Contadores Watering installation	24,122
Other Civil Work	149,837
Civil Work	574,316
Somague	133,221
Others	136,374
Total	1,059,591

The more relevant works awarded in the first nine months of the year amounted to €1,059.5 million. The following stand out among the main contracts awarded:

- Railway works awarded by GIF, for the stretches of the Ave high-speed railway in the Pajares tunnel worth €72.1 million and the platform for the Alcira-Algemessí stretch worth €34.09 million.
- Northeast access highway to Santiago de Chile for a successful bid of €108.8 million in September.
- Construction of the future metro line 1 in Seville for €121.8 million, awarded in February together with other companies.
- Performance of the first stage of Ciudad Real airport for €63.3 million.

VALLEHERMOSO

Vallehermoso's sales amounted to €634.5 million with profit after tax of €65.8 million. Residential product sales were €612.1 million. The remaining €22.4 million came from land sales.

Contracted residential sales have consistently grown over the period to €587.7 million or 2,588 homes.

The change in contracted sales of residential product and land up until September for each regional area is shown below:

CONTRACTED SALES (Thds Euros)	September 2003	
	2003	Margin*
LAND	24,657	3,647
HOUSING DEVELOPMENT	587,789	134,211
Andalucía	98,579	24,263
Canary Islands	23,431	5,095
Catalonia	95,799	17,366
Central Spain	193,624	34,152
Northwest Spain	4,614	737
Eastern Spain	72,100	26,065
Northern Spain	99,642	26,533
TOTAL GROUP	612,446	137,858

*Direct Ebitda (includes sales direct costs only)

In the first nine months of 2003, the main land purchases made in the various areas were as follows:

<u>Location</u>	<u>Equivalent Product</u>
. Center	1,376 homes
. East	1,162 homes
. North	1,171 homes
. Northeast	402 homes
. Canary Islands	316 homes
. South	519 homes
TOTAL	4,946 homes

Reserves of residential land amounted to 2.86 million m2, which is the equivalent of 15,860 homes and an assured period of activity of 3.9 years, in line with previous periods.

RECURRING AREAS

ITINERE

Itinere Infraestructuras' concession business recorded turnover of €89.4 million with net profit of €22.2 million.

The average daily traffic grew steadily in all concessions. The largest, Avasa, saw the greatest growth with 12,710 vehicles/day. Aunor and Euroglosa M-45 both reached the highest levels of traffic since the concessions opened, with a monthly growth in September of more than 10% in both cases, compared to the same period last year.

Business in Chile, where there is a high level of guaranteed income in the concession framework, is continuing to gradually improve over the traffic levels recorded since the beginning of the year.

ADT	2003
	September
Y-O-Y CHANGE	
Spain	
Avasa	12,710
Aunor*	9,634
Euroglosa 45*	77,793
Aucalsa**	7,958
A-9**	20,360
Audenasa**	14,708
A-55**	11,404
A-57**	6,796
Chile	
R-5 Los Lagos*	3,536
R-5 El Elquí*	3,109
Rutas del Pacífico*	13,941
Red Vial Litoral Central*	2,479

*Monthly data. **ENA subgroup acquired on October 30.

The new contracts gained up until September were for Seville metro line 1, with total income forecast for the concession period of €592.5 million, and the northeast access to Santiago in Chile, which is a 22 Km highway with a 40-year term and a contribution of €822.7 million expected over its operational lifetime.

In addition, it is important to highlight the awarding of the privatization of ENA in May to a consortium, led by Itinere with a 50% share, for €1,586 million. The formalities were carried out on October 30. The deal will raise Itinere's expected income from 2004 onwards by 50%, increasing the portfolio of turnpikes under operation to 2,549 Km. ENA has a total of 436 Km of operational turnpikes shared among 5 road concessions in Spain plus other minority holdings in Spain and Chile. This deal was financed with a syndicated loan worth €1,200 million provided by the purchasing consortium and forty participating financial institutions.

Thus, taking ENA's expected income portfolio together with the rest of the Itinere group's concessions, the total portfolio has grown significantly to €33,833 million.

This major growth in the business' recurring income portfolio means that the expected turnover for the year will be less than 1% of the total in the existing portfolio last September, of which more than 90% is in the domestic sphere.

As far as current investment in operations is concerned, the contribution of Avasa's turnpike (Bilbao-Zaragoza) particularly stands out with a 300 km route, which is 48% of the total operational concessions. Works in progress on other roads amounted to €40.8 Million.

INVESTMENTS (Thds Euros)	September 2003	
	In Operation	Under Construction
AVASA	572,979	43
AUTOV. NOROESTE	43,629	
España	616,608	43
S.C.DEL ELQUI	202,578	
S.C.LOS LAGOS	212,006	
S.C. RUTAS P.	162,257	
S.C.LITORAL C.	6,937	17,292
S.C.AUTOP.MET	0	2,486
Chile	583,778	19,778
SUBTOTAL	1,200,386	40,822
M45	6,350	
ACEGA	1,300	
Radial 2	5,200	
Acessos Madrid	12,830	
Aeropuerto Murcia	6,510	
ENA	810,500	
Non consolidated & Equity Method	842,690	
TOTAL	2,043,079	40,822

TESTA

The income achieved by Testa during the period was €136 million with net profit of €142.4 million. This was partly boosted by the high level of extraordinary profit generated by the sale of assets and the low tax payable during the period, since in the first half of the year, the company finished offsetting the tax losses to date.

The growth in income was mainly due to the combination of a rise in the average rentable surface area of 16.4%, an increase in the rented surface area of 1.2%, a 12% increase in average revenue per unit due to rent updating and the inclusion of assets in the portfolio with a higher level of average income per unit of surface area.

The factors that explain the change in leasing revenue compared to the previous year are shown below:

	2003
Revenue (thousands of euros)	136,009
Average occupied surface area (M ²)	1,300,999
Average revenue per unit (€ /m ² /month)	1.64
Average rentable surface area (M ²)	1,388,473
Occupancy rate	93.7

The reduction experienced in the occupancy rate as of September against last June is fully due to the start of refurbishment of two office buildings in Madrid, this according the plan set up in the year and whose marketing develops as expected. Thus, occupancy rate adjusted by this effect would have stood at 96.7% at last September.

Among the most significant investments, it is worth pointing out that Endesa awarded Testa 12 office buildings under lease worth €385 million and with a surface area of 110,491 meters. This brought about an increase of more than 26% in office space and a rise of approximately 28% in Testa's net rental revenues, with Endesa remaining as tenant in all the buildings.

The deal was carried out on February 15, 2003, and was mostly financed through long-term hire purchase (14 years).

PROPERTY (Thds Euros)	SALES 2003	GROSS PROFIT 2003
	September	September
Phillips Building	79,000	40,289
Princesa 3	58,193	46,050
E. J. Millas 2	12,727	10,049
Others	26,331	20,624
TOTAL	176,251	117,012

The most significant sales of properties were the 414 apartments in Calle de Princesa 3 and in Calle Jiménez Millas, 2 for €70,920,000, which contributed a margin of €56,091,000.

In addition, the office building in Calle Martínez Villergas in Madrid was sold in July for €79 million, which contributed a margin of €40.2 million.

IV. BOARD RESOLUTIONS

- 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. This payment was made on January 31, 2003. In addition, the General Shareholders Meeting, in an ordinary and in an extraordinary session held on April 3, 2003, resolved to pay a supplementary dividend for the financial year 2002 of €0.075 euros per share. This dividend was paid on April 10, 2003. These dividends are 20% higher than those in the previous year. On July 7, 2003, the Board of Directors agreed to pay a dividend on account 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.
- 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. carried out an increase in capital of €91,046,810 by issuing and putting 91,046,810 new shares into circulation on May 30, 2003 with a par value of €1 each, represented by book entries. The takeover was approved in the General Shareholders Meeting held in an Ordinary and Extraordinary session on April 3, 2003. The company resulting from the takeover, which has the name of "SACYR VALLEHERMOSO, S.A." was recorded in the Companies Registry of Madrid on May 30, 2003.
- 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 May 28, 2003, Sociedad Estatal de Participaciones Industriales (SEPI) announced the awarding of the privatization of Empresa Nacional de Autopistas (ENA) to the consortium led by Grupo Sacyr, S.A. (50%), which included Grupo Santander (20%), Caixa de Aforros de Vigo, Ourense e Pontevedra, Caixanova (10%), Caja de Ahorros de Galicia (Caixa Galicia) (10%), Monte de Piedad y Caja de Ahorros de Huelva y Sevilla (El Monte) (5%) and Torreal, S.A. (5%) for €1,586 million. The acquisition reinforces our commitment to growth in a solid business area with recurring income, in line with the strategic objectives of the Sacyr Vallehermoso Group. The purchase deed for ENA was authorized on October 30, 2003.

- In its meeting held on June 5, 2003, the Board of Directors accepted the resignation of the following from all their posts: the President, José María Cuevas Salvador, the Chief Executive Officer, Mr. Emilio Novela Berlín, and the board members Mr. John Gómez Hall and Mr. Barón G. Jacobs. The Board expressed their recognition and appreciation of the services rendered to the company by the aforementioned directors. In addition Mr. José Manuel Loureda Mantiñán was appointed President of the Board of Directors and its Executive Committee and Mr. Luis Fernando del Rivero Asensio and Mr. Juan Abelló Gallo were appointed First and Second Vice-presidents of the Board of Directors, respectively. The Board of Directors, which is joined by Mr. Vicente Benedito Francés, was thus made up of 14 members: Mr. José Manuel Loureda (President), Mr. Luis del Rivero (Chief Executive Officer and First Vice-president), Mr. Juan Abelló (Second Vice-president) and the board members: Mr. Antonio Basagoiti García-Tuñón, Mr. Vicente Benedito Francés, Mr. Jose Ramón Calderón Ramos, Mr. Demetrio Carceller Arce, Mr. Matías Cortés Domínguez, Mr. Pedro del Corro García-Lomas, Mr. Ignacio Ezquiaga Domínguez, Mr. Pedro Gamero del Castillo y Bayo, Mr. Francisco Javier Gayo Pozo, Mr. Manuel Manrique Cecilia and Mr. Juan Miguel Sanjuán Jover.
- On June 25, 2003, the Board of Directors accepted the resignation from the post of director submitted by Mr. Ignacio Ezquiaga Domínguez, who was thanked for the services rendered to the Company, Participaciones Agrupadas, S.L. was appointed in his stead, which will exercise the duties of the post through its representative the aforementioned Mr. Ignacio Ezquiaga Domínguez. In the same meeting, the board accepted Mr. Vicente Benedito Francés resignation as Secretary of the Board of Directors, who was replaced by Ms. Marta Silva de Lapuerta.
- On July 30, 2003, the Board of Directors accepted the resignation from the post of director submitted by Mr. Manuel Manrique Cecilia, who was thanked for the services rendered to the Company. In his stead, the following were appointed members of the Board of Directors through the cooption procedure: Corporación Caixa Galicia S.A.U., represented by Mr. José Luis Méndez López and Cymofag, S.L., which will exercise the duties of this post through its representative Mr. Manuel Manrique Cecilia.
- On the same date, 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.
- On October 8, 2003, the Board of Directors resolved to distribute the second dividend on account for the financial year 2003, worth €0.075 per share. It was paid on October 15, 2003. In addition, it resolved to pay an extraordinary dividend on account for the financial year 2003 of €0.12 per share (12.0% of the par value of the shares). This is intended to return part of the value that the merger to create SyV Group has added to the shareholders. This extraordinary dividend was paid on October 16.

V. STOCK MARKET DEVELOPMENT

		2003
		September
Closing Stock Price (euros p.s.)		10.55
Market Capitalization (Mn Euros)		2,593,304
EPS (Y-o-Y EPS / N° Shares)	Euros	0.95
CFPS (Y-o-Y EPS / N° Shares)	Euros	1.23
Trading Volumen (Thds Euros)		2,671,450
Frecuency of trading	%	100
N° of Shares (Thds)		245,811
Share Nominal Value		1 EURO



VI. SHAREHOLDING STRUCTURE

STOCK MARKET PERFORMANCE

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

	N° shares	%
Mr. Juan Abelló Gayo (1)	22,072,569	8.98%
Mr. Antonio Basagoiti García de Tuñón (2)	1,000	0.00%
Mr. Vicente Benedito Francés	51,103	0.02%
Mr. José Calderón Ramos (3)	15,496,514	6.30%
Mr. Demetrio Carceller Arce (5)	18,000	0.01%
Corporacion Caixa Galicia,S.A.	3,687,660	1.50%
Mr. Matías Cortés Domínguez	100	
Mr. Pedro del Corro García-Lomas (1)	117,611	0.05%
Mr. Luis Fernando del Rivero Asensio (4)	33,016,715	13.43%
Participaciones Agrupadas, S.R.L.	12,292,007	5.00%
Mr. Pedro Gamero del Castillo y Bayo	100	
Mr. Francisco Javier Gayo Pozo	5,005,806	2.04%
Mr. José Manuel Loureda Mantiñán	29,971,078	12.19%
Mr. Manuel Manrique Cecilia	17,207,343	7.00%
Mr. Juan Miguel Sanjuán Jover	9,046,110	3.68%

TOTAL Board of Directors	147,983,716	60.20%
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Total N° of shares	245,810,851	100.00%
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(1) Directors representatives of Torreal, S.A. and Torreal S.C.R.,S.A.

(2) Director representing Banco Santander Central Hispano, that according to the information available in the merger of Vallehermoso and Sacyr prospectus filed in the Spanish CNMV on May 29, held a stake of 3.18%.

(3) Director representing Almarfe, S.L., owned at 100% by Mr. Fernando Martín Alvarez, Chairman of Martinsa, Real Estate Group.

(4) 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%.

(5) Director representing Disa Corporación Petrolífera, Atlántica Petrogas and Renta Insular Canaria, that according to the information available in the merger of Vallehermoso and Sacyr prospectus filed in the Spanish CNMV on May 29, held a stake of 3.12%.