

A free translation of the report on the consolidated annual accounts originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish language version prevails.

## AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

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To the Shareholders of  
Abengoa, SA  
Seville


We have audited the consolidated annual accounts of Abengoa, SA and its subsidiaries, consisting of the consolidated balance sheet at December 31, 2003, the consolidated profit and loss account and the related notes to the annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the parent Company. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work carried out in accordance with auditing standards generally accepted in Spain which require the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made. Our work did not include the audit of the annual accounts at December 31, 2003 of some companies listed in Appendix I and II of the enclosed consolidated annual accounts, in which Abengoa, SA holds an interest of participation and whose total assets and net turnover represent a 29,3 and 27,6% of the corresponding consolidated annual accounts, respectively. Said annual accounts of such companies have been examined by other auditors and our auditor's opinion on the consolidated annual accounts of Abengoa, SA and its subsidiaries is based, in respect of the investment on such companies, only on these other auditors' report.

In accordance with Spanish Corporate Law, the parent Company's Directors have presented, for comparative purposes only, for each item of the consolidated balance sheet and the consolidated profit and loss account, the corresponding amounts for the previous year as well as the amounts for 2003. Our opinion refers exclusively to the consolidated annual accounts for 2003. On February 24, 2003 we issued our audit report on the 2002 consolidated annual accounts, in which we expressed an unqualified opinion.

In our opinion, based on our audit and on other auditors' report (see Appendix I and II), the accompanying consolidated annual accounts for the year 2003 present fairly, in all material respects, the consolidated financial position of Abengoa, SA and its subsidiaries at December 31, 2003 and the consolidated results of its operations for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with generally accepted accounting principles in Spain, applied on a basis consistent with that of the preceding year.

The accompanying consolidated Directors' Report for 2003 contains the information that the parent Company's Directors consider relevant to the consolidated companies' position, the evolution of its business and of other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the aforementioned Directors' Report coincides with that of the consolidated annual accounts for 2003. Our work as auditors is limited to checking the Directors' Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the group companies' accounting records.

PricewaterhouseCoopers Auditores, S.L.

  
Raúl Oscar Yebra Cemborain  
Partner

February 27, 2004

## **Consolidated Annual Accounts at December 31, 2003**

(Free translation from the original in Spanish)



**a) Consolidated Balance Sheets at December 31, 2003 and 2002**

**Consolidated Balance Sheets at December 31, 2003 and 2002**

- Expressed in thousands of Euros -

<b>Assets</b>	<b>31/12/2003</b>	<b>31/12/2002</b>
<b>B. Fixed Assets</b>		
I. Start-up and Capital Increase Expenses	14.009	18.864
II. Intangible Fixed Assets		
Intangible fixed assets	155.017	139.591
Provisions and amortisation	(85.932)	(71.281)
	<b>69.085</b>	<b>68.310</b>
III. Tangible Fixed Assets		
Tangible fixed assets	518.033	523.369
Provisions and amortisation	(220.192)	(200.468)
	<b>297.841</b>	<b>322.901</b>
IV. Fixed Assets Project Finance		
Intangible fixed assets	14.906	20.557
Provisions and amortisation	(5.144)	(4.214)
Tangible fixed assets	457.574	349.676
Provisions and amortisation	(58.347)	(48.797)
Financial fixed assets	54.074	67.125
	<b>463.063</b>	<b>384.347</b>
V. Long-term Investments		
Investments in associated companies	23.952	22.000
Long-term investments	36.839	37.870
Other investments and loans	20.373	11.469
Provisions	(5.893)	(4.594)
	<b>75.271</b>	<b>66.745</b>
<b>Total Fixed Assets</b>	<b>919.269</b>	<b>861.167</b>
<b>C. Goodwill</b>	<b>319.375</b>	<b>310.981</b>
<b>D. Deferred Charges</b>	<b>15.468</b>	<b>21.493</b>
<b>E. Current Assets</b>		
II. Stocks	202.125	225.973
III. Accounts Receivables		
Trade receivables	255.694	306.320
Amounts owed by associated companies	43.044	33.728
Other receivables	180.817	169.524
Provisions	(4.267)	(2.712)
	<b>475.288</b>	<b>506.860</b>
IV. Short-term Investments		
Short-term investments	114.789	84.220
Loans to associated companies	151	1.221
Other investments	47.522	102.873
Provisions	(662)	(2.829)
	<b>161.800</b>	<b>185.485</b>
VI. Cash at Bank and in Hand	264.471	191.702
VII. Accruals and Prepayments	5.317	7.648
<b>Total Current Assets</b>	<b>1.109.001</b>	<b>1.117.668</b>
<b>Total Assets</b>	<b>2.363.113</b>	<b>2.311.309</b>

# Consolidated Balance Sheets at December 31, 2003 and 2002

- Expressed in thousands of Euros -

## Shareholders' Equity and Liabilities

	31/12/2003	31/12/2002
<b>A. Shareholder's Equity</b>		
I. Share Capital	22.617	22.617
II. Share Premium	110.009	110.009
III. Revaluation Reserve	3.679	3.679
IV. Other Reserves of Parent Company		
Distributable reserves	107.417	90.319
Non-distributable reserves	4.523	4.523
	111.940	94.842
V. Reserves in Consolidated Companies	87.696	79.411
VI. Reserves in Associated Companies	2.788	866
VII. Cumulative Translation Adjustments		
In Subsidiaries Consolidated by line-by-line or Proportional Method	(49.542)	(38.457)
In Companies consolidated by equity method	(5.454)	(5.710)
	(54.996)	(44.167)
VIII. Net Profit attributable to the Group		
Net income for the year	47.810	45.169
Net Profit attributable to minority interests	(761)	(1.672)
	47.049	43.497
<b>Total Shareholders' Equity</b>	<b>330.782</b>	<b>310.754</b>
<b>B. Minority Interests</b>	<b>47.093</b>	<b>40.813</b>
<b>D. Deferred Income</b>	<b>74.407</b>	<b>98.181</b>
<b>E. Provisions for contingencies and expenses</b>	<b>37.284</b>	<b>34.571</b>
<b>G. Project Finance</b>		
I. Long-term Project Finance	176.203	140.357
II. Short-term Project Finance	93.480	129.555
<b>Total Project Finance</b>	<b>269.683</b>	<b>269.912</b>
<b>H. Long-term Liabilities</b>		
II. Loans	545.754	549.975
III. Other Liabilities	98.051	79.573
<b>Total Long-term Liabilities</b>	<b>643.805</b>	<b>629.548</b>
<b>I. Current Liabilities</b>		
II. Loans	62.330	61.081
III. Amounts owed to Associated Companies	4.872	10.536
IV. Trade Payables	730.684	747.845
V. Other Non-Trade Payables	154.848	103.753
VI. Other Payables	2.437	2.018
VII. Accruals	4.888	2.297
<b>Total Current Liabilities</b>	<b>960.059</b>	<b>927.530</b>
<b>Total Shareholder's Equity and Liabilities</b>	<b>2.363.113</b>	<b>2.311.309</b>

**b) Consolidated Profit and Loss Accounts for the Years Ended December 31, 2003 and 2002**



**Consolidated Profit and Loss for the years ended December 31, 2003 and 2002**

- Expressed in thousands of Euros -

	<u>31/12/2003</u>	<u>31/12/2002</u>
<b>Expenses</b>		
Materials consumed	1.019.745	1.025.104
Decrease in stocks	3.424	0
Personnel expenses	243.252	241.957
R & D amortisation charges	13.487	7.636
Other amortisation charges	53.376	47.704
Change in trading provisions	3.424	1.142
Other operating expenses	253.717	236.419
<b>Total Operating Expenses</b>	<b>1.590.425</b>	<b>1.559.962</b>
<b>I. Operating Profit</b>	<b>114.940</b>	<b>118.260</b>
Financial expenses	61.965	66.780
Loss on financial investments	12	11.935
Change in financial investments provisions	123	301
Negative exchange differences	14.545	20.444
<b>Total Financial Expenses</b>	<b>76.645</b>	<b>99.460</b>
<b>II. Net Financial Income</b>	<b>0</b>	<b>0</b>
Participation in losses from companies under equity method	329	164
Amortisation of goodwill	19.380	16.672
<b>Total Ordinary Expenses</b>	<b>1.686.779</b>	<b>1.676.258</b>
<b>III. Profits from Ordinary Activities</b>	<b>66.218</b>	<b>37.432</b>
Loss on sale of fixed assets	915	4.316
Decrease in provisions of tangible and intangible fixed assets	2.295	4.441
Loss on sale of investments in consolidated companies	946	112
Extraordinary expenses	31.494	71.179
<b>Total Extraordinary Expenses</b>	<b>35.650</b>	<b>80.048</b>
<b>IV. Net Extraordinary Income</b>	<b>0</b>	<b>0</b>
<b>Total Expenses</b>	<b>1.722.429</b>	<b>1.756.306</b>
<b>V. Net Profit before Tax</b>	<b>64.497</b>	<b>23.732</b>
Corporate income tax	(16.687)	21.437
<b>VI. Net Profit after Tax</b>	<b>47.810</b>	<b>45.169</b>
Profit attributable to minority interests	(761)	(1.672)
<b>VII. Profit attributable to the Group</b>	<b>47.049</b>	<b>43.497</b>

**Consolidated Profit and Loss for the years ended December 31, 2003 and 2002**

- Expressed in thousands of Euros -

<b>Income</b>	<b>31/12/2003</b>	<b>31/12/2002</b>
Net turnover	1.635.314	1.521.932
Increase in stocks	0	41.119
Work done for own fixed assets	31.912	47.663
Other operating income	38.139	67.508
<b>Total Operating Income</b>	<b>1.705.365</b>	<b>1.678.222</b>
Dividends from undertakings	3.656	2.078
Other financial income	14.892	16.928
Profits on short-term financial investments	15.025	37
Positive exchange differences	11.464	13.202
<b>Total Financial Income</b>	<b>45.037</b>	<b>32.245</b>
<b>II. Net Financial Losses</b>	<b>31.608</b>	<b>67.215</b>
Participation in profits from companies under equity method	2.595	3.223
Amortisation of negative goodwill	0	0
<b>Total Income from Ordinary Activities</b>	<b>1.752.997</b>	<b>1.713.690</b>
Income from sale of fixed assets	319	25.557
Income from sale of investments in consolidated companies	5.328	177
Income from sale of investments in companies under equity method	84	0
Capital grants transferred to profits for the year	3.826	3.539
Other extraordinary income	24.372	37.075
<b>Total Extraordinary Income</b>	<b>33.929</b>	<b>66.348</b>
<b>IV. Net Extraordinary Losses</b>	<b>1.721</b>	<b>13.700</b>
<b>Total Income</b>	<b>1.786.926</b>	<b>1.780.038</b>



**c) Notes to the Consolidated Annual Accounts at December 31, 2003**



## Notes to the Consolidated Annual Accounts at December 31, 2003

### Note 1.- Activity.

Abengoa, S.A. is an industrial and technological Company that, at the end of the year 2003, held a group (hereinafter, Abengoa or the Group) formed by 208 companies, the parent Company itself, 181 subsidiaries and 26 associated companies. Moreover the different companies have investments in about 184 Temporary Consortiums. In addition, Group companies hold interests of less than 20% in other companies.

Abengoa, S.A. was set up as a Limited partnership on January 4, 1941 in Seville and was subsequently transformed into a corporation on March 20, 1952. It is registered in the Mercantile Register of Seville, initially on form 2,921, folio 107 of volume 47 of Corporations and currently, due to the recent adaptation and rewording of the company's articles of incorporation, is registered in volume 573, book 362 of Section 3 of Corporations, folio 94, form SE-1507, registration 296. The company's current registered office is located at Avenida de la Buhaira, nº 2 in Seville.

The company's corporate purpose is described in Article 3 of the company's articles of incorporation. Within the main activities mentioned in the corporate purpose, Abengoa as an applied energy and equipment Company, provides integral solutions in the Energy, Telecommunications, Transport, Water, Environment, Industry and Services sectors.

Abengoa is an industrial and technological Company that provides solutions for Sustainable Development, the Society of Information and Knowledge and Infrastructure Creation.

Abengoa operates through four Business Groups, the activities of which are as follows:

- Bioenergy:

This area of activity involves the production of ethyl alcohol from vegetable products (cereals, biomass). The alcohol, (bioethanol) is used to manufacture ETBE (unleaded petrol additive or component) or is blended directly with petrol and gasoil. As it is a renewable energy, net CO<sub>2</sub> emissions are reduced (greenhouse effect). Production of DDGS (Distillers Dried Grain and Soluble), a protein complement for animals and CO<sub>2</sub>.

- Environmental Services:

Aluminium, salt slags and zinc waste recycling. Industrial Waste Management, Industrial and Hydrocarbon Cleaning. Environmental Engineering (engineering and construction for water treatment and waste management).

- Information Technologies:

A specialist in Real Time IT solutions with high added value for specific industrial sectors, such as Energy, Environment, Traffic and Transport. Telvent is a leading provider to these industries in Spain, North America, Latin America and Asia.

With over 40 years experience in industrial supervisory control and business process management systems, Telvent executes projects and supplies technical services in the field of mission-critical, real-time control and information management, which are complemented with the most comprehensive portfolio of outsourcing and consulting services, for managing IT and technological infrastructure for its extensive international client base.

- Engineering and Industrial Construction:

Engineering, construction and maintenance of electrical, mechanical and instrumentation infrastructures for the energy, industrial, transport and service sectors. Development, construction and operation of industrial plants, conventional power plants (cogeneration and combined cycle) and renewable energy facilities (bioethanol, biomass, wind, solar, geothermal), as well as those based on hydrogen and fuel cells. Turnkey telecommunications networks and projects. Merchandising of products related to aforementioned activities as well as manufacturing of auxiliary elements for energy and telecommunications.

## **Note 2.- Subsidiary Companies.**

Information concerning the 181 Consolidated Subsidiary companies by line-by line method is given in Appendix I to these Notes.

## **Note 3.- Associated Companies.**

Information on the 26 Associated Companies consolidated by the equity method is given in Appendix II to these Notes.

**Note 4.- Temporary Consortiums.**

- 4.1. Information on the 130 Temporary Consortiums consolidated by the Proportional Consolidation Method is given in Appendix III to these Notes.
- 4.2. Under the provisions of articles 11 and 14 of the Rules for the Formulation of Consolidated Annual Accounts, 54 Temporary Consortiums have not been included in the consolidation process. The net book value of the investments in the non-consolidated Temporary Consortiums is € 352 thousands, and they are accounted for as "Short-Term Investment" on the consolidated balance sheet. The net turnover in proportion to the interest held is 0.44% of the net consolidated turnover. The net aggregated profit in proportion to the interest held is € (111) thousands.

**Note 5.- Abengoa, S.A. Profit Distribution.**

The proposal for the distribution of the net profit of Abengoa, S.A. for the year 2003 to be submitted for the approval of the General Shareholders' Meeting is as follows:

Basis of distribution	€ thousands Amount
Profit and Loss	13,340
<hr/>	
Application to	Amount
Distributable reserves	674
Dividends	12,666
<b>Total</b>	<b>13,340</b>

**Note 6.- Bases of Presentation of the Consolidated Annual Accounts.**

6.1. The Consolidated Annual Accounts are based on the statutory accounting records of Abengoa, S.A. and its group of companies and are prepared in accordance with generally accepted accounting principles in Spain established in the current mercantile legislation, to present fairly the equity, the financial position and the results of the Group.

6.2. The figures contained in the documents that comprise the Consolidated Annual Accounts (balance sheet, profit and loss account and these notes) are expressed in thousands of Euros.

Unless otherwise stated, the percentage holding in the capital of entities includes both the direct interest and the indirect interest corresponding to group companies with direct holdings, not the total interest which would be held by the parent Company.

6.3. When necessary, the appropriate reclassifications have been made on the 2002 balance sheet and profit and loss account, in order to facilitate the comparison with the year 2003 figures. Applying the true and fair view criterion, interests acquired as a vehicle for specific business operations are valued from their acquisition date until the date of sale using accounting criteria similar to those used for other investments, with the difference that the amortization of the implicit goodwill is deferred for accounting purposes and that the associated profit/loss are considered as an operating results, to the extent that there are no reasons that make an earlier reduction of its book value advisable, until the vehicle company starts its regular economic operations, applying a strict criterion of correlation of income and expenses (integral treatment).

6.4. Appendix I lists the 27 Companies / Entities that are fully consolidated by the line-by-line method for the first time in this year. (See Note 6.6 and footnotes to Appendix I).

- 6.5. On January 31, 2003, Telvent GIT, S.A., a subsidiary of Abengoa and holding of the Information Technology Business Group, acquired control of the Network Management Solution Division of Metso Corporation, by means of purchasing 100% of its subsidiaries in Canada and the United States. The two companies named today Telvent Canada and Telvent USA, employ more than 400 people in their offices in Calgary, Houston and Baltimore.

This acquisition will provide Telvent with an internationally leading position in the Information Control Systems market for the gasoline, gas and electricity energy sectors and the water sector. The Division acquired has a select portfolio of technological applications for the aforementioned market.

Telvent and Metso have been collaborating technologically for the last 9 years through the exclusive integrator agreement for Spain, which was previously established through Telvent E y MA, a subsidiary of Telvent.

The total amount of the investment in the two companies was 35 million dollars, including 7 million dollars in Cash, 20% of net amount was deferred for a year to guarantee any possible contingencies that might arise after the transaction had been closed, a further 20% was paid with the companies own cash, 30% was financed by means of debt without recourse of the companies acquired, and the remaining 30% was paid through shareholders' funds.

- 6.6. The inclusion of Telvent USA and Canada in the consolidated profit and loss account for the year 2003 contributed € 42,987 thousands to the sales figure in relation to the preceding year. In the rest of the profit and loss account captions, no significant differences can be seen, once the amortisation of the Goodwill has been taken into account. The consolidation of the rest of the companies mentioned in Note 6.4 did not have any significant effect on the global consolidated figures at December 2003.
- 6.7. Appendix II shows the 3 Companies / Entities included this year in the consolidation that are consolidated by the equity method.
- 6.8. Likewise, 71 Temporary Consortiums were consolidated for the first time in the year, as they started their activities in this year and/or commenced significant operations. Their contribution to the consolidated turnover is € 37,353 thousands.

6.9. Certain Companies / Entities have been excluded from the consolidation process (line-by-line method):

Corporate Name	% Shareholding	Reason
Abensurasa AIE	100,0%	Disposal of the company
Adenur, S.A.	100,0%	Disposal of the company
Aguas de Baena AIE	100,0%	Disposal of the company
Altamira Medioambiental, S.L.	100,0%	Disposal of the company
Aureca, Aceites usados y Rec. Energ. Madrid S.L.	100,0%	Disposal of the company
Aureca, Aceites usados y Rec. Energ. Princip. Asturias S.A.	100,0%	Disposal of the company
Aurecan, Aceites usados y Rec. Energ. Andalucía S.L.	100,0%	Disposal of the company
Auremur, Aceites usados y Rec. Energ. Murcia S.L.	100,0%	Disposal of the company
Aureval S.L.	100,0%	Disposal of the company
AVR S.L.	99,9%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Befesa Tratamientos Especiales, S.L. (antigua unquinalva)	100,0%	Absorption by Befesa Tratamientos y Limpiezas Industriales, S.L.
Berako Equipos Especiales S.L.	100,0%	Absorption by Befesa Tratamientos y Limpiezas Industriales, S.L.
Berako S.A.	100,0%	Absorption by Befesa Tratamientos y Limpiezas Industriales, S.L.
BGRI, S.A.	100,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Bioeléctrica de la Vega S.A.	100,0%	Dissolution of the company
Biomasa de Cantillana, S.A.	100,0%	Dissolution of the company
Cartamb S.L.	99,8%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Cartera Ambiental, S.A.	80,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Comercial Sear S.L.	100,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Complejo Medioambiental de Andalucía, S.A.	100,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Dinunzio	100,0%	Disposal of the company
Eléctrica Biovega S.A.	99,9%	Dissolution of the company
Emp. Mixta de Serv. Munic. de El Ejido, S.A. (Elsur)	70,0%	Disposal of the company
Energía Renovables Leonesas, S.A. (Erlasa)	50,0%	Dissolution of the company
Flores e Hijos S.A.	100,0%	Disposal of the company
Hidro Clean, S.A.	100,0%	Absorption by Befesa Tratamientos y Limpiezas Industriales, S.L.
Hidro Limpo S.A.	100,0%	Absorption by Befesa Tratamientos y Limpiezas Industriales, S.L.
Hidroalfa S.A.	100,0%	Dissolution of the company
Hidrobeta S.A.	100,0%	Dissolution of the company
Hidrogamma S.A.	100,0%	Dissolution of the company
Inarco S.L.	100,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Laitek Luz y Tecnología S.A.	70,0%	Absorption by Befesa Tratamientos y Limpiezas Industriales, S.L.
Nuema, Nuevas Energías Madrid S.L.	100,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Prisma, Promoc. Ind y Med. S.L.	100,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Procesos y Gestión Ambiental, S.A.	80,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Reromas, S.L.	90,0%	Disposal of the company
Retraoil S.L.	100,0%	Disposal of the company
Subestaciones y Líneas en el Bajo-Oriental, S.A. de C.V.	50,0%	Change of consolidation method
Suministr. Petrolíferos del Mediterráneo S.L.	99,9%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Tec - 88 S.L.	100,0%	Disposal of the company
Tratamiento de Aceites y Marpoles S.A.	50,0%	Disposal of the company
Tratamientos y Pinturas Especiales, S.L. (Trespi)	100,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Tría, Equipo de Gestión Ambiental S.L.	80,0%	Absorption by Befesa Gestión Residuos Industriales, S.L.
Urbaoil	100,0%	Disposal of the company
Vicente Fresno Aceites S.A.	95,0%	Disposal of the company

Companies excluded from the consolidation process due to being absorbed through a merger process, are still consolidated in these Annual Accounts through the new companies (Befesa Tratamientos y Limpiezas Industriales, S.L. and Befesa Gestión Residuos Industriales, S.L.)

Sales and results contribution to the consolidated figures coming from companies excluded from the consolidation process due to the disposal of the company, has been € 26,517 thousands and € 1,320 thousands, respectively. Contribution from companies excluded by any other reason has been practically non existent.

- 6.10. Certain Companies / Entities have been excluded from the consolidation process (equity method):

Corporate Name	% Shareholding	Reason
Digitek-Micrologic-Sainco Tráfico, AIE	50,0%	Dissolution of the company
Ecolube	30,0%	Disposal of the company
Lineas Baja California Sur S.A. De C.V.	50,0%	Change of consolidation method
Obimet	26,0%	Disposal of the company
Sdem Inabensa, S.A.	50,0%	Change of consolidation method
Sociedade Combustiveis Bioquimicos, S.A.	100,0%	Change of consolidation method
Subestaciones 611 BC, S.A. de C.V.	100,0%	Change of consolidation method
Subestaciones 615 S.A. de C.V.	50,0%	Change of consolidation method

With no significant effect on the results in respect of the consolidated figures for both 2002 and 2003.

- 6.11. Likewise, 27 Temporary Consortiums were eliminated from the consolidation in the year due to the finalization of their operations or the fact that such operations were not significant, neither individually nor globally. Their net turnover, in proportion to the interest held, was € 10,767 thousands in 2003.



## **Note 7.- Accounting Policies.**

The most significant accounting policies applied in the preparation of the consolidated annual accounts are the following:

a) Goodwill on Consolidation.

Goodwill represents the positive difference between the net book value of the parent company's investment in subsidiary, associated and multi-group companies and its share in the net equity at the date of acquisition.

The investments made in the companies that gave rise to the Goodwill on Consolidation are long-term investments, operations being expected to continue for between 12 and 20 years. Consequently, under current applicable legislation, in order to apply the accounting principle of the correlation of income and expenses correctly, it is considered appropriate to amortize the Goodwill over a term of twenty years or, if applicable, over the estimated term of the project, if shorter.

b) Consolidation Difference.

If applicable, it would include the difference where it arises; negative consolidation difference represents the excess of the parent company's share in the net equity of subsidiary companies and multi-group companies at the date of acquisition in respect of the net book value of its investment in such subsidiary companies and multi-group companies.

Consolidated difference is only credited to the profit and loss account in the cases mentioned in the Spanish Consolidated Annual Accounting Standards.

c) Intercompany transactions.

Income and expenses relating to transactions with related parties are eliminated until they materialise with third parties outside de Group

Accounts receivable and payable between related parties, which were included in the consolidation, are eliminated in the consolidation process.

d) Consistency of accounting policies applied.

Accounting policies consistent with those applied by the parent Company have been applied in all the companies included in these Consolidated Annual Accounts.

e) Translation of foreign companies' annual accounts.

For the purpose of preparing the accompanying consolidated financial statements, the investees' financial statements denominated in foreign currencies were translated to local currency as follows:

- 1) All goods, rights and liabilities are translated into local currency using the foreign exchange rate at the end of the financial year.
- 2) The profit and loss accounts of foreign companies are translated into local currency using the annual average exchange rate calculated as the arithmetic average of all month-end foreign exchange rates.
- 3) The difference between the amount of the foreign company's shareholders' equity (including the profit and loss account), which is calculated in accordance with the preceding paragraph 2) translated at the historic exchange rate, and the net financial position calculated according to translation of goods, rights and liabilities described in paragraph 1) above, is presented, with negative or positive sign, in the shareholders' equity on the consolidated balance sheet, under the "Translation Differences" caption.

The translation of the results of companies consolidated by the Equity Method was carried out in accordance with the annual average foreign exchange rate, calculated in accordance with paragraph 2) above.

For companies located in countries with high inflation, translation is made at the exchange rate at the end of the financial year, once the financial statements have been adjusted in accordance with accounting rules for inflation. This practice has had no significant effect on the Annual Accounts.

f) Start-up and capital increase expenses.

Start-up and capital increase expenses are valued at the cost of acquisition or production of the goods or services, which give rise to them. They are systematically amortized over a period of five years.

g) Intangible Fixed Assets.

The items, which comprise Intangible Fixed Assets, are valued at their acquisition cost or cost of production. These assets are amortized on a straight-line basis following their actual estimated useful lives.

There are Research & Development expenses that are, in general, charged to the profit and loss account in the year in which they are incurred and there is an individual breakdown of each specific R&D project. There are likewise certain projects that are amortized over 5 years as from the date they come into operation. Abengoa companies took part in research and development programs carried out by other entities in which a minority interest is held. The amounts associated to their contributions to these programs are capitalized and amortized over a five-year period in the cases where the conditions established for this purpose in the General Accounting Plan are met.

Administrative concessions are valued at acquisition cost and are charged systematically to the profit and loss account over the period of the concession.

Patent rights are valued at acquisition cost and their amortization is calculated applying the straight-line method over the period for which its exclusive use is recognized.

Transfer rights are only accounted for when produced through an acquisition, in return for a consideration.

Data processing applications include the amounts paid for the access to property or rights for the use of programmes as well as the costs of those designed by the Company itself, when it is foreseen that their utilisation will be spread over a number of years. Maintenance costs of these applications are charged directly to the profit and loss account of the year in which they are incurred. Amortization is calculated on a straight-line basis over a period of five years from the moment the use of the respective data processing application begins.

Assets acquired under finance leases are accounted for as Intangible Fixed Assets when, from the economic conditions of their contracts, they can be considered to be acquisitions. Amortization is calculated as described in paragraph h) below.

#### h) Tangible Fixed Assets.

Items included in Tangible Fixed Assets are valued at their acquisition or production cost.

The value of the assets includes the effect of the legal revaluations approved by legislation of the country where each Company is located, except for Argentina in the present year, pursuant to the technical pronouncement issued by the Spanish Accounting and Account Auditing Institute (ICAC) during the year 2002. Renewal, enlargement or improvement costs are included in the assets as a higher value of the item only when it involves an increase in their capacity, productivity or useful life.

Amounts relating to the works carried out by the Company itself are valued at their cost of production and are credited to the profit and loss account. Interest expenses and exchange differences related to the external financing of investments in Tangible Fixed Assets are only accounted for as an increase in the asset value when they arise before the asset is put into operation, provided that the total value of the asset thus calculated does not exceed the market value.

The depreciation of Tangible Fixed Assets is calculated systematically by applying the straight-line method over the useful life of the assets and considering the effective depreciation of the asset due to use. If applicable, any value adjustments that arise are made.

The annual rates used to calculate the depreciation of Tangible Fixed Assets are as follows:

Items	% Rate
Buildings	2% - 3%
Installations	4% - 12% - 20%
Machinery	12%
Tools	15% - 30%
Furniture	10% - 15%
Construction equipment and supplies	30%
Data processing equipment	25%
Vehicles	8% - 20%

i) Financial investments.

Long and short term security investments, with fixed or variable interest, are valued at their cost of acquisition at the time of subscription or purchase, plus revaluations made in the effect of the legal revaluation. The necessary eliminations have been made in the consolidation process in accordance with the consolidation method followed.

For values listed on a stock exchange, when the year-end market value is lower than the acquisition cost, the provisions necessary to reflect the fall in value are made and charged to the profit and loss account.

Unlisted securities are valued at acquisition cost less, when applicable, any provisions deemed necessary to reflect the fall in value suffered, which are in no case less than the losses incurred on the percentage shareholding. In order to calculate the provisions required, the underlying book value of the securities, adjusted by the amount of any tacit capital gains which existed upon acquisition and still exist at the time of the subsequent valuation, is taken as the reference value.

j) Non-trade receivables.

Long and short-term non-trade receivables are recorded at the amount actually outstanding. The difference with the nominal value is considered as interest income accrued in the period, following financial criteria.

Bad debts are provided for when considered necessary in the specific circumstances.

k) Deferred charges.

Deferred charges relate basically to interest on finance leases and other deferred expenses. The net book value of the items included under this caption is: leasing € 3,126 thousands and Other Deferred Expenses € 12,342 thousands, comprising basically debt formalisation expenses, the treatment of metal and grain futures market transactions and other items.

l) Stocks

Raw materials and other supplies are valued at acquisition cost (first in, first out) plus all additional expenses incurred until the goods reach the warehouse.

Auxiliary products, consumables and replacements are valued at the latest invoice price or market value, if lower. The valuation of these products at the latest invoice price does not differ significantly from the valuation that would have been obtained if the first in, first out criterion had been applied.

Finished goods are valued at the lower of market value or average production cost, calculating the latter as the specific cost of the supplies and services plus the applicable part of the direct and indirect labour and general manufacturing costs.

Work in progress value includes costs directly incurred and the corresponding part of indirect costs incurred during the production period.

Provisions for depreciation and obsolescence are established when necessary.

Several Group companies have carried out transactions in the metal futures market (basically zinc and primary and secondary aluminium) to totally or partially hedge operations for the sale of physical tonnes with content of said metals.

The price differences produced by the continuous variations in the futures traded on official markets are treated in accordance with the following criteria:

- Both positive and negative differences due to the changes of prices in genuine future transactions to hedge risks are booked by adjusting the value of the main transaction hedged.
- Both positive and negative differences on transactions that are not defined as hedges are taken directly to the profit and loss account over the life of the transaction, theoretically closing the positions on the transactions open in accordance with market prices.

The result of the futures transactions for the year ended December 31, 2003 was a loss of € 1,169 thousands on transactions closed in the year and a loss of € 1,458 thousands on transactions open at the year end.

m) Shares of the parent Company

The parent company does not hold any of its own shares neither during the year nor at the year-end.

n) Capital grants.

Capital grants are valued at the amount awarded and are recorded when they are considered to adequately meet the conditions established by the body granting them. They are released to the profit and loss account on a systematic basis in line with the estimated useful life of the assets to which they relate.

Regarding to the allocation to the profit and loss account of capital grants related to fixed assets, as in previous years, the company applies criteria, similar to international accounting standards, considered them as less value of fixed assets cost.

The figure for the current year amounts to € 2,495 thousands.

ñ) Provisions for liabilities and charges.

This caption includes provisions for contingencies and expenses relating to probable and/or certain liability. Amounts are assigned to the provision when, applying the most conservative valuation criteria, circumstances thus advise.

o) Provisions for pensions, similar obligations and other.

Certain group companies hold a series of obligations under incentive programs with management and employees (1.48% of the share capital of Befesa Medio Ambiente, S.A. and 4.4% of Telvent GIT, S.A.). These obligations are not significant and if applicable an appropriate provision has been made.

p) Long and short-term payables.

Long and short-term non-trade payables are recorded at their reimbursement value. The difference between this amount and the amount actually paid is accounted for as interest expense during the period in which it is accrued, following financial criteria.

Credit facilities are shown in the accounts at the amount drawn of the total credit facility available.

Amounts relating to trade bills discounted and factoring with recourse pending maturity at the year-end are recorded as short-term receivables and loans from financial entities. Factoring without recourse is treated as collection; the related financial expense was approximately € 16,083 thousands in the year.

See the treatment of financing without recourse in process in Note 13.6.

q) Corporate income tax.

The charge for corporate income tax is recorded in the profit and loss account for the year and is calculated taking into account the timing differences associated with the different treatments for accounting and tax purposes of certain operations and the tax allowances to which the companies are entitled (See Note 24.5).



r) Foreign currency transactions.

The following procedures are applied in accounting for foreign currency operations:

1. Intangible and Tangible Fixed Assets:

These balances are translated into local currency at the exchange rate prevailing on the date of the operation.

2. Stocks:

The acquisition price or production cost is translated into local currency at the exchange rate prevailing at the date of the related transaction.

3. Financial investments:

Financial investments are translated into local currency at the exchange rate prevailing at the date the investment is acquired.

At the year-end they are valued at the exchange rate prevailing at this date and, if necessary, a provision is established.

4. Cash and banks:

Foreign currencies are translated at the exchange rate prevailing on the transaction date. At the year-end, they are valued at the exchange rates prevailing at this date. Exchange differences are charged directly to the profit and loss account.

5. Accounts payable and receivable:

Accounts payable and receivable in foreign currency are translated into local currency at the exchange rate prevailing on the date of the related operation. At the year-end they are translated at the exchange rate prevailing at this date.

Unrealized exchange gains, where they occur, are not recorded as income for the year but are included in the balance sheet as deferred income. Unrealized exchange losses are charged directly to the profit and loss account.

Exchange rate hedging transactions (exchange rate insurance) are carried out in the circumstances in which, applying the conservative valuation principle, they are considered appropriate in order to mitigate the risks on operations abroad, hedging specific risks.

s) Accounting for income and expenses.

Sales of goods and income from services provided are recorded net of the applicable taxes and all discounts except those for prompt payment, which are considered as financial expenses whether or not they are included in the invoice.

Amounts relating to taxes in respect of purchases of merchandise and other goods acquired for resale, excluding Value Added Tax (VAT) and direct transport costs, are considered as part of the purchase price or cost of the services acquired.

Discounts subsequent to issuing or receiving invoices due to defects in quality, non-compliance with delivery dates or other similar reasons, as well as volume discounts on sales are all recorded separately from the sale or purchase amount of the goods and from the income or expenses for services, respectively.

The income from contract work is recognised upon completion and delivery. However, for long-term contracts (more than one year), income is recognised following the percentage of completion method, which includes billings on account and recognising income based on estimated margins taking into account the contingencies and risks estimated until the completion of the contract and delivery to the customer.

Through several group companies, certain transactions (to which Notes 13.5 and 13.6 refer) have materialized, generally in infrastructure construction, in which the company is awarded a construction contract (either in association with other companies or on an exclusive basis) collection of which takes place by means of a long-term royalty (20 to 30 years) that includes financial compensation for deferred payment, future services associated to the transaction and maintenance of the systems. This royalty is calculated on a basic cost updated each year in accordance with the country's annual Consumer Price Index and, if applicable, variations in the reference currency.

In this type of complex transactions:

- a) The profit assigned to the first phase of construction is recognized in accordance with the percentage of completion method, applying values that in no case exceed the sums financed by the associated project finance agreements. The total construction costs are booked as fixed assets by the company holding the exploitation concession.
- b) The payment deferral and maintenance are recognized in accordance with the materialization thereof throughout the project. The margin is recognized at a constant rate of return throughout the life of the project and is updated annually on the basis of the following premises:



- Income from royalties: this is calculated in accordance with the updated royalty projected over the whole life of the project, without considering any systematic variation thereon in the future (Consumer Price Index, currency fluctuations).
- Total costs: these include the totality of the costs estimated for the whole project (including construction, financial, operating and maintenance costs), without considering any systematic variation thereon in the future.

t) Electricity activities

Law 54/1997 of November 27 and the subsequent implementing legislation regulates the different activities related to the supply of electricity. This mainly consists of the production or generation, transport, distribution, commercialization and intra-Community or international exchange of electricity, together with the economic and technical management of the electricity system. This field of activity also includes the self-producers and producers under the special regime regulated in this Law.

Royal Decree 437/1998 of March 20 approved the General Accounting rules for the electricity industry companies and, therefore, for those included in the groups mentioned in the preceding paragraph. These rules establishes certain obligations to be disclosed in their annual accounts. These obligations are applicable for the consolidated annual accounts of groups that include one or more electricity activities.

Certain consolidated companies carry on operations that may be considered to fall within those considered as electricity activities as described above.

Appendix IV gives details of these companies and their activities.

Note 13 "Fixed Assets in Projects" gives details of the investments made in each one of these activities.

Note 26 "Income and Expenses" gives details of the net turnover of each activity.

u) Assets for environmental use

The equipment, installations and systems applied to eliminate, reduce or control any environmental impacts are booked applying criteria analogous to those used for fixed assets of a similar nature.

Specific provisions are made for environmental contingencies when, applying a highly conservative principle, circumstances make this recommendable.

**Note 8.- Goodwill on Consolidation.**

- 8.1. Details of Goodwill on Consolidation by subsidiary at December 31, 2003, together with the accumulated amortization, are shown below:

Goodwill on Consolidation	Amount	Accumulated Amortization	Net
<i>Line-by-line / proportional method consolidated companies</i>			
Abengoa Bioenergy Corp.	55,107	(5,096)	50,011
Abengoa Chile Consolidado	10,195	(2,253)	7,942
Befesa Aluminio Valladolid, S.A.	1,100	(678)	422
Befesa Aluminios Bilbao, S.L.	27,099	(8,869)	18,230
Befesa Argentina, S.A.	685	(171)	514
Befesa Gestión de PCB, S.A.	203	(23)	180
Befesa Gestión de Residuos Industriales, S.L. (*)	36,410	(4,245)	32,165
Befesa Medio Ambiente, S.A.	197,150	(34,780)	162,370
Befesa Tratamientos y Limpiezas Industriales, S.L. (**)	15,987	(1,155)	14,832
Befesa Zinc Amorebieta, S.A.	3,372	(709)	2,663
Befesa Zinc Aser, S.A.	13,132	(8,864)	4,268
Befesa Zinc Sondika, S.A.	1,067	(213)	854
Enernova Ayamonte, S.A.	361	(126)	235
Sociedad Inversora en Energía y Medioambiente, S.A.	2,146	(756)	1,390
Telvent Canadá, Ltd.	17,856	(818)	17,038
Telvent USA, Inc.	1,865	(86)	1,779
	<b>383,735</b>	<b>(68,842)</b>	<b>314,893</b>
<i>Equity method consolidated companies</i>			
Deydesa 2000, S.L.	5,469	(1,124)	4,345
Intersplav	344	(207)	137
	<b>5,813</b>	<b>(1,331)</b>	<b>4,482</b>
<b>Total</b>	<b>389,548</b>	<b>(70,173)</b>	<b>319,375</b>

(\*) Relates to Goodwill coming from certain companies (Cartera Ambiental, S.A., Comercial Sear, S.L., Complejo Medioambiental de Andalucía, S.A. and Trespi) absorbed through a merger process by Trademed, company that also showed Goodwill, previously to that merger process.

(\*\*) Relates to Goodwill coming from certain companies (Laitek Luz y Tecnología, S.A. and Unión Química y Naval, S.L.) absorbed through a merger process by Ecomat, S.A., company that also showed Goodwill, previously to that merger process.

8.2. The variations in the net balance of this caption in the year 2003 were as follows:

Goodwill on Consolidation	Amount
Balance at 31.12.02	310,981
Additions for Purchase: Telvent USA, Inc. and Telvent Canadá, Ltd. (See Note 6.5)	19,721
Other additions for purchases	12,550
Decreases	(4,497)
Allocation to profit and loss account (amortisation)	(19,380)
<b>Balance at 31.12.03</b>	<b>319,375</b>

Other additions for purchases includes new acquisitions of companies and additional acquisitions in companies consolidated in the preceding year.

#### Note 9.- Investments in Associated Companies.

The detail of investments in associated companies consolidated by the Equity Method as of December 31, 2002 and 2003 and of the variation therein is as follows:

Companies	Balance at 12.31.02	Allocation profit/(loss) for year	Other Movements	Balance at 12.31.03
Cogeneración del Sur, S.A.	86	(146)	130	70
Cogeneración Motril, S.A.	1,984	650	(128)	2,506
Deydesa 2000, S.L.	3,152	431	-	3,583
Ecología Canaria, S.A. (Ecanse)	451	279	(30)	700
Ecolube	463	-	(463)	-
Expansion Transmissao de Energia Electrica Ltda.	5,558	990	103	6,651
Expansion Transmissao Itumbiara Marimbodo, Ltda.	-	-	139	139
Intersplav (*)	4,178	(183)	(755)	3,240
Tenedora de Acciones de Red Eléctrica del Sur, S.A.	4,829	245	805	5,879
Other companies (**)	1,299	-	(115)	1,184
<b>Total</b>	<b>22,000</b>	<b>2,266</b>	<b>(314)</b>	<b>23,952</b>

(\*) The holding in the Ukrainian company Intersplav is 50.84% of the share capital in respect of the corporate rights attributable thereto, while it is established at 40% in respect of the entitlement to dividends and to receive the pertinent assets in the event of liquidation. It is consolidated by the equity method, since it is resident in a country with high inflation.

(\*\*) Relates to insignificant companies, generally dormant, that joined the consolidated group in 2002.

The most significant movement during the year corresponds to Expansion Transmissao de Energia Eléctrica, Ltda.

Holdings in companies resident outside Spanish territory total € 10,030 thousands.

#### **Note 10.- Start-Up and Capital Increase Expenses.**

The variations in start-up and capital increase expenses for the year were as follows:

	<b>Start-up Expenses</b>
Balance at December 31, 2002	18,864
Increases	1,799
Decreases	(672)
Allocation to profit and loss account (amortisation/depreciation of fixed assets)	(5,982)
<b>Balance at December 31, 2003</b>	<b>14,009</b>

The increases are mainly due to recently-incorporated companies, some of which are in the phase prior to commencement of activities, in relation to capital increases in companies and start-up expenses for new activities, mainly abroad.

**Note 11.- Intangible Fixed Assets.**

11.1. The detail of the Intangible Fixed Assets as of December 31, 2002 and 2003 and of the variation therein is as follows:

	Rights under Leasing Contracts	Research and Development Expenses	Concessions and Patents	Other Intangible Fixed Assets	Total
<b>Cost</b>					
Balance at December 31, 2002	25,180	91,925	19,788	2,698	139,591
Increases	4,204	15,565	1,015	1,949	22,733
Decreases	(671)	(1,429)	(2)	(158)	(2,260)
Other Movements	(1,443)	(728)	(3,237)	361	(5,047)
<b>Balance at December 31, 2003</b>	<b>27,270</b>	<b>105,333</b>	<b>17,564</b>	<b>4,850</b>	<b>155,017</b>
<b>Accumulated Amortisation</b>					
Balance at December 31, 2002	(1,522)	(60,995)	(6,922)	(1,842)	(71,281)
Additions (provision)	(1,681)	(9,658)	(1,885)	(1,445)	(14,669)
Decreases	148	-	-	44	192
Other Movements	397	(366)	(423)	218	(174)
<b>Balance at December 31, 2003</b>	<b>(2,658)</b>	<b>(71,019)</b>	<b>(9,230)</b>	<b>(3,025)</b>	<b>(85,932)</b>
<b>Net Fixed Assets</b>					
Balance at December 31, 2002	23,658	30,930	12,866	856	68,310
Balance at December 31, 2003	24,612	34,314	8,334	1,825	69,085

The amounts relating to "Other Movements" reflect, in general, companies joining and leaving the consolidated group, together with adjustments between the final balances of individual companies for the prior year and the balances contributed for consolidation. The net effect is not significant.

- 11.2 The caption "Rights under Leasing Contracts" includes assets acquired through finance lease contracts and have been accounted for in accordance with the transitory provisions of Royal Decree 1643/1990 dated December 20.

Original Cost	Instalments Paid	Instalments Paid in the Year	Instalments Pending	Value of Purchase Option
27,270	6,138	6,072	21,786	266

The amount relating to companies resident outside Spanish territory totals € 1,187 thousands.

- 11.3. The breakdown of Research and Development by Business Group is as follows:

Business Groups	Total Cost	Accumulated Depreciation	Net at 12.31.03	Net at 12.31.02
Bioenergy	15,069	(7,573)	7,496	8,520
Environmental Services	3,270	(2,086)	1,184	1,786
Information Technology	58,793	(42,038)	16,755	13,358
Engineering and Industrial Construction	28,201	(19,322)	8,879	7,266
<b>Total</b>	<b>105,333</b>	<b>(71,019)</b>	<b>34,314</b>	<b>30,930</b>

- 11.4. The caption "Concessions and Patents" includes, among other items, the following assets, which will revert to their previous owner in accordance with the respective concessions.

Description	Act. (*)	Amount	Accumulated Depreciation	Net	Concession Year	Year of Reversion	Institution
Surface rights	(3)	1,994	(1,462)	532	1992	2007	Private Sector
Operating concessions	(3)	721	(721)	-	1997	2001	Private Sector
Administrative concessions	(5)	1,226	(305)	921	1993	2033	Agesa
Surface rights	(5)	179	(43)	136	1985	2055	Private Sector
Patents	(3),(4)	306	(306)	-	1986	1996	INPI Brasil
Research Concession	(4)	4,813	(4,449)	364	1993	2043	Ministry of Economy
Research Concession	(4)	228	(228)	-	1994	2008	Ministry of Economy
Research Concession	(4)	2,104	(326)	1,778	1994	2044	Ministry of Economy
Alvéga concessions	(2)	3,311	(441)	2,870	2000	2010	Private Sector
Right of way	(2)	624	(199)	425	1985	2084	Sefanitro
Surface rights	(4)	1,672	(639)	1,033	2000	2008	Furfural Español
Contribution and use of Technology	(2)	300	(58)	242	2000	2010	Global Plasma
Other non-reversible rights		87	(53)	34	Other	Other	Other
<b>Total</b>		<b>17,564</b>	<b>(9,230)</b>	<b>8,334</b>			

(\*) Details of Administrative Concessions and Industrial property by type of activity on page 4 of Appendix I.

There is no obligation to create a reversion fund.

Details of the amounts relating to companies located outside Spanish territory are as follows:

Cost	306
Accumulated Depreciation	(306)
<b>Net</b>	<b>-</b>

**Note 12.- Tangible Fixed Assets.**

12.1. The detail of Tangible Fixed Assets as of December 31, 2002 and 2003 and of the variation therein is as follows:

	Land and Buildings	Technical installations and machinery	Payments on Accounts and Assets in the Course of Construction	Other Tangible Fixed Assets	Total
<b>Cost</b>					
Balance at December 31, 2002	79,142	368,840	12,771	62,616	523,369
Increases	7,627	10,805	7,533	13,878	39,843
Decreases	(5,476)	(26,265)	(12,702)	(3,384)	(47,827)
Other Movements	5,214	(8,641)	(521)	6,596	2,648
<b>Balance at December 31, 2003</b>	<b>86,507</b>	<b>344,739</b>	<b>7,081</b>	<b>79,706</b>	<b>518,033</b>
<b>Accumulated Amortisation</b>					
Balance at December 31, 2002	(13,906)	(151,033)	-	(35,529)	(200,468)
Increases	(3,733)	(17,316)	-	(4,639)	(25,688)
Decreases	1,628	8,722	-	3,825	14,175
Other Movements	(1,510)	(1,898)	-	(4,803)	(8,211)
<b>Balance at December 31, 2003</b>	<b>(17,521)</b>	<b>(161,525)</b>	<b>-</b>	<b>(41,146)</b>	<b>(220,192)</b>
<b>Net Fixed Assets</b>					
Balance at December 31, 2002	65,236	217,807	12,771	27,087	322,901
Balance at December 31, 2003	68,986	183,214	7,081	38,560	297,841

The amounts of "Other Movements" show, in general, companies joining and leaving the consolidation process, together with the adjustment of final balances of individual companies for the preceding year in respect of those contributed to be consolidated. The net effect is not significant.



12.2. The following Tangible Assets have been fully depreciated:

Description	Amount
Buildings	591
Technical installations and machinery	30,892
Other installations, tools and furniture	5,977
Other Tangible Fixed Assets	9,956
<b>Total</b>	<b>47,416</b>

12.3. The most relevant revaluations in Tangible Fixed Assets in previous years are as follows:

Company	Gross Value	Accumulated Depreciation	Net Value
Abengoa	1,845	(121)	1,724
Befesa Aluminio Bilbao	2,915	(2,676)	239
Befesa Aluminio Valladolid	935	(676)	259
Befesa Desulfuración	9,220	(3,428)	5,792
Eucomsa	2,687	(2,354)	333
<b>Total</b>	<b>17,602</b>	<b>(9,255)</b>	<b>8,347</b>

The effect on the accumulated depreciation in the year was € 615 thousands.

- 12.4 The most significant investments in Tangible Fixed Assets (net of depreciation) located outside national territory are:

Country	Amount
Argentina	2,771
Brazil	1,850
Chile	391
United States of America	58,679
Morocco	79
Mexico	11,677
Peru	375
Portugal	5,709
United Kingdom	17,674
Uruguay	1,852
<b>Total</b>	<b>101,067</b>

Additionally, there are fixed assets in projects located outside national territory amounting to € 118,873 thousands of which € 105,322 thousands are located in Brazil.

- 12.5 Fixed Assets not assigned to company's operations are not significant.
- 12.6 It is the group's policy to insure all assets as considered necessary to cover possible risks, which could materially affect their value or usefulness.

**Note13.- Project Financing.**

- 13.1 Shareholdings in several companies with the corporate purpose of a "single project" are included in the consolidated group.

The companies with the Projects usually finance them by what is known as "Project Finance" (Financing without Recourse Applied to Projects).

In this figure, the basis of the agreement between the Company and the financial entities is the allocation of the cash flow generated by the project to repayment of the financing and settling the financial charges, excluding or limiting the amount of any other equity resources that may be used for this purpose, so that the financial entities recovers the investment exclusively through the cash flows of the project it is financing, with subordination of any other debt to that derived from the Financing without Recourse Applied to Projects until the latter has been fully repaid.

Thus, these are formulae for financing without recourse, which are applied only to specific business projects. In these companies used to participate other shareholders such as electricity companies, the authorities of the autonomous region or other local shareholders, apart from Abengoa, S.A. or subsidiaries.

- 13.2 The amounts of the captions related to Project Financing and the movement thereon during the year were as follows:

<b>Fixed Assets in Projects</b>	<b>Balance at 12.31.03</b>	<b>Balance at 12.31.02</b>
Intangible Fixed Assets	9,762	16,343
Tangible Fixed Assets	399,227	300,879
Financial Assets	54,074	67,125
<b>Total</b>	<b>463,063</b>	<b>384,347</b>
<hr/>		
<b>Financing without Recourse Applied to Projects</b>	<b>Balance at 31.12.03</b>	<b>Balance at 31.12.02</b>
Long-term	176,203	140,357
Short-term	93,480	129,555
<b>Total</b>	<b>269,683</b>	<b>269,912</b>
<hr/>		
<b>Net</b>	<b>193,980</b>	<b>114,435</b>

- 13.3. The amounts of the investments in fixed assets in Projects financed without recourse and the movement thereon during the year were as follows:

Intangible Fixed Assets	Balance at 12.31.02	Increases	Decreases	Other Movements	Balance at 12.31.03
Intangible Fixed Assets	20,557	1,457	-	(7,108)	14,906
Accumulated Amortisation	(4,214)	(3,644)	-	2,714	(5,144)
<b>Net Intangible Fixed Assets</b>	<b>16,343</b>	<b>(2,187)</b>	<b>-</b>	<b>(4,394)</b>	<b>9,762</b>

Tangible Fixed Assets	Land and Buildings	Technical installations and machinery	Payments on Accounts and Assets in the Course of Construction	Other Tangible Fixed Assets	Total
<b>Cost</b>					
Balance at December 31, 2002	19,438	294,434	26,626	9,178	349,676
Increases	141	2,260	146,825	143	149,369
Decreases	(836)	-	(15,449)	(5)	(16,290)
Other Movements	(1,283)	(24,267)	3,720	(3,351)	(25,181)
<b>Balance at December 31, 2003</b>	<b>17,460</b>	<b>272,427</b>	<b>161,722</b>	<b>5,965</b>	<b>457,574</b>
<b>Accumulated Amortisation</b>					
Balance at December 31, 2002	(4,544)	(40,873)	-	(3,380)	(48,797)
Increases	(634)	(15,553)	-	(693)	(16,880)
Decreases	262	-	-	-	262
Other Movements	79	6,782	-	207	7,068
<b>Balance at December 31, 2003</b>	<b>(4,837)</b>	<b>(49,644)</b>	<b>-</b>	<b>(3,866)</b>	<b>(58,347)</b>
<b>Net Fixed Assets</b>					
Balance at December 31 2002	14,894	253,561	26,626	5,798	300,879
<b>Balance at December 31, 2003</b>	<b>12,623</b>	<b>222,783</b>	<b>161,722</b>	<b>2,099</b>	<b>399,227</b>

Financial Assets	Balance at 12.31.02	Increases	Decreases	Other Movements	Balance at 12.31.03
Long-term Credits (See Note 20.3)	67,125	-	(2,986)	(10,065)	54,074
Provisions	-	-	-	-	-
<b>Net Financial Assets</b>	<b>67,125</b>	<b>-</b>	<b>(2,986)</b>	<b>(10,065)</b>	<b>54,074</b>

Net amount of Other Movements relates to the inclusion and exclusion of some companies (See Notes 6.4, 6.9 and Appendix I). The rest relates to reclassifications among the different sub-captions and, under the Tangible and Intangible Fixed Assets captions, is because some assets ceased to be considered as Fixed Assets in Projects.

The increase in Payments on Accounts and Assets in the course of construction amounting to € 146,825 thousands relates to the construction of the lines: Transmission lines Xingó-Angelim-Campina Grande, which concession is being executed by NTE Nordeste Transmissora de Energia, S.A. in Brazil; and STE Sul Transmissora de Energia, company in pre-operational phase (See Note 13.6)

- 13.4. It is planned, at present, to repay the Financing without Recourse Applied to Projects in accordance with the following calendar, pursuant to the forecast cash flow to be generated by the projects.

2004	2005	2006	2007	2008	Following	Total
93,480	37,874	27,833	27,554	13,102	69,840	269,683

The 2004 balance includes € 49,793 thousands relating to Financing without Recourse in Process (See Note 13.6).

- 13.5. Financing without Recourse Applied to Projects usually has the following guarantees:

- The pledge of shares in the promoting Company, authorized by the shareholders thereof.
- The assignment of collection rights.
- Limits on the disposal of the project's assets.

- 13.6. Financing without Recourse in Process is defined as cash transactions in which financial resources are obtained, usually through financial entities. These transactions fall within the framework of the development of projects, which are, likewise, usually undertaken using Project Finance. This manner of obtaining funds is considered analogous to the traditional advance payments that the clients make during the different phases of the execution of a project or works. Financing without Recourse in Process is distinguished from the traditional client advance payments because it is usually a financial entity that provides the funds, which relate to short-term transactions (usually with a duration of less than 2 years) during the launching and construction phase of Assets/Projects which, once they have been completed and brought into operation, will be subject to concessions financed by means of Project Finance (See Note 13.1).

The short-term cash transactions remain under this heading until the financing without recourse applied to projects is definitively formalised.

Notwithstanding, if, during the short-term financing period, risks that the deadlines agreed for formalising the Project Finance (or for the construction that will finally give rise to the financing) will not be met are noted, these amounts are reclassified to the balance sheet caption that would correspond to them in view of their nature, usually the caption Debt with Credit Entities.

As per December 31, 2003 the most significant projects are:

The Urugueina-Macarambá-Santo Angelo-Santa Rosa 230 Kv Line, the concession for which is held by the company STE Sul Tansmissora de Energia, and the Line Lote A – Transmission Line Londrina-Assis-Sumaré, the concession for which is held by the company Abenasa Transmissao de Energia, Ltda. The most significant details of these two projects are shown in the following chart:

Description	STE	ATE
Project Starting Date	December 2002	February 2004
Scheduled Completion Date	August 2004	February 2006
Amount of Contract (EPC)	€ 48,587 thousands	€ 106,940 thousands
Completion at 12.31.03	€ 15,910 thousands	-
Starting Date Short-term Financing	December 2002	December 2003
Maturity Date Short-term Financing	August 2004	December 2005
Amount Drawn	€ 31,806 thousands	€ 2,226 thousands
Scheduled Starting Date Long-term Financing	July 2004	April 2005
Duration Long-term Financing	12 years	12 years
Total Amount Long-term Financing	€ 41,146 thousands	€ 94,233 thousands

Projects that were classified in this caption as per December 31, 2002 have been formalised as non recourse project finance and they are shown in Note 13.3.

Additionally, there are other temporary short-term treasury transactions amounting to € 15,761 thousands, corresponding to financing pending to be formalised and obtained to get launched some projects for Biocarburantes de Castilla y León, S.A. and ETBE Huelva, S.A.

- 13.7. The balances of intangible, tangible and financial fixed assets, both general and relating to Projects, relating to electricity operations as defined in Note 7 t) were as follows:

Activity	Balance at 12.31.02	Increases	Decreases	Other Movements	Balance at 12.31.03
Production under Special Regime: Cogeneration	143,534	27,300	-	(420)	170,414
Production under Special Regime: Hydraulic	8,124	32	-	(36)	8,120
Production under Special Regime: Other	43,146	56	-	(33,389)	9,813
Transport	104,171	105,042	-	(64,933)	144,280
Spanish Companies Cost	194,804	29,623	-	(32,796)	191,631
Foreign Companies Cost	104,171	102,807	-	(65,982)	140,996
<b>Total Cost</b>	<b>298,975</b>	<b>132,430</b>	<b>-</b>	<b>(98,778)</b>	<b>332,627</b>

Activity	Balance at 12.31.02	Increases	Decreases	Other Movements	Balance at 12.31.03
Production under Special Regime: Cogeneration	(26,621)	(6,009)	-	(4)	(32,634)
Production under Special Regime: Hydraulic	-	-	-	-	-
Production under Special Regime: Other	(13,948)	(678)	-	9,843	(4,783)
Transport	(4,346)	(639)	-	301	(4,684)
Spanish Companies Accumulated Amortization	(40,569)	(6,687)	-	9,839	(37,417)
Foreign Companies Accumulated Amortization	(4,346)	(639)	-	301	(4,684)
<b>Total Accumulated Amortization</b>	<b>(44,915)</b>	<b>(7,326)</b>	<b>-</b>	<b>10,140</b>	<b>(42,101)</b>

<b>Net</b>	<b>254,060</b>				<b>290,526</b>
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Other Movements basically relate to the inclusion of the company NTE in the consolidated group, together with adjustments of both percentage shareholdings in companies and starting balances for the year.

The total amount relating to electricity activity is broken down between Fixed Assets in Project and other Fixed Assets as follows:

	Balance at 12.31.03	Balance at 12.31.02
Fixed Assets in Project	269,425	224,862
Other Fixed Assets	21,101	29,198
<b>Total</b>	<b>290,526</b>	<b>254,060</b>

- 13.8. The balances of Financing without Recourse Applied to Projects assigned to electricity activities as defined in Note 7 t) are as follows:

	Balance at 12.31.03	Balance at 12.31.02
Short-Term debt with Financial Entities	41,881	46,456
Long-Term debt with Financial Entities	167,573	124,180
<b>Total</b>	<b>209,454</b>	<b>170,636</b>

- 13.9. The balances of Financing without Recourse in Process relating to electricity activities as defined in Note 7.t) are as follows:

	Saldo al 12.31.03	Saldo al 12.31.02
Short-Term debt with Financial Entities	49,793	52,511
Long-Term debt with Financial Entities	-	-
<b>Total</b>	<b>49,793</b>	<b>52,511</b>



## Note 14.- Financial Investments.

14.1. The detail of financial investments as of December 31, 2003 is as follows:

Financial Investments	Book value				Total
	Fixed Interest		Variable Interest		
	Associated Companies	Other	Associated Companies	Other	
Short-term investments	-	24,381	-	90,408	114,789
Long-term investments	-	-	23,952	36,839	60,791
Total	-	24,381	23,952	127,247	175,580

The provision recorded relating to variable interest-bearing instruments amounting to € 6,147 thousands (€ 254 thousands short-term and € 5,893 thousands long-term respectively).

The rest of short term provisions relate to non-commercial credits (See Note 15.2).

14.2. The detail of financial investments as of December 31, 2003 relating to companies located outside Spanish territory is as follows:

	Book value				Total
	Fixed Interest		Variable Interest		
Financial Investments	Associated Companies	Other	Associated Companies	Other	
Short-term investments	-	4,791	-	449	5,240
Long-term investments	-	-	10,030	10,704	20,734
Total	-	4,791	10,030	11,153	25,974

14.3. The variation in long-term variable interest investments is as follows:

Financial Investments	Balance at 12.31.02	Increases	Decreases	Balance at 12.31.03
Long-term variable interest	59,870	5,042	(4,121)	60,791

Increases shows, in general, companies newly consolidated by the equity method (See Notes 6.4, 6.7, 9 and Appendix II).

Decreases shows, in general, companies leaving the consolidated group (See Notes 6.9 and 6.10).

14.4. Short-term investments relate to shareholdings in IBEX listed companies amounting to € 88,448 thousands, to fixed interest investments (Public Debt and others) amounting to € 23,691 thousands and shareholdings in unlisted companies to € 2,610 thousands. At 2003 year end there were unrealized capital gains not booked amounting more than € 17,000 thousands.

The "financial gains" caption of the profit and loss account includes the net profits incurred on the disposal of values listed on organized secondary markets, for an approximate amount of € 15,013 thousands.

14.5. Details are given below of the companies which, in accordance with current legislation, have not been consolidated (See Notes 2 and 3) in which the parent companies direct or indirect interest is higher than 5% and lower than 20%, the net book value of said holdings being € 32,233 thousands.

Long Term Financial Investments	% Shareholding
Aguas y Gestión Servicios Ambientales, S.A.	18,00
Aquanima	5,00
Banda 26, S.A.	9,00
Cisep	12,50
Lanetro	5,20
Nexttel Communication Solutions, S.A.	10,00
Norpost, S.A.	10,00
Vetejar	8,67
Viryanet, Ltd.	16,60
Xfera Móviles, S.A. (See Note 14.6.)	5,46
Short Term Financial Investments	% Shareholding
BC International Corp.	9,90
Chekin	14,28
Comeesa	7,67
Mediación Bursátil, S.V.B., S.A.	8,00

- 14.6. On December 30, 2002, Telvent GIT, S.A., a subsidiary of Abengoa, S.A. and head of the Information Technologies Business Group, acquired 3,71% of Xfera, S.A. from Inversión Corporativa I.C. for the amount of € 25,000 thousands.

This shareholding was acquired due to its strategic interest for the activity of the Information Technologies Business Group and the basis for the amount involved was the reimbursement of the costs and expenses incurred by IC until said date as a consequence of the investment.

On December 31, 2003, the balance of said shareholding amounts to € 24,131 thousands, having recovered 2001 and 2002 guarantee costs from Xfera amounting to € 869 thousands, which were previously considered as higher value within the acquisition cost recorded by Telvent.

The valuation criterion for the investment is supported by the future recovery thereof through the supply of services and activities compatible with the business's current state of development, without prejudice that IC counterguarantees the investment, as communicated to the CNMV by Abengoa and IC in their Relevant Facts dated November, 6 and 7, 2003

Since the investment is strategic for the development of UMTS technology in the Information Technologies Business Group, Xfera's equity situation at the date of purchase and the forecasts for its future business development as an autonomous entity are irrelevant to Telvent, to the extent that the recovery of the investment made to date is evaluated solely through the discounted cash flows estimated on the basis of the institutional demand derived from the services that may currently be supplied to Xfera by the Telvent companies. Consequently, only additional future disbursements, to the extent that they may materialise, could have repercussions for Telvent and its group companies, which, in any case, will be subject to the regular systems of control and recovery of the investment, together with the requirements for meeting the rates of return on the sums invested, required on any other disbursement of this kind from the entities that form the group.

Telvent has real expectations of recovering the investment that exceed the simple consideration of its positioning as a passive investor in this telecommunications project. During the year 2003, modifications to the operator's business plan were made, which make it much closer and attainable in an appropriate environment. Telvent feels that this favourable evolution will materialise in the definitive commercial launching, which will allow it to realise its prospects of induced business, on which the valuation of its positioning is based, as from the second half of 2004.

In future years, from December 31, 2004 onwards, the pertinent valuation of the business will be made at each year end, taking into consideration the amounts and margins contracted as a consequence induced by the shareholding in Xfera and the existing prospects, and making, if applicable, the pertinent write-downs if the amount initially invested has been amortised.

Neither the current amount of the committed investment nor the other repercussions associated to the investment are in any case excessive or of any great significance for Abengoa as a whole. The company has, in fact, adopted an extremely conservative accounting principle, since it totally links, in this and future years, the amount invested to the identification of an intangible fixed asset the valuation of which will be effectively checked every year-end accounting closing in the future, considering the evolution of the possibilities of current business induced and ruling out any effect related to the evolution of the subsidiary's equity or finances.

As a consequence of the acquisition of its shareholding in Xfera, Telvent GIT, S.A. initially took on € 99.963 thousands in guarantees to the Spanish authorities, guaranteeing that the investment commitments acquired by the company in relation to the UMTS Licence would be met, and € 7,781 thousands as a bond in the appeal lodged with the authorities in relation to the amount of the radio-electric public domain reservation fee for the years 2001 and 2002.

During the year 2003, on March 21, the Secretariat of State for Telecommunications and the Information Society approved a resolution whereby the amounts and periods of the commitments acquired by Xfera were modified, which had a direct impact on the guarantees furnished. This allowed the company to commence steps to replace the 26 guarantees that had been in force until then (for € 2,687,184 thousands) by a single floating guarantee for € 467,797 thousands.

The incapacity of one of the shareholders at the beginning of the guarantee replacement process meant that, in order for the process to commence, said shareholder had to leave the company. The rest of the shareholders took on both its rights and its duties on a pro rata basis (except for the guarantees furnished in relation to the Fee appeal) and, therefore, its shares in Xfera at a symbolic value of 1 euro. In the case of Telvent GIT, S.A., this meant the acquisition of 5,390,876 additional shares, increasing its shareholding from 3.72% to 5.46% without increasing its book value.

Finally, the guarantees were replaced, the process commencing in June and ending in August. The amount Telvent currently guarantees for this item is € 25,541 thousands.

In accordance with normal practice in contracts for project financing without recourse to the shareholders, the totality of the shares of Xfera Móviles, S.A. have been pledged to guarantee compliance with a contract signed by said company with several technology suppliers, the pledge also covering any future shares that might be acquired as a result of any capital increases it may be decided to carry out.

- 14.7. All the notifications required by Article 86 of the Spanish Limited Companies Act have been made.
- 14.8. There are no important circumstances that would affect the financial investments, such as litigations, seizures, etc.
- 14.9. Financial investments are usually in Spanish currency. Those, which are in foreign currencies, are valued at the exchange rate prevailing at the year-end and, if necessary, a provision is established.
- 14.10. There are no firm purchase and/or sale commitments that could be considered material in respect of the annual accounts taken as a whole.
- 14.11. Receivable interest accrued is not significant.
- 14.12. Financial investments are remunerated at an interest rate similar to market rate.

### Note 15.- Trade and Non-Trade Receivables.

- 15.1. The balance of the caption Clients, sales and services rendered, for foreign currency receivables has a value of € 72,508 thousands, broken down in the following chart:

Currency	Amount
Crown (Denmark)	77
Dirhams (Morocco)	7,489
Dollar (Canada)	1,324
Dollar (USA)	49,605
Dong (Vietnam)	271
Pound (United Kingdom)	1,085
Peso (Argentina)	1,559
Peso (Chile)	1,186
Peso (Mexico)	2,641
Peso (Uruguay)	3,013
Real (Brazil)	3,681
Sol (Peru)	344
Yuan (China)	233
<b>Total</b>	<b>72,508</b>

- 15.2. The breakdown of non-trade receivables is as follows:

Description	Amount
Long-term receivables	16,651
Long-term guarantees and guarantee deposits	3,722
<b>Other long-term receivables</b>	<b>20,373</b>
Short-term receivables	45,155
Short-term guarantees	2,367
<b>Other short-term receivables</b>	<b>47,522</b>
<b>Total</b>	<b>67,895</b>

Provisions against these balances are not significant, amounting to € 408 thousands.

The amount relating to companies located outside Spanish territory is € 15,989 thousands.

15.3. The variation in long-term non-trade receivables for 2003 is as follows:

Description	Balance at 12.31.02	Increases	Decreases	Balance at 12.31.03
Long-term non-trade receivables	8,338	10,526	(2,213)	16,651

15.4. The maturities of non-trade receivables in the next five years, including short-term maturities, are as follows:

2004	2005	2006	2007	2008	Following	Total
45,155	12,506	130	131	255	3,629	61,806

15.5. In previous years, Befesa Construcción y Tecnología Medioambiental, S.A. signed a contract for the construction of several mini power stations, which have been in operation since 1999 and 2000, although their proprietor has not yet signed the provisional reception thereof. At December 31, 2003, the amount pending collection by said subsidiary was € 12,089 thousands for work completed and expenses related thereto. € 7,563 thousands and € 4,526 thousands of this amount are booked respectively as other long-term receivables and under the heading Stocks (See Note 16), respectively, in the assets on the consolidated balance sheet, relating to the cost of building the mini power plants.

In the preceding year, an arbitration award was issued whereby the proprietor of the mini power stations was ordered to pay € 12,632 thousands, which included late payment interest. An appeal against this award was filed with the Provincial Court of Madrid, which issued a judgement dated December 11, 2003 declaring the arbitration award to be null and void for formal reasons, without entering into the contents of the questions raised therein. The Company Directors does not consider that this situation to represent a capital loss for the Group, particularly because the pertinent administrative concession for use of the hydroelectricity of the mini power stations is mortgaged in favour of Befesa Construcción y Tecnología Medioambiental, S.A.

**Note 16. Stocks.**

16.1. The breakdown of the balance of stocks as of December 31, 2003 is as follows:

Description	Amount
Commercial inventories	6,956
Raw materials and other supplies	35,842
Work in progress	3,971
Projects in progress	115,401
Manufactured products	34,849
Advances	5,106
<b>Total</b>	<b>202,125</b>

The amount of stocks relating to companies located outside Spanish territory is € 44,731 thousands.

In the balance sheet liabilities (caption "Short-term Trade Creditors), there are advance payments from clients of € 26,195 thousands related to projects in the process of execution at the year end.

- 16.2. There are no significant firm purchase or sale commitments, with the exception of those mentioned in Note 32. Futures purchase transactions in raw material markets (cereals, commodities, etc.) are not significant (See Note 7.I).
- 16.3. There are no limits on the availability of the stocks due to guarantees or pledges other than the normal ones required by the projects. These are eliminated in the course of the execution of the project.



**Note 17. Cash and Banks.**

The Cash and Banks balance at December 31, 2003 was € 264,471 thousands, representing available liquid cash resources and balances in favour of group companies in current accounts at sight with immediate availability in Banks and Credit Institutions.

€ 227,699 thousands of this amount relates to companies based in Spain and € 36,772 thousands to companies based abroad.

The breakdown of these balances by the main currencies in which they are nominated is shown below:

Currency	Spanish companies	Foreign companies
Euro	159,531	620
US Dollar	68,168	23,724
Canadian Dollar	-	2,395
Swiss Franc	-	355
Sterling Pound	-	1,059
Brazilian Real	-	1,770
Argentine Peso	-	446
Mexican Peso	-	4,923
Chilean Peso	-	1,427
Other	-	53
<b>Total</b>	<b>227,699</b>	<b>36,772</b>

## Note 18.- Shareholders' Equity.

- 18.1. The breakdown of the accounts comprising shareholders' equity as of December 31, 2002 and 2003 and of the variation therein is as follows:

	Balance at 12.31.02	Distribution of 2002 Profit	Other Movements	Balance at 12.31.03
Share Capital	22,617	-		22,617
Share Premium	110,009	-		110,009
Reserves in Parent Company:				
- Distributable	90,319	17,099	(1)	107,417
- Non-distributable	4,523	-	-	4,523
Revaluation Reserve	3,679	-	-	3,679
Reserves in fully and proportionally consolidated companies	79,411	10,673	(2,388)	87,696
Reserves in companies consolidated by equity method	866	3,059	(1,137)	2,788
Cumulative Translation Adjustments:				
- In Subsidiaries Consolidated by line-by-line or Proportional Method	(38,457)	-	(11,085)	(49,542)
- In companies consolidated by equity method	(5,710)	-	256	(5,454)
Dividend for the year 2002	-	12,666	(12,666)	-
	<b>267,257</b>			<b>283,733</b>
<b>Consolidated Profit for the Year</b>	<b>45,169</b>	<b>(45,169)</b>	<b>47,810</b>	<b>47,810</b>
<b>Profit Attributable to Minority Interests</b>	<b>(1,672)</b>	<b>1,672</b>	<b>(761)</b>	<b>(761)</b>
<b>Profit Attributable to Holding Company</b>	<b>43,497</b>	<b>(43,497)</b>	<b>47,049</b>	<b>47,049</b>
<b>Total Shareholders' Equity</b>	<b>310,754</b>			<b>330,782</b>

- 18.2. The share capital at December 31, 2002 was Euros 22,617,420, formed by 90,469,680 ordinary shares of a single class and series, all of which held identical economic and voting rights, with a nominal value of Euros 0.25 each, fully subscribed and paid up. The totality of these shares were represented by account entries and had been listed on the Madrid and Barcelona Stock Exchanges and the Stock Market Interconnection System (Continuous Market) since November 29, 1996. In June 2000, a capital increase took place, the shares of which have been listed on the Stock Exchange since August 31, 2000.

The 1998 Ordinary General Meeting of Shareholders adopted the resolutions to redenominate the share capital in Euros and to adapt the accounting records and the annual accounts to the Euro, delegating in the Board of Directors to execute this at the moment it saw fit. Consequently, the Board of Directors of Abengoa, S.A. was duly authorized to adopt the pertinent resolutions, in accordance with the implementing legislation that has been issued, within the calendar established.

The calendar for adaptation to the euro fixed the year 2002 as the first year in which the accounts must compulsorily be kept in Euros, the annual accounts formulated in Euros and the share capital denominated in Euros.

The first year in which the accounting and the annual accounts could be expressed in euros was 1999. On the basis of the foregoing, on December 11, 2000 the Board of Directors of Abengoa, S.A. resolved, effective in the year 2001, to redenominate the share capital in Euros, reducing the nominal value by Euros 0.00369 per share and fixing it at Euros 22,617,420, formed by 22,617,420 shares with a nominal value of 1 euro each. January 1, 2001 was fixed as the date as from which the Company accounting, trading books, individual and consolidated annual accounts and any information required in monetary units would be expressed in Euros, although the peseta would be kept, until this currency disappears, as a unit for comparison and historical records for the appropriate purposes.

- 18.3. According to the notifications received by the Company under the provisions of current legislation relative to obligations to give notice of percentage interests held, together with additional information provided by related companies, the most significant shareholders at December 31, 2003 are:

Shareholders	% Shareholding
Inversión Corporativa IC, S.A. (*)	50.00
Finarpisa, S.A. (*)	6.04
Vinuesa Inversiones, S.L.	5.09

(\*) Inversión Corporativa Group.

- 18.4. The Shareholders, at their Ordinary Annual General Meeting held on June 29, 2003, authorized the Board of Directors:

- 1.- Increase the share capital, in one or several times, to the sum of Euros 11,308,710, equivalent to fifty percent of the share capital at the time of approval, within a maximum term of five years.
- 2.- To issue convertible debentures, with the resulting increase of up to € 243,810 thousands in the share capital, over a five-year period.
- 3.- To issue other securities that recognize or create a debt or capital contribution, within the legal limits applicable in each specific case.
- 4.- Acquire derivatively treasury stock, within the legal limits, at a price of between Euros 0.03 and Euros 120.00 per share, within a maximum term of eighteen months.

These authorizations, which are still in force, had not been used at the date of issue of these accounts.

- 18.5. The availability of the reserves is not subject to any restrictions except those imposed by current legislation. Thus, the balance of the caption Revaluation Reserve includes the net effect of the revaluation of balance sheets carried out under the provisions of Royal Decree Law 7/1996; the balance of this caption is frozen until it has been checked and accepted by the Tax Authorities. This verification must take place within the three years following the closing date of the balance sheet on which the revaluation was recorded (December 31, 1996), and, therefore, the term expired on December 31, 1999. When the verification has been made or when the time period has expired, the balance of the account may now be used to eliminate book losses, to increase the share capital or, when ten years have elapsed as from the closing date of the balance sheet in which the revaluation was recorded, as freely-available reserves.
- 18.6. The list of non-Group Companies / Entities that hold an interest of 10% or more in any of the consolidated companies is as follows:

Subsidiaries Companies	Partner	% Shareholding
Abalnor T&D, S.A. de C.V.	Alstom T&D, S.A. de C.V.	25.00
Abalnor T&D, S.A. de C.V.	Elecnor, S.A.	25.00
Abalnor T&D, S.A. de C.V.	Isolux de México, S.A. de C.V.	25.00
Abecnor Subestaciones, S.A. de C.V.	Elecnor, S.A.	50.00
ABG Servicios Ambientales, S.A.	Técnicas Medioambientales, S.A. (Tecmed)	20.00
ABG Servicios Ambientales, S.A.	Talde Promoción y Desarrollo SCR, S.A.	20.00
ABG Servicios Ambientales, S.A.	Descontaminación y Eliminación de Residuos, S.A.	20.00
ABG Servicios Ambientales, S.A.	Alfus, S.A.	20.00
Agua y Gestión Servicios Ambientales, S.A.	Al Andalus Servicios O.C. Cultura, S.L.	40.00
Agua y Gestión Servicios Ambientales, S.A.	Agua y Estructura, S.A.	18.00
Agua y Gestión Servicios Ambientales, S.A.	Construcciones y Depuraciones, S.A. (Codesa)	18.00
Aguas del Tunari, S.A.	International Water, Ltd.	55.00
Alianza Befesa Egmasa, S.L.	Egmasa. Empresa de Gestión Medioambiental, S.A.	50.00
Befesa Desulfuración, S.A.	Sefanitro, S.A.	10.00
Biocarburos de Castilla y León, S.A.	Ebro Puleva, S.A.	50.00
Bioener Energía, S.A.	Ente Vasco de la Energía	50.00
Bioetanol Galicia, S.A.	Sodiga Galicia, Sociedad Capital Riesgo, S.A.	10.00
Cogeneración del Sur, S.A.	Aceltes del Sur, S.A.	45.00
Cogeneración Motril, S.A.	Torraspapel, S.A.	51.00
Cogeneración Motril, S.A.	La Energía, S.A.	10.00
Consortio Teyma M&C	Mora y Cortes Ltd.	50.00
Construcciones Metálicas Mexicanas, S.A. de C.V.	Cia. Española de Financiación del Des., Cofides, S.A.	30.40
Desarrollos Eólicos de Arico, S.A.	Soc. Inversora Maspalomas, S.A.	10.00
Desarrollos Eólicos de Arico, S.A.	Soc. Hidráulica Maspalomas, S.A.	23.35
Deydesa 2000, S.L.	Reydesa Recycling, S.A.	60.00
Donsplav	Scarp	49.00
Ecología de Canaria, S.A. (Ecansa)	Cepsa (Cia. Española de Petróleos, S.A.)	55.00
ETBE Huelva, S.A.	Cepsa (Cia. Española de Petróleos, S.A.)	10.00
Europea de Construcciones Metálicas, S.A.	Tractebel España, S.A.	50.00
European Tank Clean Company (ET2C)	Sodi	49.97
Expansion Transm. Itumbiara Marimondo, Ltda.	Cobra Instalaciones y Servicios, S.A.	25.00
Expansion Transm. Itumbiara Marimondo, Ltda.	Elecnor, S.A.	25.00
Expansion Transm. Itumbiara Marimondo, Ltda.	Isolux Wat, S.A.	25.00
Expansion Transmissao de Energia Electrica Ltda.	Cobra Instalaciones y Servicios, S.A.	25.00
Expansion Transmissao de Energia Electrica Ltda.	Elecnor, S.A.	25.00
Expansion Transmissao de Energia Electrica Ltda.	Isolux Wat, S.A.	25.00

Subsidiaries Companies (Continuation)	Partner	% Shareholding
Explotaciones Varias, S.A.	Layar Castilla, S.A.	50.00
Fotovoltaica Solar Sevilla, S.A.	IDAE	20.00
Galdán, S.A.	Fagor Ederlan Coop. Ltda.	50.00
Iniciativas Hidroeléctricas, S.A.	Suma de Energías, S.L.	45.00
Intersplav	Donets Non-Ferrius Metals Research Institute	43.16
Krasbilmét	Kramz	68.00
Líneas Altamira, S.A. de C.V.	Elecnor, S.A.	50.00
Líneas Baja California Sur, S.A. de C.V.	Elecnor, S.A.	50.00
Líneas Sistema Nacional, S.A. de C.V.	Techint, S.A. de C.V.	33.33
Líneas Sistema Nacional, S.A. de C.V.	Elecnor, S.A.	33.33
Líneas y Subestaciones 506, S.A. de C.V.	Isolux de México, S.A. de C.V.	25.00
Líneas y Subestaciones 506, S.A. de C.V.	Elecnor, S.A.	25.00
Líneas y Subestaciones 506, S.A. de C.V.	Iberdrola Ing. y Consultoría México, S.A. de C.V.	25.00
Líneas y Subestaciones de México, S.A. de C.V.	Elecnor, S.A.	33.33
Líneas y Subestaciones de México, S.A. de C.V.	Iberdrola Ing. y Consultoría México, S.A. de C.V.	33.33
Nordeste Transmisora de Energía, S.A. (NTE)	Dragados Industrial, S.A.	49.99
Procesos Ecológicos, S.A. (Proecsa)	Global Plasma Environment, S.A.	49.99
Residuos Sólidos Urbanos de Ceuta, S.L. (Resurce)	Esys Montenay España, S.A.	50.00
Sainsel Sistemas Navales, S.A.	Saes Capital, S.A.	50.00
Sniace Cogeneración, S.A.	Bosques 2000, S.L.	10.00
Subest. y Líneas en el Bajío - Oriental, S.A. de C.V.	Elecnor, S.A.	33.33
Subest. y Líneas en el Bajío - Oriental, S.A. de C.V.	Isolux de México, S.A. de C.V.	33.33
Subestaciones 410, S.A. de C.V.	Alstom T&D, S.A. de C.V.	33.33
Subestaciones 410, S.A. de C.V.	Elecnor, S.A.	33.33
Subestaciones 615, S.A. de C.V.	Elecnor, S.A.	50.00
Subestaciones y Líneas de México, S.A. de C.V.	Iberdrola Ing. y Consultoría México, S.A. de C.V.	33.33
Subestaciones y Líneas de México, S.A. de C.V.	Elecnor, S.A.	33.33
Tenedora de Acciones de Red Eléctrica del Sur, S.A.	BSCH	25.01
Tenedora de Acciones de Red Eléctrica del Sur, S.A.	Cobra Perú, S.A.	33.33
TSMC Ingeniería y Construcción	Socopel	33.33
TSMC Ingeniería y Construcción	Mora y Cortés Ltd.	33.33
Tuxpan T&D, S.A. de C.V.	Alstom T&D, S.A. de C.V.	33.33
Tuxpan T&D, S.A. de C.V.	Elecnor, S.A.	33.33

18.7. The detail of reserves in subsidiary companies consolidated by line-by-line, proportional or equity method is as follows:

Company	Amount	
	FC / PC	EM
Sub-consolidated Befesa	22,916	2,352
Sub-consolidated Asa Iberoamérica	13,605	7
Sub-consolidated Information Technology	25,687	-
Sub-consolidated Asa ICI	7,661	429
Sub-consolidated Abengoa Bioenergy	18,189	-
Sub-consolidated Abengoa and those derived from the Consolidation process	(362)	-
<b>Total</b>	<b>87,696</b>	<b>2,788</b>

- 18.8. Details of the Fully and Proportionally Consolidated companies that generated the most significant accumulated translation differences are as follows:

Companies F.C.	Amount
Abengoa Bioenergy Corporation.	(21,259)
Abengoa Brasil, S.A.	2,108
Abengoa Chile, S.A.	(2,208)
Abenor, S.A.	(1,157)
Asa Investment AG	(1,760)
Bargoa, S.A.	(8,760)
Borg Austral, S.A.	(4,642)
C.D. Puerto San Carlos, S.A. de C.V.	(2,072)
Enicar Chile, S.A.	3,977
Mundiland, S.A.	1,083
NTE - Nordeste Transmissora de Energia, S.A.	(1,197)
Telvent Brasil, S.A.	(1,097)
Telvent USA, Inc	(1,111)
Teyma Abengoa, S.A.	(1,769)
Teyma Uruguay, S.A.	(3,994)
Other Positive Differences < € 1.000 thousands	2,195
Other Negative Differences < € 1.000 thousands	(7,879)
<b>Total</b>	<b>(49,542)</b>

Companies P.C.	Amount
Expansion Transmissao de Energia Electrica Ltda.	(3,187)
Intersplay	(2,269)
Other Positive Differences < € 1.000 thousands	2
<b>Total</b>	<b>(5,454)</b>

The amount allocated to this caption in the year 2003 is € 10,829 thousands, basically due to the fall in value of the United States dollar, the Swiss franc and certain Latin American currencies, including the Uruguayan peso, the Argentinean peso, the Chilean peso, as well as the revaluation of the Brazilian real.

## Note 19.- Minority Interests.

The detail of Minority interests as of December 31, 2002 and 2003 and of the variation therein is as follows:

Company	Balance at 12.31.02	Other Movements	Allocation of 2003 Results	Balance at 12.31.03
Abengoa México, S.A. de C.V.	440	(25)	39	454
Abengoa Perú, S.A.	7	(7)	(1)	(1)
Alfagrán, S.A.	263	330	(202)	391
Aluminios en Discos, S.A.	430	(430)	-	-
Aprovechamientos Energéticos Furesa, S.A.	38	-	(8)	30
Bargoa, S.A.	602	(71)	120	651
Befesa Medio Ambiente, S.A.	8,567	(433)	855	8,989
Befesa Tratamientos y Limpiezas Industriales, S.L.	508	(508)	-	-
Berako equipos especiales, S.L.	30	(30)	-	-
Bioetanol Galicia, S.A.	2,140	-	(116)	2,024
Cartera Ambiental, S.A.	695	(695)	-	-
Cogeneración Villaricos, S.A.	46	-	(5)	41
Construcciones Metálicas Mexicanas, S.A. de C.V. (Comemsa)	1,863	(1,742)	172	293
Ecocarburantes Españoles, S.A.	815	(353)	157	619
Ecomat, S.A.	742	(742)	-	-
Empresa Mixta de Servicios Municipales de El Ejido, S.A.	504	(504)	-	-
Enernova Ayamonte, S.A.	137	-	(110)	27
ETBE Huelva, S.A.	-	226	-	226
Europea de Construcciones Metálicas, S.A.	3,630	(290)	297	3,637
Explotaciones Varias, S.A.	1,321	4	(63)	1,262
Galdán, S.A.	430	(90)	(242)	98
Hidro Clean, S.A.	273	(273)	-	-
Hidro Limp, S.A.	351	(351)	-	-
Iniciativas Hidroeléctricas, S.A.	1,224	-	-	1,224
L.T. 304 Noroeste, S.A. de C.V.	(9)	1	(7)	(15)
L.T. Rosarito y Monterrey, S.A. de C.V.	-	37	(302)	(265)
Laitek Luz y Tecnología, S.A.	601	(601)	-	-
MTC Engenharia, S.A.	-	-	-	-
Nordeste Transmissora de Energia, S.A. (NTE)	3	14,450	-	14,453
Nueva Electricidad del Gas, S.A.	90	(1)	(10)	79
Pandelco, S.A.	(38)	(7)	7	(38)
Procesos Ecológicos Vilches, S.A.	79	21	(659)	(559)
Procesos Ecológicos, S.A. (Proecsa)	238	(6)	-	232
Puerto Real Cogeneración, S.A.	(79)	-	(84)	(163)
Rontalde, S.A.	4,595	1,447	220	6,262
S.E.T. Sureste Peninsular, S.A. de C.V.	(185)	21	(14)	(178)
Sainseil Sistemas Navales, S.A.	754	(6)	83	831
Servicios Auxiliares de Administración, S.A. de C.V.	(14)	3	1	(10)
Sniace Cogeneración, S.A.	990	-	(111)	879
Sondika Zinc, S.A.	907	25	140	1,072
Telvent, S.A.	2,436	35	(41)	2,430
Teyma Uruguay, S.A.	377	3	(37)	343
Zindes, S.A.	2,153	263	168	2,584
Consolidado Befesa	4,754	(5,927)	139	(1,034)
Consolidado Telvent GIT	(21)	(129)	374	224
Eliminación entre subconsolidados	(1,874)	1,874	-	-
<b>Total</b>	<b>40,813</b>	<b>5,519</b>	<b>761</b>	<b>47,093</b>

Other movements include the effects of the shareholder changes in the different companies.

**Note 20.- Deferred Income.**

20.1. The breakdown of the balance of this caption at December 31, 2003 was as follows:

Description	Amount
Capital grants	42,215
Other deferred income	32,192
<b>Total</b>	<b>74,407</b>



## 20.2. The detail of capital grants is as follows:

Grant Beneficiary Company	Entity	Balance at 12.31.02	Other Movements	Amount Transferred to Results	Balance at 12.31.03
Aluminos en Discos, S.A.	Prov. Council of Huesca	31	(31)	-	-
Aluminos en Discos, S.A.	Prov. Council of Huesca	72	(72)	-	-
Aluminos en Discos, S.A.	Prov. Council of Huesca	8	(8)	-	-
Arce Sistemas, S.A.	Iberdrola	12	-	(1)	11
Aureca, S.L.	M. Economy and Finance	81	(81)	-	-
Aurecan, S.L.	M. Economy and Finance	208	(208)	-	-
Auremur	M. Economy and Finance	699	(699)	-	-
Aureval, S.L.	ICO	209	(209)	-	-
Befesa Aluminio Bilbao, S.L.	Intek	-	45	(45)	-
Befesa Desulfuración, S.A.	Basque Reg. Government	1,942	-	(132)	1,810
Befesa Escorias Salinas, S.A.	M. Economy and Finance	382	-	(279)	104
Befesa Gestión de PCB, S.A.	M. Economy and Finance	484	-	(81)	403
Befesa Gestión de PCB, S.A.	MCT	8	-	(1)	7
Befesa Gestión Residuos Industriales, S.L.	M. Economy and Finance	39	-	(7)	32
Befesa Gestión Residuos Industriales, S.L.	Envir.Dep. Andalusia Reg. Govern.	2,103	-	(279)	1,824
Befesa Gestión Residuos Industriales, S.L.	Grant Impiva	11	-	(1)	10
Befesa Gestión Residuos Industriales, S.L.	ICO/Instituto Fomento Murcia	838	-	(105)	733
Befesa Gestión Residuos Industriales, S.L.	M. Science and Technology	-	22	(22)	-
Befesa Gestión Residuos Industriales, S.L.	European Union	-	22	(22)	-
Befesa Plásticos, S.L.	M. Industry and Energy	195	-	(65)	130
Befesa Plásticos, S.L.	Regional Incentives	16	(2)	(4)	10
Befesa Plásticos, S.L.	Regional Incentives	243	-	(33)	210
Befesa Tratamientos y Limpiezas Industriales	Scania	-	9	(1)	8
Befesa Tratamientos y Limpiezas Industriales	ICO	6	-	(1)	5
Befesa Tratamientos y Limpiezas Industriales, S.L.	Principado Asturias SAP	-	25	(9)	16
Befesa Tratamientos y Limpiezas Industriales, S.L.	ICO	2	-	(2)	-
Befesa Tratamientos y Limpiezas Industriales, S.L.	Andalusia Reg. Government	280	-	(40)	240
Bioetanol Galicia, S.A.	Consellería de Industria e Com.	179	-	(12)	167
Bioetanol Galicia, S.A.	IDAE	419	-	(28)	391
Bioetanol Galicia, S.A.	Consellería de Industria e Com.	1,615	(1)	(108)	1,506
Bioetanol Galicia, S.A.	Igape	4,907	(1)	(329)	4,577
Bioetanol Galicia, S.A.	Mº de Economía y Hacienda	10,182	-	(683)	9,499
Cogeneración Villaricos, S.A.	ICO-BEI	250	2	(13)	239
Cogeneración Villaricos, S.A.	Andalusia Reg. Government	475	-	(24)	451
Ecocarburantes Españoles, S.A.	Murcia Reg. Government	8,713	(1)	(716)	7,996
Enernova Ayamonte, S.A.	Andalusia Reg. Government	479	-	(24)	455
Instalaciones Inabensa, S.A.	European Commission	1,089	113	(802)	400
Nueva Electricidad del Gas, S.A.	Andalusia Reg. Government	302	-	(23)	280
Procesos Ecológicos Vilches, S.A.	Andalusia Reg. Government	751	-	(65)	686
Puerto Real Cogeneración, S.A.	Andalusia Reg. Government	319	-	(40)	279
Sanlúcar Solar, S.A.	Andalusia Reg. Government	-	35	-	35
Solucar Energía, S.A.	European Union	1,307	1,001	(346)	1,962
Solucar Energía, S.A.	M. Science and Technology	313	137	(137)	313
Telvent Energía y Medio Ambiente, S.A.	ICEX	10	67	(67)	10
Telvent Energía y Medio Ambiente, S.A.	European Commission	-	-	-	-
Telvent Energía y Medio Ambiente, S.A.	M. Science and Technology	39	-	(38)	2
Telvent Energía y Medio Ambiente, S.A.	M. Science and Technology	1	784	(592)	192
Telvent Energía y Medio Ambiente, S.A.	European Commission	-	28	(28)	-
Telvent Interactiva, S.A.	M. Science and Technology	-	585	(493)	92
Telvent Interactiva, S.A.	Andalusia Reg. Government	-	172	(6)	166
Adjustment to consolidation criteria		7,583	(2,495)	1,876	6,964
<b>Total</b>		<b>46,802</b>	<b>(761)</b>	<b>(3,826)</b>	<b>42,215</b>

Capital grants are related to investments in Tangible and Intangible Fixed Assets. There are no cases of non-compliance at this stage or expected whereby the Entity awarding the grant could claim it to be returned.

The caption Other Extraordinary Income, books an amount of € 1,357 thousands relating to the annual allocation of the grant received by Abengoa Bioenergy R&D from the Department of Energy (DOE) of the United States Government as part of the financing of a R&D project in Bioethanol production from lignocelluloses biomass (See Note 26.8).

20.3. Movement on the caption "Other Deferred Income" in the year was as follows:

Description	Balance at 12.31.02	Increases	Decreases	Balance at 12.31.03
Exchange rate gains	9,877	1,945	(5,560)	6,262
Huepil de Electricidad, S.A.	41,502	-	(15,572)	25,930
<b>Total</b>	<b>51,379</b>	<b>1,945</b>	<b>(21,132)</b>	<b>32,192</b>

Huepil de Electricidad, S.A. is the company holding the concession for the Ralco-Charrúa High-Tension Line, included in the projects with financing without recourse (See Note 13.1).

This project has been formalised through a financial leasing (lessor-leasing) contract nominated in US dollars, which is recorded as Financial Assets in Projects (See Note 13.3) for a value of € 54,074 thousands.

The amount of € 25,930 thousands booked under Other Deferred Income includes the financial interest on the contract maturing in the long-term, which will be allocated to the profit and loss account following a financial criterion.

The decrease for the year relates to reclassification to short term and the effect of the fluctuation of the currency in which the contract is nominated.

## Note 21.- Provisions for Contingencies and Expenses.

- 21.1. Movement on the caption "Provisions for Contingencies and Expenses" in the year was as follows:

Description	Balance at 12.31.02	Increases	Decreases	Other Movements	Balance at 12.31.03
Provisions for Contingencies and Expenses	34,571	16,580	(13,282)	(585)	37,284

- 21.2. At year-end and applying a conservative valuation principle, provisions of € 16,580 thousands were booked in order to cover general business evolution risks and specific risks of contingencies that may arise as a result of arbitration or legal proceedings filed by Abengoa in businesses outside Spanish territory. In the opinion of the Directors and legal advisors, Abengoa has sufficient valid arguments for the amounts claimed to be recognized in its favour, with the dismissal, if applicable, of any possible counterclaims filed against it.

During the year, provisions of € 13,282 thousands (registered in previous years) were applied, since it was registered that, even though the directors and legal advisors are of the opinion that Abengoa had sufficient arguments for the amounts subject to claims to be recognised in its favour, the time which had elapsed without the claims being resolved made it advisable to classify them as possible contingent assets, proceeding to the application of the provision. In case that the claims were materialised and collected, will be recorded as income in the year when it occurs. Likewise, an amount of € 585 thousands was applied to several minor items for which provision had previously been made.

- 21.3. The balance at December 31, 2003 incorporate an amount of € 2,957 thousands included in Befesa Medio Ambiente, S.A. Financial Statements and other companies, and relates to provisions for guarantees and other provisions (See Note 7.o).

**Note 22.- Non-Trade Payables.**

22.1. The detail of debts with financial institutions is as follows:

Description	Balance at 12.31.03
Short-term debts	62,330
Long-term debts	545,754
<b>Total</b>	<b>608,084</b>

This amount includes debt denominated in foreign currency for an amount of € 16,478 thousands, € 637 thousands relating to companies resident in Spain, and € 15,841 thousands to companies resident abroad (See Note 22.6).

22.2. Loan and credit facility payments are analysed as follows:

2004	2005	2006	2007	2008	Following	Total
62,330	11,077	175,568	172,268	170,766	16,075	608,084

The amounts maturing in the year 2006 onwards include a long-term syndicated loan signed on May 28, 2002 for an amount of € 500,000 thousands. It was granted by certain subsidiary companies. The loan has an estimated term of 6 years and repayment of the principal will commence from the year 2006 onwards. The loan is intended to finance investments in projects and other investments in companies that allow the Group's business and lines of activity to be expanded. Traditionally, Abengoa has maintained this line of long-term financing within the conditions established with the financial institutions, implying compliance with certain conditions agreed between the parties, which are the usual ones in this type of financial operation.

In order to minimize the volatility of the interest rates on financial operations, specific contracts are signed to hedge any possible variations that might take place. At December 31, 2003, there were CAP contracts hedging interest covering 100% of the syndicated loan. Taking these hedges into account, the maximum average interest rate payable by the company would be 4.65%.

- 22.3. Accrued interest due to financial institutions totals € 2,696 thousands, which is included under the caption "Short-term debts with credit entities".
- 22.4. There are no debt secured by real property mortgage at December 31, 2003.
- 22.5. Credit facilities for the discount of trade bills are renewable and may be extended at any moment. Therefore a quantification of credit limits is not relevant for the purpose of the annual accounts.
- 22.6. The equivalent for the breakdown of the most significant foreign currency debt with financial entities is as follows:

Currency	Companies Located	
	Outside Spain	Spain
Dollar (USA)	8,994	637
Peso (Argentina)	576	-
Peso (Mexico)	2,904	-
Peso (Uruguay)	458	-
Real (Brazil)	2,697	-
Sol (Peru)	213	-
<b>Total</b>	<b>15,841</b>	<b>637</b>

- 22.7. The average rate of the credit transactions is within market rates in each of the countries where each operation is formalised.

**Note 23.- Other Long-Term Creditors.**

23.1. The breakdown of this caption at December 31, 2003 was as follows:

Description	Balance at 12.31.03
Debt with leasing entities	13,752
Other long-term creditors	84,299
<b>Total</b>	<b>98,051</b>

23.2. In the year 2002, based on a lease-back transaction signed with a financial institution during the year, the company Carrierhouse, S.A. booked the disposal of fixed assets assigned to said company for an amount of € 16,702 thousands as decreases in the caption "Technical Installations and Machinery" and, at the same time, recorded the aforementioned lease-back agreement under the caption "Rights under Leasing Contracts". No capital gain or loss was recorded as a result of the operation described.

23.3. In the year 2003, the company Abengoa Bioenergy Corporation (ABC, formerly HPC until the preceding year) signed a sale and lease-back transaction on a indivisible part (51.28%) of the fixed assets of the York plant (state of Nebraska, USA) with Bank of America Leasing Corporation and Merrill Lynch Leasing (Wells Fargo Bank Northwest, National Association). This transaction, which fell within the financing strategy for the Group's Biofuel business branch and should be considered as the first of other similar transactions currently being in process, was performed on the basis of technical valuations by independent experts, which assigned the assets of said plant (with a capacity of 50 million gallons of nominal production of ethanol) a present value of 63.8 million dollars (€ 50.5 million) (this figure drops to 56.8 million dollars (€ 45.0 million) when the assets not involved in the transaction, such as office buildings, laboratories and land property rights, are eliminated), on the basis of technical financial interest of 11%. This valuation, which was performed by the firm AccuVal Associates on the basis of different methods, including discounted cash flow, replacement value and comparable assets, would fully support maintaining the amount of 105.9 million dollars (€ 83.8 million) paid (in January 2002) for 100% ownership of said company (annual capacity of 85 million gallons of ethanol) as a result of the takeover bid promoted by Abengoa.



In accordance with the accounting treatment adopted, applying the strictest international accounting standards and in spite of compliance with the mathematical criteria required under certain comparable legislation, together with compliance with the criteria upheld in negotiating the transaction by the banking institutions involved, it was decided to keep the net book value of the affected assets in the balance sheet assets in the pertinent proportion, considering the economic background of the transaction and the fact that only an indivisible part thereof had been transferred at December 31, 2003. The net book value of this asset was 19.3 million dollars (€ 15.3 million) and the corresponding short- and long-term payable, pursuant to the planned leasing payment period, of the amount received for the transaction, net of commissions, of 29.1 million dollars (€ 23 million). The latent gain of 9.8 million dollars (€ 7.8 million) is not recognized as a profit in the accompanying consolidated accounts, since it is appropriate to defer it in order to annually offset the cost to be borne as leasing payments and reduce it to a value substantially identical (net of the financial effect) to the value that would result from the systematic depreciation over the same time period as the term agreed for payment of the future non-cancellable leasing payments.

Although, for operational reasons, the transaction was formalized through the subsidiary ABC, from the point of view of the consolidated group, it implies the transfer of an indivisible part of an asset and the payment of periodic rent over the period of use thereof. In this context, Abengoa will be responsible for the future payments committed in the next ten years as rental of the asset for its own use and exploitation, which will represent an annual effect of 3.6 million dollars (€ 2.8 million), considering it as an operating expense necessary for carrying on the activity.

The company has the option, although it is not obliged to execute it, to repurchase the installations in September 2010, after 6 years and 9 months of leasing payments (EBO clause), for an amount of 14.7 million dollars (€ 11.6 million). Alternatively, this option may be executed at the end of the leasing period (December 2013) at a price that will take the market value into account (Fair Market Value). If ABC or the Abengoa Group finally decided not to execute this option, the Group undertakes to facilitate the solution that the lessor decides to apply that permits the transfer of the asset to third parties or the use or management thereof in another way.

If this transaction had been considered as an off-balance-sheet financial transaction that involved the associated assets and liabilities being fully removed from the consolidated annual accounts of Abengoa at December 31, 2003, without recognising, in any case, a profit as a result of the disposal of said assets, the balance sheet captions affected would be: less amount of assets (Tangible Fixed Assets) for € 15,281 thousands, less amount of liabilities (Long-term Creditors) for € 23,023 thousands, and increase in value of liabilities of € 7,742 thousands (Deferred Income), due to the deferral over the term of the transaction of the latent capital gain, which would be booked in the profit and loss account simultaneously to the leasing expense.

The Directors are of the opinion that the amounts resulting from a pro-forma balance sheet considering the contents of the preceding paragraph would provide a true and fair view of the financial situation of the company and the consolidated group, taking into account the business strategy, the arguments used in the transaction by the financial institutions that are participating and, in particular, the fact that the company has no any commitment to execute the purchase option on the assets and, on the basis of the conditions of the transaction, it cannot be presumed that reasonable doubts do not exist as to whether the purchase option will be executed.

- 23.4. The caption Other Long-term Creditors includes long-term balances payable to official entities (Ministry of Industry and Energy and others) in repayment of subsidized interest-free loans granted for Research & Development projects.

#### **Note 24.- Tax Situation.**

- 24.1. Abengoa, S.A. and 44 other Group companies (see Appendix V to these Notes) are taxed under the Special Regime for Company Groups for 2003, with the number 2/97. Likewise, Befesa Medio Ambiente, S.A. and 9 other companies (see Appendix V hereto) are taxed in the year 2003 under the Special Company Group Regime with numbers 4/01 B. The rest of the Group companies are subject to corporate tax under the General Regime.
- 24.2. In order to calculate the taxable income of the consolidated tax group and the individual tax companies, the book profit is adjusted in accordance with any timing or permanent differences that may exist, giving rise to the pertinent prepaid and deferred taxes, resulting from applying the accounting principle of accrual. In general, prepaid and deferred taxes arise as a result of making the valuation criteria and principles in the accounts of individual companies consistent with those of the consolidated group, to which the parent company's criteria and principles are applied.
- 24.3. The corporate income tax payable, under either the general regime or the special regime for groups of companies, is the result of applying the pertinent tax rate to each taxpayer, pursuant to current legislation in each one of the tax territories and/or countries in which the different companies have their registered offices. The tax allowances and credits to which the different companies are entitled, which relate mainly to double inter-Company and international taxation and to investments made, are likewise applied. Some companies taxed under special individual regimes, have been entitled to tax reductions based on the rules applicable to their activities.



24.4. Reconciliation of the accounting result with the taxable income is as follows:

Reconciliation Accounting Result with Taxable Income	Amount
Consolidated profits after tax	47,810
Permanent differences:	
- Corporate income tax	16,687
- Originated from individual companies	1,063
- Originated from consolidation	19,290
Temporary differences:	
- Originated from the individual companies	(673)
- Originated from consolidation	(1,973)
Offsetting of negative tax bases	(10,525)
<b>Taxable Income</b>	<b>71,679</b>

The permanent differences on consolidation arise mainly from the distribution of dividends, the provision for amortisation of Goodwill and the portfolio provisions for consolidated companies.

Temporary differences on consolidation originate from the adaptation of accounting criteria to those applied by the parent company.

The breakdown of the corporate income tax item on the consolidated profit and loss account for the year 2003 is as follows:

Description	Amount
Forecast Tax Expense previous to deductions	(19,661)
Capitalisation of Deferred Tax Assets (See Note 24.5)	8,668
Reversal of Deferred Tax Assets capitalised in previous years	(5,694)
<b>Total</b>	<b>(16,687)</b>

- 24.5. As established in a Resolution of the Spanish Institute of Accounting and Auditing, dated March 15, 2002, the Group accounted for deferred tax assets arising from certain deductions pending application as per December 31, 2002. This should be taken into account in order to compare tax expenses for 2003 and the previous year.

The amount of this deferred tax asset (See Note 24.4), together with the prepaid tax recorded in earlier years, appears under the caption "Other Debtors" in the Assets of the Consolidated Balance Sheet for an amount of € 41,794 thousands at December 31, 2003.

Included in that amount there are € 10,046 thousands relating to companies located outside national territory. The most significant are Brazil amounting to € 3,357 thousands and Argentine amounting to € 2,824 thousands. In Brazil, negative tax bases pending application do not prescribe and in Argentine there is a maximum period of 10 years to compensate them.

- 24.6. In accordance with the provisions of article 36 ter. 8) of Law 43/1995 of December 27, the Corporate Tax Act, the following is the information necessary to meet the formal requirements of the tax credit for reinvestment of the extraordinary profits generated by Abengoa, S.A. in the year 2003.

Transfer Date	Asset Transferred	Amount of Transfer (a)	Net Book Value (b)	Monetary Fall in Value Art. 15.11 Corp. Tax Act (c)	Income to be applied as Tax Credit (a-b-c)	Reinvestment Date
12-17-02	Tangible Fixed Assets	28,858	3,658	481	24,719	11-22-02

In accordance with article 84 in Law 43/1995 of December 27, the Corporate Tax Act, the reinvestment has been made in a member of the tax group, Bioetanol Galicia, S.A. Said reinvestment materialised in the Bioethanol production plant with an annual capacity of 126.5 million litres, using cereals as raw materials, for use as gasoline additives, also obtaining a co-product with a high protein content for animal food, together with the operation of a simple cycle cogeneration plant of 24.8 Mw, for an amount of € 92,131 thousands.

- 24.7. Due to possible different interpretations of the tax legislation applicable to each one of the territories and/or countries in which the different companies are tax residents, there may be certain contingent tax liabilities. However, in the opinion of the tax advisors, the possibility of their materialisation is remote, and in any event, the amount, which could arise from this, would not significantly affect the annual accounts.

In accordance with the applicable accounting principles, accounting provision is made for contingencies deemed probable, while those classified as remote are not recognized as such or broken down, except when the degree of probability thereof can be considered to be at least possible.

**Note 25.- Guarantees Furnished with Third Parties and Other Contingencies.**

- 25.1. Guarantees furnished to third parties, totalling € 405,273 thousands at the year-end comprise guarantees for completed contracts as well as for bidding rights.

There are guarantees furnished between Group companies amounting to € 469,795 thousands. These guarantees are to secure financial operations recorded as liabilities on the consolidated balance sheet at December 31, 2003, corresponding an amount of € 252,332 thousands to operations outside Spanish territory, relating to both foreign companies and Spanish companies operating abroad.

- 25.2. At December 31, 2003, Abengoa and its group of companies were involved in legal actions both in their favour and against them, as a natural result of their business and the economic and technical claims that the parties to a contract frequently file against each other. The most significant of these claims is currently located abroad and refers to a contract for the redevelopment of electricity generation units regarding which, due to various incidents, the group company to which the contract had been awarded filed a claim, as a result of the impossibility of executing the project in the manner in which it was defined because the client did not duly obtain, on a timely basis, the pertinent administrative permits required to carry out the work.

As a consequence of the foregoing, said company holding the contract claimed substantial economic amounts that have not been recognized in the accompanying annual accounts or in those prepared in previous years, given their status as contingent assets. The client finally filed counterclaims against these claims in 2003, including the items intangible losses and claims for indirect damages very much higher than the total of the original contract (around 200 million dollars). The Directors of Abengoa expect that this dispute can be resolved appropriately in a reasonable period of time and, therefore, do not consider it to represent liabilities subject to be accounted for. This opinion is corroborated by the company's legal advisors, especially because of the limitation established in the contract itself, which excludes liability for indirect damages and limits liability for direct damages.

**Note 26.- Income and Expenses.**

- 26.1. Transactions carried out during the year by Abengoa, S.A. with Temporary Consortiums not included in the consolidation process amount € 20,354 thousands (sales).
- 26.2. The caption "Other Operating Income" on the consolidated profit and loss account relates to accessory income, operating grants and all other income not included under other income captions, except extraordinary income. The breakdown is as follows:

Description	Amount
Accessory income	32,027
Consortium Integration	2,686
Operating grants	3,427
<b>Total</b>	<b>38,139</b>

- 26.3. The volume of transactions carried out in foreign currency is as follows:

Description	Amount
Sales	473,571
Purchases	291,387
External Services (Received)	65,301
External Services (Provided)	72,979

- 26.4. The distribution of the net turnover by activity is as follows:

Business Groups	Amount	%
Bioenergy	291,413	17.82
Environmental Services	365,329	22.34
Information Technology	265,575	16.24
Engineering and Industrial Construction	712,997	43.60
<b>Total</b>	<b>1,635,314</b>	<b>100.00</b>

26.5. The distribution by geographical area is as follows:

Geographical Area	Amount	%
<b>Domestic Market</b>	<b>971,267</b>	<b>59.39</b>
- European Union	76,665	4.69
- OECD countries	360,619	22.05
- Other countries	226,763	13.87
<b>International Market</b>	<b>664,047</b>	<b>40.61</b>
<b>Total</b>	<b>1,635,314</b>	<b>100.00</b>

26.6. The net aggregated turnover of the companies included in the consolidation, which are not resident in Spain, was € 485,388 thousands. The consolidated annual accounts include the accumulated reserves and retained earnings of the individual consolidated companies in the shareholders' equity, not considering the effect of the hypothetical distribution thereof, since said reserves and retained earnings are used as a financing source in each one of the companies.

26.7. The average number of employees in the year is, by categories, as follows:

Categories	Average Number		
	Spain	Outside Spain	Total
Engineers and University Graduates	903	388	1,291
Technical Staff	877	286	1,163
Clerical Staff	522	131	653
Workmen and other	3,219	2,500	5,719
<b>Total</b>	<b>5,521</b>	<b>3,305</b>	<b>8,826</b>

To accumulate this information, the entities included in the consolidation were considered only in the cases where the full or proportional consolidation methods are applied.

26.8. The detail of extraordinary income and expenses is as follows:

Income	Amount
Profits on sale of Intangible and Tangible Fixed Assets	319
Disposal of investment in group companies	5,412
Capital grants transfers to profit for the year	3,826
Provision for contingencies and expenses application (See Note 21.2)	13,282
Other extraordinary income	11,090
<b>Total</b>	<b>33,929</b>
<hr/>	
Income	Amount
Disposal of Intangible and Tangible Assets	915
Variation in provisions for Tangible and Intangible Fixed Assets	2,295
Disposal of investment in group companies	946
Provision for Contingencies and Expenses (See Note 21.2)	16,580
Other extraordinary expenses	14,914
<b>Total</b>	<b>35,650</b>
<hr/>	
<b>Net Extraordinary Losses</b>	<b>(1,721)</b>

26.9. The detail of the contributions to the profit and loss account after tax is as follows:

	Amount
Sub-consolidated Asa Iberoamérica	71
Sub-consolidated Befesa	7,953
Sub-consolidated Bioenergy	7,140
Sub-consolidated Abeinsa	14,619
Sub-consolidated Information Technology	7,804
Sub-consolidated Abengoa and Consolidation process	10,223
<b>Total</b>	<b>47,810</b>

The individual annual accounts of the Spanish companies included in the consolidation are filed at the Companies Registry of the province in which their corporate headquarters are located, pursuant to current mercantile legislation.

- 26.10. The net turnover figures of the companies with electricity operations as defined in Note 7 t) are the following

Activity	Amount
Production under special regime: cogeneration	67,670
Production under special regime: hydraulic	743
Production under special regime: Transport	4,240
Production under special regime: Other	4,920
<b>Total</b>	<b>77,573</b>

- 26.11. The balance of consumption and other external expenses is € 1,019,745 thousands, of which € 744,902 thousands relate to purchases, € 25,724 thousands to variation in inventories, € 23 thousands to purchases returned, € 458 thousands to volume discounts on purchases and € 249,600 thousands to work carried out by other companies.

The balance of personnel costs is € 243,252 thousands, of which € 195,220 thousands relate to wages, salaries or similar and € 48,032 thousands staff welfare charges.

- 26.12. The balance of the caption Work Carried out on Fixed Assets is € 31,912 thousands, relating to the expenses incurred by the companies on their fixed assets, using their equipment and personnel, which are capitalized. Of this amount, € 12,020 thousands relate to purchase and sale transactions between companies in the consolidated group, to which consolidation criteria and principles, explained in Note 7.h, are applied. The rest relate to individual companies.

- 26.13. The balance of Other Financial Income is € 14,892 thousands, the most significant amounts relating to Other Financial Income € 12,120 thousands and Income from Fixed-Income Securities € 1,392 thousands.

26.14. The breakdown of Other Operating Expenses is as follows:

Description	Amount
External Services	236,512
Taxes	7,695
Other Management Expenses	9,510
<b>Total</b>	<b>253,717</b>

The caption External Services includes, among other items, rentals and royalties for an amount of € 31,048 thousands, transport for an amount of € 25,460 thousands, services of independent professionals for an amount of € 69,517 thousands, and other services for an amount of € 44,284 thousands.

#### **Note 27.- Accounts with Related Companies.**

27.1. The account held by Abengoa, S.A. with Inversión Corporativa I.C., S.A. at the year-end shows a nil balance.

27.2. Dividends paid to related companies in the year total € 7,743 thousands.

27.3. On December 17, 2002, Abengoa, S.A. sold some lands and installations that belonged to it to Iniciativa de Bienes Inmuebles, S.A., a subsidiary of Inversión Corporativa I.C., S.A. The selling price was € 28,858 thousands, with capital gains of € 25,200 thousands on the sale. The selling price was established in accordance with reports on the value prepared by independent professional experts.

The agreements in force between Abengoa, S.A. and Iniciativas de Bienes Inmuebles, Ibisa (Inversión Corporativa) include the commitment, in the event that the value of the plots of land acquired by Ibisa from Abengoa, S.A. were, for any reason, finally higher than the acquisition price plus expenses, whereby Ibisa undertakes to pay Abengoa, S.A. the difference between the two values or, alternatively, to grant a repurchase option on the same land in the same terms as were initially agreed for the sale.



27.4. Other transactions performed during the year with significant shareholders were:

- Creation of a surface right for Explotaciones Casaquemada, S.A. (a subsidiary of Inversión Corporativa, I.C., S.A., the reference shareholder of Abengoa) in favour of Sanlúcar Solar, S.A. (a subsidiary of Abengoa) by means of a public deed dated January 15, 2003, for a term of 30 years, on land of 70 hectares, to be used for the promotion, construction and exploitation of a solar energy plant by Sanlúcar Solar. The accumulated fee for the whole term is € 1,256 thousands.
- Likewise, Explotaciones Casaquemada, S.A. and Herrería La Mayor, S.A. (subsidiaries of Inversión Corporativa) sold barley from land taken out of production for an overall amount of € 28,4 thousands, to be used in the production of biofuels, within the Community Aid Programme.

#### **Note 28.- Other Information.**

28.1. The total remuneration paid to the members of the Board of Directors in their capacity as such and to the Board of Directors Advisory Council members of Abengoa, S.A. in the year 2003, was € 388 thousands for salaries and subsistence allowances, and € 78 thousands for other items.

In addition, in the year 2003, the remuneration paid to the Senior Management of the Company in their capacity as such, considering the members thereof to be the group of fifteen people who form the corporate bodies of the Chairman's Office, the Strategy Committee and the Management of the Corporate Departments, was € 4,765 thousands, including both variable and fixed items.

28.2. There are no advances or loans given to the members of the Board of Directors or obligations contracted by them under guarantee.

28.3. Since July 19, 2003, the date of entry into force of Law 26/2003 whereby Law 24/1988 of July 28 on the Stock Market and the Revised Text of the Limited Liability Companies Act were amended in order to reinforce the transparency of limited liability companies, the members of the Board of Directors have not held shares in the capital of companies that carry out activities directly with a type that is the same as or analogous or complementary to that included in the corporate purpose of the parent company. Likewise, they have not carried on and do not carry on at present any activities, for their own account or for the account of third parties, of a type that is the same as or analogous or complementary to that which constitutes the corporate purpose of Abengoa, S.A.

Mr. José B. Terceiro Lomba, an independent director, who holds the positions of Chairman of the Advisory Counsel, member of the Audit Committee and member of the Appointments and Remuneration Committee, forms, at the same time, part of the Board of Directors of Unión Fenosa, S.A., a company which, given the description of its corporate purpose, could carry on activities analogous or complementary to those carried on by Abengoa, S.A. and its group of companies.

- 28.4. According to the register of significant shareholdings that the Company keeps pursuant to the provisions of the Internal Conduct Regulations on Stock Market Matters, the Directors percentage holdings in the Company's capital at December 31, 2003 were as follows:

	% Direct	% Indirect	% Total
Felipe Benjumea Llorente	0.059	-	0.059
Javier Benjumea Llorente	0.002	-	0.002
José Joaquín Abaurre Llorente	0.013	-	0.013
José Luis Aya Abaurre	0.061	-	0.061
José B. Terceiro Lomba	0.111	0.111	0.222
Ignacio de Polanco Moreno	-	-	-
Corporación Caixa Galicia, S.A.U.	0.001	-	0.001
<b>Total</b>	<b>0.247</b>	<b>0.111</b>	<b>0.358</b>

- 28.5. In the year 2003, fees of € 1,056 thousands were paid in relation to financial audit work on said year. In addition, € 315 thousands were paid to Audit Firms for other services.

From total fees, an amounting of € 700 thousand correspond to the main group auditor PricewaterhouseCoopers and the rest to other companies.

- 28.6. Included in Short-Term Investments and Cash at Bank and in hand, there are some deposits amounting to € 25,311 thousands as a counter-guarantee of certain obligations assumed by group companies during the normal course of business.

## Note 29.- Information by Activity

The main figures of the Consolidated Balance Sheet at December 31, 2003 and the analytical Consolidated Profit and Loss Account for said year for each of the different activities carried on by Abengoa through its four Business Groups are set forth below.

These activities, which are described in Note 1 above, are as follows:

- Biofuels.
- Environmental Services.
- Information Technologies.
- Engineering and Industrial Construction.

	Biofuels	Environmen- tal Services	Information Technologies	Engineering & Ind. Const.	Corporate	Adjustments on consolidation	Group Total
<b>Assets</b>							
Fixed assets	256,708	186,164	79,967	342,483	400,321	(346,374)	919,269
Goodwill	50,011	86,581	18,817	7,943	166,083	(10,060)	319,375
Deferred expenses	3,011	2,175	1,121	4,176	4,985	-	15,468
Current assets	183,371	194,199	208,333	476,683	701,670	(655,255)	1,109,001
<b>Total</b>	<b>493,101</b>	<b>469,119</b>	<b>308,238</b>	<b>831,285</b>	<b>1,273,059</b>	<b>(1,011,689)</b>	<b>2,363,113</b>
	Biofuels	Environmen- tal Services	Information Technologies	Engineering & Ind. Const.	Corporate	Adjustments on consolidation	Group Total
<b>Liabilities</b>							
Shareholders' equity	152,913	171,586	60,690	70,330	270,504	(395,241)	330,782
External shareholders	2,869	9,709	846	21,860	38,516	(26,707)	47,093
Deferred income	32,037	10,403	490	28,778	6,874	(4,175)	74,407
Provision for contingen. & expenses	767	2,957	10	1,117	-	32,433	37,284
Financing w/r applied to Projects	85,087	7,242	7,931	169,423	-	-	269,683
Long-Term Creditors	79,811	63,605	28,477	28,486	500,173	(56,747)	643,805
Short-Term Creditors	139,617	203,617	209,794	511,291	456,992	(561,252)	960,059
<b>Total</b>	<b>493,101</b>	<b>469,119</b>	<b>308,238</b>	<b>831,285</b>	<b>1,273,059</b>	<b>(1,011,689)</b>	<b>2,363,113</b>
<b>Sales</b>	<b>291,413</b>	<b>365,329</b>	<b>265,575</b>	<b>712,997</b>	<b>-</b>	<b>-</b>	<b>1,635,314</b>
<b>EBITDA</b>	<b>36,342</b>	<b>37,762</b>	<b>31,021</b>	<b>80,102</b>	<b>-</b>	<b>-</b>	<b>185,227</b>

The criteria applied to obtain the financial statements separated by activity are described below:

1. The data have been grouped by sectors using the sub-consolidated statements of each of the companies that head the Group's different businesses. In the case of Engineering and Industrial Construction, the balances are taken from the consolidated annual accounts of the company that heads this business, combined with the business sub-sector in the Latin American market, in respect of which there are no mutual shareholdings.

2. Corporate activity includes the assets and liabilities that are for general use and not distributed to the rest of the activities, being mainly on the parent company's balance sheet.
3. The Group also has ancillary activities, portfolio companies and companies engaged in property exploitation. The size of these activities is not sufficiently significant (less than 5%) to present separate information on them and, therefore, they are likewise integrated into the Corporate activity column.
4. In general, no sales or other transactions are carried out between the different activity segments, except in the case of transactions with the parent company, which are eliminated in the consolidation process and included in the column Adjustments on Consolidation

### Note 30.- Environmental Information.

One of the 4 Business Groups into which Abengoa is structured concentrates its activity as supplier of environmental services, such a waste recycling, industrial cleaning and environmental engineering.

Befesa, the most important company in this Business Group, contributes assets of € 469,119 thousands, sales of € 365,329 thousands and attributable profits of € 8,369 thousands associated to the environmental activity to the Consolidated Financial Statements of Abengoa.

At the 2003 year end, Abengoa considered that it did not incur any environmental risks that required additional provision to be made.

One of Abengoa's objectives is for all its companies to hold Certificates for their Environmental Management Systems. The use of treatment techniques with preventive guarantees in respect of environment quality has been officially recognised through the environmental management certifications (ISO 9001, ISO 14001 and EMAS). As a consequence of the foregoing, at the end of the year 2003, 75% of the Abengoa companies had Quality Management Systems certified through ISO 9001. Likewise, 53% of the companies had Environmental Management Systems certified through ISO 14001.

The percentage distribution by Business Group of the companies with Quality and Environment certifications is shown below:

Business Group	% Companies Certified under ISO 9001	% Companies Certified under ISO 14001
Information Technology	100%	90%
Engineering and Industrial Construction	71%	46%
Environmental Services	52%	59%
Bioenergy	25%	0%
Latin America	80%	30%

The Spanish companies of the Bioenergy Business Group, Ecocarburantes, S.A. and Bioetanol Galicia, S.A., are in the process of developing and implementing an integrated management model for Quality, Environment and Prevention of Risks at Work, with the objective of completing implementation of the system during the present year, in order to commence the certification procedures at the end of 2003 and obtain certification in 2004. The company High Plains (also belonging to the Bioenergy Business Group and located in the United States of America) is governed by local rules with greater influence in its sphere of production.

In 2002, two companies belonging to our Environmental Services Business Group obtained the Certificate of Verification, which demonstrates that the Environment Management System meets the requirements of the European Regulation on Eco-Management and Auditing (EMAS) and, therefore, three companies now hold said certificate and the adhesion of one of them to the EMAS has also been accepted.

### **Note 31.- Subsequent Events.**

31.1. After the year end, Telvent GIT, S.A. has carried out two transactions related to its shareholding in Xfera Móviles, S.A. Firstly, it increased its shareholding from the 5.46% that it held at December 31, 2003, to 5.63%, as a consequence of the contents of an arbitration award requested by the founding shareholders in the year 2001, the conclusions of which were issued in January 2004. On the other hand, the company subscribed the capital increase approved by the General Shareholders' Meeting on December 15, 2003, which was formalised and paid up at the beginning of February 2004. The amounts paid for these two items were € 760 thousands and € 733 thousands, respectively. In addition, the company will assume the corresponding guarantees amounting to € 1,256 thousands.

31.2. Since 2003 year end there have been no other subsequent events in the consolidated companies which could be considered significant for the interpretation of the annual accounts or which could significantly affect either the individual companies or the group.

### **Note 32.- Order Book.**

The breakdown of the Order Portfolio at December 31, 2003 by type of activity is as follows:

Activity	Amount
Traditional Activity	614,649
Turnkey Activity	308,390
Recurrent Activity	34,900
<b>Total</b>	<b>957,939</b>



## Consolidated Companies

Name	Registered Address	Shareholding		Parent Company	See (Page 4)	See (Page 4)	Activity (See Page 4)	Auditor
		Amount in thousands of €.	% of nominal capital					
Abecnor Subestaciones, S.A. de C.V.	Mexico D.F. (MX)	2	50.00	Abengoa México		c	(4)	-
Abecom, S.A.	Seville (ES)	988	100.00	Inabensa		a-b	(4)	C
Abeinsa, Ingeniería y Construcción Industrial, S.L.	Seville (ES)	65,707	100.00	Abengoa	(*)	a-b	(4); (5)	-
Abelec, S.A.	Santiago (CL)	1	100.00	Abengoa Chile		a-b	(4)	A
Abema Limitada	Santiago (CL)	2	100.00	A. Chile/Befesa Con. y T.Ind.		a-b	(2); (4)	A
Abenasa Transmissao de Energia, Ltda. (A.T.E.)	R. de Janeiro (BR)	-	100.00	Abengoa	(**)	a-b	(4)	-
Abencor Suministros, S.A.	Seville (ES)	4,219	100.00	Abeinsa		a-b	(4)	C
Abener El Sauz, S.A. de C.V. (Aelsa)	Mexico D.F. (MX)	6	100.00	Abener / Abengoa México		a-b	(4)	A
Abener Energía, S.A.	Seville (ES)	32,582	100.00	Abeinsa	(*)	a-b	(4)	A
Abener Garabito Energía, S.A.	Mexico D.F. (MX)	4	100.00	Abener / Abengoa	(**)	a-b	(4)	-
Abener Inversiones, S.L. (antes Relsa)	Seville (ES)	22,861	100.00	Abener		a-b	(4); (5)	-
Abener México, S.A. de C.V.	Mexico D.F. (MX)	4	100.00	Abener	(**)	a-b	(4)	-
Abengoa Bioenergía, S.L.	Seville (ES)	149,522	100.00	Abengoa / Siema		a-b	(1); (5)	-
Abengoa Bioenergy Corporation	Kansas (USA)	138,347	100.00	Asa Bioenergy Holding	(*)	a-b	(1)	A
Abengoa Bioenergy R&D, Inc.	St. Louis (USA)	5	100.00	Abengoa Bioenergy Corp.	(**)	a-b	(1)	A
Abengoa Brasil, S.A.	R. de Janeiro (BR)	318	100.00	Inabensa		a-b	(4)	E
Abengoa Chile, S.A.	Santiago (CL)	21,317	100.00	Asa Investment		a-b	(4)	A
Abengoa Comer. y Administração, S.A. (Abencasa)	R. de Janeiro (BR)	1,858	100.00	Asa Investment		a-b	(5)	-
Abengoa Limited	Edimburgo (UK)	29	100.00	Abener		a-b	(4)	A
Abengoa México, S.A. de C.V.	Mexico D.F. (MX)	2,330	90.00	Asa Investment		a-b	(4)	A
Abengoa Perú, S.A.	Lima (PE)	3,235	100.00	Asa Investment		a-b	(4)	A
Abengoa Puerto Rico, S.E.	San Juan (PR)	8	99.51	Abengoa		a-b	(4)	A
Abenor, S.A.	Santiago (CL)	5,808	100.00	Enicar Chile		a-b	(4)	A
Abensur Medio Ambiente, S.A.	Seville (ES)	3,294	100.00	Befesa Const. y Tec. Amb.		a-b	(2)	B
Abensur Trading Company, S.A.	Montevideo (UR)	2,488	100.00	Befesa Const. y Tec. Amb.		a-b	(2); (5)	-
Abentel Telecomunicaciones, S.A.	Seville (ES)	4,645	100.00	Abeinsa / Abener		a-b	(3)	A
Alianza Befesa Egmasa, S.L.	Huelva (ES)	76	50.00	Alianza Medioambiental		c	(2)	-
Alianza Medioambiental, S.L. (AMA)	Biscay (ES)	32,633	100.00	Befesa Medio Ambiente		a-b	(2); (5)	B
Alto Bello, S.A.	Buenos Aires (AR)	201	100.00	Asa Invest. / Teyma bengoa		a-b	(6)	E
Aluminios en Discos, S.A.	Huesca (ES)	2,400	100.00	Befesa Aluminio Bilbao		a-b	(2)	B
Aprovechamientos Energéticos Furesa, S.A.	Murcia (ES)	2,211	98.00	Abener Inversiones		a-b	(4)	C
Araucana de Electricidad, S.A.	Santiago (CL)	3,368	100.00	Enicar Chile		a-b	(4)	A
Arce Sistemas, S.A.	Biscay (ES)	1,769	100.00	Telvent Tráfico y Transporte		a-b	(3)	A
Asa Bioenergy Holding, AG	Zug (CH)	118,811	100.00	Abengoa Bioenergía		a-b	(1); (5)	A
Asa Environment and Energy Holding AG (Asa E.E.H.)	Zug (CH)	214,592	100.00	Siema		a-b	(5)	A
Asa Iberoamérica, S.L.	Seville (ES)	25,373	100.00	Abengoa		a-b	(5)	-
Asa Investment AG	Zug (CH)	24,822	100.00	Asa Iberoamérica		a-b	(5)	A
Asa Investment Brasil, Ltda.	R. de Janeiro (BR)	-	100.00	Asa Iberoamérica		a-b	(4)	-
Aser – Zinc, S.L.	Biscay (ES)	15,626	100.00	MRH		a-b	(2); (5)	B
Aser, Compañía Industrial del Zinc, S.L. (Aser II)	Biscay (ES)	605	100.00	Aser – Zinc		a-b	(2)	-
Baltasar Lobato	Madrid (ES)	2	50.00	Telvent E. y M.A.	(**)	c	-	-
Bargoa, S.A.	R. de Janeiro (BR)	10,309	90.00	Asa Invest./Abengoa C.y Ad.		a-b	(3); (4)	E
Befesa aluminio Bilbao, S.L.	Biscay (ES)	53,971	100.00	MRH	(*)	a-b	(2); (5)	B
Befesa Aluminio Valladolid, S.A.	Valladolid (ES)	8,670	100.00	Befesa aluminio Bilbao	(*)	a-b	(2)	B
Befesa Argentina, S.A.	Buenos Aires (AR)	2,666	100.00	Alianza Med./Befesa Desulf.	(*)	a-b	(2)	E
Befesa Brasil, S.A.	R. de Janeiro (BR)	1,410	100.00	Asa Investment	(*)	a-b	(4)	E
Befesa Chile	Santiago (CL)	2	100.00	Abengoa Chile	(**)	a-b	(2)	-
Befesa Construcción y Tecnología Ambiental, S.A.	Seville (ES)	23,996	100.00	Befesa Medio Ambiente	(*)	a-b	(2)	B
Befesa Desulfuración, S.A.	Biscay (ES)	36,510	90.00	Alianza Medioambiental	(*)	a-b	(2)	B
Befesa Escorias Salinas, S.A.	Valladolid (ES)	6,787	100.00	Befesa A.B. / Befesa A.V.	(*)	a-b	(2)	B
Befesa Fluidos, S.A.	Asturias (ES)	2,007	100.00	Alianza Medioambiental	(*)	a-b	(2)	B
Befesa Gestión de PCB, S.A.	Murcia (ES)	1,358	100.00	Alianza Medioambiental	(*)	a-b	(2)	B
Befesa Gestión de Residuos Industriales, S.L. *	Murcia (ES)	55,522	100.00	Alianza Medioambiental	(*)	a-b	(2)	B

## Consolidated Companies. (Continuation)

Name	Registered Address	Shareholding		Parent Company	See (Page 4)	See (Page 4)	Activity (See Page 4)	Auditor
		Amount in thousands of €	% of nominal capital					
Befesa Limpiezas Industriales México, S.A. de C.V.	México D.F. (MX)	1	100.00	Befesa México	(*)	a-b	(2)	-
Befesa Medio Ambiente, S.A.	Biscay (ES)	319,007	92.17	Abengoa/Siema/Asa Env.		a-b	(2); (5)	B
Befesa México, S.A. de C.V.	México D.F. (MX)	2	100.00	A. México/Alianza Med.		a-b	(2)	-
Befesa Perú, S.A.	Lima (PE)	522	100.00	Alianza Med./Abengoa Perú	(*)	a-b	(2)	-
Befesa Plásticos, S.L.	Murcia (ES)	2,415	100.00	Alianza Medioambiental	(*)	a-b	(2)	B
Befesa Salt Slag Ltd.	Manchester (UK)	14,423	100.00	Befesa Aluminio Bilbao	(*)	a-b	(2)	E
Befesa Servicios Corporativos, S.A.	Madrid (ES)	991	100.00	Befesa Medio Ambiente		a-b	(2)	B
Befesa Sondika Zinc, S.A.	Biscay (ES)	1,727	51.00	Befesa Zinc Aser (Aser I)	(*)	a-b	(2)	B
Befesa Técnicas del Suelo, S.A.	Madrid (ES)	48	80.00	Alianza Medioambiental	(**)	a-b	(4)	-
Befesa Tratamientos y Limpiezas Industriales, S.L.	Biscay (ES)	22,821	70.00	Alianza Mediambiental	(*)	a-b	(2)	B
Befesa Zinc Amorebieta, S.A.	Biscay (ES)	4,154	51.00	Befesa Zinc Aser (Aser I)	(*)	a-b	(2)	B
Befesa Zinc Aser, S.A.	Biscay (ES)	18,039	100.00	Aser – Zinc	(*)	a-b	(2)	B
Befesa Zinc Comercial, S.A.	Biscay (ES)	60	100.00	Aser – Zinc	(*)	a-b	(2)	B
BF Tiver	Asturias (ES)	28	94.00	Befesa Fluidos		a-b	(2)	-
Biocarburantes de Castilla y León, S.A.	Seville (ES)	8,000	50.00	Abengoa Bioenergía		c	(1)	A
Bioeléctrica Jiennense, S.A.	Seville (ES)	885	95.00	Abener Inversiones		a-b	(4)	-
Bioener Energía, S.A.	Biscay (ES)	36	50.00	Abener Inversiones		a-b	(4)	-
Bioetanol Galicia, S.A.	La Coruña (ES)	19,534	90.00	Abengoa Bioenergía		a-b	(1)	A
Borgu, S.A.	Montevideo (UR)	12	100.00	Teyma Uruguay		a-b	(4)	-
C.D. Puerto San Carlos, S.A. de C.V.	México D.F. (MX)	13,587	100.00	Abener		a-b	(4)	A
Ciclaforma	Madrid (ES)	150	100.00	Alianza Medioambiental		a-b	(2)	-
Cogeneración Villaricos, S.A.	Seville (ES)	5,951	99.22	Abener Inversiones		a-b	(4)	C
Complejo Medioambiental de México, S.A. de C.V.	México D.F. (MX)	-	100.00	Befesa México/A. México		a-b	(4)	-
Complejo Medioambiental de Navarra, S.A.	Navarra (ES)	60	100.00	Alianza Medioambiental		a-b	(2)	-
Construc. Metálicas Mexicanas, S.A. de C.V.	Querétaro (MX)	2,224	69.70	Abengoa México/Eucomsa		a-b	(4)	A
Desarrollos Eólicos de Arico, S.A.	Tenerife (ES)	40	66.65	Siema		a-b	(4)	-
Desarrollos Eólicos El Hinojal, S.A.	Seville (ES)	84	99.88	Siema		a-b	(4)	-
Donsplav	Donetsk (UA)	980	51.00	Befesa Aluminio Bilbao		a-b	(2)	-
Ecoagrícola, S.A.	Murcia (ES)	586	100.00	Abengoa Bioenergía		a-b	(1)	A
Ecocarburantes Españoles, S.A.	Murcia (ES)	10,172	95.10	Abengoa Bioenergía		a-b	(1)	A
Ecomat Fabricación de Equipos, S.L.	Biscay (ES)	871	100.00	Befesa Tratam. y Limp. Ind.	(**)	a-b	(4)	-
Edificio Valgrande, S.L.	Madrid (ES)	60	100.00	Telvent GIT		a-b	(6)	-
Enernova Ayamonte, S.A.	Huelva (ES)	2,281	91.00	Abener Inversiones		a-b	(4)	C
Enicar Chile, S.A.	Santiago (CL)	759	100.00	Abengoa Chile		a-b	(5)	A
ETBE Huelva, S.A.	Seville (ES)	2,034	90.00	Abengoa Bioenergía		a-b	(1)	A
Europea de Cons. Metálicas, S.A. (Eucomsa)	Seville (ES)	3,625	50.00	Abeinsa		c	(4)	A
European Tank Clean Company (ET2C)	Bordeaux (FR)	19	50.03	Befesa Tratam. y Limp. Ind.	(**)	a-b	(2)	-
Explotaciones Varias, S.A.	Ciudad Real (ES)	1,907	50.00	Abengoa		c	(6)	-
Faritel, S.A.	Montevideo (UR)	-	100.00	Pandelco	(**)	a-b	(4)	-
Financiera Soteland, S.A.	Montevideo (UR)	17	100.00	Asa Investment		a-b	(7)	-
Fotovoltaica Solar Sevilla, S.A.	Seville (ES)	48	80.00	Solúcar Energía		a-b	(4)	-
Galdán, S.A.	Navarra (ES)	735	50.00	Befesa Aluminio Bilbao		c	(2)	B
Gestión Integral de Recursos Humanos, S.A.	Seville (ES)	60	100.00	Abengoa		a-b	(8)	-
Greencell, S.A.	Seville (ES)	1,395	100.00	Siema / Asa Environment.		a-b	(1)	-
Hidro Abengoa, S.A. de C.V.	México D.F. (MX)	4	100.00	Befesa Con.y T. Ind./A.Mex.	(**)	a-b	(2)	-
Huepil de Electricidad, S.A.	Santiago (CL)	11,183	100.00	Abengoa Chile		a-b	(4)	A
Hynergreen Technologies, S.A.	Seville (ES)	250	100.00	Abeinsa	(**)	a-b	(4)	-
Inabensa Bharat Private Limited	N. Delhi (India)	8	100.00	Inabensa		a-b	(4)	-
Inabensa France, S.A.	Pierrelate (FR)	550	100.00	Inabensa		a-b	(4)	-
Inabensa Inc.	San Juan (PR)	11	100.00	Inabensa		a-b	(4)	-
Inabensa Maroc, S.A.	Tangier (MA)	1,504	100.00	Inabensa		a-b	(4)	-
Inabensa Portugal, S.A.	Lisbon (PT)	50	100.00	Inabensa	(*)	a-b	(3)	-

## Consolidated Companies. (Continuation)

Name	Registered Address	Shareholding		Parent Company	See (Page 5)	See (Page 5)	Activity (See Page 5)	Auditor
		Amount in thousands of €	% of nominal capital					
Inabensa Rio, Ltda.	R. de Janeiro (BR)	-	100.00	Inabensa		a-b	(4)	-
Iniciativas Hidroeléctricas, S.A.	Seville (ES)	1,226	50.00	Befesa Const. y Tec. Amb.		c	(2)	C
Iniciativas Medioambientales, S.A.	Seville (ES)	3	99.80	Befesa Const. y Tec. Amb.		a-b	(2)	-
Instalaciones Inabensa, S.A.	Seville (ES)	17,307	100.00	Abeinsa	(*)	a-b	(4)	A
Internet Recicla, S.A.	Madrid (ES)	61	100.00	Alianza Med./Telvent GIT		a-b	(2)	-
Intersplav (consolidada a través de P. Equiv.)	Sverdlovsk (UA)	3,726	50.84	Befesa Aluminio Bilbao		a-b	(2)	A
Inversora Enicar, S.A.	Montevideo (UR)	1,537	100.00	Abengoa Chile		a-b	(5)	A
L.T. 304 Noroeste, S.A. de C.V.	Mexico D.F. (MX)	4	100.00	Abengoa México		a-b	(4)	A
L.T. 43 Rio Bravo, S.A. de C.V.	Mexico D.F. (MX)	4	100.00	Abengoa / Abengoa Méx.	(**)	a-b	(4)	-
L.T. 707 Norte Sur, S.A. de C.V.	Mexico D.F. (MX)	4	100.00	Abengoa / Abengoa Méx.	(**)	a-b	(4)	-
L.T. Rosarito y Monterrey, S.A. de C.V.	Mexico D.F. (MX)	8	100.00	Abengoa México		a-b	(4)	A
Líneas 612 Norte Nordeste, S.A. de C.V.	Mexico D.F. (MX)	4	100.00	Abengoa / Abengoa Méx.	(**)	a-b	(4)	-
Líneas Altamira, S.A. de C.V.	Mexico D.F. (MX)	2	50.00	Abengoa México		c	(4)	-
Líneas Baja California Sur, S.A. de C.V.	Mexico D.F. (MX)	-	50.00	Abengoa México	(**)	c	(4)	-
MRH Residuos Metálicos, S.L.	Biscay (ES)	42,747	100.00	Befesa Medio Ambiente		a-b	(2); (5)	B
Mundiland, S.A.	Montevideo (UR)	2,329	100.00	Telvent Factory Holding		a-b	(5)	A
Negocios e Inversiones de Centroamérica, S.A.	C.de Panamá (PA)	1,073	100.00	Abengoa		a-b	(5)	-
Negocios Industr. y Comerciales, S.A. (Nicsa)	Madrid (ES)	1,791	100.00	Abencor Suministros		a-b	(4)	C
Nicsa Industrial Supplies Corporation	Miami (USA)	168	100.00	Nicsa	(*)	a-b	(4)	-
NTE - Nordeste Transmissora de Energía, S.A.	R. de Janeiro (BR)	15,655	50.01	Inabensa		a-b	(4)	E
Nueva Electricidad del Gas, S.A. (Nuegas)	Seville (ES)	5,939	98.58	Abeinsa		a-b	(4)	A
Pandelco, S.A.	Montevideo (UR)	379	100.00	Teyma Uruguay		a-b	(4)	A
Peninsular 615, S.A. de C.V.	Mexico D.F. (MX)	4	100.00	Abengoa / Abengoa Méx.	(**)	a-b	(4)	-
Procesos Ecológicos Carmona 1, S.A.	Seville (ES)	63	100.00	Procesos Ecológicos/AMA		a-b	(2)	-
Procesos Ecológicos Carmona 2, S.A.	Seville (ES)	90	100.00	Proc. Ec./Befesa C y T Am.		a-b	(2)	-
Procesos Ecológicos Carmona 3, S.A.	Seville (ES)	60	100.00	Proc. Ec./Befesa C y T Am.		a-b	(2)	-
Procesos Ecológicos Lorca 1, S.A.	Seville (ES)	180	100.00	Proc. Ec./Befesa C y T Am.		a-b	(2)	-
Procesos Ecológicos Vilches, S.A.	Seville (ES)	63	95.00	Proc. Ec./Befesa C y T Am.		a-b	(2)	C
Procesos Ecológicos, S.A. (Proecsa)	Seville (ES)	657	50.00	Befesa Const. y Tec. Amb.		c	(2); (5)	-
Proyectos Técnicos Industriales, S.A. (Protisa)	Madrid (ES)	551	100.00	Inabensa		a-b	(4)	A
Puerto Real Cogeneración, S.A. (Precosa)	Cádiz (ES)	176	90.02	Abener Inversiones		a-b	(4)	A
Remetal Trading and Investment AG	Zurich (CH)	25	100.00	Befesa Aluminio Bilbao		a-b	(2)	-
Residuos Sólidos Urbanos de Ceuta, S.L. (Resurce)	Ceuta (ES)	2,030	50.00	Abengoa		c	(2)	-
S.E.T. Sureste Peninsular, S.A. de C.V.	Mexico D.F. (MX)	616	100.00	Abengoa México		a-b	(4)	A
Sainsel Sistemas Navales, S.A.	Seville (ES)	1,202	50.00	Telvent E. y M.A.		c	(3)	A
Sanlúcar Solar, S.A.	Seville (ES)	55	100.00	Solúcar Energía/Asa E&EH		a-b	(4)	-
Sdem Inabensa, S.A.	Madrid (ES)	-	50.00	Inabensa	(**)	c	(4)	-
Serv. Aux. de Administración, S.A. de C.V.	Mexico D.F. (MX)	4	99.80	Abengoa México		a-b	(4)	A
Serv. Integr. de Mant. y Operación, S.A. (Simosa)	Seville (ES)	109	99.00	Inabensa		a-b	(4)	C
Sistemas de Control de Energía, S.A. (Sicel)	Seville (ES)	-	50.00	Telvent E. y M.A.	(**)	c	(4)	-
Sniace Cogeneración, S.A.	Madrid (ES)	1,245	100.00	Abener Inversiones		a-b	(3)	-
Soc. Inver. en Ener. y Medioambiente, S.A. (Siema)	Seville (ES)	8,686	90.00	Abengoa		a-b	(4)	A
Sociedade Combustíveis Bioquímicos, S.A. (SCB)	Setúbal (PT)	93,008	100.00	Abengoa Bioenergía		a-b	(5)	A
Solúcar Energía, S.A.	Seville (ES)	46	100.00	Siema	(**)	a-b	(1)	-
STE - Sul Transmissora de Energia, Ltda.	Mexico D.F. (MX)	500	100.00	Asa Investment	(*)	a-b	(4); (5)	-
Subestaciones 611 BC, S.A. de C.V.	Mexico D.F. (MX)	-	100.00	Abengoa México/Abengoa		a-b	(4)	E
Subestaciones 615, S.A. de C.V.	Mexico D.F. (MX)	2	100.00	Abengoa México	(**)	a-b	(4)	-
Subestaciones BCS	Mexico D.F. (MX)	2	50.00	Abengoa México	(**)	c	(4)	-
Telvent AG	Zug (CH)	2	50.00	Siema	(**)	c	(4)	-
Telvent Argentina, S.A.	Buenos Aires (AR)	8,757	100.00	Telvent Tráfico y Transp.	(*)	a-b	(5)	A
Telvent Brasil, S.A.	R. de Janeiro (BR)	572	100.00	Telvent Tráfico y Transp.	(*)	a-b	(3)	A
Telvent Canadá, Ltd.	Calgary (CAN)	1,381	100.00	Telvent GIT	(*)	a-b	(3)	E



## Consolidated Companies. (Continuation)

Name	Registered Address	Shareholding		Parent Company	See (Page 4)	See (Page 4)	Activity (See Page 4)	Auditor
		Amount in thousands of €	% of nominal capital					
Telvent China, Ltd.	Beijing (CN)	26,870	100.00	Telvent Tráfico y Transp.	(**)	a-b	(3)	A
Telvent Danmark, A/S	Copenhagen (DK)	630	100.00	Telvent E. y M.A.	(*)	a-b	(3)	-
Telvent Datahouse, S.A.	Madrid (ES)	17	100.00	Telvent GIT	(*)	a-b	(3)	-
Telvent Energla y Medio Ambiente, S.A.	Madrid (ES)	3,125	100.00	Telvent GIT	(*)	a-b	(3)	-
Telvent Factory Holding AG	Zug (CH)	39,066	100.00	Telvent GIT	(*)	a-b	(3)	A
Telvent GIT, S.A.	Madrid (ES)	7,886	99.95	Abengoa/Telvent AG		a-b	(3); (5)	A
Telvent Housing, S.A.	Madrid (ES)	32,392	95.68	Telvent GIT	(*)	a-b	(3); (5)	A
Telvent Interactiva, S.A.	Madrid (ES)	2,872	100.00	Telvent GIT	(*)	a-b	(3)	A
Telvent México, S.A. de C.V.	Mexico D.F. (MX)	240	100.00	Telvent E. y M.A.		a-b	(3)	A
Telvent Outsourcing, S.A.	Seville (ES)	1,293	100.00	Telvent GIT	(*)	a-b	(3)	A
Telvent Portugal, S.A.	Lisbon (PT)	476	100.00	Telvent Housing		a-b	(3)	C
Telvent Scandinavia A/S	Ostersund (SE)	1,202	100.00	Telvent E. y M.A.	(*)	a-b	(3)	A
Telvent Tráfico Thailand Ltd.	Bangkok (TH)	334	100.00	Telvent Tráfico y Transp.	(*)	a-b	(3)	-
Telvent Tráfico y Transporte, S.A.	Madrid (ES)	46	100.00	Telvent E. y M.A.	(*)	a-b	(3)	E
Telvent USA, Inc.	Houston (USA)	6,452	100.00	Telvent Canadá	(*)	a-b	(3)	A
Telvent, B.V.	Amsterdam (NL)	9,560	100.00	Siema	(**)	a-b	(3)	A
Teyma Abengoa, S.A.	Buenos Aires (AR)	80	100.00	Asa Investment		a-b	(5)	A
Teyma Paraguay, S.A.	Asunción (PY)	29,461	100.00	Teyma Uruguay		a-b	(4)	A
Teyma Uruguay, S.A.	Montevideo (UR)	84	100.00	Asa Investment		a-b	(4)	-
Teytel, S.A.	Buenos Aires (AR)	2,805	92.00	Teyma Abengoa		a-b	(4)	A
Tráfico e Ingeniería, S.A. (Trafinsa)	Asturias (ES)	3	100.00	Telvent T y T/Arce Sist.		a-b	(3)	A
Transmisión 610 Norte, S.A. de C.V.	Mexico D.F. (MX)	1,035	100.00	A. México/Abengoa		a-b	(3)	C
Transportadora Río de la Plata	Buenos Aires (AR)	4	100.00	Teyma Abengoa	(**)	a-b	(4)	-

(\*) Companies that changed name in the year 2003

(\*\*) Companies incorporated during the year and/or acquired during the year and/or acquisition of an additional holding in companies that were already consolidated in the prior year. The consolidation of these companies represented aggregated sales of € 70.010 thousands.

The circumstances considered in article 2 of Royal Decree 1815/91, whereby the Rules for Formulation of Consolidated Annual Accounts were approved, are:

- The parent Company shall hold a majority of the voting rights.
- The parent Company shall have the right to appoint a majority of the members of the governing body.
- The parent Company may hold a majority of the voting rights through agreements with other shareholders or members.

The percentage interests have been rounded up to two decimals.

Unless stated otherwise, the closing date of the latest annual accounts was December 31, 2003.

- Bioenergy Business Group.
- Environmental Services Business Group.
- Information Technology Business Group.
- Engineering and Industrial Construction Business Group.
- Holding Company.
- Acquisition and running of rural and urban property, together with other related activities.
- Financial services.
- Ancillary services.

- Audited by PricewaterhouseCoopers Auditores, S.L.
- Audited by Deloitte & Touche España, S.L.
- Audited by Auditoria y Consulta, S.A.
- Audited by Auditores y Consultores del Sur, S.A.
- Audited by Other Auditors.

## Appendix I

(*) Companies that changed name in the year 2003	
Former name of Company	New name of Company
Asa ICI	Abeinsa, Ingeniería y Construcción Industrial, S.L.
Abener Energía, Ingeniería y Construcción Industrial, S.A.	Abener Energía, S.A.
High Plains Corporation	Abengoa Bioenergy Corporation
Remetal, S.L.	Befesa Aluminio Bilbao, S.L.
Refinados del Aluminio, S.A. (Refinalsa)	Befesa Aluminio Valladolid, S.A.
Borg Austral, S.A.	Befesa Argentina, S.A.
MTC Engenharia, S.A.	Befesa Brasil, S.A.
Abensur Servicios Urbanos, S.A.	Befesa Construcción y Tecnología Ambiental, S.A.
Rontealde, S.A.	Befesa Desulfuración, S.A.
Valcritec, S.A.	Befesa Escorias Salinas, S.A.
Felguera Fluidos, S.A.	Befesa Fluidos, S.A.
Europea de Tratam. Industriales, Etrinsa, S.A.	Befesa Gestión de PCB, S.A.
Trademed, Tratam. del Mediterráneo, S.L.	Befesa Gestión Residuos Industriales, S.L.
Planta de Tratamientos Ácidos, S.A. de C.V.	Befesa Limpiezas Industriales México, S.A. de C.V.
Complejo Ambiental Andino, S.A.	Befesa Perú, S.A.
Alfagrán, S.A.	Befesa Plásticos, S.L.
Remetal TRP Ltd.	Befesa Salt Slag Ltd.
Sondika Zinc, S.A.	Befesa Sondika Zinc, S.A.
Ecomat, S.L.	Befesa Tratamientos y Limpiezas Industriales, S.L.
Zindes, S.A.	Befesa Zinc Amorebieta, S.A.
Compañía Industrial Asúa-Erandio, S.A. (Aser I)	Befesa Zinc Aser, S.A.
Recycling Logistics, S.A. (Relsa)	Befesa Zinc Comercial, S.A.
Sainco Portugal, S.A.	Inabensa Portugal, S.A.
Instalaciones Abengoa, Inabensa, S.A.	Instalaciones Inabensa, S.A.
Nicsa Trading Corporation	Nicsa Industrial Supplies Corporation
Sanlúcar Solar Solúcar, S.A.	Solúcar Energía, S.A.
Telecom Ventures AG	Telvent AG
Sainco Soc. Argentina de Ingenier. y Control, S.A.	Telvent Argentina, S.A.
Sainco Brasil, S.A. (antes BST, S.A.)	Telvent Brasil, S.A.
Sainco Electric Traffic, C.S.	Telvent China, Ltd
Sainco Denmark, ApS	Telvent Denmark, A/S
Internet Datahouse, S.A.	Telvent Datahouse, S.A.
S.A. de Instalaciones de Control (Sainco)	Telvent Energía y Medio Ambiente, S.A.
Telvent Sistemas y Redes, S.A.	Telvent Git, S.A.
Carrierhouse, S.A.	Telvent Housing, S.A.
Sainco México, S.A. de C.V.	Telvent México, S.A. De C.V.
Carrierhouse Portugal, S.A.	Telvent Portugal, S.A.
Sainco Scandinavia, AB	Telvent Scandinavia, A/S
Sainco Tráfico Thailand Ltd.	Telvent Tráfico Thailand Ltd.
Sainco Tráfico, S.A.	Telvent Tráfico y Transporte, S.A.

## Appendix II

**Consolidated Associated Companies**

Name	Registered Address	Shareholding		Parent Company	(*)	Art. of R.D. 1815/91	Activity	Auditor
		Amount in thousands of €	% of Nominal Capital					
Abalnor T&D, S.A. de C.V.	Mexico D.F. (MX)	-	25.00	Abengoa México	-	5º 3	(4)	
ABG Servicios Medioambientales, S.A.	Biscay (ES)	75	20.00	Alianza Medioambien.	-	5º 3	(2)	-
Aguas del Tunari, S.A.	Cochabamba (BO)	2,384	25.00	Abensur Trading Com.	-	5º 3	(2)	-
Aguas y Gestión Servicios Ambientales, S.A.	Seville (ES)	260	45.00	Befesa M. Ambiente	-	5º 3	(4)	C
Cogeneración del Sur, S.A.	Seville (ES)	1,403	39.00	Abencor Suministros	-	5º 3	(4)	E
Cogeneración Motril, S.A.	Seville (ES)	8	49.90	Abener Inversiones	-	5º 3	(4)	-
Consortio Teyma M&C	Santiago (CL)	6,743	40.00	Abengoa Chile	-	5º 3	(2)	E
Deydesa 2000, S.L.	Álava (ES)	3	22.75	Befesa Alum. Bilbao	-	5º 3	(3)	-
Dragados Ind.-Electric Traffic-Indra-S.Tráfico, AIE	Madrid (ES)	68	45.00	Telvent T. y Transp.	-	5º 3	(2)	-
Ecología Canaria, S.A. (Ecanse)	Las Palmas (ES)	5,573	25.00	Befesa Tratam. Esp.	-	5º 3	(4)	E
Expansão Transmissão de Energia Eletrica, Ltda.	R. de Janeiro (BR)	137	25.00	Abengoa Brasil	(*)	5º 3	(4)	-
Expansão Transm. Itumbiara Marimbodo, Ltda.	R. de Janeiro (BR)	639	32.00	Inabensa	-	5º 3	(2)	-
Krasbilmot	Krasnoyarsk (RU)	-	22.50	Befesa Alum. Bilbao	-	5º 3	(4)	-
Línea de Transmisión de Comahue, S.A.	Buenos Aires (AR)	-	33.30	Teyma Abengoa	-	5º 3	(4)	A
Líneas Sistemas Nacional, S.A. de C.V.	Mexico D.F. (MX)	-	25.00	Abengoa México	-	5º 3	(4)	-
Líneas y Subestaciones 506, S.A. de C.V.	Mexico D.F. (MX)	-	33.30	Abengoa México	-	5º 3	(4)	-
Líneas y Subestaciones de México, S.A. de C.V.	Mexico D.F. (MX)	94	48.00	Abengoa México	-	5º 3	(4)	-
Mogabar, S.A.	Cordoba (ES)	1,111	20.00	Abengoa	-	5º 3	(3)	-
Nap de las Américas – Madrid, S.A.	Madrid (ES)	257	49.94	Telvent GIT	(*)	5º 3	(2)	-
Residuos Ind. de la Madera de Córdoba, S.A.	Cordoba (ES)	2	33.30	Alianza Befesa Egm.	-	5º 3	(4)	-
Subestaciones 410, S.A. de C.V.	Mexico D.F. (MX)	2	33.30	Abengoa México	(*)	5º 3	(4)	-
Subest. y Líneas Bajío Oriental, S.A. de C.V.	Mexico D.F. (MX)	2	33.30	Abengoa México	-	5º 3	(4)	-
Subestaciones y Líneas de México, S.A. de C.V.	Mexico D.F. (MX)	4,864	33.30	Abengoa México	-	5º 3	(5)	-
Tenedora de Acciones de Red Eléc. del Sur, S.A.	Lima (PE)	10	33.30	Abengoa Perú	-	5º 3	(4)	-
TSMC Ing. y Construcción	Santiago (CL)	3	50.00	Abengoa Chile	-	5º 3	(3)	-
Tuca, AIE	Barcelona (ES)	2	33.30	Telvent T. y Transp.	-	5º 3	(4)	A
Tuxpan TXD, S.A. de C.V.	Mexico D.F. (MX)	-	25.00	Abengoa México	-	5º 3	(4)	

(\*) Companies incorporated during the year. The consolidation of these companies represented practically no aggregated sales, since these companies are, in general, in the phase prior to commencement of operations.

Article 5.3 of Royal Decree 1815/91, whereby the Rules for the Formulation of Consolidated Annual Accounts were approved, states that when one or more companies belonging to the group hold an interest of at least 20% in the capital of another Company which does not belong to the group, said Company shall be deemed to exist as an associated Company. Said percentage is reduced to 3% if the Company held is admitted to official listing on a stock exchange.

- (1) Bioenergy Business Group.
- (2) Environmental Services Business Group.
- (3) Information Technology Business Group.
- (4) Engineering and Industrial Construction Business Group.
- (5) Holding Company.

A, C y E: See page 5 of Appendix I.

## Appendix III

**Consolidated Multi-Group Entities**

Name of Entity	Registered Address	Shareholding		Partner Company in Entity	(*)	Art. of R.D. 1815/91 (**)	Activity (See Page 3)	Auditor
		Amount in thousands of €	% of Nominal Capital					
Abansaih	Seville (ES)	2	35.00	Telvent E. y M.A.	(*)	4º2.a	(3)	-
Abecotel	Lima (PE)	-	50.00	Abengoa Perú		4º2.a	(4)	-
Abengoa - St - S.Postigo	Madrid (ES)	-	33.30	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Abengoa Perú Cosapi	Lima (PE)	-	13.00	Abengoa Perú	(*)	4º2.a	(4)	-
Abensaih	Seville (ES)	4	65.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Acisa - Indra Sistemas - Telvent	Madrid (ES)	-	34.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Atabal	Seville (ES)	3	53.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	B
Calatayud	Zaragoza (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	B
Campus Aljarafe	Pontevedra (ES)	-	25.00	Inabensa		4º2.a	(4)	-
Canal Alguerri Balaguer	Lérida (ES)	2	33.30	Befesa Const. y Tec. Amb.	(*)	4º2.a	(2)	-
Centrales	Madrid (ES)	6	50.00	Inabensa		4º2.a	(4)	-
Chapin 2002	Seville (ES)	3	25.00	Inabensa		4º2.a	(4)	-
Ciudad de la Justicia	Seville (ES)	1	20.00	Inabensa	(*)	4º2.a	(4)	-
Cobra - St	Gijón (ES)	1	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Cobra - St	Gijón (ES)	2	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Colectores Motril	Madrid (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Consorcio Abengoa	Lima (PE)	-	50.00	Abengoa Perú	(*)	4º2.a	(4)	-
Consorcio FAT (Ferroviario-Agroman-Teyma)	Montevideo (UR)	949	40.00	Teyma Uruguay		4º2.a	(4)	-
Consortium Kenya	Madrid (ES)	3	50.00	Inabensa	(*)	4º2.a	(4)	-
Consortium Tanzania	Madrid (ES)	3	50.00	Inabensa	(*)	4º2.a	(4)	-
Control Aéreo Gava	Barcelona (ES)	27	30.00	Inabensa		4º2.a	(4)	-
Cosapi Abengoa	Lima (PE)	-	50.00	Abengoa Perú		4º2.a	(4)	-
CPD'S	Madrid (ES)	6	50.00	Inabensa	(*)	4º2.a	(4)	-
CT Illo 2- rehabilitación	Lima (PE)	-	50.00	Abengoa Perú		4º2.a	(4)	-
Deca	Seville (ES)	2	32.30	Befesa Const. y Tec. Amb.		4º2.a	(2)	B
Depurbaix	Barcelona (ES)	1	10.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	D
Edar Las Palmas/Prat	Madrid (ES)	6	50.00	Befesa Const. y Tec. Amb.	(*)	4º2.a	(2)	-
Eidra	Seville (ES)	1	42.00	Inabensa		4º2.a	(4)	-
El Vellon	Madrid (ES)	6	100.00	Befesa Const. y Tec. Amb.	(*)	4º2.a	(2)	-
Electronic Traffic - St 33p	Barcelona (ES)	-	45.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Elsan-Pacsa-Tecnocontrol-Ttt	Madrid (ES)	2	33.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Emisa- ST	Madrid (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Erabil	Biscay (ES)	6	20.00	Inabensa		4º2.a	(4)	-
Estepa	Seville (ES)	4	65.00	Abensur Medio Ambiente		4º2.a	(2)	D
Etra Catalunya - St - lmes Nº 39	Barcelona (ES)	-	40.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Etra Catalunya - St 28p	Barcelona (ES)	-	45.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Fenollar	Alicante (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Forum Solar	Madrid (ES)	3	50.00	Inabensa	(*)	4º2.a	(4)	-
Geinso Geriátrico	Barcelona (ES)	2	33.34	Inabensa	(*)	4º2.a	(4)	-
Gelida	Barcelona (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
GIF (Isolux - Telvent EyMA)	Madrid (ES)	3	50.00	Telvent E. y M.A.	(*)	4º2.a	(3)	-
Groupement	Madrid (ES)	1	33.33	Inabensa	(*)	4º2.a	(4)	-
Guadalajara	Seville (ES)	3	55.00	Abensur Medio Ambiente		4º2.a	(2)	B
H. Campus de la Salud	Seville (ES)	2	20.00	Inabensa		4º2.a	(4)	-
Idam Almeria	Seville (ES)	2	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	B
Idam Carbonera	Seville (ES)	3	43.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	B
Idam Cartagena	Seville (ES)	1	37.50	Befesa Const. y Tec. Amb.		4º2.a	(2)	B



## Appendix III

### Consolidated Multi-Group Entities (Continuation)

Name of Entity	Registered Address	Shareholding		Partner Company in Entity	(*)	Art. of R.D. 1815/91 (**)	Activity (See Page 3)	Auditor
		Amount in thousands of €	% of Nominal Capital					
Inacoforum	Barcelona (ES)	3	50.00	Inabensa	(*)	4º2.a	(4)	-
Incyel	Madrid (ES)	5	37.50	Inabensa	(*)	4º2.a	(4)	-
Indra Sistemas - St	Madrid (ES)	2	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Indra Sistemas - St	Madrid (ES)	1	35.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Indra Sistemas - St	Madrid (ES)	-	36.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Inelin	Madrid (ES)	6	48.50	Inabensa		4º2.a	(4)	-
Jerez Ferroviaria	Seville (ES)	1	10.00	Inabensa		4º2.a	(4)	-
La Lama	Pontevedra (ES)	1	25.00	Inabensa	(*)	4º2.a	(4)	-
Línea 10	Madrid (ES)	60	50.00	Inabensa		4º2.a	(4)	-
Línea 400 kv	Madrid (ES)	6	25.00	Inabensa		4º2.a	(4)	-
Líneas Manantali	Madrid (ES)	3	25.00	Inabensa		4º2.a	(4)	-
Luchmajor	Valencia (ES)	2	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	D
Meirama	La Coruña (ES)	54	6.00	Abensur Medio Ambiente		4º2.a	(2)	-
Motril Salobreña	Granada (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Negratin Almanzora	Seville (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
NICSA - ST Nº 1	Seville (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Norsanet	Madrid (ES)	2	40.00	Telvent E. y M.A.		4º2.a	(3)	-
Novo Hospital de Santiago	Pontevedra (ES)	-	5.00	Inabensa		4º2.a	(4)	-
PI Huelva	Seville (ES)	2	40.00	Inabensa		4º2.a	(4)	-
Poniente	Almería (ES)	3	50.00	Abensur Medio Ambiente		4º2.a	(2)	B
Primapen	Madrid (ES)	12	33.33	Inabensa	(*)	4º2.a	(4)	-
Ribera	Valencia (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Rincon de la Victoria	Málaga (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
S/E Villaverde Bajo	Seville (ES)	3	33.34	Inabensa	(*)	4º2.a	(4)	-
Sahechores	Valladolid (ES)	4	62.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	D
Sainco Tráfico-Acisa	Barcelona (ES)	3	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Sainsel-Teyma Abengoa	Buenos Aires (AR)	20	100.00	Sainsel		4º2.a	(3)	-
Sector Este	Barcelona (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Serveis Lleida	Barcelona (ES)	2	40.00	Inabensa		4º2.a	(4)	-
Sice - Etralux - Sainco Trafico	Madrid (ES)	1	20.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Sice - Indra - St	Madrid (ES)	-	20.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Sice - St	Seville (ES)	-	20.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Sice - St	Madrid (ES)	-	20.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Sice - St	Madrid (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Sice - St	Gijón (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Sice-Sainco Tráfico-Fcc	Madrid (ES)	5	34.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Sinamón	Madrid (ES)	18	33.33	Inabensa		4º2.a	(4)	-
St - Acisa	Madrid (ES)	4	65.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Cobra	Madrid (ES)	1	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Cobra	Gijón (ES)	2	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Codinsa	Barcelona (ES)	3	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Daviña Nº 1	Madrid (ES)	2	80.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St-E. Otaduy-Excavac. Cantábricas, A.I.E.	Bilbao (ES)	2	34.00	Telvent Tráf. y Transp.		4º2.a	(3)	-
St - Electronic Traffic Nº 40	Barcelona (ES)	-	45.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Electronic Traffic Nº 41	Barcelona (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Electrotecnia Española Roig	P.de Mallorca (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Etralux	Madrid (ES)	2	55.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-

### Consolidated Multi-Group Entities (Continuation)

Name of Entity	Registered Address	Shareholding		Partner Company in Entity	(*)	Art. of R.D. 1815/91 (**)	Activity (See Page 3)	Auditor
		Amount in thousands of €	% of Nominal Capital					
St - Etralux	Seville (ES)	-	56.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Etralux - Sice	Madrid (ES)	11	35.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Getecma	Barcelona (ES)	-	60.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Getecma	Barcelona (ES)	5	75.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Inabensa	Gijón (ES)	1	80.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Inabensa - Daviña	Madrid (ES)	-	60.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Indra	Madrid (ES)	2	55.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Indra	Madrid (ES)	1	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Indra - Etralux	Madrid (ES)	3	45.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Isolux Wat	Madrid (ES)	3	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Monelec	Málaga (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Monelec	Málaga (ES)	-	54.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Monelec	Málaga (ES)	-	55.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Sice	Barcelona (ES)	3	80.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Sice	Madrid (ES)	-	49.00	Telvent Tráf. y Transp.		4º2.a	(3)	-
St - Sice	Madrid (ES)	-	72.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Sice	Madrid (ES)	-	60.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Sice - Acisa	Madrid (ES)	3	54.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Tecnocontrol	Madrid (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Tecnocontrol	Madrid (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
St - Tecnocontrol - Etralux	Madrid (ES)	2	33.30	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
ST - VS Ingeniería y Urbanismo	Seville (ES)	-	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
ST - E. Otaduy - E. Cantábrico	Biscay (ES)	6	34.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
ST-Excav Cantábricas-Otaduy	Biscay (ES)	1	34.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
ST-Indra Sistemas-Excav Cantabricas	Biscay (ES)	-	30.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Telvent TT - Cobra	Gijón (ES)	2	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
Teulada-Moraira	Alicante (ES)	3	42.50	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Torretriana 2	Madrid (ES)	1	50.00	Inabensa	(*)	4º2.a	(4)	-
TTT-Indra Sistemas	Barcelona (ES)	3	50.00	Telvent Tráf. y Transp.	(*)	4º2.a	(3)	-
UTE Duro Felguera Plantas Industriales	Gijón (ES)	-	50.00	Befesa Fluidos		4º2.a	(2)	-
UTE Servicios y maquinaria Duro Felguera	Gijón (ES)	-	50.00	Befesa Fluidos		4º2.a	(2)	-
Utrera	Seville (ES)	3	50.00	Abensur Medio Ambiente	(*)	4º2.a	(2)	-
Vendrell	Barcelona (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Villarreal	Seville (ES)	3	50.00	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Vinalopo	Seville (ES)	2	33.30	Befesa Const. y Tec. Amb.		4º2.a	(2)	-
Zuera Electrificación	Madrid (ES)	6	25.00	Inabensa	(*)	4º2.a	(4)	-

(\*) Companies/entities included in the consolidated group in the present year (See Note 6.8).

(\*\*) Article 4.2.a of Royal Decree 1815/91, whereby the Rules for Formulation of Consolidated Annual Accounts were approved, defines multigroup companies as those for which the articles of association establish joint management.

- (1) Bioenergy Business Group.
- (2) Environmental Services Business Group.
- (3) Information Technology Business Group.
- (4) Engineering and Industrial Construction Business Group.

B, and D: See page 4 of Appendix I..

## Appendix IV

**Consolidated Companies with electricity operations (See Note 7t)**

Name	Registered Address	Activity (*)	Remarks
Abenasa Transmissao de Energia, Ltda. (A.T.E)	Rio de Janeiro (BR)	9	Construction phase
Abenor, S.A.	Santiago (CL)	9	Operational
Aprovechamientos Energéticos Furesa, S.A. (Aprofursa)	Murcia (ES)	1	Operational
Araucana de Electricidad, S.A.	Santiago (CL)	9	Operational
Befesa Plásticos, S.L.	Murcia (ES)	8	Operational
Biocarburos de Castilla y León, S.A.	Salamanca (ES)	3	Construction phase
Bioetanol Galicia, S.A.	La Coruña (ES)	3	Operational
Cogeneración del Sur, S.A.	Sevilla (ES)	1	Operational
Cogeneración Motril, S.A.	Sevilla (ES)	1	Operational
Cogeneración Villaricos, S.A.	Sevilla (ES)	1	Operational
Desarrollos Eólicos El Hinojal, S.A.	Sevilla (ES)	2	Dormant
Desarrollos Eólicos de Arico, S.A.	Tenerife (ES)	2	Dormant
Ecocarburantes Españoles, S.A.	Murcia (ES)	3	Operational
Enernova Ayamonte, S.A.	Huelva (ES)	4	Operational
ETBE Huelva, S.A.	Sevilla (ES)	3	Construction phase
Expansão Transmissão de Energia Eletrica, Ltda.	Rio de Janeiro (BR)	9	Construction phase
Expansion Transmissao Itumbiara Marimondo, Ltda.	Rio de Janeiro (BR)	9	Construction phase
Fotovoltaica Solar Sevilla, S.A.	Sevilla (ES)	5	Construction phase
Huepil de Electricidad, S.A.	Santiago (CL)	9	Operational
Iniciativas Hidroeléctricas, S.A.	Sevilla (ES)	7	Operational
Nordeste Transmisora de Energía, S.A. (NTE)	Rio de Janeiro (BR)	9	Operational
Puerto Real Cogeneración, S.A.	Cádiz (ES)	3	Operational
Sanlúcar Solar, S.A.	Sevilla (ES)	6	Construction phase
Sniace Cogeneración, S.A.	Madrid (ES)	1	Operational
STE- Sul Transmisora de Energia, Ltda.	Rio de Janeiro (BR)	9	Construction phase

(\*) Electricity operations as described in Note 7 t) in accordance with the provisions of Law 54/1997.

- (1) Production under Special Regime: Cogeneration . Primary energy type: Fuel.
- (2) Production under Special Regime: Wind. Primary energy type: Wind.
- (3) Includes production under Special Regime: Cogeneration. Primary energy type: Natural gas.
- (4) Production under Special Regime: Cogeneration. Primary energy type: Natural gas.
- (5) Production under Special Regime: Solar Photovoltaic. Primary energy type: Solar light.
- (6) Production under Special Regime: Solar. Primary energy type: Solar light.
- (7) Production under Special Regime: Hydraulic. Primary energy type: Water.
- (8) Production under Special Regime: Other. Primary energy type: Industrial waste (used oils).
- (9) Transport.
- (10) Electricity production: Based on hydrogen. Primary type of energy: Hydrogen.

### Companies taxed under the Special Regime for Company Groups at 12.31.03

Name		
Name	Tax address	Shareholding
Abengoa, S.A.	Seville (ES)	Sociedad Dominante
Abecom, S.A.	Seville (ES)	Instalaciones Inabensa, S.A.
Abeinsa, Ingeniería y Construcción Industrial, S.L.	Seville (ES)	Abengoa, S.A.
Abencor Suministros, S.A.	Seville (ES)	Abeinsa, Ingeniería y Construcción Industrial, S.L.
Abener Energía, S.A.	Seville (ES)	Abeinsa, Ingeniería y Construcción Industrial, S.L.
Abener Inversiones, S.L.	Seville (ES)	Abener Energía, S.A.
Abengoa Bioenergía, S.L.	Seville (ES)	Abengoa, S.A.
Abentel Telecomunicaciones, S.A.	Seville (ES)	Abeinsa, Ingeniería y Construcción Industrial, S.L.
Aprovechamientos Energéticos Furesa, S.A. (Aprofursa)	Murcia (ES)	Abener Inversiones, S.L.
Arce Sistemas, S.A.	Biscay (ES)	Telvent Tráfico y Transporte, S.A.
Asa Iberoamérica, S.A.	Seville (ES)	Abengoa, S.A.
Bioeléctrica de la Vega, S.A.	Seville (ES)	Abener Inversiones, S.L.
Bioeléctrica Jiennense, S.A.	Seville (ES)	Abener Inversiones, S.L.
Bioetanol Galicia, S.A.	La Coruña (ES)	Abengoa Bioenergía, S.L.
Biomasa de Cantillana, S.A.	Seville (ES)	Abener Inversiones, S.L.
Cogeneración Villaricos, S.A.	Seville (ES)	Abener Inversiones, S.L.
Desarrollos Eólicos El Hinojal, S.A.	Seville (ES)	Siema
Ecoagrícola, S.A.	Cartagena (ES)	Abengoa Bioenergía, S.L.
Ecocarburantes Españoles, S.A.	Murcia (ES)	Abengoa Bioenergía, S.L.
Edificio Valgrande, S.L.	Madrid (ES)	Telvent Git, S.A.
Eléctrica Biovega, S.A.	Seville (ES)	Abener Inversiones, S.L.
Enernova Ayamonte, S.A.	Huelva (ES)	Abener Inversiones, S.L.
ETBE Huelva, S.A.	Seville (ES)	Abengoa Bioenergía, S.L.
Fotovoltaica Solar Sevilla, S.A.	Seville (ES)	Solúcar Energía, S.A.
Gestión Integral de Recursos Humanos, S.A.	Seville (ES)	Abengoa, S.A.
Greencell, S.A.	Seville (ES)	Siema
Hynergreen Technologies, S.A.	Seville (ES)	Abeinsa, Ingeniería y Construcción Industrial, S.L.
Instalaciones Inabensa, S.A.	Seville (ES)	Abeinsa, Ingeniería y Construcción Industrial, S.L.
Negocios Industriales y Comerciales, S.A. (Nicsa)	Madrid (ES)	Abencor Suministros, S.A.
Proyectos Técnicos Industriales, S.A. (Protisa)	Madrid (ES)	Instalaciones Inabensa, S.A.
Puerto Real Cogeneración, S.A. (Precosa)	Cádiz (ES)	Abener Inversiones, S.L.
Sanlúcar Solar, S.A.	Seville (ES)	Solúcar Energía, S.A.
Servicios Integrales de Mantenimiento y Operación, S.A. (Simosa)	Seville (ES)	Instalaciones Inabensa, S.A.
Sistemas de Control de Energías, S.A.	Seville (ES)	Telvent Energía y Medio Ambiente, S.A.
Sniace Cogeneración, S.A.	Madrid (ES)	Siema
Sociedad Inversora en Energía y Medioambiente, S.A. (Siema)	Seville (ES)	Abengoa, S.A.
Solúcar Energía, S.A.	Seville (ES)	Siema
Telvent Datahouse, S.A.	Madrid (ES)	Telvent Git, S.A.
Telvent Energía y Medio Ambiente, S.A.	Madrid (ES)	Telvent Git, S.A.
Telvent Git, S.A.	Madrid (ES)	Abengoa, S.A.
Telvent Housing, S.A.	Madrid (ES)	Telvent Git, S.A.
Telvent Interactiva, S.A.	Madrid (ES)	Telvent Git, S.A.
Telvent Outsourcing, S.A.	Madrid (ES)	Telvent Git, S.A.
Telvent Tráfico y Transporte, S.A.	Madrid (ES)	Telvent Energía y Medio Ambiente, S.A.
Tráfico e Ingeniería, S.A.	Asturias (ES)	Telvent Tráfico y Transporte, S.A.



**Appendix V**

**Companies taxed under the Special Regime for Company Groups at 12.31.03**  
**(Continuación)**

Befesa Tax Group Number 4/01 B		
Name	Tax address	Shareholding
Befesa Medio Ambiente, S.A.	Biscay (ES)	Sociedad Dominante
Alianza Medioambiental, S.A. (AMA)	Biscay (ES)	Befesa Medio Ambiente, S.A.
Aser, Compañía Industrial del Zinc, S.L.	Biscay (ES)	Aser Recuperación del Zinc, S.L.
Aser Recuperación del zinc, S.L.	Biscay (ES)	MRH Residuos Metálicos, S.L.
Befesa Aluminio Bilbao, S.L.	Biscay (ES)	MRH Residuos Metálicos, S.L.
Befesa Desulfuración, S.A.	Biscay (ES)	Alianza Medioambiental, S.L. (AMA)
Befesa Zinc Aser, S.A.	Biscay (ES)	Aser Recuperación del Zinc, S.L.
Befesa Zinc Comercial, S.A.	Biscay (ES)	Aser Recuperación del Zinc, S.L.
MRH Residuos Metálicos, S.L.	Biscay (ES)	Befesa Medio Ambiente, S.A.
Tec 88, S.L.	Biscay (ES)	Befesa Aluminio Bilbao, S.L.

## **Consolidated Directors' Report for the Year 2003**

(Free translation from the original in Spanish)

## Consolidated Directors' Report for the Year 2003

### **1.- Introduction.**

- 1.1.** The present Directors' Report is formulated in accordance with articles 171 and 202 of the Revised Text of the Limited Liability Companies Law, article 49 of the Commercial Code and the Seventh European Council Directive of June 13, 1983 (83/349/EEC).

Abengoa, S.A. is an industrial and technological company that, at the end of the year 2003, held a group formed by the following companies: the parent company itself, 181 subsidiaries and 26 associated companies. Likewise, it held direct or indirect interests in 184 Temporary Consortiums. In addition, the Group companies owns shareholdings of less than 20% in other companies.

Apart from this legal corporate structure, for operating management and administration purposes, Abengoa acts through the organizational structures, described in point 2.1. below.

- 1.2.** In order to accurately measure and evaluate the business and the results achieved by Abengoa, the basis used must be the consolidated figures, which reflect the evolution of the business.

In addition to the accounting information provided in the Consolidated Annual Accounts and in the present Directors' Report, Abengoa is publishing an "Annual Report" describing the most important achievements in the year 2003. This Report is available in Spanish, English and French. Said Annual Report, which is printed before the General Shareholders' Meeting at which the Annual Accounts for 2003 are to be approved, includes both the consolidated financial statements of Abengoa and a description of the business strategy objectives and the most relevant accomplishments of the four Business Groups into which Abengoa was structured at December 31, 2003.

In addition to the printed edition, the mentioned Annual Report will be available in Internet, at the address [www.abengoa.com](http://www.abengoa.com).

The obligation to provide the market with useful, truthful, complete and balanced information in real time would not be sufficient if the appropriate means of transmitting this information are not adequate, guaranteeing that it is disseminated effectively and usefully. Therefore, as a result of new technology, the Aldama Report, the Financial System Reform Act and the Transparency Act recommend and impose the use of listed companies' websites as an information tool (including historical, qualitative and quantitative company data in it) and as a distribution tool (including current or personalised information in real time that may be accessed by investors).

Abengoa has therefore introduced a new website since the end of the first quarter 2002, characterised firstly by a more direct, rapid and efficient on-screen presentation and secondly by a broad and comprehensive information content and documentation made available to the shareholders in particular and to the general public.

Furthermore, this web page also provides the regular information (quarterly or six-monthly) or significant events that it is compulsory for Abengoa to notify to the Stock Market National Commission under stock market rules. It is also possible to request a printed copy of the Annual Report from the aforementioned Internet address.

- 1.3.** The shares of Abengoa, S.A. have been listed on the stock exchange since November 29, 1996 and the Company files the legally required quarterly and six-monthly information.

All the shares of Abengoa, S.A. were first quoted on the Madrid and Barcelona Stock Exchange Markets and in the Stock Exchange Interconnection System on November 29, 1996. Simultaneously, a public offering was made by their shareholders Inversión Corporativa I.C., S.A. and its subsidiary Finarpisa, S.A., together with other shareholders.

For the two processes (listing and public offering), Abengoa published an Admission Prospectus and, together with their shareholders, the Initial Public Offering Prospectus. Both Prospectus were duly approved and registered by the Stock Market National Commission on November 12, 1996 and November 21, 1996, respectively.

The volume of shares included in the Public Offering was finally established at 33.03% of the share capital of Abengoa, S.A. and the offer concluded on November 29, 1996, the date on which the stock market operation was carried out.

According to the data supplied to Abengoa by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Securities Recording, Clearing and Settlement Management Company) for the last General Meeting held on 29<sup>th</sup> June 2003, Abengoa, S.A. had 7,707 shareholders (24/06/03).

As on 31<sup>st</sup> December 2003, the company believes the free float to be 43.96% if the shareholding of Inversión Corporativa I.C., S.A. and its subsidiary Finarpisa (56.04%) is deducted.

According to the figures supplied to the company by Sociedad Rectora de la Bolsa de Valores de Madrid (Governing Body of the Madrid Stock Exchange) 45,357,976 shares were traded in 2003. The average volume of daily trading over the year was 181,431 securities compared with 137,954 in 2002 (up 31.5%). Minimum, maximum and average listed share prices in 2003 were euros 4.03, euros 6.21 and euros 5.27 respectively. The last closing price quoted for Abengoa shares in 2003 was euros 5.77, 3.04% higher than on 31<sup>st</sup> December 2002, and 170.9% higher than the share price established for the public offering on 29<sup>th</sup> November 1996.

- 1.4. Over recent years, Abengoa has carried out actions that have consolidated the strategic plan defined in 1996 (the year in which the company was first listed on the Stock Exchange). In this period, it has taken advantage of the traditional activity's capacity as a springboard to generate businesses with greater value added and, at the same time, attain the diversification of activities and geographic markets. A good part of the objectives attained have been possible because of the financing without recourse of projects that have allowed the margin on the traditional activity to increase, while, at the same time, Abengoa's equity situation has been protected.

The actions culminated since the year 2000 permitted to consolidate the capacities of the four business groups that today form Abengoa as an industrial and technological company, the activities of which are described later.

The following strategic operations performed over recent years should be highlighted:

#### Year 2000

- Acquisition of Befesa through a tender offer, with an investment of € 300 million.
- Coming into operation of the first Bioethanol plant in Spain, with a production capacity of 100 M.Litres/year, representing an investment of € 93.8 million.
- Capital increase in Abengoa, allowing the shareholders' equity to increase by € 75.1 million.

#### Year 2001

- Integration of Abengoa's Environment Division (specialised in environmental engineering) into Befesa, with a capital increase of € 12.4 million in Befesa by means of the contribution of Abensur.
- Sale of the wind power activity for € 109 million.

#### Year 2002

- Acquisition of High Plains Corporation, the fifth largest bioethanol producer in the United States, by means of a tender offer, with an investment of € 100 million.
- Coming into operation of the second Bioethanol plant in Spain, with a production capacity of 126 M.Litres/year, representing an investment of € 92.1 million.
- The United States Department of Energy (D.O.E.) awarded a R&D project for the technological improvement of the ethanol production process, employing biomass, optimising the economy of the process and increasing the energy yield in ethanol production, also reducing the cost of producing ethanol and making it more competitive compared to gasoline.

### Year 2003

- Acquisition of Metso Corporation's Network Management Solutions Division through the 100% purchase of its subsidiaries in Canada and the United States. The two companies purchased, nowadays known as Telvent Canadá and Telvent USA, put Telvent in a leading position at international level in the Control and Information Systems market for the oil, gas and electric energy sectors, as well as for the water sector.

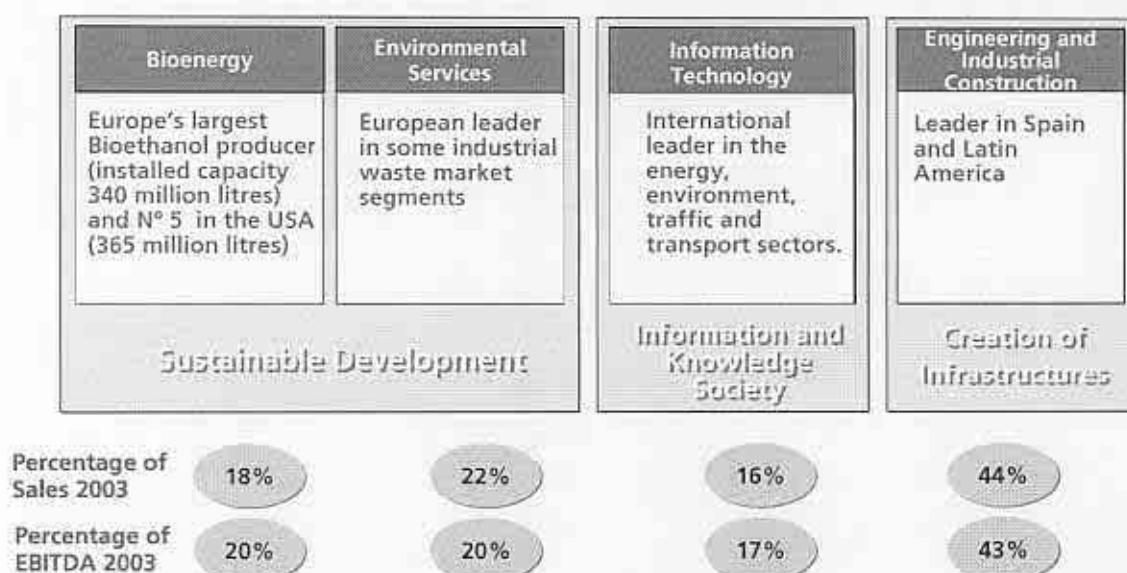
The total amount of the investment in the two companies was 35 MUDS (including 7 MUSD in Cash), 20% of which was deferred for a year to guarantee any possible contingencies that might arise after the transaction had been closed, a further 20% was paid with the companies' own cash, 30% was financed by means of debt without recourse of the companies acquired, and the remaining 30% was paid through shareholders' funds.

- Construction of the third bioethanol plant, in Spain, commenced. It is located in Babilafuente (Salamanca) and an investment of almost € 150 million has been made. Its production capacity will be 200 million liters per year of bioethanol to be mixed directly (blending) with petrol. The raw material to be used is corn stover, wine alcohol and biomass.
- Bioethanol exports to Europe commenced (1,400 m<sup>3</sup> for the Swedish market and 1,100 m<sup>3</sup> for the German market). With these supplies, Abengoa expanded its activity in Europe by increasing and diversifying its customers between oil companies and refineries on the continent, while also consolidating its presence in the markets it already worked in and participating in new emerging markets.

In this period of diversification and growth, Abengoa has received the support of the financial markets, obtaining the funds needed in order to grow. Growth has been financed mainly through four income sources: i) Capital increase in the year 2000, ii) Funds generated by the traditional activity, iii) Financing without recourse applied to projects and iv) Long-term corporate financing.

### 1.5. Current structure of Abengoa and nature of its business.

The result of the operations performed in the period 2000 – 2002 mentioned above configured Abengoa as an industrial and technological company that provides solutions for Sustainable Development, the Information and Knowledge Society and Infrastructure Creation, acting through four business units.



Apart from the fact that it is structured into these four business units, there are currently two types of activity in Abengoa at present: a) Engineering, Construction and Services, which, in turn, is formed by traditional engineering activity, financed turnkey projects and recurrent and service activity, and b) Sale of commodities. These two types of business source exist, to a greater or lesser degree, in each of the four business units.

- a) Traditional engineering and construction activity: its main income source is based on Abengoa's capacity to obtain contracts and relates to private bids, public tenders and private or other types of award. In this respect, it makes no difference whether Abengoa is providing a service (performing works) or delivery a specific asset (manufacturing).
- Financed turnkey projects (integrated product): the main income source is Abengoa's capacity to obtain contracts, but this activity has a structured finance component (with or without capital investment).

It is applied in significant High Tension Line projects (such as the ANEEL line in Brazil, the Ralco line in Chile and the CFE line in Mexico), Conventional and Combined Cycle Plants (such as El Sauz, CD S. Carlos), Cogeneration Plants (such as Motril), Biomass Plants (B. Jiennense, EHN), Bioethanol Plants (Castilla-León, Bioetanol Galicia, ETBE Huelva), Solar Plants and Electricity Plants with hydrogen fuel cells.



- Recurrent and service activities: their income source, although depending on a bid, is based on recurrent Operation and Maintenance (O&M) activity, spare parts and similar, the contracts for which usually have a term longer than one year. As significant examples, Sainco's contracts with electricity companies, the O&M contracts of Inabensa with vehicle manufacturers or electricity companies, Abentel with Telefónica, Sainco Tráfico with the Directorate General of Traffic and Municipal Councils, managements plants, industrial waste treatment, etc. may be highlighted.

b) Activities related to "commodities":

A sale of products activity, the income of which is correlated to the sale of a commodity. In this kind of activity, we distinguish between products: Metallic, Non-Metallic, Sale of electricity from any of Abengoa's production plants (Cogeneration, Biomass, Solar or others) and sale of ethanol and its derivatives.

- Metallic:

Zinc. The income from this activity has two basic variables: i) a royalty and ii) the price of the metal. It falls within the Zinc Waste Recycling activity.

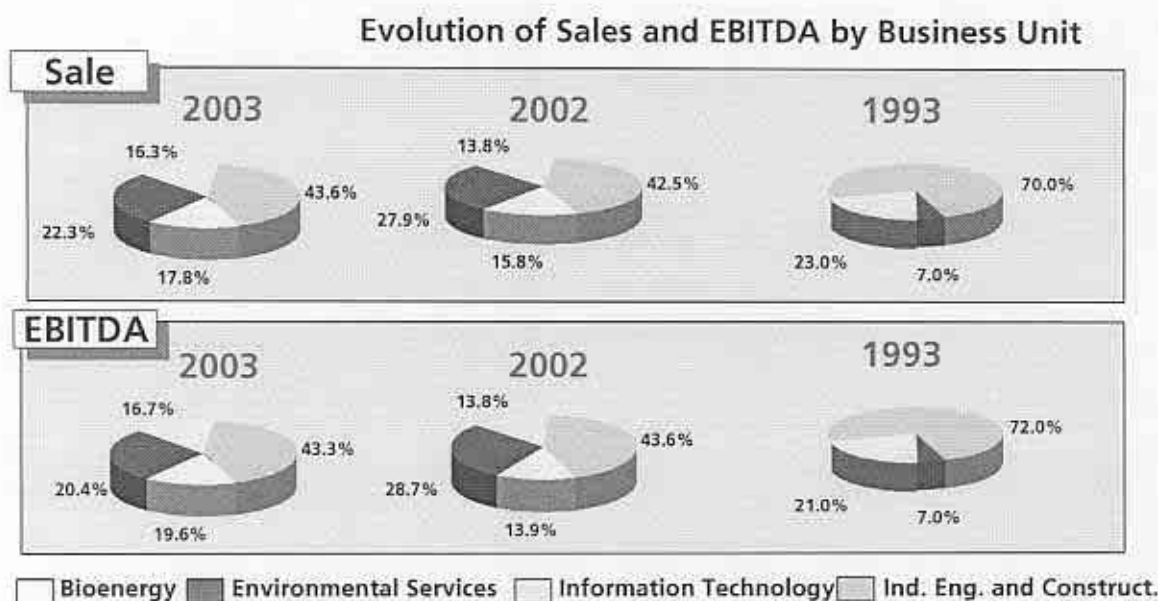
Aluminium. This is encompassed in the Aluminium Waste Recycling activity.

Aluminium sales. Like zinc, a fee is obtained for withdrawing the waste, which, in turn, is treated, thus obtaining by-products that can be sold.

- Non-Metallic. Desulphurization: consists of recycling sulphur waste from refineries, which is transformed into sulphuric acid, generating, in turn, steam with which electricity is produced.
- Sale of electricity from any of Abengoa's production plants (Cogeneration, Biomass, Solar or other): Production of cogeneration or biomass plants; Energy Promoters (include Nuegas, Cogesur, the bioenergy cogeneration activity and fuel cells), the part of electricity sales of the cogeneration plants of Environmental Services (Aureca, Aureval, Auremur).
- Sale of ethanol. Affected by i) the price of gasoline, ii) the price of grain and iii) the price of gas and DDGS and CO<sub>2</sub> by-product.

Today Abengoa offers a combination of businesses that represent a greater diversification in markets and customer portfolio and that reinforces its capacities in respect of its original Engineering business.





- 1.6. Consolidated sales at 31/12/03 were € 1,635.3 million, a 7.5% increase on the previous year. The increase in sales is mainly attributable to the Bioenergy Business Unit, with sales amounting to € 291.4 million, as compared to € 240.0 million in 2002 and the Information Technology Business Unit, with sales amounting to € 265.5 million, as compared to € 210.0 million in 2002. This growth came about in spite of the unfavorable exchange rates for the currencies of different countries in which 40.7% of Abengoa's billing is done, the bad trade cycle in the Aluminum sector and the fall in the sales prices for the electric energy Abengoa generates in its Cogeneration plants.

Ebitda (earnings before interest, taxes, depreciation and amortization) amounted to € 185.2 million, an increase of € 10.4 million (5.9%) on the 2002 figure.

As regards Business Units, Abengoa increased the contribution to Ebitda in all business areas with the exception of Environmental Services, an area that has been greatly effected by the unfavorable trade cycle in the Aluminum sector.

It is important to mention the effort made in 2003 to amortize consolidation goodwill amounting to € 19.4 million (16% more than the € 16.7 million in 2002), as well as the increase in tangible fixed assets to € 53.3 million (from € 47.7 million in 2002) and the effort made to amortize R&D&I, the figures for which went from € 7.6 million in 2002 to € 13.5 million in 2003.

When analyzing the company's financial statement for 2003, it is important to underline the positive impact of the Banco Santander Central Hispano's shares which resulted in earnings of € 15.0 million before taxes.

The net extraordinary result is € 1.7 million, of which the most significant amounts correspond to capital gains on the sale of Elsur to Agua y Gestión de Servicios Ambientales for € 5.3 million and the extraordinary losses as a consequence of the structural re-conversion of the Aluminum business for € -4.8 million.

The result before taxes is € 64.5 million, which represents a 172.1% increase on the previous year (€ 23.7 million).

The corporate income tax expense was € 16.7 million in 2003, in comparison with tax paid of € 21.4 million in 2002, as a result of applying the Resolution of the Instituto de Contabilidad y Auditoría de Cuentas Español (Spanish Accounting and Auditing Institute) of March 15, 2002.

The result after taxes attributable to the parent company is € 47.0 million, an 8.1% increase on the 2002 financial year figure (€ 43.5 million).

The above profit represents a profit per share of 0.52 € obtained in the year 2003.

Net cash flow also increased by 11.6% to € 137.5 million (€ 118.3 million in 2002).

The Board of Directors proposes to the General Shareholders Meeting the distribution of a dividend of 0.14 Euros per share charged to the year 2003, representing a total pay-out of € 12.6 million for the 90.469.680 outstanding shares.

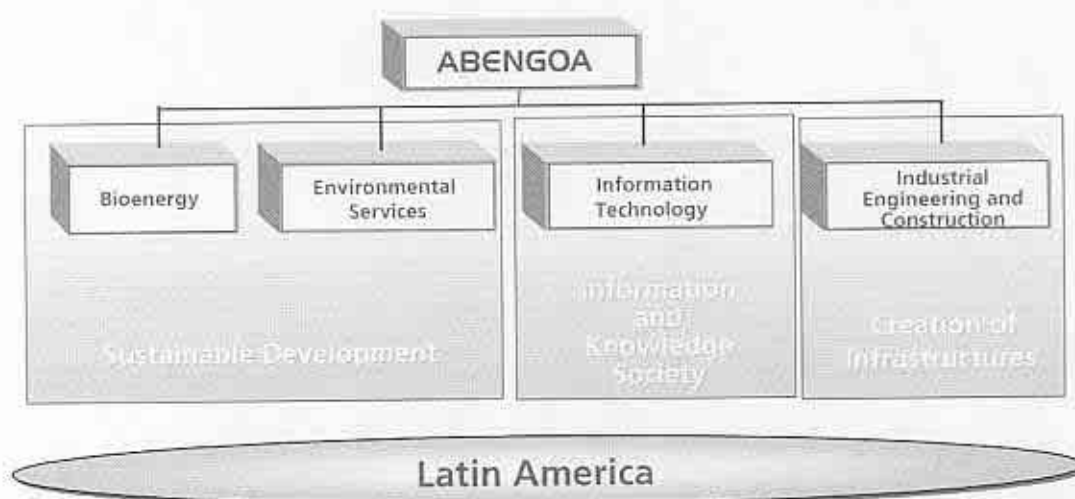
## 2.- Comments on the Evolution of the Business and Overall Situation of the Companies Included in the Consolidation.

### 2.1. General description and organization.

Abengoa was formed in Seville in 1941. It is an industrial and technological Company that provides solutions for sustainable development, the information and knowledge society and the creation of infrastructures.

At the 2003 year end, Abengoa's stock market capitalization was € 522 million, it was present in more than 70 countries and its sales in the year were € 1,635.3 million, with an Ebitda of € 185.2 million.

Abengoa operates through four Business Groups:



The activities of the four Business Groups are as follows:

- **Bioenergy**

Production of ethyl alcohol from vegetable products (cereals, biomass). The alcohol (bioethanol) is used to manufacture ETBE (petrol component) or to be blended directly with petrol and gasoil. As it is a renewable energy, net CO<sub>2</sub> emissions are reduced (greenhouse effect). Production of DDGS (Distillers Dried Grain and Soluble), a protein complement for animals and CO<sub>2</sub>.

- **Environmental Services**

Aluminium waste recycling, salt slag recycling, zinc waste recycling, industrial waste recycling, industrial cleaning and environmental engineering services (engineering and construction for water treatment and waste management).

- **Information Technology**

Systems and Service Development and Integration. Systems for: Information Control, Private Telecommunications Networks, Business Process Payment and Automation for the Energy, Environment, Traffic, Transport and Public Administration Sectors. Services of: Hosting, Management, Administration and Maintenance of Technical Infrastructures.

- **Engineering and Industrial Construction**

Engineering, construction and maintenance of electrical, mechanical and instrumentation infrastructures for the energy, industrial, transport and service sectors. Development, construction and operation of industrial plants and conventional power plants (cogeneration and combined-cycle) and renewable energy facilities (bioethanol, biomass, wind, solar and geothermal). Turnkey telecommunications networks and projects.

- **Latin America**

Market where Abengoa has had a stable presence for more than 30 years through local companies that carry on all the activities of the Business Groups autonomously, applying the management rules of Abengoa as a whole.

## 2.2. Recent evolution.

2.2.1. The evolution of the main balance sheet and profit and loss account figures over the last years is shown below:

Description	2003	Δ%	2002	1993	AAGR(*) (93-03)
	€ million		€ million	€ million	%
Equity	330.8	+6.4	310.8	139.9	+9.0
Total Assets	2,363.1	+2.2	2,311.3	460.0	+17.8

Description	2003	Δ%	2002	1993	AAGR(*) (93-03)
	€ million		€ million	€ million	%
Sales	1,635.3	+7.4	1,521.9	445.4	+13.9
EBITDA (1)	185.2	+6.0	174.7	25.8	+21.8
Pr. Attrib. to Parent Comp.	47.0	+8.0	43.5	7.4	+20.3
Net cash flow	137.5	+16.2	118.3	17.4	+23.0

(1) Earnings before interest, taxes, depreciation and amortization.

(\*) AAGR: Constant Average Annual Growth Rate.

- 2.2.2. On the balance sheet, the most significant aspect is the increasing in the caption "Fixed Assets in Projects", which rose from € 178.2 million in 1997 (year of the full consolidation of Siema) to € 384.3 million in 2002 and € 463.0 million in 2003, basically as a result of tangible fixed assets representing the investments in the projects of Siema. These investments are located in the activities of water and environmental management and in energy-producing plants and installations belonging to the different Project promotion companies in which interests are held either by Siema or other subsidiaries of Abengoa, S.A.

The investments in these promotion companies are generally made through Project Finance, a financing formula agreed with the financial institution whereby the latter recovers the financing through the funds generated by the project. This type of funding is, therefore, without recourse to the shareholders.

The balancing item of these investments appears in the balance sheet liabilities under the caption "Financing without Recourse Applied to Projects", which, at the 2003 year end totals € 176.2 million under the long-term caption and € 93.5 million at short-term, in comparison with € 140.4 million and € 129.6 million respectively in 2002.

- The change in the size and structure of Abengoa's balance sheet in the last three years relates to certain actions, of which the final effect on the balance sheet may be seen in the following variations:
  - a) The full consolidation of the holding in Befesa at the year end 2000 (91.00%). For purposes of the profit and loss account, however, said consolidation affected only the contribution relating to the six-month period at the year end 2000, since the tender offer concluded in June 2000, and to a full year for the first time in 2001, which closed with a shareholding of 92.05%.
  - b) Capital increase in Abengoa in the year 2000, which allowed Abengoa's shareholders' equity to be increased by € 75.1 million and was concluded with the full support of the investors in the month of August 2000. The increase in the shareholders' equity represents approximately a third of that which already existed, which was increased to € 302.0 million.
  - c) Signature of a syndicated loan in 2001 for an amount of € 340 million maturing at 6 years, signed with 38 financial institutions and structured to reinforce the company's financial resources after the acquisition of Befesa through the tender offer subsequently launched on the stock market.
  - d) Divestment in the wind power activity in October 2001, representing a net reduction on the balance sheet of € 83.9 million in Fixed Assets in Projects and € 64.9 million in Financing without Recourse Applied to Projects
  - e) Acquisition of the United States company High Plains Corporation, with an investment of 100 million US dollars. The whole investment was made using the Abengoa's available treasury resources and is shown on the balance sheet for 2001.

- f) Signature of a syndicated loan in 2002 for an amount of € 500 million maturing at 6 years, signed with 51 financial institutions and structured to reinforce the company's financial resources after the acquisitions of Befesa and High Plains.
- g) Acquisition of Metso Corporation's Network Management Solutions Division through the 100% purchase of its subsidiaries in Canada and the United States, with a total investment of 35 MUSD.

2.2.3. The contribution of the Business Groups to the Sales and the Ebitda shows the recent contribution of Bioenergy and Environmental Services, the weight of which, particularly the contribution to the Ebitda, has already become very significant (42% overall).

Business Group	Sales 2003			Sales 2002		Sales 1993	
	€ million	% over total	Δ 03/02	€ million	% over total	€ million	% over total
Bioenergy	291.4	17.8	+21.4	240.5	15.8	0.0	-
Environmental Services	365.4	22.3	-14.0	424.6	27.9	31.2	7.0
Information Technology	265.5	16.3	+26.4	210.0	13.8	102.4	23.0
Engineering and Industrial Construction	713.0	43.6	+10.2	646.8	42.5	311.8	70.0
<b>Total</b>	<b>1,635.3</b>	<b>100.0</b>	<b>+7.5</b>	<b>1,521.9</b>	<b>100.0</b>	<b>445.4</b>	<b>100.0</b>

Business Group	Ebitda 2003			Ebitda 2002		Ebitda 1993	
	€ million	% over total	Δ 03/02	€ million	% over total	€ million	% over total
Bioenergy	36.3	19.6	+50.0	24.2	13.9	0.0	-
Environmental Services	37.8	20.4	-24.6	50.1	28.7	1.8	7.0
Information Technology	31.0	16.7	+28.6	24.1	13.8	5.4	21.0
Engineering and Industrial Construction	80.1	43.3	+5.0	76.3	43.6	18.6	72.0
<b>Total</b>	<b>185.2</b>	<b>100.0</b>	<b>+6.0</b>	<b>174.7</b>	<b>100.0</b>	<b>25.8</b>	<b>100.0</b>

2.2.4. In 2003, in spite of the unfavorable evolution of the foreign currency exchange rates, Abengoa continued to increase its activity abroad, in volume as well as diversification. The contribution from the United States and Canada stands out this year, a consequence of the acquisition of Telvent USA and Telvent Canadá, as well as of the consolidation of the bioenergy business in the United States. Of the € 1,635.3 million billed in 2003, € 664.1 million (40.7%) correspond to sales abroad. The activity in Spain amounted to € 971.2 million (59.3%) compared with € 910.1 million in 2002 (59.8%).

Of the total sales figure abroad, € 443.0 million (27.1%) correspond to local activity, that is to say, billing by the local companies established in different countries, and exportation by Spanish companies amounted to € 221.1 million (13.6%). In 2002, the local activity and exportation represented 25.4% and 14.8% respectively

We would mention the variation in the contribution from the different geographical areas. In this way, Latin America has gone from representing 40% in 1999 to 20.4% in 2003. Likewise, the contribution from the USA and Canada, which was practically nil in 1999, now amounts to 12.8%. Geographical distribution of the sales is as follows

<b>International Activity</b>							
<b>Exports and Sales by Local Companies</b>	<b>2003</b>		<b>2002</b>		<b>1993</b>		<b>AAGR(*) (93-03)</b>
	<b>€ million</b>	<b>%</b>	<b>€ million</b>	<b>%</b>	<b>€ million</b>	<b>%</b>	<b>%</b>
- USA and Canada	209.8	12.8	143.2	9.4	-	-	-
- Latin America	332.9	20.4	333.7	21.9	119.4	26.8	10.8
- Europe (excluding Spain)	76.7	4.7	94.3	6.2	14.7	3.3	18.0
- Africa	27.8	1.7	10.9	0.7	6.6	1.5	15.4
- Asia	16.9	1.1	29.7	2.0	8.0	1.8	7.7
Total foreign sales	664.1	40.7	611.8	40.2	148.7	33.4	16.2
Total Spain	971.2	59.3	910.1	59.8	296.7	66.6	12.6
Consolidated total	1,635.3	100.0	1,521.9	100.0	445.4	100.0	13.9

(\*) AAGR: Constant Average Annual Growth Rate.

2.2.5. With regard to the average number of employees, the comparative figures are as follows:

<b>Average Number of Employees</b>	<b>2003</b>	<b>%</b>	<b>2002</b>	<b>1993</b>
Spain	5.521	63%	5.946	4.938
Abroad	3.305	37%	2.483	2.116
<b>Total</b>	<b>8.826</b>	<b>100%</b>	<b>8.429</b>	<b>7.054</b>





**3.- Information on Significant Events after the Year End.**

No further events have occurred that could have a significant influence on the information contained in the Consolidated Annual Accounts formulated by the Directors as of today's date or that should be highlighted as significant for the different companies or the Group as a whole.

**4.- Information on the Forecast Evolution of the Group.**

- 4.1. In order to forecast the Group's prospects, it is necessary to take into account its evolution and development over recent years, from which it may be deduced that, in the medium term, there are prospects for growth. The strategy for the Group in the medium term is based on the growing contribution of the activities related to the Environmental markets, renewable fuels (bioenergy), together with continuity in the development of the Information Technology and Engineering and Industrial Construction activities.
- 4.2. In addition, as stated above, the reinforcement of Abengoa's capacity in the Environmental Services market through Befesa Medio Ambiente, S.A. and the increased bioethanol production capacity will also help to boost long-term prospects. To the extent to which current forecasts are met, Abengoa has a new base for its operations, which may remain stable and continuous over forthcoming years.
- 4.3. With the reservations appropriate to present circumstances, bearing in mind the increased flexibility in the organisational structure, the specialisation and the diversification of activities, within the investment possibilities forecast in the national market and the competitive capacity in the international market, together with the exposure of part of its activities to the sale of commodity products and currency different from the Euro, the Group is expected to be in a position to continue to progress favourably in the future.



## 5.- **Information on Research and Development Activities.**

- 5.1. Abengoa continued to increase its R&D&I effort in the year 2003 (in spite of the persistence of the world technology crisis), convinced that, to bear fruit, this effort requires a continuity that should not be interrupted by either crises or economic cycles.

Furthermore, it strengthened its presence and, in some cases, its leadership in different public and private institutions and forums, in which cooperation between the large technological companies is fomented and the short- and long-term future of R&D&I activity is decided.

- 5.2. The program established for this type of activities have been substantially met. Abengoa, through the people responsible for this strategy in each business area, making a day-to-day effort regarding the increased degree of innovation in its technologies, as required by the characteristics of the activities carried out, essentially concentrating on the following objectives:

- Constant monitoring of the technologies which may affect each business area.
- Selection of the technologies portfolio which provides the Group companies with the maximum competitive advantage.
- Assimilation and implementation of the technology available from Transfer Agreements.
- Selection of the optimal channels to accede to technological development.
- Determination of the commercialization programmes for the technology developed.
- Use of institutional support for innovation and technology.

- 5.3. From among all this joint effort, attention should be drawn to the fact that, in 2003, the Research and Development activity was carried out in each Group Company in accordance with the needs arising from its respective market. Most of the projects fell within the scope of the R&D promoted by the Spanish authorities (actions taken by the Ministry of Industry and Energy) and the European authorities (Framework R&D Programs).

Abengoa performs its R&D either directly or through contracts with third parties, usually public bodies for innovation, university departments or other public and private entities. In addition, during the year, Abengoa made strategic investments in countries like the USA and Canada in pioneer companies that develop and own technologies in sectors defined as high priority, such as Biofuels and control systems, in order to facilitate the internalization and implementation of these technologies in these important emerging markets.

Research and Development is a strategic activity for Abengoa in order to plan its future. It is carried out in the Business Groups in accordance with the requirements of their respective markets in order to make the necessary competitive capacity permanently available.

- 5.4. In the year 2003, investment in R&D totalled € 14.1 million in comparison with € 9.9 million in 2002, increasing the effort to update the Group's technological capacity, which totalled € 105.3 million at December 31, 2003, being approximately € 91.9 million at December 2002.

## 6. **Quality and Environmental Management.**

The progressive implementation of the Quality Management Systems in the Abengoa companies, in both Spain and the other countries where they are present, is one of the strategic objectives of the group's quality commitment. This objective is built around the Quality Management model in accordance with the International Standard ISO 9001 and the EFQM Excellence model.

As a result of the path followed in earlier years, at the end of 2003, 75% of the Abengoa companies had Quality Management Systems certified under ISO 9001. Likewise, 53% of the companies had Environmental Management Systems certified under ISO 14001.

The percentage distribution by Business Group of the companies with Quality and Environment certifications is shown below:

Business Group	% Companies Certified under ISO 9001	% Companies Certified under ISO 14001
Information Technology	100%	90%
Engineering and Industrial Construction	71%	46%
Environmental Services	52%	59%
Bioenergy	25%	0%
Latin America	80%	30%

In the Bioenergy Business Group, attention should be drawn to the fact that the Spanish companies, Ecocarburantes, S.A. and Bioetanol Galicia, S.A., are in the development and implementation phase of an integrated management system for Quality, Environment and Safety at Work. The objective is to have the system fully implemented during the year 2003, in order to commence the certification procedures at the end of the year and obtain certification in 2004. The United States company, High Plains, is governed by local rules of greater influence in its sphere of production.

As tools to improve the Quality and Environmental Management Systems, almost all the companies have implanted the new version of the two computer applications: one for management and problems resolution (PRR) and the other for processing the improvement actions (IA).

## **7. Information on the Acquisition of Own Shares.**

- 7.1.** Abengoa, S.A., together with its subsidiaries and associated companies, met the legal requirements on trading in own shares and does not currently hold any own shares on its portfolio and did not do so in 2003.

The Shareholders' General Meeting held on 29 June 2003 agreed to authorise the Board of Directors to make derived acquisitions, through purchases, of shares in the company that may be made either directly or via subsidiary companies or investees up to the maximum limit specified under current provisions at a price of between three euro cents (0.03 euros) per share minimum and one hundred and twenty euros and twenty cents (120.20 euros) per share maximum, being able to make use of this facility during a period of eighteen (18) months from this date and subject to that specified in Section Four of Chapter IV of the Revised Text of the Spanish Companies Act, expressly revoking the authorisation conferred to the Board of Directors, for the same purposes, by virtue of the agreement adopted by the Shareholders' General Meeting held on 30 June 2002.

To date, the Board of Directors has not made use of the prior authorisation.

- 7.2.** The parent Company did not accept any of its own shares as pledges or in any kind of mercantile deal or legal transaction.
- 7.3.** Neither are there any shares of Abengoa, S.A., which are held by third parties that are able to act in their own name, but on behalf of companies belonging to the Group.
- 7.4.** In the year 2001, incentive programs for management personnel and employees were introduced in Befesa Medio Ambiente, S.A. and Telvent GIT, S.A. These programs are based on the management personnel and employees' acquiring 358,880 shares in Befesa and 4,347 shares in Telvent, through personnel loans granted to the purchasers by financial institutions. These loans bear a variable interest rate and mature at five years, being secured by the pledge of the shares acquired and, subsidiarily, by Abengoa. The holding of the shares by the management personnel and employees is linked to meeting a management objectives program over the next five years.
- 7.5.** Finally, it is stated that any reciprocal holdings that have been established with companies in which shares are held are transitional and are within the limits of the Spanish Limited Liability Companies Act.