

ABENGOA

Annual Report 2003



Your Partner in Resources and Technical Solutions

ABENGOA

Index

	Page
Highlights	7
Summary 2003	9
Strategic Orientation	11
Current configuration of Abengoa and the nature of its business	13
Evolution of the 2003 financial results	14
International Activity	15
Abengoa's Innovation Strategy	16
Share performance	17
Evolution since its Initial Public Offering in 1996	17
Business Unit Activities in 2003	19
Bioenergy	21
Environmental Services	33
Information Technologies	43
Industrial Engineering and Construction	61
Latin America	75
Sustainability Report	81
Abengoa's Sustainable Development Policy	82
Economic Balance	85
Environmental Balance	92
Social Balance	100
R&D&i	117
Abengoa's Innovation Strategy	118
Distinctions	119
Innovative Projects	120
Significant Innovative Lines	124

	<u>Page</u>
Corporate Governance Report	131
a. Introduction	134
b. Company Shareholding Structure	137
i) Significant Shareholdings	137
ii) Shareholdings of members of the Board of Directors	137
iii) Shareholders' Agreements	137
iv) Treasury Stock	137
c. Administrative Structure of the Company	138
i) The Board of Directors	138
ii) The Advisory Board to the Board of Directors	141
iii) The Committees	142
iii.1) Audit Committee.	142
iii.2) Appointments and Remuneration Committee	144
iii.3) Strategy Committee	145
iii.4) Stock Exchange Internal Code of Conduct	145
iii.5) Professional Code of Conduct	145
d. Intergroup and Related Transactions	147
i) Transactions with significant shareholders	147
ii) Transactions with administrators and directors	147
iii) Significant inter-group transactions	147
e. Risk Control Systems	147
i) Common Management Systems	147
ii) Internal Audit	148
f. Shareholders' General Meeting	149
i) Rules of Operation	149
ii) Information from last meetings	149
iii) Information tools. Web	150

	<u>Page</u>
g. Level of Monitoring of Recommendations relating to Corporate Governance.....	150
h. Information Tools	150
i) Web	150
ii) Shareholders' Service Department	151
iii) Investor Relations Department	151
 Board Committee Information	 153
Audit and Control Committee Activity Report	153
Appointments and Remuneration Committee Activity Report	163
 Management Structure	 167
 Annex: Legal, economic and financial information	 177
Consolidated Auditors' Report and Annual Accounts	
Consolidated Management Report	



Highlights

Economic Data

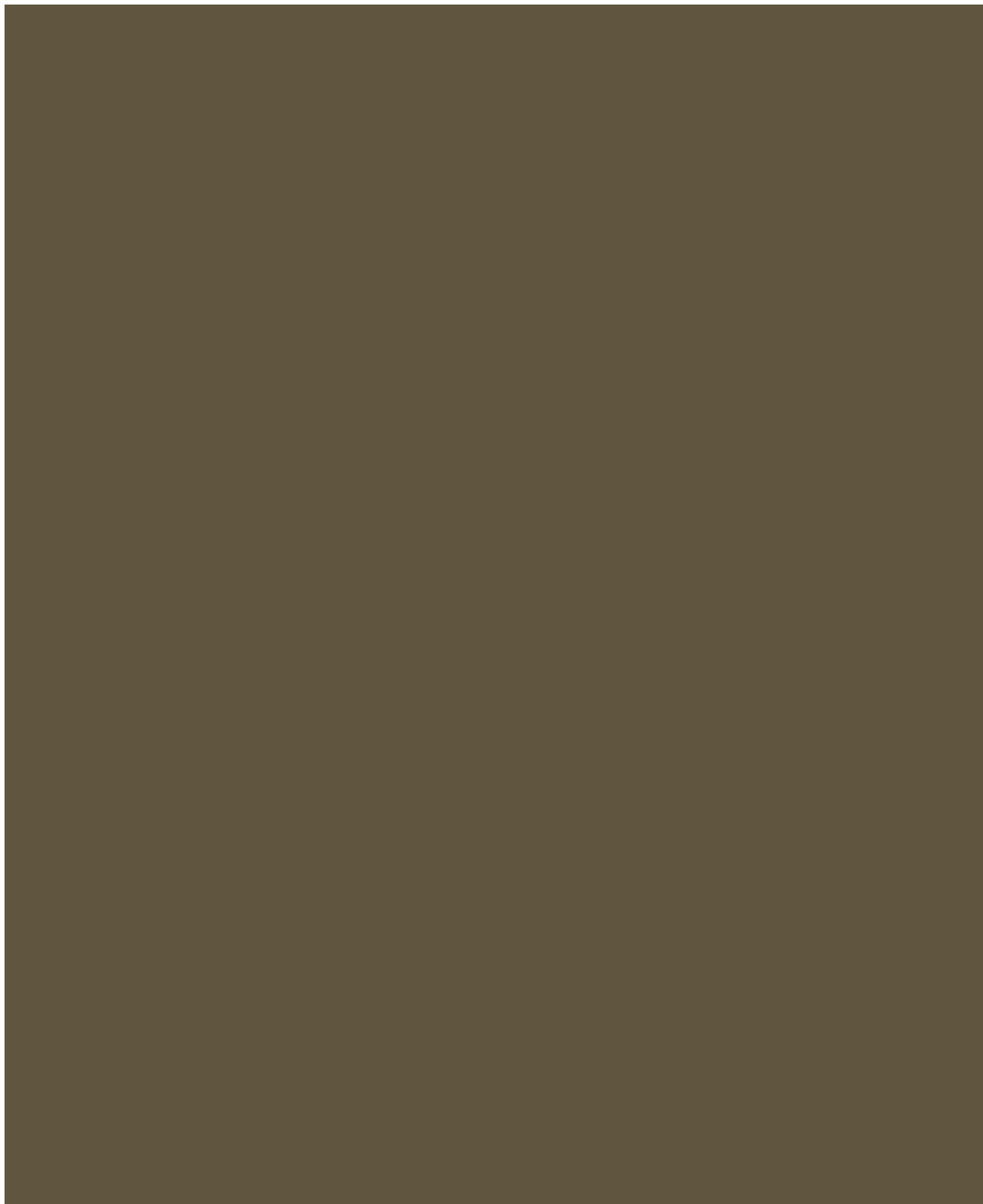
Profit and Loss Account (Millions €)	2003	% variation (03-02)	2002	1993	% TAMI 93-03 (**)
Sales	1,635.3	7.5	1,521.9	445.4	13.9
EBITDA (*)	185.2	6.0	174.7	25.8	21.8
Net Profit attributable to Parent Company	47.0	8.1	43.5	7.4	20.3
Net Cash-Flow (EAT+Amort.+Provision)	137.5	16.2	118.3	17.4	23.0
Significant Variables					
Margin (% EBITDA/Sales)	11.33		11.48	5.80	
EBITDA/Financial Profit or Loss	3.97		3.37	-7.27	
- shareholders' equity (ROE)	13.61		13.40	5.29	
<u>Per share figures:</u>					
- Earnings per share (€)	0.52		0.48	0.08	20.6
- Dividend per share (€)	0.14		0.14	0.03	16.7

(*) EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization.

(**) TAMI: Annual Average Rate of Increase.

Diversification

Evolution 1993 - 2003						
		Engineering Business		Group with 4 different businesses		
Business Diversification		1993		2003		
		Sales %	EBITDA %	Sales %	EBITDA %	
	Bioenergy	-	-	17.8	19.6	
	Environmental Services	7.0	7.0	22.3	20.4	
Geographical Diversification	Information Technologies	23.0	21.0	16.3	16.7	
	Industrial Engineering and Construction	70.0	72.0	43.6	43.3	
		1993		2003		
		M €	%	M €	%	% TAMI 93-03 (**)
Geographical Diversification	USA and Canada	0.0	0.0	209.8	12.8	-
	Latin America	119.4	26.8	332.9	20.4	10.8
	Europe (excluding Spain)	14.7	3.3	76.7	4.7	18.0
	Africa	6.6	1.5	27.8	1.7	15.4
Geographical Diversification	Asia	8.0	1.8	16.9	1.1	7.7
	Total Abroad	148.7	33.4	664.1	40.7	16.2
	Total Spain	296.7	66.6	971.2	59.3	12.6
	Consolidated Total	445.4	100.0	1,635.3	100.0	13.9



Summary 2003



Summary 2003

Over the last decade, we have increased our results at a rate of 20% a year as a consequence of the new activities related to Bioenergy, Environmental Services and Information Technologies, as well as through the internationalization of our traditional activities. Over this same period, our Sales abroad have increased at an annual rate of 16%.

- The following strategic operations have been developed over recent years:

2000

- A 300 million € investment to acquire Befesa through a take-over bid.
- Start-up of the first Bioethanol plant in Spain, with a 100 million liter per year production capacity, in which 93.8 million € was invested.
- Widening of Abengoa's capital which enabled the shareholder capital to be increased by 75.1 million €.

2001

- Abengoa's Environmental Division (specialized in environmental engineering) was integrated in Befesa, and Befesa's capital was increased by 12.3 million € through Abensur's contribution.
- Sale of the wind power activity for 109 million €.

2002

- High Plains Corporation (now known as Abengoa Bioenergy Corporation) the fifth largest bioethanol producer in the United States was acquired for 100 million € through a take-over bid.
- Start-up of the second Bioethanol plant in Spain, with a 126 million liter per year production capacity, in which 92.1 million € was invested.

- The Department of Energy (D.O.E.) of the USA awarded the company an R&D project to improve ethanol production process technology, using biomass, to improve the economy of process and increase energy performance from ethanol production and, thus, reduce the production cost of ethanol and make it more competitive with petrol. Total investment, co-funded by the D.O.E., will be 35.4 million dollars from 2003 – 2006.

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 investment made in both companies was 35 million dollars.

- Construction began on the third bioethanol plant in Spain, in Babilafuente (Salamanca). The material investment is 150 million euro. The plant will have a production capacity of 200 million liters/year of Bioethanol for direct use (blending) in gasoline. The raw material will be cereals, wine alcohol and biomass, the latter in a bioethanol production facility which will be the first of its kind in the world.
- Exports of Bioethanol to Europe commenced.

Summary 2003

Strategic Orientation

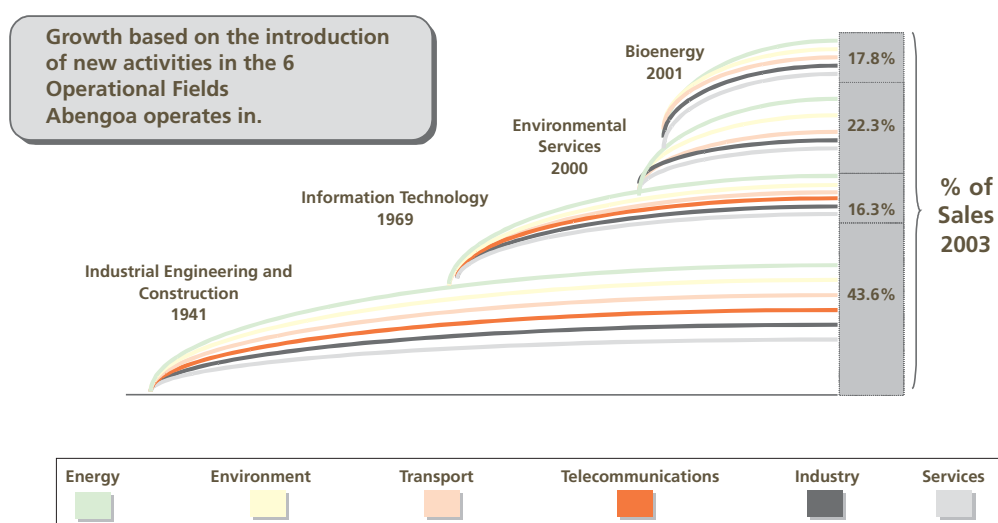
- Technology in Abengoa focuses on Six Operational Fields in which each business unit interrelates to a greater or lesser extent:

- ⇒ Energy
- ⇒ Environment
- ⇒ Transport
- ⇒ Telecommunications
- ⇒ Industry
- ⇒ Services

	 Energy	 Environment	 Transport	 Telecom	 Industry	 Services
Bioenergy	✓	✓	✓		✓	✓
Environmental Services	✓	✓	✓		✓	✓
Information Technology	✓	✓	✓	✓	✓	✓
Industrial Engineering and Construction	✓	✓	✓	✓	✓	✓

Summary 2003

- The growth strategy is based on the introduction of new activities in the six Operational Fields Abengoa operates in.



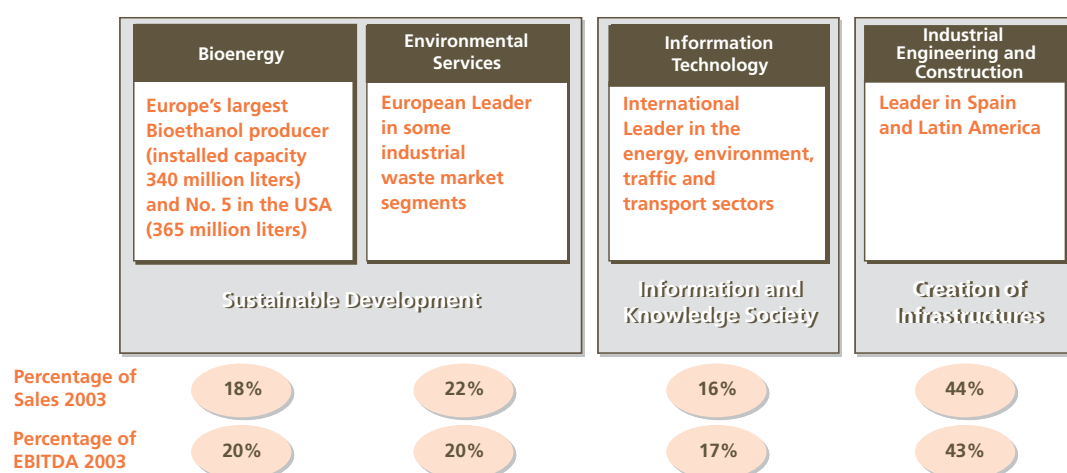
- Abengoa offers a combination of activities that represent greater diversification in markets, customer portfolio, and which strengthen its capacities vis-à-vis its original engineering business.

	Engineering Company			Diversified group with 4 different businesses		
	1993	Ebitda %	Sales %	2003	Ebitda %	Sales %
Business	Engineering	72	70	Engineering	43	44
	Info. Technology	21	23	Info. Technology	17	16
	Environmental Services	7	7	Environmental Services	20	22
Geography				Bioenergy	20	18
	Spain		67	Spain		59
	Latin America		27	Latin America		20
	Rest		6	USA and Canada		13
				Rest		8

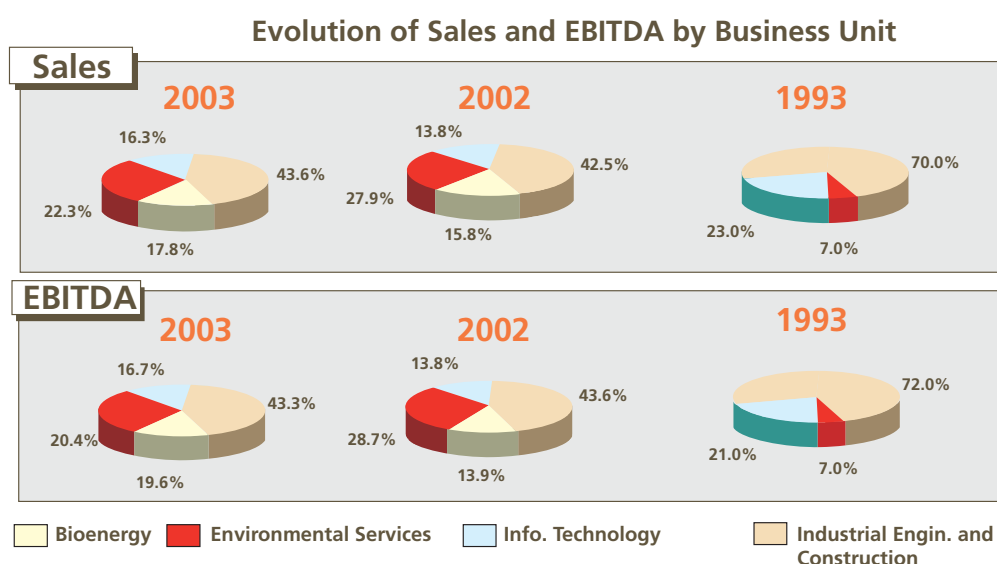
Summary 2003

Current Configuration of Abengoa and the Nature of its Business

- Abengoa is an industrial and technology company that provides solutions for Sustainable Development, the Information and Knowledge Society, and the Creation of Infrastructures, operating through four business units.



The evolution of the Business Units can be seen in the following graph:



Summary 2003

Evolution of the 2003 Financial Year Results

	M €		Change %	% on total		M€	% on total	% CAGR
	12.03	12.02	03/02	12.03	12.02	12.93	12.93	93/03
Sales	1,635.3	1,521.9	7.5	100.0	100.0	445.4	100.0	13.9
EBITDA	185.2	174.7	6.0	11.3	11.5	25.8	5.8	21.8
Depreciation R&D&I	-13.5	-7.6	76.6	-0.8	-0.5	-0.1	0.0	66.0
Depreciation and Provisions	-53.4	-47.7	11.9	-3.3	-3.1	-7.2	-1.6	22.2
Goodwill depreciation	-19.4	-16.7	16.0	-1.2	-1.1	-2.5	-0.6	22.6
Net financial expenses	-47.1	-49.9	-5.7	-2.9	-3.3	-3.5	-0.8	29.5
Profits from Ordinary Activities	66.2	37.4	77.0	4.0	2.5	0.1	0.0	131.5
Net Extraordinary result	-1.7	-13.7	-87.4	-0.1	-0.9	7.3	1.6	-
Result before taxes	64.5	23.7	172.1	3.9	1.6	7.3	1.6	24.3
Taxes	-16.7	21.4	-177.8	-1.0	1.4	0.0	0.0	90.2
Minorities	-0.8	-1.7	-54.5	0.0	-0.1	-0.1	0.0	21.9
Result attributable to the parent company	47.0	43.5	8.1	2.9	2.9	7.4	1.7	20.3
Net Cash Flow	137.5	118.3	16.2	8.4	7.8	17.4	3.9	23.0

- Consolidated sales at 31/12/03 were 1,635.3 M €, 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 M €, as compared to 240.0 M € in 2002 and the Information Technology Business Unit, with sales amounting to 265.5 M €, as compared to 210.0 M € 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 M €, an increase of 10.5 M € (6.0%) 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 increase in the amortization of tangible and intangible fixed assets to 53.4 M € (47.7 M € in 2002) and the effort made to amortize R&D&I, the figures for which went from 7.6 M € in 2002 to 13.5 M € in 2003.

Moreover is important the increase to amortize consolidation goodwill amounting to 19.4 M € (16.0% more than the 16.7 M € in 2002).

- 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 M € before taxes.
- Profits from Ordinary Activities amounted to 66.2 M €, an amount greater than that of the previous year (37.4 M €), in spite of the fact that amortizations have increased by 14.3 M € (19.7% more than in 2002).

- The net extraordinary result is -1.7 M €, of which the most significant amounts correspond to capital gains on the sale of Elsur to Agua y Gestión de Servicios Ambientales for 5.7 M € and the extraordinary losses as a consequence of the structural re-conversion of the Aluminum business for -4.8 M €.

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

- Corporation tax in 2003 came to 16.7 M € as against income of 21.4 M € in 2002, as a consequence of applying the Resolution of the 15th March 2002 of the Spanish Accounting and Auditing Institute.

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

The above mentioned result implies a profit per share of 0.52 € as compared to the 0.48 € per share for 2002.

- Net cash flow also increased by 16.2% to 137.5 M € (118.3 M € in 2002).

Summary 2003

International Activity

- 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, 714.8 million € (43.7%) correspond to sales abroad. The activity in Spain amounted to 920.5 million € (56.3%) as compared to 910.1 million € in 2002 (59.8%).

Of the total sales figure abroad, 448.2 million € (**27.4%**) correspond to **local activity**, that is to say, billing by the local companies established in different countries, and **exportation** by Spanish companies amounted to 266.6 million € (16.3%). 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 21.6% in 2003. Likewise, the contribution from the USA and Canada, which was practically nil in 1999, now amounts to 12.5%.

Geographical distribution of the sales is as follows:

Activity Abroad							
Exports and sales by local companies	2003		2002		1993		TAMI(*) (93-03)
	M €	%	M €	%	M€	%	%
- USA and Canada	209.8	12.8	143.2	9.4	0.0	0.0	-
- Latin America	332.9	20.4	333.7	21.9	119.4	26.8	10.8
- Europe (rest)	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 Abroad	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

(*) TAMI: Annual Average Rate of Increase

Summary 2003

Abengoa's Innovation Strategy

Abengoa's policy is geared to creating and sustaining values. Its innovation efforts are results oriented and based on the pursuit of three tangible objectives:

- Diversification: new products and services.
- Differentiation: improvement and adaptation of existing products.
- Process improvement.

Intangible objectives include the acquisition of essential competencies and, above all, the generation of future options. The latter is closely linked to the creation of value through growth prospects and the development of new business.

Types of execution

Abengoa implements its innovation policy in several ways; in-house innovation aimed at providing specific solutions for individual customers and in-house developments; outsourced innovation based on collaboration agreements with universities, public research bodies and other third parties, in which case the work is usually shared, and in some cases technology is purchased. Another method

much used in recent times is the acquisition of strategic financial interests in technological companies. In such cases, the move is usually a corporate one, although subsequent management is undertaken by the individual companies involved.

The economics of Innovation: Financing

- External resources:
 - Tax benefits.
 - Subsidies.
 - University or Public Research Bodies.
 - Shared R&D.
 - Customers.
- In-house resources:
 - Investment.
 - Expense item for the year.

Investment in R&D&I

2001		2002		2003		2004 (Forecast)	
Millions of €	% of Sales	Millions of €	% of Sales	Millions of €	% of Sales	Millions of €	% of Sales
7.6	0.5	11.1	0.6	17.5	1.1	20.1	1.2

Summary 2003

Share performance

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 29th June 2003, Abengoa, S.A. had 7,707 shareholders (24/06/03).

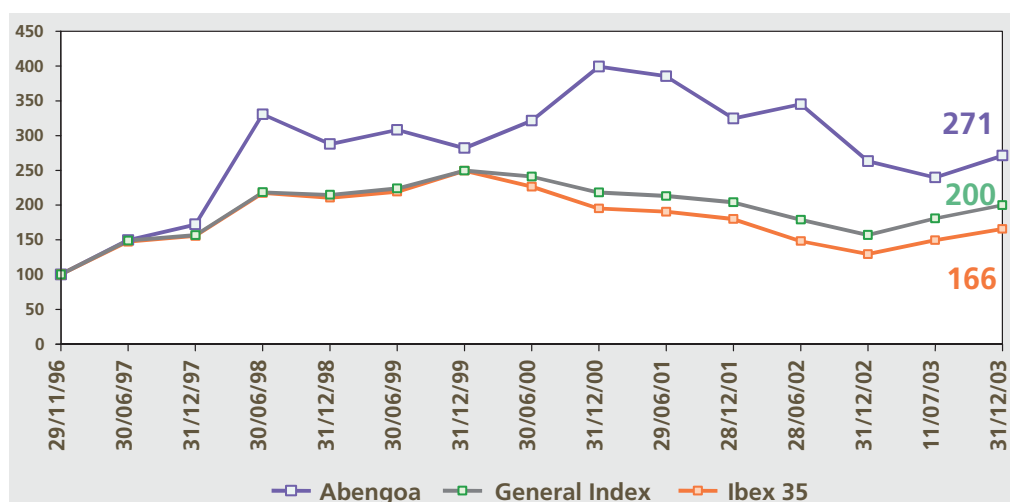
As on 31st December 2003, the company believes the free float to be 43.96% if the shareholding of Inversión Corporativa I.C.S.A. and its subsidiary Finarpisa (56.04%) is deducted.

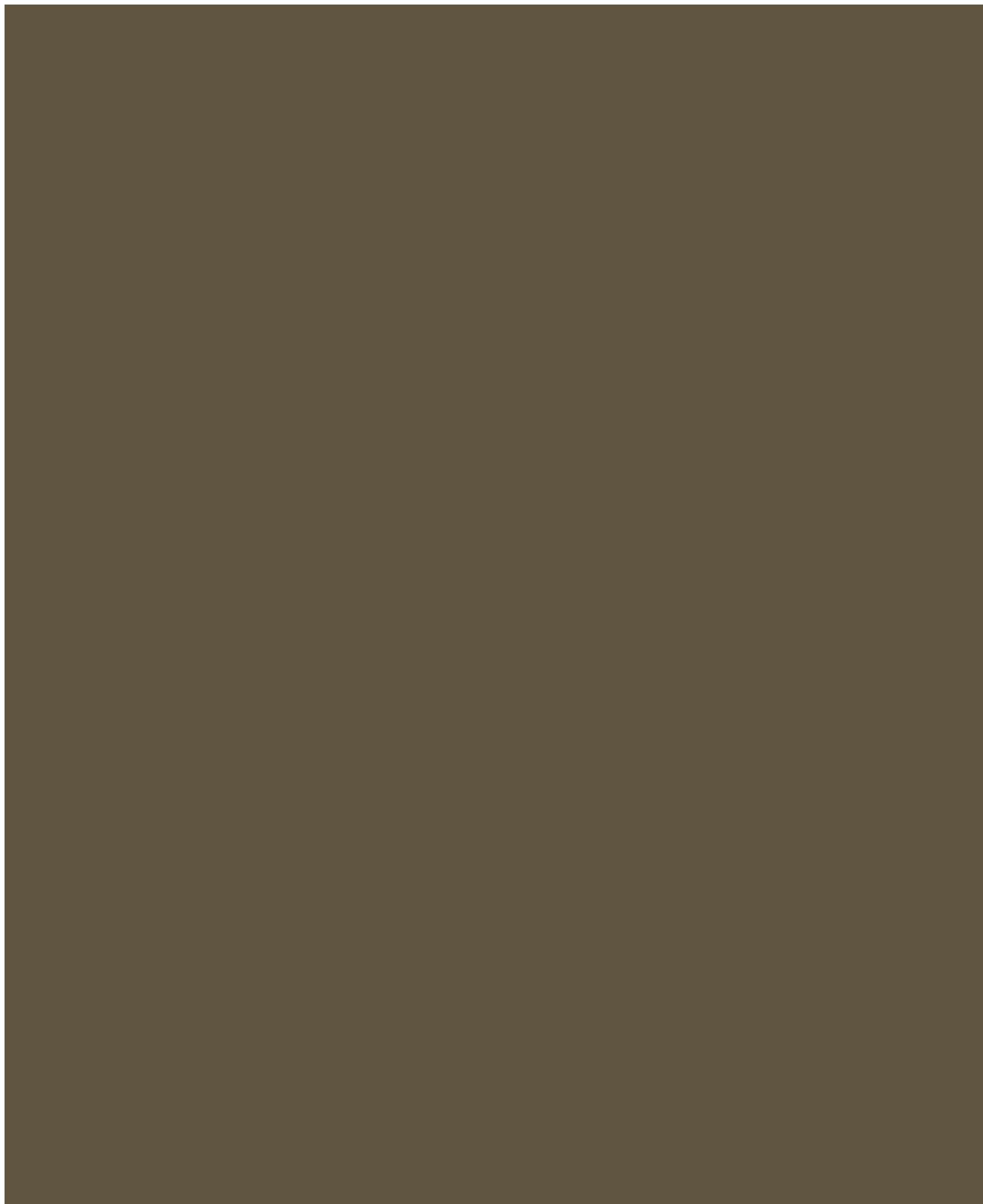
According to the figures supplied to the company by Sociedad Rectora de la Bolsa de Madrid (Governing Body of the Madrid Stock Exchange) 45,357,976 shares were traded in 2003. The average volume of daily trading over the year was 181,431 securities compared with 137,954 in 2002 (up 31.5%). Minimum, maximum and average listed share prices in 2003 were 4,03 €,

6.21 € and 5.27 € respectively. The last closing price quoted for Abengoa shares in 2003 was 5.77 €, 3.04% higher than on 31st December 2002, and 170.9% higher than the share price established for the public offering on 29th November 1996.

Evolution since its Initial Public Offering in 1996

As a historical reference, since Abengoa's initial public offering on 29th November 1996, the company's securities have revalorized 171% which is 2.7 times the initial price. During this same period the Madrid Stock Exchange General Index has revalorized 66% and the select IBEX 35 has gone up 100%.





Business Units

Sustainable Development



Information and Knowledge Society



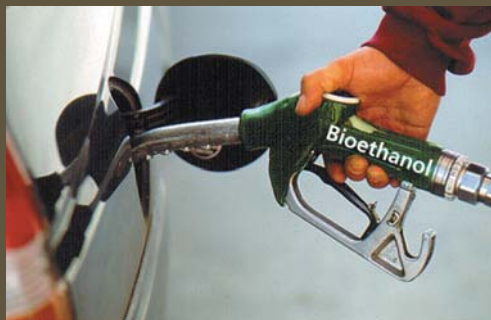
Industrial Engineering and Construction





Bioenergy

- Production of ethyl alcohol from vegetable products (cereals, biomass). The resulting alcohol (bioethanol) is used to manufacture ETBE (a petrol additive) or is blended directly with petrol or gas oil. Thus, upon it being a renewable energy, net CO₂ emissions are reduced (greenhouse effect).
- Production of DDGS (Distillers Dried Grains with Solubles), a protein complement for animals and CO₂.



Bioenergy

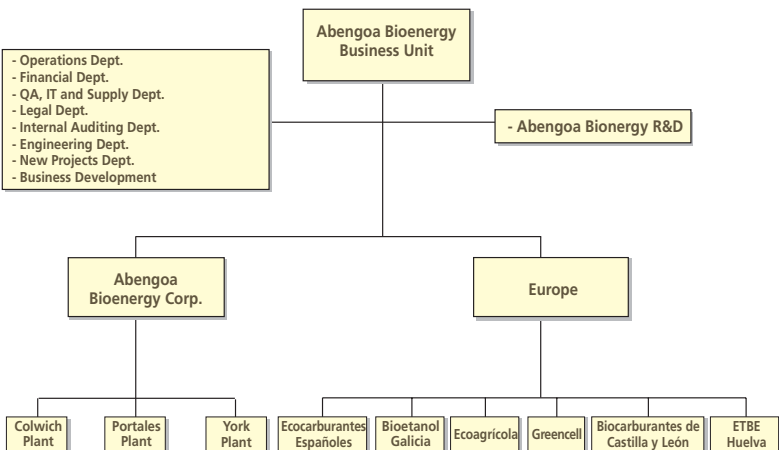
Organization

During the year 2003, we have continued the integration of the Business Group initiated in 2002. In this respect, the common objective to standardize our Operation Management systems and the Control and Management of the companies in the U.S.A. and the EU, have experienced remarkable advances, of which we should emphasize:

- Standardization of purchase management systems by means of the use of tools in Lotus Notes.
- Standardization of the integrated quality, environment, security, and prevention of risks management systems.
- Standardization of commodities risk management systems.
- Standardization of production plants operation management systems.
- Standardization of internal control and auditing management systems.

In addition, we have reinforced our commitment to service, quality and technological innovation, making them present in our image of Abengoa Bioenergy, in which we continue working: Science. Solutions. Service.

At the end of the year 2003, and along with the corporate departments already in existence, we created the Corporate Department of New Projects responsible for the supervision of the engineering, supply, construction and starting up of new installations in the USA and in the EU.



The Business Unit integrates the management of the following companies:

- Ecocarburantes Españoles, S.A.
- Ecoagrícola, S.A.
- Bioetanol Galicia, S.A.
- Biocarburantes de Castilla y León, S.A.
- ETBE Huelva, S.A.
- Abengoa Bioenergy Corp. (replacement of High Plains, Corp.).
- Abengoa Bioenergy R&D.
- Grencell, S.A.

Workforce in Spain

Spain	Total employees
Ecocarburantes Españoles	80
Bioetanol Galicia	67
Biocarburantes de Castilla y León	8
Corporativo Abengoa Bioenergía and Ecoagrícola	11
Total workforce in Spain	166

Bioenergy

As significant targets of 2003, which will be treated specifically and in greater depth further on, the following should be emphasized:

USA

- Obtaining of sale agreements with the main North American oil companies and refineries.
- In-house commercialization of our byproduct DDGS.
- Strategic positioning in the development and promotion of new projects in the U.S.A..
- Expansion of operational capacity of the Colwich plant.
- Start up of expansion of the capacity of the Portales plant.
- Incorporation of 6 Sigma methodology for the improvement of our production processes.
- Integration of the corporate ABC offices and of the Business Unit in Saint Louis.

The perspective of the development of the U.S.A. and EU market is a fact that is worth emphasizing. The legislative advances in the U.S.A. and EU will allow promotion in both continents, a substantial development of the biofuel markets in which Abengoa Bioenergía aspires to play a main role.



Europe

- Obtaining ethanol export agreements to Sweden and Germany.
- Starting up of wine alcohol plant by Ecoagícola in Galicia.
- Starting up of the third bioethanol plant in Spain.
- Strategic positioning in the development and promotion of new projects in Europe.



R&D

- Signing of 35 million USD contract with the Department of Energy of USA for the financing of biomass project.
- Signing of 3.9 million Euros contract with the EU for the financing of a biomass pilot plant in Spain.
- Commencement of construction of a Residual Starch Conversion Plant in USA.
- Incorporation of the management of Greencell within the Business Unit.
- Completion of the structure of resources of R&D of the Business Unit.



Bioenergy

Operations Europe

Abengoa Bioenergía currently operates two production plants of bioethanol from cereals in Spain. The first is Ecocarburantes Españoles, S.A., in Cartagena (Murcia), with a production capacity of 142 million litres, and Bioetanol Galicia, S.A., in Curtis (Coruña), with a production capacity that reaches 168 million litres. Additionally, there is another plant under construction, Biocarburantes de Castilla y León, S.A., in Babilafuente (Salamanca), with an annual production capacity of 200 million litres.

What is more, Abengoa Bioenergía has foreseen in its Business Plan in Europe the promotion and construction of two new bioethanol plants on the continent. Collaboration agreements and the studies of viability of locating them in the markets where the demand and the legislative frame allow a fast and safe expansion of Bioethanol are being developed at present, supported by the recent approval of the European Directives of Promotion and Detaxation of Biofuels and their transpositions to the national legislations by the different Member States.



Ecocarburantes Españoles

The plant, Ecocarburantes Españoles, is situated in Valle de Escombreras (Cartagena), with a production capacity of 100 million litres from cereal, and another 42 million litres from wine alcohol. It should be emphasised that this plant has continued with the optimization of costs started in previous years. The control and the flexibility obtained in the operation of the plant, with better yields each time, has resulted in what was expected of the company, this being the most important point to emphasize.

Bioetanol Galicia

Located in Curtis (Coruña), and with a production capacity of 168 million litres of bioethanol from cereal, and the plant Bioetanol Galicia, has managed to reach its commercial production capacity in a stable manner and in record time. Once the tests had



Bioenergy

been passed, the plant has continued to operate with results superior to those expected, using wheat as raw material.

Ecoagrícola

Abengoa Bioenergía has Ecoagrícola, a company that purchases grain, sells DDGS – ecological protein feed – and provides comprehensive logistics management for the Spanish plants. It is also the owner of the wine alcohol plants installed in Cartagena and Curtis. The challenge that the increased volume of business as a result of the continuous production of the plant in Galicia, with raw materials and products different to those in Cartagena, has been well overcome by Ecoagrícola.

The obtainment of cereal contracts from set-aside lands in other European Community countries other than Spain, has, for the first time, also marked a significant landmark and an important experience regarding the European expansion that Abengoa Bioenergía has predicted in the coming years.

Biocarburantes de Castilla y León

During 2003, Abengoa Bioenergía has begun construction of its third plant in Spain through its company Biocarburantes de Castilla y León, S.A., with a 50% ownership interest with Ebro Puleva. The facility will be located in Babilafuente (Salamanca), with a production capacity of 200 million litres, of which 5 million come from the conversion of biomass by means of a new technology that is being developed by Abengoa Bioenergy R&D. It is scheduled to start functioning commercially in December 2005.

Consumption and Production Figures for 2003 at plants in Spain

	Ecocarburantes Españoles	Bioetanol Galicia	Total
Consumption			
<u>Inputs</u>			
Cereal (Tm)	163,210	251,656	414,866
Wine alcohol (m3)	43,886	15,612	59,498
Gas Natural (Mwh)	624,355	818,263	1,442,619
Production			
<u>Outputs</u>			
Ethanol (m3)	97,704	106,829	204,533
DDGS (Tm)	72,205	83,349	155,554
Exported Electricity (Mwh)	155,895	156,931	312,826

Legislative Framework

The approval of the European Directives of Promotion and Detaxation of biofuels during the year 2003, has defined a stable frame in the long term for the bioethanol industry in Europe, having consolidated therefore the strategic target that results in an export market for Abengoa Bioenergía and the development of new projects in the European Union.

Also on a national scale, important legislative advances have been obtained, that make Spain, and therefore Abengoa Bioenergía, the unquestionable European leader in the bioethanol market. The approval during the year 2003 of the transposition of the mentioned European directives on detaxation, with a new regulation of Special Taxes for the application of a total tax exemption for biofuels, as well as the necessary legislative adaptation for the use of blending of bioethanol with gasoline, has resulted in an adequate frame in Spain for continuous improvement in the development of the biofuel market.

Bioenergy

Abengoa Bioenergía and Exports to the European Union

Abengoa Bioenergía's bioethanol plants in Spain, Ecocarburantes Españoles and Bioetanol Galicia, have a surplus production capacity which allows them to export a certain amount of bioethanol to countries in the European Union, and this in turn, by means of development of necessary infrastructures for the expansion of biofuels, permits immediate access to European markets.

An important factor in the competitiveness of supplying is the reliability and flexibility derived from the improvements made in the production process and an effective operation in Abengoa Bioenergía's plants, in addition to the capacity of introducing a great volume of high quality bioethanol into the market.

In 2003, the first exports were carried out, starting with the supply of 10 million litres to Sweden to the Svenska Shell company for their depots in Goteborg and Lulea, to be used for blending with gasoline, and another 1.4 million litres to Preem Petroleum AB for their depot in Goteborg, and have finished at the end of the year with the attainment of a new contract for the supply of 23.2 million litres for the PCK refinery in Schwedt (Alemania), participated by BP, Shell, AGIP and Total, for ETBE production in 2004.

Abengoa Bioenergía's strategy is directed towards a continual attainment of long term agreements for the following years, which will represent an excellent opportunity for end-consumers, and the opening up of the market by means of developing necessary infrastructures for the introduction of bioethanol, at the same time an additional value for new projects in Europe that are being promoted by Abengoa Bioenergía.

World Biofuels Conferences

For the third year running, Abengoa Bioenergía has organised the International Biofuels Conference, World Biofuels 2003, jointly with the Foundation Focus-Abengoa, which was celebrated in Seville on the 13th and 14th of May, at the Foundation's headquarters in los Venerables.

These conferences fit within the framework of the activities of the Forum of Thought on Environment and Sustainable Development of Abengoa, an instrument of reflection and action of the highest level which promotes knowledge and the creation of public opinion regarding our future, and they brought together, as in previous years, international agents from each sector, authorities, companies, agriculturists, oil companies, financial organizations, with top professionals in each case.

The annual organization in Seville of this International Biofuels Conference appears amongst the activities of the Forum, and has been consolidated as an encounter of the highest quality and has been a genuine success in 2003 as in the two previous years.

Management Systems

During 2003, numerous projects related to management systems have been carried out, under the understanding that we act in a more and more global market.

One of the implemented management systems has been the Purchase application in Lotus Notes. This application arose from the conviction in the Bioenergía Business Unit of the concept of centralization of purchases and the systematization of similar purchases for the rest of the organization.

The main goal has been to channel all the purchase, order and invoice requests of each company of Bioenergía Business Group, with the object of diminishing the risks inherent to any purchase, using the requirements of the Norms of Obligatory Fulfillment (NOC), Safety and Hygiene and Quality, as indispensable elements included in the specification of the requirements for any product and/or service that is to be bought and/or contracted.



Bioenergy

The main effect obtained and since the Bioenergía Business Unit has production plants all over the world, has been to control the purchase conditions and invoicing of each company of Bioenergía. This has been done by means of this application sharing a global vision. Likewise, this application has joined together the rest of information systems that compose the global scheme of our Business Unit such as the accounting system (Baan), the management tool of Rossmiman maintenance, etc... Telvent Outsourcing has developed this application in Lotus Notes, which has become our corporative tool for purchases. It has all been done within the Abengoa Information systems scheme.

Six Sigma Methodology as a Corporate Tool for Continuous Improvement

With the intention of creating qualitative and quantitative growth, providing competitive value to all the interested parts (internal clients, partners, shareholders and clients) and to maintain profit, the Bioenergía Business Group has decided to integrate, during 2003, Six Sigma methodology in our management process and each one of the integrated plants of our Business Unit. This will allow us to share knowledge between the plants located in different countries. Six Sigma has been during year 2003, a tool of continuous improvement within the Business Unit, a key factor in our Integrated Quality System. In addition, it constitutes a key element for our capacity to provide Science, Solutions and Services, an offer collected in our new message to those interested using the motto "Science. Solutions. Service".

The importance is in the creation of a solid frame by means of the optimization of the supply chain in our business to obtain the most effective and precise operations possible.

During 2003, 20 Six Sigma projects have been carried out which is beginning to form part of the cultural change within Business Unit. A concerted effort has been made to train our personnel in this methodology. These efforts required an investment in 2003 of about 120,000 dollars and will require in 2004 an investment of 100,000 dollars.

Integrated Management System in Bioenergía Business Unit

All the companies belonging to the Bioenergy Business Unit depend on the implementation of an Integrated Management System (S.G.I), to reinforce their commitment to Quality, Environment, Health and Safety. The peculiarity of the Integrated Quality, Environment, Health and Safety Management System and the reason why the Bioenergy Business Unit chose this approach, lies in the implementation of a global and simplified model of three key aspects of the management of our Business Unit; the satisfaction of our customers, the protection of the environment and the prevention of occupational risks. All of this being framed within a continuous and sustainable improvement process.

The result of this work has been enriching and has given us a better approach to processes for the development, implementation and improvement of the effectiveness of the management system, increasing the satisfaction of our clients and diminishing the environmental risks as well as occupational risks. At present the companies belonging to the Bioenergía Business Group are in the final phase of obtaining the corresponding ISO 9001, ISO 14001 and OSHA 18001 certificates.



Bioenergy

U.S. Operations

Introduction

2003 was an active year for the U.S. operations. The company name was changed from High Plains Corporation to Abengoa Bioenergy Corporation to take full advantage of the international recognition of Abengoa, and to further reinforce the Abengoa culture. In addition to changing the company name, the corporate offices have been relocated from Wichita, Kansas to St. Louis, Missouri to join with the headquarters of the Bioenergy Business Unit. Abengoa Bioenergy Corporation is now the 4th largest ethanol producer in the United States with an overall annual capacity of more than 95 million gallons of ethanol. Abengoa Bioenergy Corporation currently operates three plants located in the states of Kansas, Nebraska and New Mexico.

The beginning of 2003 marked the first shipments of ethanol into the state of California. This event, along with additional states banning the use of MTBE, ethanol's competitive product, restored balance to the market's supply and demand. This resulted in significantly improved pricing for ethanol throughout 2003. Additional benefits were realized in the second half of the year as the 2003-2004 corn crop developed into one of the largest on record, resulting in improved prices for the single, largest cost-component. Continued advances in operational efficiencies and variable and fixed cost reductions also were significant contributors to the improved financial performance in 2003.

Many significant initiatives were accomplished in 2003. Abengoa Bioenergy Corporation internalized the marketing and sales functions for 100% of its co-products. Abengoa Bioenergy Corporation achieved corporate certification to the ISO 9001 standard. Complete implementation of an integrated purchasing control and invoicing system was achieved. Six-sigma process improvement methodology was initiated with significant training and multiple projects at the York, Nebraska facility. Additionally, the York, Nebraska facility was recognized by the Nebraska Diplomats, a state organization commissioned to secure investments in the Nebraska economy, as the winner of the

prestigious Nebraska Diplomat's Outstanding Business Innovation award.

Building on the successes in 2003, and with the expectation of a Renewable Fuels Standard becoming law in 2004, coupled with the continued increase in ethanol consumption as additional states eliminate the use of MTBE, all indications are for a continued positive business climate in 2004.

Business Segment Activities

Plant Operations Results

Ethanol is a renewable fuel produced from plants, unlike petroleum-based fossil fuels that have a limited supply and are the major contributor of carbon dioxide emissions, a greenhouse gas.

Abengoa Bioenergy Corporation 2003 Consumptions and Production

Consumption (Input)	York	Colwich	Portales	Total
Grain (Bushel)	18,247,164	7,988,890	5,520,261	31,756,315
Wet Alcohol (gal.)	6,946,829	1,444,688	1,118,973	9,510,489
Electricity (kW)	49,070,812	32,477,549	27,468,000	109,016,361
Natural Gas (MMbtu)	1,633,849	180,285	275,180	2,089,314

Production (Output)	York	Colwich	Portales	Total
Bioethanol (gal.)	57,948,467	23,094,946	16,708,052	97,751,465
DDGS, Dry Tons	142,770	68,700	53,064	264,534

Ethanol is one of the best tools we have to fight air pollution from vehicles. Ethanol contains 35% oxygen. Adding oxygen to fuel results in more complete fuel combustion, reducing harmful tailpipe emissions. Ethanol also displaces the use of toxic gasoline components such as benzene, a carcinogen. Ethanol is non-toxic, water soluble and quickly biodegradable.

Ethanol reduces tailpipe carbon monoxide emissions by as much as 30%, exhaust VOC emissions by 12% and toxic emissions by 30%.

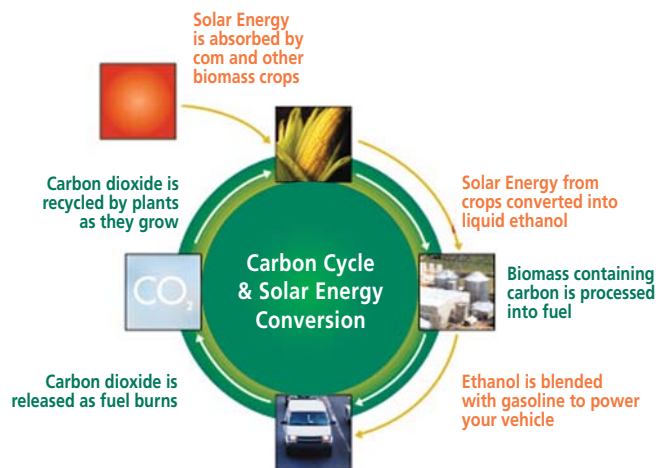
Bioenergy

The use of ethanol-blended fuels reduces greenhouse gas emissions by 12-19% compared with conventional gasoline, according to Argonne National Laboratory.

The ethanol production process represents a carbon cycle, where plants absorb carbon dioxide during growth, "recycling" the carbon released during fuel combustion.

Ethanol Market Overview and ABC market share & strategy

A soft market to start the year as a result of new production resulting in higher than normal inventory levels recovered into a robust market late in the third quarter and throughout the fourth quarter. The late in the year bull pricing market was fueled by two key market sources. The first contributing factor was as a result of the further integration of ethanol supply into California ahead of the January 1, 2004 ban on MTBE use as an oxygenate in gasoline. The California market is now expected to be well in excess of 900M gallons annually. The second factor was driven by the movement of ethanol into storage facilities in the Northeastern US. This comes as a result of the same ban on MTBE for use in RFG gasoline in the states of New York and Connecticut, effective January 1, 2004, as well. These two Northeastern markets are expected to consume in excess of 400M gallons annually. Our marketing focus has shifted from a Midwestern regional supplier to a nationwide supplier with over 50% of our 2004 production already contracted for shipment to California. Two international petroleum companies comprise over 40% of this California contracted production volume. A significant portion of this California volume will be shipped via the Burlington Northern Santa Fe "express train" which became operational in the fourth quarter of 2003.



Bioenergy



Feed Market Overview and ABC market share & strategy

In July, Abengoa Bioenergy Corporation formed an internal feed marketing department to operate the Company's feed product sales and customer service functions. Previously, feed products had been sold primarily by a contracted marketing firm. The marketing of feed products is a key function that Abengoa Bioenergy decided to take within its exclusive control, recognizing a great opportunity to develop a new marketing group within a company that recognizes the benefits of controlling all aspects of the distribution of its feed products, from production to delivery to the end user. The new department was fully operational by October and is directed by Richard Emery, who joined Abengoa Bioenergy after six years of leading the marketing and product development functions of a Nebraska Grain and Feed Co. The new marketing department is supported at each US facility by Plant Grain & Feed Merchandisers who are sourcing the input grain while selling both wet and dry distillers grains and solubles. These high protein animal feed products are currently used primarily as a cattle and dairy feed ingredient.

Abengoa's commitment to quality and service is internationally recognized, and the assumption of the marketing functions is a natural extension of the Company's strategic plans.

Feed Marketing Strategy

Abengoa Bioenergy Corporation is firmly committed to delivering the highest quality products and services to its U.S. customers at competitive prices. ABC strives to provide its customers with the highest quality feed products available in the U.S. marketplace. ABC plans to continue to provide consistent product quality through its serious commitment to research and

development. ABC has an extensive research and development initiative to improve product quality and consistency. ABC is working with several major universities on projects that will lead to the development of feed products which will meet the nutritional requirement for various feed markets such as cattle, dairy, swine, poultry, aquaculture and companion animals. These internal and external research projects demonstrate ABC's commitment to livestock nutrition.

ABC's Feed Marketing group received high customer satisfaction ratings in recent customer surveys. This commitment to continued customer satisfaction is essential to our business and demonstrates this focus by building strong customer relationships through commitment to improving customers' service. In order to guarantee a high level of customer satisfaction, ABC has chosen to market directly to its customers, rather than using third-party brokers to interact with our customers.

Each ABC facility in the U.S. employs experienced grain and feed merchandisers dedicated to provide ABC customers with the most up-to-date market information and logistics professionals to ensure accurate and timely product delivery.

Management Systems

Because the Bioenergy Business Unit has production plants all across the world, and in order to generate value and improve the operations in the organization, assuring effectiveness in all the processes, evaluating risks and assuring internal control, several and important actions were taken in order to implement standardized the Management Systems in all the Business Unit.

One of the most relevant management systems we have put in place during the 2003 was the Purchasing Lotus Notes application. The main goal of this application is to channel the Purchase requests, Orders



Bioenergy

and Invoices that generate the Orders in the different companies dependent on the Bioenergy Business Unit and to minimize the risks inherent in any purchase, involving the Noc, the Health, Safety and the Quality as indispensable elements that must be contained in the specification of requirements to a certain product and/or service being bought or contracted. The only way of obtaining this is by using an application where a global vision is shared.

Another important and relevant issue during the 2003 about Management Systems was that the Bioenergy Business Unit has launched its web page with a structure oriented towards "stakeholders" (customers, suppliers, shareholders and internal customers) with the goal of strengthening our commitment with them and reinforcing our communication policy.

We understand that in a global market, the importance of clear and accurate communication, and of ample diffusion, is an imperative objective for a company with a clear will of performance in markets of international scope as in our case.

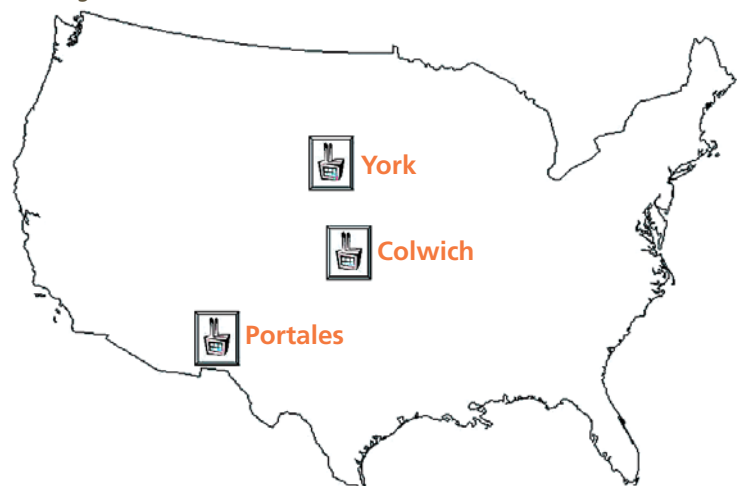
Obviously, these are only the first steps focused towards the communication and management systems for our Bioenergy Business Unit.

Management System Integrated in the Bioenergy Business Group

All the companies belonging to the Bioenergy Business Unit depend on the implementation of an Integrated Management System (S.G.I), to reinforce their commitment to Quality, Environment, Health and Safety. The peculiarity of the Integrated System of Management of Quality, Environment, Health and Safety and the reason why the Bioenergy Business Unit chose this approach, lies in the implementation of a global and simplified model of three key aspects of the management of our Business Unit; the satisfaction of our customers, the protection of the environment and the prevention of occupational risks. All of this being framed within a continuous and sustainable improvement process.

The S.G.I promotes the adoption of an approach to processes for the development, implementation and improvement of the effectiveness of the management system, with the aim of increasing customer satisfaction and diminishing both environmental and occupational risks. The risks will be identified and the necessary processes of management with the aim of controlling them will be determined. As a system based on the

Feed Target Market Areas



management by processes, the key processes should be identified, to measure and follow-up for continuous improvement. The tool for its development consists in the implantation which intends to prevent non-conforming products, damage to the environment, and to assure that its operation is adapted to the concept of accident prevention and the integration of the prevention of occupational risks within all activities and processes. Risks will be identified and the necessary processes of management with the aim of controlling them will be determined.

All the societies of the Bioenergy Business Unit have as criteria that their products, services and work are in agreement with the established norms and specifications that affect them, since quality and security are essential for the economic viability of the company. Also the implementation of this S.G.I forces us to assure that the significant environmental aspects are identified associated to their activities, considering regular conditions of operation and the associated potential impacts to reasonably foreseeable emergency situations.

Research and Development

Research and development is one of the basic pillars of Abengoa Bioenergy strategy, concentrated in Abengoa Bioenergy R&D – which is a subsidiary wholly owned by Abengoa Bioenergy Corporation with its head office in St. Louis- its activity and efforts in the area of research and development.

Bioenergy

Abengoa Bioenergy started up a four-year research and development plan in 2002 focusing primarily on the following areas:

- Increase efficiency in ethanol production by converting and fermenting the residual starch and fibre contained in DGS.
- Increase in protein content of DGS for use in animal nutrition.
- Conversion of agriculture residues into ethanol (biomass).
- Development of future markets for final uses of ethanol (FFV, e-diesel and fuel cells).

In 2003, the research and development plan started in 2002 has been promoted, reaching important achievements, amongst which the following should be highlighted:

In February 2003 a contract was signed with the European Union for the development of an R&D project with regard to the yearly production of 200 million litres of ethanol from cereal and biomass in Babila Fuente (Salamanca), under the 5th Framework Programme. The project has a budget of 11,8 million euros and will last 4 years.

In May of 2003 a contract was signed with the Department of Energy of the United States to develop and to demonstrate the technology "Dry Mill" and of biomass for the conversion to ethanol of the DDGS and the biomass from maize. The total investment of the project is 35.4 million dollars.

In May of 2003 the company Greencell was incorporated by Abengoa Bioenergy, with the clear objective to develop the technology of fuel cells from ethanol. During 2003, the research phase on a laboratory scale was finalized and the construction of a first prototype of 10 kW was initiated.

In October of 2002 the inauguration act of the project of the pilot plant of Abengoa Bioenergy R&D in York took place, in which the tests included in the project of conversion of the residual starch and biomass will be developed. These works are included in the project signed this same year with the Department of Energy of the United States.

In December of 2003 the contract of the Renewal Project of 6th Framework Programme was signed for the renewable fuel development for advanced motors by means of gasification of biomass and catalytic synthesis of fuels. This project, in which Abengoa Bioenergía participates as leader in the ethanol production subproject, has a budget of 20 million euro.

Abengoa Bioenergy R&D carries out its research projects in close collaboration with the most important universities, research centres and companies in the sector of biofuels, in Europe as well as in America.

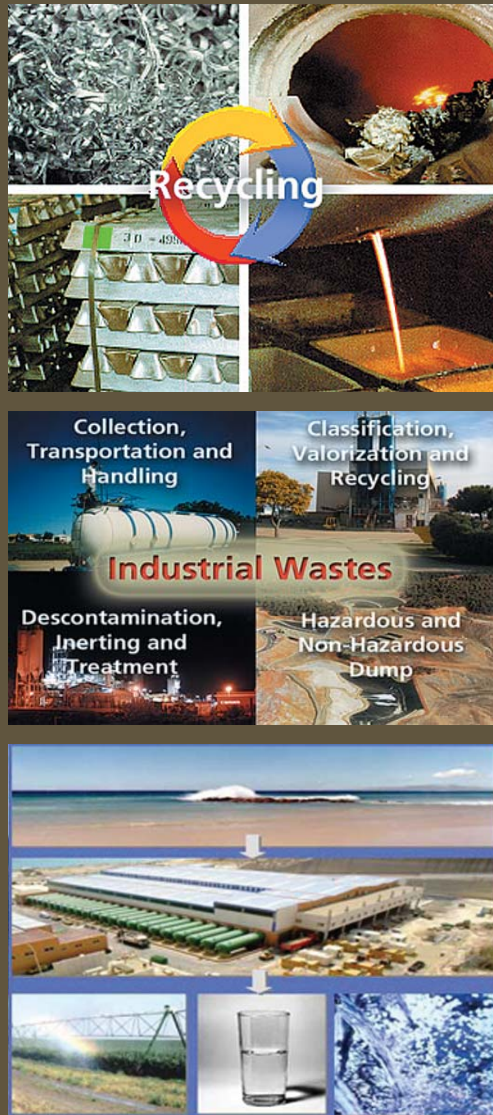
Workforce in Usa

Usa	Total employees
Colwich	37
Portales	42
York	53
Corporativo Usa	31
Abengoa Bioenergy R&D	9
Total workforce in Usa	172



Environmental Services

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



Environmental Services

Befesa Medio Ambiente

Over the last few years, Befesa has been undergoing drastic changes as a result of the Strategic Plan the company drew up in the year 2000. This has affected both the development of its activities and its approach to management. The result of the aforesaid strategic reorientation has been a different arranging of its activities, optimization of corporate policies, and an investment and disinvestment policy that has enabled the company to continue to grow in the sectors with the greatest potential and highest profit-earning capacity.

At the beginning of this year, Befesa gathered all the activities carried out by the different business units together. This unification was in response to the Group's wish to agglutinate the experiences and best practices of all the activities under the one trade name, Befesa. The companies will continue to provide the same level of attention and specialization as they have done up until now.

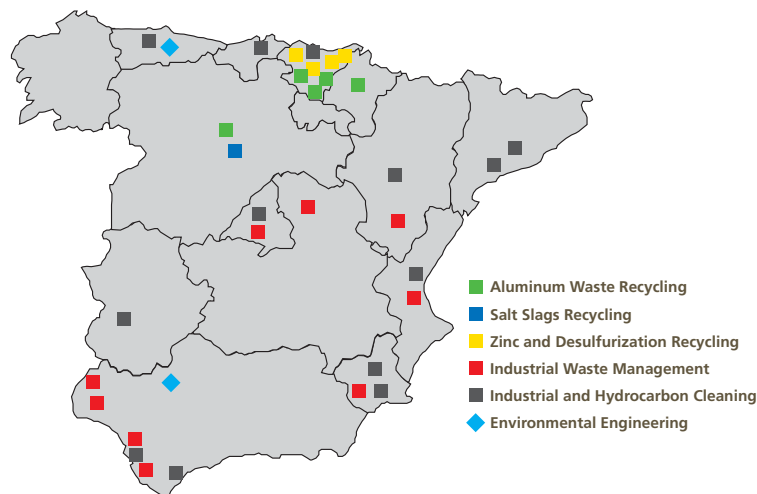
2003 is a good example of this changing process. It was a difficult year for the metal markets, especially for aluminum, and also because of the expansion plan put into operation around mid-year, for which positive results are expected in 2004.

Likewise, 2003 was witness once again to Befesa's commitment to investment in order to strengthen its position in the sectors with the greatest potential, to be precise the Industrial Waste Management, Industrial and Hydrocarbon Cleaning, and Environmental Engineering sectors. Activities have been reorganized in these sectors. In the case of the first two sectors, most of the companies included in each of the Business Units were merged. Furthermore, each of these units was strengthened through the contracting of new professionals to guarantee the meeting of the strategic objectives established for each of them.

Under these conditions, Befesa's has maintained a suitable operating profit level and this clearly indicates its potential for facing up to periods of lesser uncertainty and volatility in the metal markets, something that according to all indications will come about.



Befesa in Spain



Environmental Services

Business Sectors

Aluminum Recycling

The situation was similar to that towards the end of 2002 – large drop in prices and a significant reduction in demand – and therefore, 2003 was also a difficult year for businesses related to the secondary aluminum market.

Nonetheless, 2003 has been the key to the future of Befesa's aluminum activities. Firstly, the restructuring of the activity focusing on its suiting to the new market reality was successfully completed. The Aluminum Disk plant in Sabiñanigo was shut down due to lack of profitability, given that it was a primary aluminum plant that had nothing to do with Befesa's recycling activity. Secondly, restructuring of personnel was carried out in the Bilbao and Valladolid plants dedicated to the fabrication of alloys, and the Bilbao plant's commercial team was strengthened. Subsequent to these measures having been taken, the two plants are now in a privileged competitive position possessing, as they do, great production versatility. Furthermore, the two plants are in a position to provide their customers and suppliers with services under the most competitive market conditions and to maintain the totality of their installed capacity intact while waiting for the sector to reactivate itself.

Befesa's array of companies in this business sector treated a total of 95,500 tons during the course of the year, which clearly confirms the company's leading position in the Spanish market.

In spite of the difficult circumstances, the Trading division commercialized and negotiated 11,500 tons and contacts with other countries were kept and positively developed with a view to maintaining a firm position in these areas. This will enable optimization of the company's presence when the trade cycle becomes more favorable.

Finally, the main activities carried out in the Technology division, in 2003, were:

- Construction and commissioning of the first industrial prototype of a waste compactor for the Asúa plant.



- Sale of the first waste compacting facility.
- Automation of an ingot conveyor belt for Imco, in Coldwater, USA.
- Sale of running out wheels to Boyne Smelters, Australia; Aluminio Barhein and Imco, Shelbyville, USA.
- Commissioning of the zinc ingot line for Skorpion, in Namibia.
- Moreover, important contracts, to be carried out in 2004, were signed with Balco, in Korba, India.
- Four ingot lines with truck loader were sold to Pechiney, in Port Elizabeth, South Africa.



Environmental Services

Salt Slag Recycling

Salt slags are a hazardous toxic waste from the aluminum waste recycling process. Recovery of the salt slags is the alternative to dumping and the objective is to separate the metallic aluminum, the salt and aluminum oxide in order to be able to reuse all the components. This activity, together with that developed by the Aluminum Waste Recycling business unit enables us to totally close the aluminum content waste recycling and integral exploitation cycle, with the activity considered as being a zero dumping activity.

The company owns the only in-house technology salt slag recycling plant currently existing in Spain which, with an installed capacity of more than 110,000 tons per year, can treat all the waste generated in Spain. Likewise, Befesa Salt Slags, with a treatment capacity of 70,000 tons per year, can treat all the salt slags generated in the United Kingdom. Moreover, it is the only existing plant of its type there.

Important investments have been made in both companies, among which we would mention the start-up of a new reactor in Befesa Escorias Salinas and the installation of a new filtering and washing system in Befesa Salt Slags.

From a commercial point of view, contacts were maintained with other European countries to contract salt slags and aluminum grinding powder in order to completely cover the treatment capacity of the two plants. These contacts have resulted in different long term agreements to treat salt slags in several countries.

During the last year, the volume of treated waste (salt slags and aluminum waste grinding powder) was 139,451 tons, an 8% increase on the previous year. In addition, slightly more than 24,000 tons of aluminum waste were treated in the plant in the United Kingdom.



Environmental Services

Zinc Recycling and Desulfurization

2003 commenced with low Zinc listings in US\$, due to the large existing stocks that exceeded 700,000 tons. During the course of the year, Zinc listings in US\$ tended to increase, although the increase has not been equally reflected in Euros due to the devaluation of the US\$ against the Euro.

Nonetheless, in relation to our companies' strategy as regards the purchase of raw material and especially, regarding the service we offer to waste producers, the impacts on the Financial Statement have been minimal, and very satisfactory results obtained.

Befesa, through Befesa Zinc Aser, is the only Spanish company offering an integral steel powder collection and treatment service.

In the past year, significant activities have been carried out in the Zinc business sector, among which the following are noteworthy:

- Long term supply type contracts were consolidated with Oñeder and Aceralia for Befesa Zinc Aser to manage the powder gathered in the smoke filters installed in the main steel foundries in the Basque country.
- A new agreement was reached with Aceralia Corporación Siderúrgica for Befesa Zinc Aser to treat the steel powder generated at its production unit in Zaragoza.
- Befesa Zinc Amorebieta commenced the production of zinc oxide in a rotating furnace.
- Sondika Zinc signed agreements with large zinc froth producers and increased the tonnage of received waste.

As regards treated waste, we must mention the fact that Befesa Zinc Aser has, since its foundation, already recycled approximately 1,455,000 tons of moist powders that contained 323,550 tons of zinc, as well as slightly more than 15,500 moist tons of other zinc-rich wastes with which 515,000 tons of dry Waeltz Oxide, with an average 58.75% zinc content, were produced, which is equal to 302,500 tons of recovered zinc metal.



Befesa Zinc Amorebieta's factory recycled 11,362 tons of different types of zinc waste, with increases of more than 10% on the previous year. Befesa Zinc Sondika recycled 6,419 tons (an 11% increase on the previous year) of different types of zinc waste, most originating from the galvanizing industry.

Befesa Desulfuración had to bear the increase in the price of sulfur due to the greater demand from China. During the year, 100,413 tons of sulfur obtained from desulfurization wastes were used to produce 308,097 tons of acid equivalent, with parallel generation of 76,994 MWh of electric energy which, once auto-consumption was deducted, resulted in 47,680 MWh surplus energy being sold to the network. A significant investment was made in the plant to improve its production capacity, reduce emissions to the atmosphere and optimize the thermal recovery of the process gases to produce the steam required for the sulfur fusion process and to feed the turbo-generator.



Environmental Services

Industrial Waste Management

The industrial waste management section focuses its activity on providing an integral service to industrial waste producers in accordance with a treatment hierarchy whose priority is the minimization, reuse, recycling, valorization and elimination of wastes, in accordance with national and European environmental legislation. Befesa is currently one of the leading companies in Spain in the integral industrial waste management services sector.

In 2003, the company's non-hazardous waste management services were strengthened in order to be able to offer any customer an integral waste management service.

In order to be able to offer this reliable and integral service to our customers, the company has a highly qualified and experienced human team and possesses the most advanced and complete facilities in Spain, among which we would mention a vast network of transfer centers as well as final management facilities dedicated to waste elimination, inerting and physicochemical treatment.

Befesa carried out one of its most ambitious development plans, in 2003: commencement of activities by the new company called Befesa Gestión de Residuos Industriales, S.L., under which the companies previously included in the Industrial Waste Management Business Unit (CMA, Cartera Ambiental, SPM, Comercial Sear y Trademed) were merged.

This merger was designed to unify the commercial criteria, personalize the management of current and future customers, and improve the service provided by each of the merged companies, and consolidate the image of the Befesa trade name as that of the leading company in the environmental services sector.

In 2003, important investments were made to enlarge facilities, build new warehouses, and remodel or improve laboratory instrumentation. Furthermore, new machinery and state-of-the-art technology equipment was purchased. Likewise, improvements were made in occupational health and safety through the installation of alarm and loudspeaker systems, fire-fighting systems, surface asphaltting activities and the changing of electrical systems.



During the year, Befesa Gestión de Residuales Industriales, through the company Albega (Alianza Befesa-Egmasa), S.L., in which it has a 50% shareholding, took control of Residuos Industriales de la Madera de Córdoba. This has enabled Befesa to avail of two industrial waste transfer facilities in Andalusia, and bring waste management closer to the industrial waste generator. Likewise, the company's market share in the northern region of Spain, Cantabria and the Basque Country, is being strengthened

In 2004, Befesa aspires to being present and active in Portugal where it is already the leading industrial waste import company. Alliances have been established with Portuguese companies so that it can set itself up there and provide an in-situ service through the commissioning of an integrated industrial waste valorization complex.

Through its facilities, Befesa Gestión de Residuos Industriales managed, in 2003, a total of 480,345 tons of industrial waste, a 13% increase on the previous year.



Environmental Services

Industrial and hydrocarbon Cleaning

The following are the most noteworthy activities carried out in the Industrial and Hydrocarbon Cleaning sector:

1. Merging of the different companies in the Berako Group (Berako, S.A. Hidro Clean, S.A. Hidro Limp, S.A. and Berako Equipos Especiales, S.A.) in Berako Limpiezas Industriales, S.A. Subsequently, this same company merged with Sistemas AguaPresión, S.L. and Befesa Tratamientos Especiales, S.L. which then became Befesa Tratamientos y Limpiezas Industriales, S.L.
2. Acquisition of the remaining 30% of Berako Limpiezas Industriales, S.A. from the minority shareholders.
3. Sale of Ecomat, S.A.
4. Purchase of Sistemas AguaPresión, S.L. dedicated to industrial cleaning, waste treatment with mobile filter presses and specialized hydro-demolition works.
5. Opening of branch offices in Zaragoza, Valencia, Madrid and Cadiz.
6. Sale of Befesa's 50% shareholding in Tracemar.

This merging and acquisition process has led to the establishment of a new company called Befesa Tratamientos y Limpiezas Industriales, S.L. which consolidates Befesa's leading position in the industrial cleaning and refineries sector, and the treatment of waste with mobile equipment, thus optimizing the use of its human and material resources.

Befesa Tratamientos y Limpiezas Industriales specializes in providing services for the industrial and public service sectors through a highly specialized service in the different areas it operates in. The basis of its activities is cleaning services with suction-drive mobile units that can operate at high pressures and flows. The workforce is highly specialized in the use and design of the equipment and tools required for these activities.

As of January 2004, the new company commenced providing services under a new commercial and production structure. The first steps taken to this end were mainly two:

- The design of a Commercial Plan to coordinate and set the objectives for the five large activity areas the Peninsula has been split into: Cadiz (for Andalusia

and Extremadura); Asturias (for Asturias, Galicia and Castilla-Leon); Catalonia (for Catalonia, Valencia and Murcia); Madrid (for Madrid and Castilla La-Mancha) and the Basque Country (for Navarra, Basque Country, Aragon, Cantabria and La Rioja).

- The implementation of an Integrated Production Control System, the objectives of which are to strengthen production follow-up systems; normalize and strengthen the control and management systems and the obtaining of true and consistent production and commercial information in an easy economic-financial way.

The Industrial Cleaning and Hydrocarbons business unit also recycles most of the country's greenhouse plastic coverings in another type of facility, through Befesa Plásticos, and offers, through Befesa Gestión de PCB, an efficient solution to PCB contaminated equipment.

Befesa Plásticos specializes in the manufacturing of special low density polyethylene screenings through the recycling of plastic sheeting used as greenhouse covering. Its production capacity, the constant quality of its screenings and the technical assistance it provides for customers have placed the company in the leading position as a supplier of recycled screenings in Spain and among the leaders in Europe.

In 2003, Befesa Plásticos sold 10,752 tons (almost its entire production) for almost 5 million euro. Most of its sales were for export.

Through Befesa Gestión de PCB, Befesa offers efficient solutions for the collection, transportation and elimination of transformers, condensers and PCB contaminated material, and recovers, thanks to the most advanced state-of-the-art technology, all the reusable materials, and eliminates, definitively, the contaminated components. The leading position of this company was confirmed during the year. The company treated 2,700 tons of apparatus and materials contaminated with PCB and billed 2.37 million euro.

In addition, the Industrial Cleaning and Hydrocarbons business unit incorporated a new activity through the establishment of Befesa Técnicas del Suelo, a company dedicated to land remediation.



Environmental Services

Environmental Engineering

Befesa Group's environmental engineering activities are carried out by the companies Befesa Construcción y Tecnología Ambiental and Befesa Fluidos.

Befesa Construcción y Tecnología Ambiental focuses its economic activity on the design, construction and operation of hydraulic infrastructures related to the integral water cycle and the treatment and management of solid urban wastes (SUW).

Among the works contracted in 2003, the following are noteworthy:

- Modernization, automation and remote control monitoring of the Sector B-XII Bajo Guadalquivir hydraulic infrastructure.
- HV and LV electrification of electromechanical equipment in wells, reservoirs and pumping stations for the Alto Vinalopó General Subscriber Community.
- Section B of the Algerri-Balaguer Canal, for Riegos de Catalunya S.A. (Regsa).
- Transformation and improvement of irrigation systems for the Totana Irrigation Subscriber Community.
- Lebrija STW (Sewage Treatment Works), for Gestión de Infraestructuras de Andalucía, S.A.
- Villaviciosa de Córdoba collectors and STW, and Casares STW, for the Regional Government of Andalusia.

The following activities are noteworthy:

- Section I, Cortes drive system (Valencia) for the Júcar-Vinalopo water transfer system.
- Drive system, hydroelectric power stations and remote control of the Negrátin-Almanzora water transfer system.
- Transformation of the traditional irrigation system to a localized one in the Villareal Irrigatable Area.
- Potable water supply to the districts in Ribera del Xúquer.
- Campo de Cartagena seawater desalination plant.
- El Atabal seawater desalination plant.
- 100% Treatment Plan, Proceeding XIII, Madrid Autonomous Community.
- Grouping of Las Cabezas dumps, collectors and STW.
- Rincón de la Victoria STW.



- Operation, conservation and maintenance of the STWs in Barcelona East Sector.
- The Potable Water Master Plan for Loja (Ecuador).
- Guadalajara SUW Treatment Center.
- Operation of the SUW selection and composting plant in Utrera.
- Operation of Consorcio del Poniente Almeriense's refuse dump, in El Ejido.
- Operation of the pig slurry treatment plant in Vilches (Jaen).

Within the Environmental Engineering sector, Befesa Fluidos specializes in the treatment of industrial waters, intake as well as process and waste waters.

The following works are noteworthy:

- Effluent Treatment Plant for Hidroeléctrica del Cantábrico at its Aboño Thermal Power Station (Asturias).
- Lixivates treatment plant for the Limasa III refuse dump, in Malaga.
- Water Treatment Plant and Evaporation Unit at "El Sauz" Combined Cycle Thermal Power Plant, in Mexico.
- Lixivates treatment plant at Pinto SUW dump, Autonomous Community of Madrid.
- Biological Sludge Treatment Plant for Cepsa-Interquisa, in Algeciras (Cadiz).
- New enlargement of the Cooling Systems in Aceralia's LD-III steelworks, Avilés.



Environmental Services

On the other hand, in 2003, Befesa participated in the setting up of the company Agua y Gestión de Servicios Ambientales, S.A., dedicated to integral water cycle management services. Since its establishment, Agua y Gestión has acquired, on the one hand, Befesa's shareholding in Empresa Mixta de Servicios Municipales de El Ejido (Elsur), Almeria, and in Aguas de Baena, Cordoba, and, on the other, Aguas de la Janda and Aguas de Herrera from Endesa Diversificación. Thus, Agua y Gestión commenced operations in the integral water cycle sector managing the water supply for a population of 250,000, in Andalusia.



Befesa Abroad



Information Technologies

A specialist in RealTime 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.



www.telvent.com

Information Technologies

Executive Summary

The year 2003 brought a dramatic change to the global economy after a prolonged period of economic and political crisis and uncertainty. Affecting all industry sectors, and in particular the Information Technologies segment, a turning point was reached in the continuing trend of declining consumption of software and electronic products and services. That change, however, did not begin to take place until the third quarter, while the beginning of the year continued to be impacted by a variety of negative factors, including the continued mistrust of financial markets, reduction in employment figures, increased unused production capacity, stagnation in the growth of the GDP, reduction of investment, and increased uncertainty on the international political scene. During the second half of 2003, there was a general improvement in the financial results of the global marketplace, reflecting a departure from the economic climate that had existed over the last three years, which in turn brought about an increase in profitability in financial markets, and heightened optimism for increased economic prosperity. In short, although 2003 was, on average, a year that provided marginal productivity and profitability improvement within the global marketplace, the recovery in the latter part of that year allows a much more optimistic outlook for 2004.

In this setting, the year 2003 has meant a lot of things to Telvent, but one which undoubtedly must be emphasized above all other result is the fact that this year the horizons for Telvent have opened up enormously, setting its limits much further away, in places we previously only dreamed about. Our entry to North America has meant not only geographic expansion onto a new market, which is absolutely true; our entry to North America has also meant that, in addition to adding a series of variables we previously did not have to the Telvent equation, which opens up new perspectives and options for us. The already interesting journey by Telvent has now become something exciting. Telvent now has the opportunity, one not exempt of responsibility, of living it from the inside as an important player in the demanding technological sector in North America, which will provide a continual source of enrichment for all the organization throughout the world. Telvent is now a recognized company on this demanding market due to its technology, on which it is



competing on a daily basis with the leading multinational companies.

During our 40 year history, the innovative implementation of our industry leading systems and solutions has led all of us who work at Telvent to feel proud of our accomplishments and proud to be part of this company. It has also helped for the secure, environmentally responsible and economically efficient provision of the following essential services:

- Transportation of more than 10,300 million barrels of crude oil and derivatives along more than 280,000 km of pipeline.
- Distribution of more than 12,400 billion cubic feet of natural gas that supply more than 94 million people.
- Generation of more than 12,500 kilowatt-hours of electric energy.
- Transportation and distribution of more than 140,000 GigaWatts



Information Technologies

of electric energy providing power to more than 80 million people.

- Controlling vehicle traffic at more than 6,000 crossroads, through which more than 170 million people pass through per day.
- Monitoring and controlling the transit of more than five million people per day, over more than 8,700 kilometers of motorways, dual highways and tunnels.
- Managing the transportation of more than two billion passengers every year on trains and subways.
- Ensuring the safe and efficient landing and takeoff of more than 60 million passengers at more than 70 airports.

A significant milestone that was achieved this year was the successful integration of our new North American business unit with the rest of the Telvent organization. The success of this implementation would very likely have not been possible had it not been for the clear objectives that were set out in our Integration Plan at the beginning of the year, which were subsequently achieved. This success validates our ambitious strategic growth plan.

The success of Telvent is based on the quality of our people and our corporate culture. The contributing factors include the following:

- Telvent has a Common Management System that provides the framework for our culture; a System that has been the mechanism for integrating and synchronizing our new North American business with the rest of Telvent in an extremely swift and effective manner, establishing a common management language for our business from the outset, enabling efficient and appropriate communication and understanding. This System, which is continually updated and enhanced by Abengoa, maintains a fine balance between experience, our historically acquired values, and our defining corporate doctrines, along with our innovation, creativity and our vision of the future, providing the recollection of what we have been, the reality of what we are, and the expectations of what we wish to become.

- The extremely positive outcome of our recent integration success is also the result of the exceptional efforts of our new team of North American Telvent professionals. From the very beginning of the acquisition process, the talent and motivation of this group of people have been integral to our integration program, during which time they have also enriched the entire organization through their contributions. Prior existing knowledge and a good working relationship between our two companies were also key elements and a constant facilitator, creating a climate of confidence and respect during this critical period. Telvent has grown as an organization, with the inclusion of our people in Calgary, Houston and Baltimore, by much more than what is shown in their impressive financial sales figures.

In order to increase the profitability of our activities and the efficiency of our processes, during 2003 we have continued with the process of unification of the general service departments that began in 2002, and are now providing centralized management services for Human Resources, Administration, Finance, Operations, Systems and Quality to all of our business development units. This initiative is part of our mandate to maintain strict control over general expenses, even while taking into account the growth in our volume of business. Another important program towards which we dedicated a great deal of effort during 2003 is the improvement of our preventive problem auditing system for the certifying body. Key to this program is the continual monitoring of the progress of certain special projects, allowing the participation of the entire organization in proactively addressing potential areas of concern, prior to becoming problematic, by detecting and analyzing associated causation factors.

We have also continued to develop specific process improvement projects using 6 Sigma methodology, the first impact being from the four projects concluded during this past year, which has already positively affected Telvent's 2003 profitability results. It is expected that the four new programs that began in the third quarter of last year, will produce similar positive results in 2004.



Information Technologies

This year our upward trend in sales continued, based in large part on the Outsourcing and Technological Infrastructure Management contracts that we have entered into with more than 170 customers. This client list features a number of new customers, which includes Telecom Italia, Hispasat, and the Spanish Ministry of the Economy. This area of success will help make it possible for Telvent to continue to expand its solutions portfolio, offering increasingly greater added value in the sectors of Energy, Environment, Traffic and Transport. This also allows us to complement our traditional project solutions by establishing Emergency Recovery Centers on our premises, as well as through total or partial outsourcing of the business processes, integrated in real-time with our solutions infrastructure.

During 2003, another important milestone that was achieved was the consolidation of all Telvent business groups, creating one identifier for all of our activities, and replacing all previous brands, including recognized names such as Sainco, Sainco Tráfico and Carrierhouse. The objective of this change was to communicate to our customers and the general public that Telvent is now one sole entity, which is comprised of more than 2,100 professionals. The activities that were carried out affected all key areas, including our technology, our culture, our management, our administration, and our corporate vision. This ambitious program involved the participation of everyone at Telvent, culminating in "one company, one name".

In terms of significant technological development during 2003, one of our most important achievements was the implementation of our network of Excellence Centers in our offices in Seville, Calgary, Baltimore and Bilbao, from which we are going to coordinate the majority of all of our Research and Development projects. These Excellence Centers have the responsibility for developing the products that meet the needs of the markets in which we operate. This will allow us, for example, to use products developed in our Seville Excellence Center, and then market those products throughout our global business network, including Spain as well as in North America, Latin America and China. Telvent has continued its investment in a number of technology areas: equipment for data acquisition and control, energy measurement equipment, contactless payment systems, and dynamic and free tolls, as well as new information analysis and processing capacities in our software, developing new mathematical

models that support our simulation programs, and improving the level of security in all of our technology solutions.

As to our Quality System, in 2003 Telvent completed a self-evaluation of the Energy and Environment area using the EFQM model. This program was subsequently validated by an accredited member of the Quality Management Club (Tea Cegos Deployment) which granted us a rating of 419 points. This impressive rating also gives us the opportunity to obtain the Silver Stamp, during 2004. From the self-evaluation report, a list of Improvements Actions have been extracted and integrated into the Improvement Actions Plan EFQM 2003 for Telvent, which will be implemented during the first quarter of this year. Another important achievement in 2003 was the obtaining and renewal of the ISO 9001-2000 certifications in all Telvent organization units.

In Human Resources management, we have made significant progress in improving the work environment, with projects such as the installation of physical fitness centers at our offices in Madrid, Seville and Calgary; declaring Smoke Free buildings in all of our worldwide office locations; and establishing permanent medical services at the two centers where we have the largest concentration of staff members - Madrid and Seville. These projects are just some of the examples of initiatives undertaken in 2003, with the objective of increasing quality of work life. The success of our Human Resources management program is one reason why Telvent was chosen as one of the 100 best companies to work for in Canada. In 2004, in addition to monitoring the success of the current programs already in place, a number of new innovative human resource initiatives are also planned.



Information Technologies

Energy

Electric

Within the electric sector in 2003, a number of important projects were awarded, focusing in particular on integrated control and protection systems, which consolidates our leadership position in the markets of Mexico and Brazil. In addition, a number of projects were successfully completed during this past year, which were awarded during the last half of 2002.

Some important milestones this year include the following:

- Telvent successfully completed a distribution control center upgrade for Burlington Electric (USA).
- Telvent completed testing with City Water Light & Power of Springfield Illinois on a system which will interface to the Midwest Independent System Operator, allowing operational data access. City Water Light & Power is the largest municipal utility in the state of Illinois and has a total generation capability of 620MW.
- Telvent was awarded an exclusive vendor contract with City Public Service (CPS) for supplying all RTU equipment during 2003 and 2004. CPS is the nation's largest municipally owned energy company providing both natural gas and electric service. Acquired by the City of San Antonio in 1942, CPS serves approximately 600,000 electric customers.
- Telvent completed an upgrade to the Conway Corporation distribution system, making it dual redundant. This customer is headquartered in Conway, AR, USA and is the sole operator of the municipally owned electric distribution system.
- Telvent was awarded a contract to provide 76 Remote Terminal Units (RTUs) to Illinois Municipal Energy Agency (IMEA) for delivery throughout 2004. IMEA provides wholesale electric power to thirty of its municipality members and is located in Springfield, IL.
- Telvent completed an upgrade to the main control system for the Eastern Iowa L&P, Linn County, and East Central Iowa cooperatives. These are distribution cooperatives located in the eastern part of Iowa, which manage their operations using one OASyS SCADA system, via remote access.
- Telvent delivered 36 Remote Terminal Units to Niagara Mohawk Power, a large generation, transmission and distribution utility. Niagara Mohawk provides power to 1.5 million customers and is located in Syracuse, NY.
- Telvent delivered a OASyS SCADA system to the City of Radford, Virginia's publicly owned municipal electric distribution utility.
- An upgrade was completed on a Distribution Management System for the Village Of Freeport on Long Island system. The Village Of Freeport operates seven generating units and has a peak load of 60MW.



Information Technologies

- Contracts for the Control and Protection Systems for Substations for the Federal Electricity Commission of Mexico. Specifically, contracts were awarded for the following:
 - Control and Protection Systems: 613 (Aguascalientes, Guanajuato, Jalisco and Nayarit)
 - Distribution: 614 (Veracruz, Oaxaca, Morelos and Guerrero) and 615 (Area Peninsular)
 - Transmission: 712 (Baja California Sur) and 717 (Riviera Maya)
- Contracting the remote Front-End units to perform the function of intelligent communications nodes for the new telecontrol network installed by Red Eléctrica after acquisition of the assets of the transmission network from other companies.
- Start-up of 30 Integrated Control and Protection Systems for Endesa distribution substations, covering a total of more than 150 systems in the last five years.
- Delivery of 800 equipment units for the Telecontrol of the Network of Distribution of Unión Fenosa, totaling more than three thousand points automated in the last three years.
- Delivery and start-up of the Local Control Systems (SICLE) for the CFE, covering the substations of Zaachila, Río Bravo, Agua Azul, Escobedo, Arroyo Coyote, Frontera, Aeropuerto, Terranova, Casasgrandes, Juchitán, Conín, Lauro Villar, Yautepec, Fresnillo, El Sabino, San Martín, Silao and El Fresnal.
- Completion of the supply and start-up work on the Distributed Control System at the Combined Cycle Plant of El Sauz in Mexico.
- Completion of the control systems for the substations interconnecting the Tucuruí-Villa do Conde and Coxipó-Jaurú lines for Eletronorte in Brazil.
- Completion of the control systems for the substations interconnecting the Xingó-Angelim-Tampina Grande line for Furnas in Brazil.
- Completion of the work on the first substation on the reform project for the Transmission System at Maranhão in Brazil.
- Completion and Start-up of the Remote Control Service for the field equipment as well as the SCADA system on the Madrid-Zaragoza and Zaragoza-Huesca High Speed lines, which were the first to be completed under the High Speed Plan that has been developed in recent years.
- Start-up of ten Integrated Control Systems for substations on the transmission network owned by Red Eléctrica, among them, those that have been built to feed the new branches of the High Speed lines which will soon be placed into operation.
- Commissioning of the Electrical Office for Autogenerators, which has allowed Abener to gain access to the electricity market operator OMEL, thereby improving its sales.



Information Technologies

- HidroCantábrico has continued to entrust Telvent with the extension of its Corporate Business Management Platform. During financial year 2003, HelpDesk, Authorization Management and Quality Management components were included. Moreover, the global platform was set up for Internet access to this organization's corporate information systems.
- Awarding of a contract from Shanxi Electric Power Company to provide the Energy Management System for the Shanxi Power Grid. The signing ceremony was held at the Canadian Embassy in Beijing, China in September 2003.

Based on the above projects, and other initiatives during the past year, Telvent confirmed its leadership position in the electric market in Spain and is positioned as one of the most important suppliers of Control and Communications Solutions for the electric market in Latin America and North America.

Oil and Gas

In the United States and Canada, the following projects represent some of the major milestones that were reached during the past year:

- Cascade Natural Gas Corporation. Work continues on the upgrade to OASyS DNA with advanced gas applications for Cascade Natural Gas, which transmits gas out of the State of Washington, USA. Previously, Cascade was the first customer to adopt Telvent's 6.2NT technology.
- Chevron Texaco. Following the merger of Chevron and Texaco, Telvent co-engineered, updated and integrated the new company's disparate SCADA systems. Chevron Texaco was operating two gas and two liquids systems, and is now very close to being integrated into one OASyS platform.
- ConocoPhillips Pipe Line Company. Telvent will deliver a solution to consolidate three systems with OASyS DNA and advanced liquid applications (LMS) to ConocoPhillips, the third largest integrated energy company in the US, and the fifth largest refiner in the world. Future initiatives include additional advanced applications and leak detection.
- Inter Pipeline Fund (IPF). Installation and commissioning are ongoing for Telvent's pipeline management system for IPF. This is Telvent's first OpenVECTOR to OASyS migration project. IPF owns and operates four crude oil feeder pipeline systems in southern Canada. IPF also owns and operates the Cold Lake heavy oil pipeline, Canada's largest heavy oil gathering system, which includes over 900 kilometers of heavy blend and condensate pipelines.
- TransGas. The TransGas system represents Telvent's first OASyS DNA with GMAS solution which is now being installed in Saskatchewan, Canada. TransGas operates 13,500 kilometers of gas gathering and transmission pipelines.



Information Technologies

The following list of projects in 2003, provide support for Telvent's leadership position in the petroleum and gas sectors in Latin America:

- Contract and execution of major extensions of the control project for the Heavy Crude Pipeline in Ecuador for OCP Limited, aimed at increasing the level of management of the installations.
- Delivery of the Safety System on Platform AKAL-L (IPC-78-B) which is being built by Dragados Off Shore for Pemex Exploración y Producción.
- Contract and Delivery of the first phase of the Control System, Management and Communications for the Lima-Callao Natural Gas Distribution Company, owned by Tractebel in Peru.
- Shadow Office Contract for the network of CLH oil pipelines in Spain.
- Hiring and Delivery of the Measurement and Control System for the Terminal of Abkatún for Pemex Exploración y Producción in Mexico.
- Completion of the Supervision System for the Measuring Stations on the Yacuibá-Rio Grande Gas Pipeline for Transierra in Bolivia.
- Delivery of the SCADA systems for two Gas Pipelines transporting natural gas and LPG in Camisea (Peru) for Techint.
- Execution of the Emergency Shutdown Systems at five Pumping Stations for Transredes in Bolivia.
- Ecopetrol. Ecopetrol is Colombia's state-owned Oil and Gas Company and Telvent's first international OASyS DNA project delivery. Following a successful FAT, Telvent is migrating Ecopetrol's existing OASyS 5.2.2 system to the new OASyS DNA technology.



- Contract award of an optic fiber based Communications System for the Gas Natural pipeline between Lima and Callao, Peru.

Others countries:

- Caspian Pipeline Consortium (CPC). CPC and Telvent signed the System Acceptance Certificate in Novorossiysk, Russia in 2003. Awarded in late 2000, the CPC project includes SCADA, simulation and leak detection. The CPC pipeline spans over 1,500 kilometers from oil fields in Kazakstan to a marine terminal on Russia's Caspian Sea.
- Istanbul Gas Distribution and Trade Corporation (IGDAS). Telvent will deliver an integrated, turnkey, fully redundant SCADA system to IGDAS in Turkey. IGDAS is the Istanbul Metropolitan Municipality-owned company that distributes natural gas to more than 2,240,000 subscriber customers, and approximately 300 industrial consumers.
- Completion of deployment of the National Communications System Network for the petrol company Conpet in Romania; conclusion of the field tests and provisional reception of the system is foreseen in the first semester of 2004.

Information Technologies

Environment

Meteorology

Within the environmental sector, the Meteorology business area is in full growth in Spain as well as abroad.

Telvent has spent more than 20 years providing technological solutions in Meteorological Observation in Spain. Practically all of the airfields in Spain have been equipped or modernized with Automatic Weather Observation Systems (AWOS) by Telvent, systems which serve to improve the efficiency and safety of aerial operations at airports. The versatility, extreme reliability and competitiveness of this technology allows important project references to continue to be obtained throughout the world, which makes Telvent one of the worldwide leaders in Aeronautical Weather Systems.

The technological leadership of Telvent in the area of Meteorology is substantiated by such projects as the following:

- Execution of the weather observation equipment project for the new runways at Madrid-Barajas Airport and remodeling of the existing system on the present runways, involving one of the most complete and innovative AWOS systems in Europe to be put into service, which is foreseen in March 2004.
- Award of the meteorological equipment contract for the third runway at El Prat Airport in Barcelona, and remodeling of the existing equipment on the present runways.
- Execution and start-up of the Shear Detection System (LLWAS) at Reina Sofía Airport in Tenerife Sur. This is the first operating system in Europe with the latest generation LLWAS Phase III technology.
- Renewal of the contract for refurbishment and maintenance of the weather radar system for the National Water Board (CNA) of Mexico.



- Award of the contract for Modernization of the National Meteorology and Hydrology Service (Senamhi) in Bolivia, an innovative service that, in addition to implementing observation networks, includes the Telvent (Integrated) Weather Information System (TWIS), which allows generation, presentation and distribution of weather prediction data, using industry-leading technology in weather observation and prediction.

Water

In the Water sector during 2003, the following projects should be included as being noteworthy:

- The position gained with the National Water Commission in Mexico, as a result of the supply and installation contract of 36 Data Collection Platforms, for hydro-meteorological application.

Information Technologies

- Moreover, the SAIH contract for the Guadalquivir was renewed again, which assures Telvent the leading position with that Water Board.
- Upgrade of the “Confederación Hidrográfica del Guadalquivir” Geographical Information System (GIS). The analysis and exploitation have been finalized throughout the present year.
- The Consultancy for Implementation of the electronic authentication and signature in the advanced electronic signature integration system in the Application by the Directorate General of Industry and Agro-food Promotion (DIPA), in order to perform implementation of @firma at the Department of Agriculture and Fishery for the Regional Government of Andalucía.
- Ankara Water and Sewage Administration, Turkey (ASKI). In 2003 Telvent finalized successfully the ASKI Dam Lines SCADA Project). The project consists of the control and management of the three main pipelines for supplying the City of Ankara and is an extension of the original project of the year 2000, which Telvent was also awarded.
- City of Columbus. Telvent will upgrade the City of Columbus Division of Water’s SCADA system. This system will monitor and control the supply and treatment operation of one of the City’s three water treatment plants.

Environmental Protection

Lastly, in the area of Environmental Protection, in addition to the renewal, once again, of the maintenance contract for the Air Quality Network for the Department of the Environment of the Regional Government of Andalucía, the following contracts are noteworthy due to their nature and geographic location:

- Supply of Mobile Units for real time management of information related to forest fire fighting, prevention and extinction decision making to the Regional Government of Andalucía.
- Air Quality Monitoring Network for the Municipality of Tegucigalpa, Honduras, in addition to diverse laboratory instrumentation.
- Air Quality Monitoring Network in San Pedro de Sula, Honduras.
- System to Control Emissions for the Thermal Power Stations of Guerrero Negro and Guaymas, for the Federal Electricity Commission (CFE) of Mexico.



Information Technologies

Traffic

Telvent's activity in Traffic is focussed on applications, products and services related to the Intelligent Traffic Systems (ITS). At present, the advances achieved in the evolution of the ITS systems concern not only the involved industrial sectors, but also the daily lives of citizens. Every day new applications directed to the Management, the Control and the Road Safety arise. These applications are transforming the road infrastructures into true "Intelligent Highways" facilitating a high level of service and comfort for users and a better flow of the interregional communications, supporting progress and prosperity.

Telvent also contributes a global solution for the problems of traffic in the urban areas and for the control, surveillance and administration of state highways and motorways. These solutions guarantee the safety and optimise the efficiency of traffic flow; providing Telvent with both a national and international leadership position, based on our wide coverage in a great number of countries in the American, Asian and European areas.

The most significant achievements in the Spanish market were as follows:

- Inauguration of the Traffic Management Centre of Valladolid and Dynamic Signalling of its area of jurisdiction, covering the roads and highways of the Region of Castilla-León and Access Control to the cities of Valladolid, Burgos, Tordesillas and Benavente.
- Completion of the project for Access roads to the Central Pyrenees for the DGT (Traffic Office), with special treatment of the meteorological data applied to Road Safety.
- Finishing of the Access Control to Andalucía (Despeñaperros stretch) for the DGT.
- Inauguration of the Interurban Road Control System for the Palma de Mallorca Ring Road, for the Island Council of Mallorca.
- Traffic Control Project for High Capacity Roads in Vizcaya for the County Government.
- Access Control to the Valle de Arán for the Regional Government of Catalonia.
- Occupancy and Data Systems for Traffic in the Region of Castilla-La Mancha.
- Maintenance of the Traffic Control Systems Network for the Government of Alicante.
- Interurban Traffic Control Systems ITS on the M-50 Highway and Radial Motorway 4 in the Region of Madrid.
- Control and Operations System for the Piles & Infanzona Tunnels in Asturias for the DGC and Traffic Control at the mountain pass of Piedrafita based on weather data for the DGT.
- Integral maintenance of the Road Network of the Transversal Axis of Catalonia and the Tunnel Control System of the city of Barcelona.
- Urban traffic light centralisation in the cities of Pontevedra, Lugo and Oviedo, as well as renewal of urban maintenance in the cities of León and Vitoria.
- Renewal and Development of Traffic Data and Information for the Local Government of Madrid by Internet via the municipal website.
- Execution of the maintenance contracts of the GPS Differential (GPSD) systems and several Traffic Control systems has begun. Legislative changes coming soon are expected to ensure this market grows considerably in Spain over the coming years.



Information Technologies



- At the Board of Public Works and Transport, integration of the @firma platform in two of the processes assigned to the Board for publication of what are called the Top20. The first of the processes is related to the application that manages the pool of public housing, while the second process is associated with the traffic fines system.
- Contract for the Port Traffic Control Systems for the port of Tenerife.
- Contracting of several Simulators for the Sea-coast Social Institute for Isla Cristina's School and the School of Las Palmas.
- In the Monitoring fleet product line, a System of Monitoring has been developed for Fleets of urban, rural and forest Fire Brigade Service including an application for co-ordination and planning of fire fighting operations jointly with a global supply company serving the fire brigades.
- The activities related to the F100 Frigates has continued. A very significant milestone during 2003 was the award of the maintenance program for the consoles on the F100 Frigates. That type of maintenance contract has preferably been preferentially awarded by the Navy through Izar or Indra up until now. The elimination of the intermediaries between this company and the end customer will increase Telvent's agility and quality with respect to the services being provided.
- Development of the CONAM console prototype has been concluded for the S80 submarine, awaiting the manufacturing contract for the series during 2004. Commercialisation of the WECDIS console has begun in Spain, Eastern Europe and in South America.



As for the international market, it is important to emphasize Telvent's expansion of activities in Southeast Asia and Latin America and the opening of new markets in Eastern Europe. The most significant activities in these markets were as follows:

- Operations Management System for the Motorway Network of the Province of Peking for the Concessionaire Beijing Capital Highway Development Co. The project will modernise the Control Systems of these infrastructures for the 2008 Olympic Games, for which Peking is the official host city.
- Urban Centralisation Projects in the Chinese cities of Fushun and Xiu Xiang, with implementation of advanced Traffic Control Systems in Real Time: ITACA.
- Inauguration of the ITS projects on the Motorway Network of Shenzeng: Yantian Bagan and traffic control in the cities of Wuhan and Zhengzhou.
- New Urban Traffic Control projects in Vietnam.

Information Technologies

- Urban Traffic Centralisation Project in all the traffic light installations of the Brazilian city of Salvador de Bahia, with implementation of the ITACA Adaptive System.
- Telvent has developed and implemented the “Electronic Document Exchange System” for the Integral Port Administration System of Veracruz. This project is a benchmark achievement in TIC implementation among the logistics operators’ communities in the manner that these communities can optimize their production capacity by increasing the performance of their operations. The system is based on automation of the exchange of information between operators acting within the logistic community, with the security provided by the digital signature integrated in the transactions carried out throughout the system. As an added value within the local scope of Mexico, the system has been developed in compliance with the Mexican Official Standard (NOM-151), that regulates commercial practice and the requisites to exchange data messages.
- The Mexican market has been developed through the contracting of the Port Traffic Control systems for the ports of Manzanillo, Tampico, Progreso, Lázaro Cárdenas and Mazatlán.
- In civil simulation, the Navigation Simulator with Visual display for the Royal Navy of Morocco was supplied, which is a significant landmark in the proposal of these solutions for the market.
- The air-naval simulator for the Chilean Navy has been inaugurated, representing the completion of the contract awarded in September 2002, and including preventive maintenance, adaptation and system correction features.
- Project ITS of Interurban Control of the highway of Romania between Bucharest and Cernavoda for the National Administration of Highways of the Transport Ministry, obtained with funding of the BEI.

Transport

Transport activity during 2003 has continued to undergo sustained growth based on a strong international presence and inclusion of new technologies and applications in the field of Transport Payment Systems.

Telvent, always in the forefront of the most effective and advanced transportation solutions, has incorporated new systems and products during 2003. The following are included in the list of noteworthy accomplishments:

- SmarTOLL for Remote Toll Management with in-house manufactured Tag and Antenna. Work continues to complete the Toll Management System for Free Flow (non channeled toll).
- ClearingTOLL: centralisation of toll collection and management systems using state-of-the-art technologies and programming methods.
- ClearingTrans: fare integration and evolution of the Ticket Sale and Cancellation systems in buses.
- ClearingPark: centralisation of Car Park Collection and Management Systems.
- AVC: new Automatic Vehicle Classification System for toll management.
- New ticket payment systems for road and railway transport systems based on cards – contact-free chips.

The most significant achievements within the Spanish Transport market include the following:

- Centralised System for Railway Traffic Control (CTC) on the Medina - Salamanca - Fuentes de Oñoro Line, controlling the railway lines of León,



Information Technologies

Ponferrada, Ávila, Salamanca and Palencia, and including state-of-the-art technologies.

- Transport Toll and Ticketing System for line 9 on the Barcelona Metro to equip the 46 new stations, with implementation of magnetic technology and contact-free cards.
- Inauguration of the Toll Systems for Metro Sur for Metro de Madrid and RENFE Local Trains on the Railway Network of Madrid.
- Design, supply and installation of Access Control and Management Systems for Customers at the new Bilbao Exhibition Center, through a Parking System and Attendance Accreditation system.
- Installation of a Pilot Trial of the Ticketing System with a Contact-free Card for Metro de Bilbao, at the following four stations: Abando, Baracaldo, Areta and Plentzia. This new advanced system will make entry easier for the users and considerably facilitate operational efficiency of the Metro.
- Installation of equipment for Rotation Parkings in several Spanish cities, including new technologies using the Internet: e-park.
- Interoperability tests for the 'Pista' Project by the Development Ministry for Tags and Antennas for Remote Toll Management on our SmartTOLL project. A huge market has been opened up for Telvent with these products, not only in Spain and Europe, as they comply with the European standards, but also in the rest of the countries with Toll implementations, such as those in North America, China and Southeast Asia.
- The installations of Toll Highway equipment have been completed on several concessionaire motorways on the National Network: Audenasa, Aucalsa, Avasa and Autopista del Sol.

Internationally:

- Inauguration of the Toll Project on the motorway network of Shenzeng in Yantian-Bagan.



- Commencement of work on the Toll System of the Chinese motorway of Sandong.
- Completion of work on the Railway Signalling project for the Uruguayan railways AFE.
- Notification of the award of the Ticketing System project on the new Metro of Tianjin in China.
- Contracting of the Tetra Radio-Communications Network for Tianjin's light train in China.

Information Technologies

Public Administration

The year 2003 has led to the definitive consolidation of Telvent in the area of Public Administration, the main focus being the development of applications and services to address the challenges of the Information Society.

Within the public sector, the accomplishments achieved in the Digital Health Sector are very notable, as major references were obtained in 2003. This activity commenced at the end of 2002, as a result of Telvent's presence at CITIC (Centro Andaluz de Innovación y Tecnologías de la Información y Comunicación) and is reflected in the following projects:

- The CEIS project with implementation of a Call Center service for the Andalusian Health Service (SAS).
- Through the "GIS Excellence Centre" in Seville, use was made of this technology in the field of Health, a pioneering project on a national scale that includes integration of the data bases with alphanumeric information, graphic representation and automated cartography, as well as specific modules for system administration, health planning and decision making support.
- The "Integral Control Board" project aims to control the main indicators of the Public Health System. Its mission is to contribute to the improvement of the public health conditions in Andalusia. This project will be executed making use of **SAP** technology, which is a fundamental step forward in Telvent's strategic direction.
- However, the most significant step took place with the project for an "Integrated System to Acquire, File and Communicate Medical Images" for the Health District of Huelva. This project will provide all the Hospitals and Primary Care Centers in the province of Huelva, with the computer systems and necessary infrastructure to replace conventional X-rays with digital images, allowing immediate access to the medical images from all the health centers in the province. This project is a key step towards the integration of the Digital Health Records.
- In 2003, installation was completed on the Geographic Information System for Employment Resources in Andalusia (SIGREMA), sponsored by the Department of Employment and Technological Development. Within the corporate sector, this project also has great potential for the future within the Andalusian Health Service (SAS), and for integration with the rest of the systems now being developed by Telvent within that Department.
- The last GIS implementation was performed at the Ministry of Justice, as part of the new citizen's portal (www.justicia.es), where the GIS tool is used to represent the organization from the point of view of the Judicial Administration throughout the Spanish territory, providing access to the location of any Judicial body in an interactive manner through easily used GIS tools.
- The Department of the Economy and Revenue has continued to entrust Telvent with the integration of the electronic authentication and signature platform with its critical systems. At present, all of these systems are integrated with a Telvent platform.
- The global vision of Information Systems in a distributed and critical operation environment has been used by the Public Corporate Entity Red.es, in the project carried out by Telvent on the Master Plan for Information Systems and Communications by the Ministry of Foreign Affairs. Telvent has provided its global management model for Information Systems services, including technological assets, telecommunications networks, service standards and remote management, which is especially important in the highly dispersed and varied international environment in which the Ministry of Foreign Affairs operates.
- The **CRM** project for the Department of Employment and Technological Development, that began as a Call Center, comes into production in January 2004, thanks to a record implementation time of three months. This project is a key component of the ambitious Citizens' Care Scheme, which includes the Citizens' Care Line (Call Center). An extension of this project includes support for the Andalusian Employment Service (SAE).

Information Technologies

- Execution of the **Document Management** project at the Directorate General of Co-operatives, a project of enormous complexity covering all aspects of all phases within the field of official records located in the eight provinces of Andalucia.
- At the Department of Justice and Public Administration, definition, development and implementation on an open platform of the "LexTramita" system for management of processes and activities related to publication of the by-laws and laws.
- During 2003, Telvent began to execute a "Revenue Management System" for the Commissioner for the Tobacco Market of the Ministry of the Economy. The Commissioner for the Tobacco Market will use that application to expedite management of revenue from authorizations, tobaccoists concession fees, fines and others.

Outsourcing and Management of Technological Infrastructures

During financial year 2003, Telvent consolidated its offer of Information Systems outsourcing. The present direction within the information technology field and the search for the maximization of investment and the improvement of the competitiveness found in Telvent solutions is focused on such areas as Asset Management, Operating and Maintenance Centers, Micro computing, User Care Centers and Network Management.

The year 2003 has allowed us to consolidate our strategic vision of the importance and capacity of Telvent to supply services aimed at management of information and communications systems for our existing customers in Energy, Environment, Traffic and Transport.

Implementation of the strategy developed in 2002, focused on providing the corporate sector with added-value professional services, achieved significant positive results during 2003, resulting in a 15% increase in sales, and an increase of more than 30% in the number of customers using Telvent centers. This diversification of sectors, along with a more uniform distribution of the revenue per customer than in previous years, provides us with greater

protection against possible future market setbacks, such as for example, that suffered by the telecommunications market in recent years.

Our offer for the industrial sector, following the guidelines defined in our Strategic Plan has been complemented by the development and consolidation of new products, which include the following:

- Data storage solutions in pay-per-use mode and dedicated services, in SAN (Storage Area Network) technology as well as NAS (Network Attached Storage).
- Backup Center Services, Business Contingency and Continuity (BRS).
- Intrusion detection service (IDS) and content protection (HIDA) in 24x7 mode.
- Virtual Private Network (VPN) implementation and management services.
- Complex corporate hosting, integrating complete telematic security solutions, data storage and application servers.
- Systems administration services for IBM AIX, DB2, WebSphere technology and Microsoft technology.
- Network administration services and Internet (IP) telephony platforms.
- Application administration services in the field of advertising management systems and viral marketing and corporate systems based on Lotus Domino.
- Monitoring services and management of remote data services, to guarantee continuous operation 24 hours a day.



Information Technologies

- Products integrated in the ASP model of solutions to dispatch energy, telesupport, alert engine, SMS message platform, broadcasting of events, management of content and e-mail marketing.

Maintenance of the contribution by the Telcos sector, along with the entry into the Corporate sector and the process of optimization of the operations has led to an increase in 2003 in our EBITDA of 40% compared with the previous year. Even more significant, this will allow us to undertake commercialization of our services in 2004 on an emerging market in a focused manner, consolidating our market leadership position on the Iberian Peninsula, and creating a positive after tax profit.

Key institutions and companies that joined Telvent in 2003 to obtain complete Internet operation and access services, within the strictest levels of service quality, include:

- Entidad Pública Empresarial Red.es. It has hosting, Internet access and 24x7 services for operation of its servers, among them the primary server of the Spanish ".es" domains.
- Portal Madrid. This is the portal for the Local Government of Madrid, representing a unified platform for services for all the citizens of Madrid, and providing an important mechanism for promoting the City.
- Euroconsult. It has a contingency centre for continuity of its business within the field of quality control in construction.
- Profit. It has the necessary hosting services to operate its Spanish Tourism Quality Certification System, developed for the Ministry of the Economy.
- SEPES or Entidad Pública Empresarial del Suelo, assigned to the Development Ministry, requires hosting for its Web, providing citizens and institutions with the necessary services for managing national town planning actions.
- Asland. As a leading company in the supply of construction materials, it utilizes safe housing services for its corporate information systems in a centralized manner, which facilitates communications with its branches nationwide.
- Fundación Tripartita – Forcem. Manages the ongoing training funds agreed between workers and companies in Spain. It has a complete computer platform to host its management applications for Spanish training. The platform design includes all of the hardware and baseline software to provide telematic security solutions and data storage.
- Eli Lilly. A multinational pharmaceutical company that requires secure Internet access, technical floor arrangement and services for BRS solutions.
- Agencia Española de Cooperación Internacional. (Spanish International Co-operation Agency): Has hosting to support its study grant management applications.
- Ministry of Economy, performs complete monitoring of its data processing centre, including the secretariats of economy, commerce and tourism.



Industrial Engineering and Construction

Engineering, construction and maintenance of electrical, mechanical and instrumentation infrastructures for the energy, industrial, transport and services 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.



Industrial Engineering and Construction

The year 2003, like last year, has been characterized by the slow down in the world's economy. This fact, although our national growth has not been affected like in the rest of the countries, has demanded a greater flexibility to adapt ourselves to a less favorable environment and to obtain the maximum of profits.

The fiscal year has been highlighted by a series of significant events: greater internalization of our activities in the areas where we have presence: Power, Installations, Communications and Marketing; developing of new markets: Eastern Europe and North Africa; and an increase in our productivity, by which we have reached a 10% growth rate with respect to 2002.

The development of our branches and the extension of our activity in new markets, along with maintaining our important presence in Spain and Latin America, has allowed us to establish the basic pillars for our growth in the coming fiscal years.

During the year we have continued to keep our commitment with the environment by developing innovative projects both in solar energy as well as in the hydrogen and fuel cells sector.

In the following, we point out the major achievements obtained in each one of our areas of activity: Power, Installations, Communication and Marketing.

Power

This year has meant the consolidation in the development and construction of significantly important and technically complex projects, that permits development of activities which are compatible with the environment.

It is worth noting the finalizing of the construction project of the second European plant of straw use for energy purposes (biomass), in Sangüesa (Navarra), and the beginning of the construction of a bioethanol plant in Babilafuente (Salamanca), which will have the largest capacity in Europe.



Presence has been intensified in the area of generating stations, having our reconditioning and combined cycles projects special importance in Mexico.

Within the research and development of new products related to solar energy, engineering work has concluded to start construction, in 2004, of a 1.2 MW double concentration photovoltaic plant and a 11MW thermal solar plant.

Likewise, in Abengoa's strategy in the hydrogen and fuel cells field, a company has been established with the purpose of producing clean hydrogen from sources respectful to the environment and to use fuel cells for the production of electrical power.

With the development of these projects, an advancement in technological innovation is being produced that is compatible with the environment and is providing a solid base for new endeavors to be undertaken in 2004 and in the following fiscal years.



Industrial Engineering and Construction



Abener

Abener Energía S.A., company leader in the power area of Abengoa's Industrial Engineering and Construction Business Unit, has completed an intense process in revising its strategic plan and implementing strategic actions, which have made it an important player worldwide in the supply, turnkey, of integrated and innovative solutions in the area of power generation and integral utilization of biomass.

Abener has definitely consolidated its presence in Mexico upon having finished the enlargement process at 450 MW in combined cycle of the thermal power station of El Sauz and contracting, in July, a new enlargement project to 230 MW in combined cycle at the Hermosillo thermal power station.

In the national market, our activities stand out in the power sector; the delivery of the plant for the utilization of straw for energy purposes, of 25 MW, world pioneer in this sector, at Energía Hidroeléctrica de Navarra (EHN); and the start of the construction of the auxiliary systems of the Iberdrola combined cycle thermal power station in Arcos de la Frontera, (Cádiz). Likewise, the year that has just passed confirms, in the national market, our leadership in

the construction of industrial plants for the production of bioethanol. Construction of Biocarburantes de Castilla y León has already started and will have a nominal production of two hundred million liters per year.

Major accomplishments:

Enlargement to 450MW in combined cycle of the thermal power station at El Sauz (Mexico)

The provisional reception of the installation was achieved following a test in which the plant operated nonstop during 360 hours. It was constructed under the turnkey mode for the Comisión Federal de Electricidad (CFE) in the Pedro Escobedo township in the State of Querétaro.

The project comprised the conversion to combined cycle of two existing Siemens–Westinghouse turbo-gas units which added a net capacity of 143 MW. To carry this out, the exhaust gases from these two turbines were used and were canalized to the two new heat exchangers. The steam produced is principally used to drive a new steam turbo-group meant for the production of electricity.



Industrial Engineering and Construction

Enlargement to 230MW in combined cycle of the Hermosillo (Mexico) thermal power station

In order to meet the need for the growing demand for electrical power in Mexico, the Comisión Federal de Electricidad (CFE) awarded Abener the turnkey construction of the enlargement project to combined cycle of the Hermosillo thermal power station located to the northeast of the city of Hermosillo in the State of Sonora.

The Project comprises the conversion to combined cycle of one existing Siemens-Westinghouse turbo-gas unit, thus adding a net capacity of 88 MW. To carry this out, the exhaust gases from this unit will be used and will be canalized to a new heat exchanger. The steam produced will be used mainly to impulse a new steam turbo-group meant for the production of electricity. The steam exiting from the turbine condenses into a new aero-condenser, largely reducing the station's water consumption with respect to the conventional cooling tower. The plant, that has its first synchronization programmed in April, 2005 and its provisional reception by the CFE in May 2005, represents Abener's guarantee in the thermal power station's reconditioning sector in Mexico.

Auxiliary Systems of the Arcos de la Frontera combined cycle station, Groups I and II, in Cádiz (Spain)

Iberdrola Generación awarded Abener the turnkey construction of the following systems: refrigeration, water treatment, ERM, compressed air, auxiliary boiler, 6 kV cabins and low voltage frames at the Arcos de la Frontera thermal power station, Groups I and II, of 1,600 MW.

The station's project is a unique project that takes into account the installation of the station in two 800 MW blocks, slightly displaced with time. It is programmed to be finished in July 2004.

ETBE Plant, Huelva (Spain)

The construction work continuous for the company ETBE Huelva S.A., of a plant that produces 34,028 tons/year of ETBE. It is a compound presently used in gasoline as an antiknock agent substituting lead in the refinery that Cepsa has in La Rábida (Huelva). The ETBE manufacturing process is based on a

etherification reaction of isobutenes and ethanol in the presence of a catalyzer. The Cespa refinery provides the utilities necessary for the manufacturing process: power, steam, water, etc. The plant is being constructed in a lot near the FCC unit of the refinery. The area is approximately 400 m² and the refinery's current installations have been taken into account.

Its principal characteristics are: production of 34,028 tons/year of ETBE; consumption of 123,270 tons/year of butane and 15,372 tons/year of ethanol. The provisional reception of the plant is programmed for the second quarter of 2004.

Bioethanol plant in Babilafuente, Salamanca (Spain)

The construction of a bioethanol plant started in October in Babilafuente, Salamanca for the company Biocarburantes de Castilla y León S.A. The time limit for the construction is 26 months. It is the third bioethanol plant that we constructed in Spain under the turnkey mode and which will have the largest capacity in Europe. It will have a production of 200,000 m³ a year and it will be the first to use the bioethanol production technology from biomass.

Its principal production characteristics are: 200,000 m³/year (25,000 liters/hour) of ethanol, 253,000 tons/year of DDGS (fodder for animals) and 200,000 MWh/year of electrical power.

This project reinforces Abener's leadership in the design and construction of ethanol plants from cereals and biomass.

Plant for the exploitation of straw for power purposes in Sangüesa, Navarra (Spain)

Abener, as part of the Abengoa-FLS Miljo consortium, has constructed under the turnkey mode a plant for the use of biomass power for the company Energía Hidroeléctrica de Navarra (EHN), located in Navarra de Sangüesa.

This plant, for the exploitation of energy from biomass, is the first in its class constructed in Spain and the second in Europe. It uses as a fuel base cereal straw, making it also possible to mix it to 50% with low quality wood.



Industrial Engineering and Construction

The principal characteristics are: production of 216,000 MWh/year of electrical power and consumption of 160,000 tons/year (20,000 Kg/hour) of biomass.

The plant started functioning in 2003.

Solúcar

Solúcar has consolidated the development of its products related to solar energy, maintaining its position as a national and international leader in providing services and specific components for solar plants.

Among the most outstanding references of the year, we can mention the supply of facets for the complete renovation of the Weizzman Institute heliostat field in Israel, the promotion activities of solar applications in the Aznalcóllar TH project for the economic and social recuperation of the mining territories, as well as the tasks related to the promotion of the Sevilla PV plants – double concentration photovoltaic and 1.2 MW power– and Sanlúcar Solar –thermoelectric tower and 11 MW power–.

Sanlúcar Solar, S.A.

Sanlúcar Solar has as its purpose the construction and exploitation, in trading arrangement, the largest solar power plant constructed that uses tower technology and heliostat fields. The 11 MW power output plant will be located in the township of Sanlúcar la Mayor (Sevilla) and it will have 624 heliostats or 121m² mobile mirrors that reflect solar light on a receptor that is situated on a 90 meter high tower. It will generate about 24GWh of electricity a year and which will be evacuated to the power network as a production installation under the Special Tax Regime.

At the end of the year engineering work concluded and the negotiations to endow the financing initiative prospered under the project finance mode.

Sevilla PV, S.A.

Sevilla PV has as its objective to construct and operate, in commercial regime, a photovoltaic solar power plant of 1.2 MW power. The double concentration and two axis sun tracking plant will



produce around 2.4G Wh a year of electricity. It will be evacuated to the power network as an production installation under the Special Tax Regime.

The plant has 170, 100m² aperture close tracking devices, that combine, at approximately equal parts, the photovoltaic and mirror modules catchment area. At the end of the year engineering work concluded and the negotiations to endow the financing initiative prospered under the project finance mode.

Hynergreen

Hynergreen Technologies, S.A. was incorporated in 2003 to impulse technologies related to hydrogen and fuel cells in Abengoa.

It is organized in two divisions (I+D+IT and Projects). It is primarily oriented to Investigations and Development, having as its principal objectives the following:

- New applications of fuel cells, using different technologies. Installations for telecommunications, residential and stationary applications and transportation.
- Development of new fuel cells: reversible, compact and direct.
- Production of renewable hydrogen as well as its treatment, purification, storage and posterior use.
- Integration of renewable energy sources such as solar or wind with the "Hydrogen Vector".



Industrial Engineering and Construction

Located in Sevilla, it has a test facility and fuel cell characterization and advanced hydrogen technologies.

Hynergreen participates in the fuel cell normalization technical subcommittee that pertains to the Aenor electrical power production normalization technical committee (aen/ctn206/sc105). Included in this subcommittee are work groups 3, 4 and 5 which are associated to fuel cell stationary applications. It is also ascribed to the Cenelec European Committee BTTF-109-3: «Fuel cell gas appliances» and to Technical Committee No. 105 (TC105) of the International Electrical Committee (IEC), in Working Groups 3 («Stationary Fuel Cell Power Plants: Safety») and 5 («Stationary Fuel Cell Power Plants: Installation»).

In spite of having less than a year of activity, Hynergreen has already signed a large number of agreements and contracts with investigative Public Organizations and external technology agents for the procurement of technology and oriented to establishing alliances with important national and international experts.

Nuelgas

Nuelgás carries out its activity in the hydrocarbon investigation and operating sector.

Currently it is operating three electrical power generating plants with a total of 12 MWe of power installed. Two of them are in concession operation «El Ruedo 1, El Ruedo 2 and El Ruedo 3», each one having 3 MWe and named «Las Balbuenas» and «La Viñuela», in the townships of Écija and Fuentes de Andalucía (Sevilla) and that operate boring Córdoba C1A and Córdoba B2. The third plant, which is in concession operation, «Las Barreras», with an approximate power of 6 MWe, operates boring in San Juan V1 and San Juan V6.

Furthermore, it has 25% participation in the «El Romeral1», «El Romeral 2» and «El Romeral 3» concessions, where they are operated in a plant with an installed power of 8 MWe, four borings named «Sevilla-1», «Sevilla 3», «El Ciervo» and «Santa Clara».

In the concession operations «Marismas B1», «Marismas C1», «Marismas C2» and «Trebujena», where Nuelgás participates with 15%, boring production continuous in «La Cerca» and «Z3-St», drilled in the year 2000.

After the seismic campaigns carried out in 2002 at concessions «El Ruedo 1, 2 and 3», there was a geological structure with possibilities of containing hydrocarbons. This structure, named «El Zorro», will be drilled during the first semester of fiscal year 2004.

Installations

Installations Inabensa, S.A., a leading company in the installations area of Abengoa's Industrial Engineering and Construction Business Unit, has significantly surmounted the objectives of the contract, its sales and its results by consolidating its international position and increasing its productivity.

Apart from the important increase registered in national activity, in the framework of the traditional sectors, the securing of new and important projects in Central America, North Africa and Eastern Europe has assumed its consolidation as a service and goods export company of equipment directed mainly to the creation of infrastructures in the Energy, Industry, Environment and Communications sectors.

Included in Inabensa's remarkable performance of its activity abroad during 2003, we can point out to its outstanding participation in the rural electrification in countries such as Kenya, Tanzania and Morocco, the electric wiring of more than 3000 kilometers of OPGW cable in Rumania, the creation of a new infrastructure of power distribution in San José de Costa Rica, the electrification of 250 kilometers of railroad in Turkey and the design, manufacture and supply of cabins and switchboards for the Damietta station in Egypt and El Sauz in Mexico.

At the national level, among an extensive number of references, its important participation in the electro-mechanic installations of buildings and singular works stand out, such as the Forum 2004 Photovoltaic Plant in Barcelona, the building complexes in Granada and Málaga for the Andalucía



Industrial Engineering and Construction

Autonomous Government and the Aena air control center in Barcelona. Also to be mentioned is the contracting of the AVE Segovia-Valladolid substations and catenary and the telecommunications system, traction subsystems, receiving substations and power distribution systems for line 9 of the Barcelona Underground.

Inabensa

Inabensa has continued with its marked ascending line based on the strict follow up of its Strategic Plan guidelines.

The contracts have been over 373 million Euros, which means a 20% growth over last year, thereby consolidating our leadership position in important sectors such as High Speed in Spain and internationally making our presence stand out in North Africa. Sales are over 300 million Euros.

The adaptation of the Quality System to the UNE-EN ISO 9001:2000 norms requirements is complete and thus Aenor's corresponding certification for Inabensa, Inabensa France and Inabensa Portugal.

At the same time and in the scope of Inabensa's certification, the integration of the Communications Division and of Protisa in the Inabensa Quality System has been carried out by incorporating both to Inabensa during this year.

The Environmental Management System was renewed pursuant to norm UNE-EN ISO 14001:1996 for the activities and installations in the Manuel Velasco work center in Sevilla, including the Manufacturing Workshop, the General Store and the Vehicle Fleet.

The control of the application scope of the Legma environmental legislation was extended. It was developed by the Quality and Environment Management Department and which included the municipal ordinances where Inabensa usually carries out its activities.

As far as Prevention and Safety, a new system of continuous integral training has been put into practice and developed according to the study of



specific activities performed by the company's different departments. The system comprises the preparation and giving of Courses to the work personnel according to the tasks they carry out in their work areas. The adaptation process to the Occupational Hazards Prevention system to international norm OHSAS-18001 has started.

We want to point out that the accident rate reduction in the company compared to last year decreased in 12.67% in the Incidence Index and 27.75% in the Seriousness Index.

We also have to point up the start, continuation and conclusion of the following civil works during this year:



Industrial Engineering and Construction

Electric Installations

In the power sector the diversity of works and clients must be highlighted. Among them the electrical wiring of second circuits of the lines at 400 kV Cartelle-Lindoso and Valdecaballeros-Guadame for REE; the support reinforcements and changes of the conductors from single to duplex in line at 132 kV Oliva-Verger and Verger-Jávea for Iberdrola; the burying of the line at 400 kV San Sebastián de los Reyes-Loeches-Morata affected by the Barajas Plan for REE, which additionally consisted of archaeological actions.

OPGW wire laying, with live electrical installation for REE in the lines at 400 kV Puentes-Montearenas and Don Rodrigo-Guillena.

Supply and assembly of substations along all the national territory and for several power companies: 66 kV Sa Pobla and the enlargement of Son Molinas for Gesa, 132/30 kV Burela for Electra de Viesgo and three for the enlargement of AVE for GIF.

In the environmental sector, the execution of the connection lines and electromechanical installations in several desalination plants: San Pedro del Pinatar for Abensur, EDAM Las Palmas III for the Consejo Insular de Aguas in Gran Canaria, Atabal in Málaga for the UTE Abensur-Degremont.

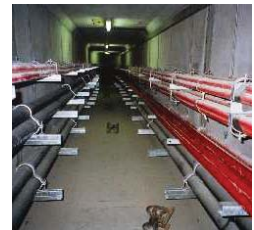
In the industrial sector, the installation and assembly of equipment and lines of Medium and Low voltage in several manufacturing plants: Pirelli in Vilanova, Saint Gobain in Zaragoza and Spanish Pelagic in Las Palmas. The works executed for the automobile sector are also very important (Citroën, Fasa Renault and Ford).

In the service sector the improvement and remodeling of the amusement installations and offices of the Parque de Atracciones in Montjuïc, Barcelona and the Auditorium of Abanillas' City Hall.

We also have participated in symbolic works of development and cultural importance: The Bilbao Trade Fair, Photovoltaic Plant for the Barcelona 2004 Forum and the BSCH Financier Campus.



In the transport sector, electrical installations for the Aena enlargement and renovation program: air traffic control at Gavá in Barcelona and power stations at the Barajas Airport; installation of sub-stations in the Alicante Airport and supply and installation of electrical units at the Gran Canaria Airport.



Concerning the Subway (Metro) we highlight the works executed for Mintra (Madrid Transport Infrastructures) corresponding to the project of supply, assembly, ventilation and distribution of power for the extension of the Metrosur lines and the contracting of the telecommunication system, traction substations, receiving substations and power distribution systems in line 9 of the Barcelona Metro.

It is also significant our participation in large public works such as the facilities of the Health Campus Hospital Complex in Granada, Ciudad de la Justicia in Malaga and Almanjazar Building for the Andalusia Council and the new building for the local police in Huelva.



Industrial Engineering and Construction

Mechanical Installations

Prefabrication and assembly of pipes and equipment for the storage and supply to the ETBE Refinery plant La Rábida (Huelva). Supply, prefabrication and assembly of the pipe system in the new Brenntag Quimica plant, a world leading company in chemical distribution in Dos Hermanas (Sevilla).

Dismantling, moving and assembly of the heavy machinery from EADS Casa facilities in Cadiz to the new factory in Puerto Real. Pipe assembly in service tunnels of the new Barajas Airport terminal and mechanical assembly of the refrigeration systems in Arcos CCPP for Iberdrola.

Insulation/Refractories/Fireproof Passive Protection

Repair of the refractory coating of shutdown furnaces and equipment at the B.P. Oil refinery in Castellón. Works for the improvement of the ventilation and soundproofing of the Unelco station in Punta Grande (Lanzarote) and Salinas (Fuerteventura). Thermal insulating works in the Repsol YPF «Mild Hydrocracker y Azufre» Plants at the Puertollano Refinery and fireproofing works of the metal structures, cradles and skirts equipment in the last generation fuel plant at the Castellon Refinery for B.P. Oil.

Instrumentation and Maintenance

Power and instrumentation maintenance at the thermoelectric station of the nuclear power station in Almaraz, Trillo and Cofrentes and the Elcogas' IGCT, as well as the supply, assembly and start up of the control and instrumentation system for carbon handling and unloading operations in Los Barrios C.T.

In the service sector the offices and facilities maintenance activities has been very important: Torretriana for the Andalusia Council, BBVA office



network in West Andalucía and Granada, branches of Savings and Loan Bank and Monte de Piedad in Madrid in the South Zone and the Savings and Loan Bank offices of San Fernando in Sevilla.

In the industrial sector, the maintenance of facilities such as La Rabida refinery for CEPESA and the Enagas Plant in Huelva. Also the instrumentation assembly for industrial plants: Lexan 2 for GEP, I.A. in Rota and Cartagena for CLH, ETBE refinery La Rabida and antibiotics Vitatene in León.

Communications

We have carried out special work in mobile telephony such as the construction and merging of Base Transmitter Stations (BTS) for Amena, GSM-R infrastructure network for Siemens, security systems in the Ministry of Defence RCT towers, mobile telephony base facilities maintenance for Telefonica Móviles and antenna towers for Retevisión.

The infrastructure installation is being carried out for mobile telephony in AVE Madrid-Zaragoza-Lleida Line that consists of 41 Base Radio Stations (BST) locations, thus achieving for the first time that each location is ready to meet the current mobile telephony operators needs. Additionally, there will be a fourth operator in reserve.



Industrial Engineering and Construction

Manufacturing Workshop

36, 20 and 6 kV cabins and power panels for generation clients and industrial plants: wind power Do Vilán for Soluciona, CCPP in Santurce and Arcos de la Frontera, Repsol, Puertollano and La Coruña, Enagás in Palos de la Frontera.

Relay framework, control panels and auxiliary services for Red Electrica Sub-Stations in Compostilla, Litoral, Puerto de la Cruz, Montearenas, Catelle, Ciero, Valdecaballeros, Don Rodrigo, Arcos and Palos de la Frontera. Protection frames for CLH in Rota, Algeciras, Córdoba, el Arahál and Adamuz.

Air traffic control electronic equipment and road pricing, vending machines, bill validity and cancellation machines, subway turn slides and parking areas for Telvent Tráfico y Transportes. Equipment for remote control systems for Telvent Energía y Medio Ambiente.



Railroad

For RENFE, additional work and interventions in the contact air line in the Corredor del Mediterráneo, Oropesa-Vandellós route. Those which stand out are the electrification in the AVE Madrid-Sevilla line of 3 kV, d.c. to 25 kV, 50 Hz, a.c. and the High-Speed Northeast Corridor (Corredor Noreste de Alta Velocidad) in (Road Section Zaragoza – Huesca) .

In suburban railroads, 1500 V d.c. electrification and power distribution for Metrosur and the Móstoles 1–Fuenlabrada 1 and Fuenlabrada 2–Getafe 2 road sections for Mintra (Madrid Transport Infrastructure).



Industrial Engineering and Construction

Abroad

We should highlight the project to improve and develop the electrical system of the city of San José de Costa Rica via the extension of a 138 kV line, the construction of three substations, subterranean channeling, distribution and connection and final user connection.

In Nouakchott (Mauritania), as part of the Ministry of Water and Energy's project to ensure the supply of petroleum products, we carried out the engineering, supply and construction of a petroleum product storage area with 60,000 m³ capacity, including the unloading berth for tankers up to 15,000 metric tons.

For Turkish State Railways (TCDD), the electrification of 80 kilometers of twin track, the construction of traction substations and the system of remote control and communications.

The supply of a track polishing machine for Tianjin Binhai Mass Transit Development (China).

We contributed to the renovation and extension of the electricity and communications systems of other countries: the supply and rehabilitation of 300 kilometers of 225 kV lines for the STEP (Morocco); the supply and assembly of 3,000 kilometers of composite ground wire optical fiber (OPGW) and renovation of associated lines for the National Energy Transmission Company (Romania), the extension and improvement of the rural electricity network in Kenya for Kenya Power and Lighting Co. Ltd.; the supply and installation of low and medium voltage lines, 66/33 kV substation, low voltage distribution points and submarine cable in Tanzania for the Tanzanian National Electricity Company – Tanesco.

In manufacturing, consoles for the control room, remote shutdown panels and neutron monitoring for unit 1 of the Lugmen nuclear power station in Taiwan.

Inabensa Morocco

Four contracts with the National Electricity Office (ONE) have been completed within the framework of the global rural electrification program which has

supplied electricity to a total of 100 villages in Morocco. In addition to these contracts, another two contracts are being implemented with twelve more villages being supplied with electricity during this period. Equally, Inabensa Morocco has been awarded five new rural electrification contracts to supply electricity to a total of 108 villages in the country's northern and southern areas.

In the context of the development of the mobile telephone network for Mediatecom, phases 7 and 8 of the construction of rural and urban GSM mobile telephony base stations via Siemens S.A. and four SDH sites. At the present time a total of 117 sites have been commissioned (including both greenfield and rooftop locations).

The electrical works for the new Spanish embassy in Rabat, which was opened last December, have been carried out for the construction company OHL.

Inabensa Bharat

The principal objective is to get established in the electricity market in India and support Inabensa in the execution of international contracts.

The civil works related to the provision and construction of the 230 kilometer Raipur-Kanaktura double circuit 400kV line, part of the East-West transmission system in India, have been completed for Power Grid Corporation.

Work has also begun on the contract awarded to construct the 400 kV Korba-Raipur electricity transmission line.

Inabensa France

Signature of the 2003-04 biannual framework contract for electricity transmission lines for the national electricity company (RTE), with the construction of 10 electricity lines throughout France being of particular note.



Industrial Engineering and Construction

Communications

Restructuring of activities with the Business Group was completed, with Abentel continuing its classic activity of constructing and maintaining external plant and the providing of circuitry and equipment to clients.

Abentel

Work arising from the global contract (2002–2006) with Telefónica de España S.A.U., was similar to last year in terms of volume of works placed and provincial locations given that we already have a presence in ten provinces (Alicante, Badajoz, Barcelona, Cadiz, Gran Canaria, Jaén, Madrid, Seville, Tenerife and Valencia).

Amongst the innovative features of this contract should be noted the fact that a significant part of the remuneration is obtained on the basis of the quality achieved, which relies very strong effect on the final customer's appreciation of our services. We have received very high marks in the indices measuring this aspect and have achieved excellence level in the last three quarters in all the provinces where we are active. This is a result of the policy introduced in the last financial year and developed during the present year aimed at achieving high levels of quality and customer satisfaction.

From the activities in which we have participated, we would highlight:

Consolidation of project integra and one of its most significant innovations: the dispatch and completion of work orders by mobile telephone with GPRS technology.

Creation of groups made up of personnel of different levels and specialties in order to analyze processes and opportunities for improvement. As a result of these analyses, improvement initiatives will be introduced with the establishment of objectives and active pursuit of results. 212 objectives were planned



for the present financial year in the different branch offices with 75% of these objectives being reached.

Centralization of fault repair dispatch into a single work distribution office for all activities and for all of Spain and the establishment of a call centers where we will attend to requests for technical assistance and monitor customer opinion about the work performed.

The dispatch tool Integral Activity Manager (GIA) developed by Telefónica is used for dealing with faults and has given us excellent results.

Our involvement with our clients in different pilot plans, such as the optima plan is allowing us to achieve greater levels of efficiency – productivity and quality– in the ADSL activity.

Our cable operators department has continued to execute plant maintenance and supply operations for the mobile phone operator Auna.

Marketing

We are still the leading suppliers in Spain of electrical equipment in the areas of instrumentation and communications for the chemicals, energy, telecommunications and industrial sectors.

The structure of the business, based on its vocation for service and providing the highest quality, allows us to maintain a stable presence in our usual markets

Industrial Engineering and Construction

and to identify and take advantage of the opportunities offered to us.

In accordance with our growth strategy, we have strengthened our presence in international markets: our subsidiaries in the United States and Mexico have amply met their planned objectives.

Similarly, we are driving forward the execution of turnkey projects and developing new services, such as procurement logistics and outsourcing of warehousing. In this respect, we should mention the warehouse management activity we carry out for Endesa, REE and Repsol Butano.

Nicsa

Maintains its leadership in Spain and is strengthening its international presence as a supplier of electrical equipment in the areas of instrumentation and communications for the chemicals, petrochemical, refineries, combined cycle, nuclear and thermal power station, telecommunications industries and heavy industry in general.

Some of our most significant achievements this year include:

Projects in Spain

Supply to Repsol YPF–Mild Hidrocracker, Puertollano Refinery– earth connection, channelling, medium and low voltage cables, control and instrumentation cables, distribution boxes, command and control stations, electrical sockets, cable seals, lighting panels, loudspeaker and communication system (turnkey), busbar conduits (turnkey), electrical wiring of tanks (turnkey) and direct current compounds.

Supply to Técnicas Reunidas–Endesa, C.C. Granadilla de Abona (Tenerife), earth connection, instrumentation cables, medium and low voltage cables, conduit, cable seals, lighting system (turnkey) and distribution panels.

Supply to B.P. Oil, Castellón Refinery, of earth connection, high, medium and low voltage cables, instrumentation cables, tray, lighting, distribution boxes and cable seals, switching yards, electrical sockets, surge diverters, motorized valve panels and instrumentation installation equipment.

Framework agreement with Cepsa to supply electrical equipment and instrumentation for all its production centers. The most notable completed projects are the extension of the wharf at Algeciras, the enlargement of FCC Algeciras and the Algeciras HDS 5 plant. The equipment included in the framework agreement are, amongst other items, medium and low voltage cables, instrumentation cables, lighting, switching yards, electrical sockets, tray, distribution boxes, cable seals, manometers and thermometers.

International Projects

Supply to Intecsah Uhde–Technip France–Cymi, Ute Pampilla España, Visbreaking, vacuum. Merox and acid waters treatment units and, for Repsol YPF, La Pampilla (Peru) medium and low voltage cables, instrumentation cables, lighting, switching yards, electrical sockets, earth connection, condenser batteries, trays, surge diverters, instrumentation and conduit installation equipment.

Supply to Dragados Offshore and PEMEX, Project EPC 78B, AKAL L production and compression platform, conduit and accessories, lighting, beacon systems, UPS, battery chargers, communications systems (public address system, telephony, data network), instrumentation tray, earth connection, low voltage cable, distribution boxes and presses, earth connections and switching yards.



Industrial Engineering and Construction

Abencor

Abencor has excelled itself in reconciling its traditional business of selling electrical and electronic hardware with new lines of business of which solar energy is amongst the most notable.

Similarly, it continues to provide warehouse outsourcing services to different companies who have entrusted this management service to us.

Amongst the principal projects we have been awarded, we should mention:

Two 12 MVA encapsulated transformers for the Enel Viesgo's Bahía de Algeciras thermal power station with a special air-water heat exchanger cooling system. In terms of their technology and dimensions these transformers will be the largest of their kind in Europe.

Four 150 MVA autotransformers for the Montetorrero substation and six 40 MVA transformers for Endesa Distribution Aragon and Catalonia regions.

Supply of fiber optic cables to be installed in the M-50 highway for the Directorate General of Traffic.

High, medium and low voltage cables, as well as submersible isolating switches for the underground electrification of San José de Costa Rica.

All of Abencor's branches have both Quality and Environmental Management certification from Aenor. During the financial year the quality management system has been adapted to meet the new 9001: 2000 standard.

Eucomsa

Eucomsa has achieved a leading position in Spain in its traditional market which is the manufacture of transmission towers and galvanized structures.

It has constructed on its own site a transmission tower test facility which will place us amongst the top tower manufacturers internationally and also allow us independence and fast response times. Testing and perfection of the facility will begin in January 2004. It will be available for use not only by us but by any client who wishes to conduct its tests at the facility which will be equipped with the highest level technology.

Eucomsa's Structures Division has fulfilled significant orders for the export market. It has manufactured 400 kV towers for various projects and clients in Mexico, such as the LT 407 for Abemex, the LT 506 for Siemens and LT 407 for Elecnor.

In addition it has supplied clients in other countries such as Mauritania, Panama, Algeria, Ireland and Uganda.

RTE (France) has authorized us to construct towers up to 400 kV.

In Spain we have retained a significant market share of REE's requirements both for 400 kV lines and for substations, with the Balboa substation-Portuguese border, Palos Guillena and Nueva Escombreras lines and between the Almazán, Arcos, Siero and Escombreras substations, the latter is currently being manufactured.

The business of the Metal Plate Division has extended its product line to include signaling. We have maintained our usual supplies to customers such as Fujitsu (cash dispensers), Telefónica (fiber optic distribution cabinets) and other customers (and products).



Latin America

A market in which Abengoa has been operating on a stable basis for over thirty years through local companies which carry out all the Business Unit activities with operational autonomy, while applying the management standards implemented throughout Abengoa.



Latin America

2003 was another positive year as regards activities and results for the Latin American Business Unit, and this in spite of the profound crisis in which countries such as Argentina and Uruguay are still experiencing.

In 2003, the Latin American Business Unit met its objectives and contributed significantly to the different magnitudes of Abengoa's overall Financial Statement.

The diversification policy, by countries and products, of strengthening the management team, as well as its flexibility, has enabled it, with the technological support received from Abengoa and under common management rules and regulations, once again to conclude a satisfactory financial year and continue with the consolidation of its structures for forthcoming years.

Teyma Abengoa (Argentina)

The structure was maintained in the country and the company is looking with optimism to the economic recovery and normalization of Argentina.

Customers y Projects Carried Out:

- Entidad Binacional Yaciretá: Design, Construction, Transportation, Installation and Commissioning of pumps, valves and sundry devices for fish transfer facilities.
- Telefónica Argentina
- Repsol YPF

In September 2003, the company renewed its AENOR ER-0285/1196 Certificate, in accordance with Standard ISO 9001:2000.

Befesa Argentina (previously Borg Austral)

Customers and Projects Carried Out:

- Repsol YPF: Cleaning of the H1201 Log Ponds in La Plata Refinery. Operation Planta Alfa Laval + US Filter La Plata Refinery. Waste Collection and Treatment for the Catre Area. Slop Oil Unit, Tank 265 La Plata Refinery and Tank 5206.
- EPEC: Commencement of Program "Cordoba free PCB's" with conditioning, consolidation and exportation of PCB's.
- AA2000: Repair of Stations in Paraná Airport, province of Entre Ríos. Conditioning, Consolidation and Exportation of PCB's.
- Special waste treatment services for the Automobile Industry: Daimler Chrysler, Ford, Peugeot-Citroen, Toyota, Volkswagen. The Oil Industry: Esso, Repsol YPF, Shell, Capsa.

Pharmaceutical Laboratories: Aventis Pharma.

Chemical Industry: Rohm & Hecce, TFL, Uniliver, Procter & Gamble.

During 2003, Befesa Argentina developed and implemented an Integral Management System in accordance with Standards ISO 9001 and ISO 14001, and other certificates it already had were renewed. The company collaborated in the Environmental Management Prize 2003 / Differentiated Collection of Batteries Program.

Telvent Argentina (previously Sainco Argentina)

Customers and Projects Carried Out:

- Maintenance of traffic light installations and operation of the Traffic Control Center in Cordoba and Rosario, with maintenance, preventive and corrective works.
- Maintenance of the traffic light network in the center of Buenos Aires.
- Western Concessionary: Buenos Aires-Luján Highway, maintenance of the toll and communications systems.
- Toll systems technical assistance for Route 5 Concessionary, in Chile; Route to the Mountains, in Uruguay and Tape Pora, in Paraguay.
- Repsol YPF: Installation and commissioning of the Control System and communications for the P. Rosales-Bahía Blanca oil pipeline.

Telvent continues to develop and operate in red light violation detection systems, one of the few companies at world level, with excellent results, as well as in the design and manufacturing of new toll barriers to meet the demands of the operators.

Abengoa Chile

It has had another good financial year with the objects proposed for the year having been more than met.

Customers and Projects Carried Out:

- Endesa: Completion and commissioning of 140 km of 220 kV low voltage line from Ralco Power Station to Charrúa Substation (BOT contract).
- Aguas Andinas: MV electric distribution system for La Farfana Plant.
- Celulosas Arauco: Construction of Lines and Substations.
- Transemel: Line and Parimacota Substation – Transmission Structure.
- HQI Transelec: Takedown of the 1 x 220 kV



Latin America

Polpaico-Quillota no. 3 line. Transformation of the 220 kV Charrúa-Ancoa line to 500 kV.

- Telefónica CTC Chile: Outdoor Plant, Maintenance, Technical Service, Installation, Repair and Payments Collection.
- Cía Minera D^a Inés de Collahuasi: Construction of the Handling Yard and Harmonics Filter Belts Sector for the Ujina-Rosario Transition Project.
- Minera Noranda: Integral supply of hazardous industrial waste collection, handling and final elimination services and cleaning of industrial areas for Altonorte Foundry. This copper foundry is the country's third largest and the world's eighth.
- Chilectra: Installation of provisional and permanent 110 kV lines. Cherra-Cerro Navía 110 kV line. Chena-Maipú reinforcement line. Cerro Navia-Renca 110 kV line, route modification. Works and maintenance of HV networks in metropolitan areas.



In 2003, Abengoa Chile broadened its AENOR Environmental Quality and Management certificates to include mechanical assemblies and piping for sanitary works.

The Collaboration Agreement signed by the University of Concepción, the Technological Research Corporation and Abengoa came into operation, to encourage the use of bioethanol.

Befesa Chile

Befesa Chile was established to provide a solution to everything related to the environment.

Collaboration Agreements were signed.

It is working, together with Abengoa Chile, on the waste treatment contract for Minera Noranda.

The necessary bureaucratic steps have been taken, and the documentation prepared, to undertake the Industrial Waste activity.

Teyma Uruguay

Within the framework of the general crisis the country and sector have experienced, Teyma managed to meet its objectives and has commenced 2004 in a positive way.

Customers and Projects Carried Out:

- Montevideo City Corporation: Central Body of the Solís Theatre. Surfacing and paving works in Montevideo. Urban Cleansing Works.
- Shopping Center: Enlargement of Shopping de Montevideo
- M'Bopicúa Logistics Terminal (Eurofores) – Chipwood Plant: Execution of the reinforced concrete structures for equipment foundations, conveyor belt support bases and stock silos.
- Banco Hipotecario del Uruguay: Construction of the new façade of its Head Offices, including the removal of 3,000 pieces of reinforced concrete each weighing 1,000 kg. Construction of 103 dwellings under the Fénix Plan.
- Administración Nacional de Usinas y Transmisiones Eléctricas: Distribution and transmission works in different areas.
- Gaseba Uruguay: Installation of regulating stations, enlargement of trunk pipelines and replacement of gas distribution networks and connections.
- Diprode: ASC 4 Cleansing works in Montevideo and Metropolitan Area.
- OSE Obras Sanitarias del Estado: civil works to reduce the quantity of uncontrolled water, enlargement of the sewage network in several cities.
- Intendencia Nacional de Montevideo: Providing Household Waste Collection Services, road cleaning and transportation of material to final storage dump, for a 1,210 hectare area with a population of 150,000, introducing a new collection system.

Latin America

- Saneamiento de Cerro Norte: Renovation of the Arteaga network collectors in Montevideo.
- Administración Nacional de Puertos: Maintenance of installations and paving in Montevideo port.
- Servicios Forestales: through its subsidiary Pandelco, Teyma provided crop services for the country's most important operators: Eufores (Ence), Cofosa (Metza-Botnia), TILE.

In 2003, Teyma renewed its Quality ISO 9001:2000, Environmental ISO 14000 and Occupational Health and Safety UNIT 18.001 Certificates. Pandelco also renewed its Quality ISO 9001:2000 certificate and obtained the Occupational Health and Safety UNIT 18.001 certificate. Teyma is the only Uruguayan company to have certificates simultaneously for the three systems: Quality, Environment and Occupational Health and Safety. The same can be said of Pandelco in the forest sector given that it has certificates for its Quality and Occupational Health and Safety systems. In 2003, the company was once again awarded the National Quality Prize, and is the only company in the construction industry to have been awarded it and the second company in Uruguay to have been awarded it for the second time.

Abengoa México

Intense activity continued for the Federal Electricity Commission and PEMEX, and activities commenced in other areas. Thus the objectives for the financial year were very satisfactorily met.

Customers and Projects Carried Out:

- Abener Energía El Sauz: Tuxpan 406 Project (2nd Phase): Supply, construction, installation and testing of the 239 km Tres Estrellas-Teotihuacán power line.
- Federal Electricity Commission (CFE): Tuxpan 406 Project (3rd Phase): Stringing of the second circuit of the 127 km El Salto-Teotihuacán power line.
- Federal Electricity Commission (CFE): National 411 LV System Project: Construction of 400, 230 and 138 kV power transmission lines, total of 637 km, in the States of Chiapas, Oaxaca, Guanajuato, Mexico and others.. The 95 km Río Escondido-Arroyo del Coyote line was completed under this project (50% in consortium with Elecnor).
- Federal Electricity Commission (CFE): 407 LV Network Project related to Altamira II, III and IV. The 75 km El Potosí-Palo Alto Cañada line was completed (50% in consortium with Elecnor).

- CFE: 55 LV Network Project related to CCI Baja California Sur 1: Construction and installation of 49.6 km of 230 and 115 kV lines and two 230 kV and 115 kV substations, in the State of Baja California Sur.
- Federal Electricity Commission (CFE): Supply and installation works for El Sauz Combined Cycle Power Plant.
- PEMEX Exploración y Producción: Rehabilitation works in Activo de Producción Samaria Sitio Grande's SF6 115 kV substation, in the State of Tabasco.

New Contracts:

- CFE: Project 104 SLT 706 Northern Systems 2nd Phase: Construction and Installation of eleven 230, 138 and 115 kV lines, totaling 432.8 km and ten 400, 230, 138 and 115 kV substations in the States of Coahuila, Chihuahua, Durango and Baja California.

The certification process in accordance with standard OHSAS 18001 related to Occupational Health and Safety commenced, and the company's Quality Certificate was renewed.

Befesa Mexico

During the course of 2003, Befesa Mexico continued to make progress and establish itself in the country with a view to covering and developing all its business activities such as the Containment of Industrial Wastes, Sludge Treatment, Automatic Cleaning Services and Land Remediation. 2004 will be the year in which it will fully consolidate itself.

Comemsa (Mexico)

Manufacturing of pylons and metallic structures. In 2003, Comemsa consolidated its presence in Mexico and continued to expand to other regions. Contracting surpassed 29,000 tons through contracts with Sade Skanska, Cymi, Siemens, Abengoa-Elecnor, Cobra, Alstom and the Federal Electricity Commission (CFE) for whom it is a Supplier Qualified by LAPEM. The manufacturing and supply of pylons for LV lines required, in some cases, up to 10 different designs; delivery periods were met and the quality of the works was acknowledged by all its customers. Metallic structures, supports, columns and bus-bars were also constructed for substations. In 2003, Comemsa adapted its Quality System to the 2000 version of Standard ISO 9001:1994, and obtained the corresponding certificate in accordance



Latin America

with the audit made by Bureau Veritas Quality International and the company also continued to develop its Environmental Management and Occupational Risk Prevention Systems.

Abengoa Perú

Within a framework of high competitiveness and a shortfall of activity, Abengoa Peru completed its adaptation process towards the end of 2003 and obtained contracts that will permit stability over the next few years.

Customers and Projects Carried Out:

- Befesa Peru: Construction of the first phase of the Environmental Complex was completed.
- La Pampilla refinery: Installation of MV cables for the Substation.
- Red Energía del Peru: Changing of the Lima-Zapallal-Chimbote 1 conductor line to 220 kV.
- Electronorte: Remodeling of Distribution Networks and Rehabilitation of LV networks.
- Hidrandina: Expansion of Distribution Networks and Household Connections for a total of 5,200 subscribers.
- Electrocentro: Expansion for distribution networks in María, for 400 subscribers.
- The "Alexander Von Humboldt" Peruvian German Cultural Association for the Promotion of Education: Construction of the Student Recreation Center.
- Ambev: Civil works for the construction of a brewery in Lima.

In 2003, the new Standard ISO 9001:2000 was implemented upon the company passing the audit by AENOR.

Abengoa Peru was a semi-finalist from among 84 companies that participated for the Best Human Resources Training Prize, which measures the impact of the Training given to a company's Human Resources to achieve an improvement in the Organizational Climate, with aspects such as Communications, Working Climate and Training being assessed.

Befesa Peru

Befesa Peru was established to provide integral industrial and hazardous waste management services. The company possesses the largest safety depot in



the country. Its customers include: Pluspetrol, Edegel, Luz del Sur, the Environmental Health Agency and Lima Airport Partners.

In 2003, an environmental management system was implemented in accordance with Standard ISO 14001:1996, and the certification process got under way.

The company organized several seminars and participated in the Expo-Environmental Fair 2003. It also organized guided tours of its facilities.

Bargoa (Brazil)

2003 was an extremely important year for Bargoa, a company dedicated to manufacturing components for the telecommunications, the automobile industry and other sectors. In spite of the fact that the investment crisis continued in the telecommunications sector, the company's activity increased 252%, with 50% of the total sales volume being attributable to exports.

It enlarged and improved its production plants and increased its volume of engineering development equipment; all this enabled it to put new products on the traditional market.

It obtained the Quality Certificate in accordance with Standard ISO 9001:2000 and commenced activities to certify the ISO TS-16.949 and ISO 14.000.

Latin America

Telvent Brazil (previously Sainco Brazil)

Customers and Projects Carried Out:

- ONS Operador dos Sistema Eléctrico: Monitoring and Control System for the Brazilian Interlinked Electrical System. Maintenance works.
- General Electric do Brasil: Equipment and components supply for the emergency control plan (ECE's).
- Electronorte: Control, protection and telecommunications systems.
- Vatech. Expansion of the Serra da Mesa emergency control plan (ECE's).
- CBTU Companhia Brasileira de Trens Urbanos: Real time traffic control system in Belo Horizonte – Minas Gerais.
- Centrovias Sistemas Rodoviários: Supply of the ITS system for roadway operation monitoring and control.
- Prefeitura Municipal de Salvador: Salvador-Bahia city real time traffic control system (UTC).

The company obtained the IQNET and AENOR quality certificates and won the "Top Excelencia Empresarial" prize awarded by Companhia Nacional de Eventos e Pesquisas Ltda., in the Information Technology section.

Abengoa Brasil

During this financial year, Abengoa Brasil continued to be one of the leading companies in the HV transmission lines market in Brazil. It constructed and operated lines, as a concessionary, through BOOT contracts with ANEEL (Agencia Nacional de Energia Eléctrica). From a total of 1,932 km of contracted lines, 961 km are now in operation (Expansión and NTE), 601 km are under construction (STE and ETIM.), and 370 km have been contracted recently.

The size and qualification of Abengoa Brasil, guarantee its presence in the market for forthcoming years.

Customers and Projects Carried Out:

- ANEEL: Nordeste Transmisora de Energia NTE: Construction and operation of the 200 km long, 500 kV Xingó-Angelim Line and the 186 km long, 230 kV Angelim-Campina Line. They came into service on 22.12..03.
- ANEEL: Sul Transmisora de Energia STE: Construction and Operation of the 389 km long,



230 kV Uruguaiana-Maçambara-Santo Angelo-Santa Rosa Line.

- ANEEL: Expansión Transmisora Itumbiara-Marimondo ETIM.: Construction and Operation of the 212 km long, 500 kV Itumbiara-Marimondo Line.

New Contract:

- ANEEL: Transmisora de Energia ATE: Construction and Operation of the 370 km long, 525 kV Londrina-Assis-Araraquara Line.

Befesa Brazil (previously MTC Engeharia)

During the financial year, Befesa Brasil changed its activity and company name to dedicate itself to environmental subjects in Brazil, and provide solutions for the market through advanced technology and practical solutions in the Industrial Waste Management, Industrial Cleaning and Hydrocarbons, Industrial Waste Management and Treatment sectors, and for anything else related to the environment.

Thus, the implementation process for a Safety Depot to manage and treat Class I and II Industrial Wastes (called CAPRI, Industrial Waste Environmental Processing Center), commenced in Rio de Janeiro.

Abengoa Branch in Ecuador

Loja Municipality: Works continued under the Potable Water Master Plan for Loja.

Telvent Abengoa Branch in Colombia

In 2003, work continued on consolidating Telvent's presence (previously Sainco) with the company carrying out, for Ecopetrol: The renovation of the Scada System for the Remote Control of the country's oil pipelines. For Electricaribe-Electrocosta: the company commissioned 10 remote stations for substation tele-control and was awarded a new contract to supply 13 new systems.



Sustainability Report



Sustainability Report

Abengoa's Sustainable Development Policy

Mission

Abengoa is an industrial and technological company providing solutions for sustainable development, the information and knowledge society and the creation of infrastructures. We promote innovation as a source of value and sustained growth.

At Abengoa, our activity is oriented towards our clients, the professional and human development of our employees and the creation of value for our shareholders.

Vision

At Abengoa, we believe that the innovative company is an efficient and necessary instrument in a context of a changing economy and competitive environment on the road towards a society of sustainable development.

Sustainable Development

The concept of sustainable development goes far beyond mere perennial preservation of the material world. The United Nation's Brundtland Commission declaration refers to "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Evidently, a necessary condition is that this development be for everybody. "Sustainable development must be for everybody, or it is not sustainable". The principles of sustainable development include undertakings to maintain and increase the natural and social capital and the capacity of the world economy to create wealth and distribute it fairly.

At Abengoa, we believe that the major challenge facing the 21st century is to change the current development model for one of sustainable development. This change will have to come about on several levels: institutional and legal frameworks, infrastructures, behavior, attitudes and values.

Abengoa is deeply committed to sustainable development. Our business, particularly new business, is inspired by this philosophy. Although in the future it may be possible to say that all material business will fall within the remit of sustainable

development, and all intellectual business within that of the Information Society, we are still only at the beginning of the road.

Therefore, we consider sustainable development a strategic factor and, in addition to including it as part of our strategy, have considered taking part at pro sustainable development forums. We would like to emphasize that Abengoa is a signatory to the United Nations Global Pact with Business Leaders, the aim of which is to foster shared values and principles to give a more human face to the world market.

Internal and External Sustainability. The Triple Balance

Abengoa's internal sustainable policies are aimed at ensuring the long-term continuity and growth of the company, creating value for our shareholders, preserving the environment and fulfilling our commitment with our employees and with society.

Our external sustainability policies are aimed at the progressive alignment of our business activities with the objectives of sustainable development, and also making a positive contribution to sustainable development.

The triple economic, environmental and social balance is the reflection of these policies.

As regards the economic balance, we would like to underline that Abengoa was founded in 1941, with a founding capital of 180,000 pts (1,081.82 €). Our development has been strongly influenced by the innovative and entrepreneurial vocation of our founders.

In 1950, after our first decade in existence, Abengoa had 149 employees, invoiced 14 million pesetas (84,141.69 €). 53 years later, in 2003, these figures had grown to 8,826 employees, sales of 1,635 m€.



Sustainability Report

Our compound annual growth rates during this long period of time are as follows:

- | | |
|-------------|--------|
| • Employees | 7.38% |
| • Sales | 20.51% |

In the environmental balance and other matters, we would like to highlight Abengoa's extraordinarily positive contribution to sustainable development. This contribution begins in the very structure of the business, as a look at the organization of the group will show. Two business areas, Environmental Services and Bioenergy, are clearly oriented as active environmental agents which, in addition to the promotional profile of the other areas, give the group a clear environmental profile. On the other hand, Abengoa owns an important group of co-generation plants, an important contribution to this environmental balance.

- As regards social balance, we would like to underline the important social action carried out by Abengoa through the Focus-Abengoa Foundation, and our important contribution to third-world development, particularly through the construction of infrastructures in developing companies, which accounted for 24% of our revenue in 2003.

Abengoa and Innovation

As our mission statement explains, Abengoa is extraordinarily committed to innovation, promoting it as a source of value and of sustained growth.

It is well known that recent years have been very difficult for technology in the international financial markets. However, at Abengoa, we have maintained and reinforced our wager on technology, considering that innovation is a complex and continuous long-term process, which should not be influenced by temporary fluctuations.

Innovation is implemented at Abengoa in different ways: on the one hand, there is an internal process aimed at offering solutions to specific clients or developments. There is also an external process based

on collaboration agreements with the Universities, Public Research Authorities, or third parties; this process is normally shared. On other occasions technology is acquired. We also take out strategic financial stakes in and, in some cases, control of technology companies.

These processes have been widely recognized by society, as evidenced by the numerous awards we have received (see RDi section of this Report).

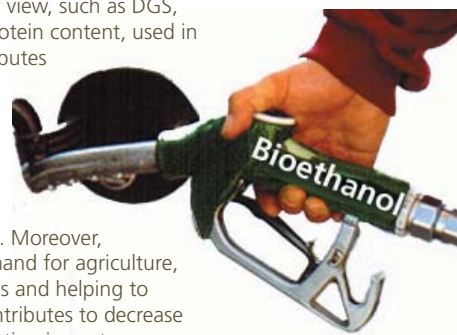
The Contribution of Abengoa's Business Activities to Sustainable Development

Abengoa's business activities are structured into four units, each with a very important contribution to sustainable development, as explained here:

Bioenergy

Abengoa manufactures and commercializes bioethanol, a renewable gasoline substitute, obtained from cereals and used as a biofuel. Bioethanol production saves on the consumption of fossil fuels and the emission of many tonnes of CO₂ into the atmosphere, as the gas emitted by the vehicles has already been fixed by the cereals, through the chlorophyll process. The manufacture of bioethanol also gives rise to other by products, very interesting from an environmental point of view, such as DGS, compounds with a very high protein content, used in animal feeds. Bioethanol contributes very positively to the cleanliness of the air in our cities, as, being an oxygenated fuel, it prevents CO formation. As it raises the octane level, it is also very interesting for leadless gasoline. Moreover, bioethanol involves a large demand for agriculture, creating many jobs in rural areas and helping to stabilize populations. It also contributes to decrease energy dependence, by substituting imports.

Abengoa is the leading bioethanol producer in the European Union and the 4th in the USA.



Sustainability Report

We now give a summary of the contribution of this activity to sustainable development in the year 2003:

- Cereals consumed 1,210,752 metric tons
- Bioethanol produced 516 m liters
- Vegetable protein produced 451,430 metric tons
- Crude oil substituted 1,927,108 barrels
- CO₂ saved 1,112,899 metric tons
- Direct jobs 204
- Indirect jobs, mainly in rural agriculture 4,075

Environmental Services

Through its different companies, Befesa carries out industrial activity aimed at favoring environmental protection and recovery, using operations which are both technologically advanced and economically viable.

These activities fall into the following business areas:

- Recycling of aluminum waste
- Recycling of salt slag
- Recycling of zinc and desulphurizing waste
- Industrial waste management
- Industrial and fuel cleaning
- Environmental engineering

These activities have a very positive environmental balance, as they save on prime materials and energy, reduce CO₂ emissions, and protect the environment by recycling, eliminating or controlling waste. Moreover, environmental engineering plays an important part in water cycle infrastructures and management.

As an example, and for references purposes, we now comment on some, but not all, of the contributions to the environment made by secondary aluminum. This aluminum, a recycling product, saves consumption of primary aluminum. It takes approximately 12 KWh to produce one Kg of primary aluminum, while it only takes 0.5 KWh to produce one Kg recycled aluminum. In addition to saving on energy, this process also saves prime material and saves CO₂ emissions. Moreover, most secondary

aluminum is used in the automobile industry. Every Kg of aluminum used in a car avoids on average approximately 20 kg of CO₂ emissions throughout its lifetime, on average, with an equivalent reduction in fuel consumption. Additionally, 95% of the aluminum used is recycled at the end of the life of the automobile.

We would also like to highlight our desalinization activity. Abengoa has constructed the largest desalinization plant in the European Union in Carboneras, Spain. Desalinization is one of the great promises of sustainable development. Desalinating sea water still consumes a lot of energy: this makes up the greater part of the cost of the process. However, technological development is making this cost fall quite quickly, towards its technical minimums. In 1998, desalinating one liter of seawater consumed 6 KWh. The Carboneras desalinization plant consumes 4 KWh, and this consumption will probably be reduced to about 2 KWh during this decade. This is great news for developing countries, as cheap desalinated water will contribute enormously to their development, help stabilize populations and make cities more healthy places.

In the environmental balance chapter, the most important figures of the environmental contribution of these businesses are indicated.

Industrial Engineering and Construction

Cogeneration

Abengoa participates in 11 cogeneration plants.

Information 2003

- Electrical energy generated 2,001,110 MWh
- Steam delivered to the host industry 1,036,165 metric tonnes
- Net CO₂ emissions: 692,206 metric tonnes
- CO₂ emissions saved: 880,488 metric tonnes

The Industrial Engineering and Construction unit also promotes and builds renewable energy plants, particularly solar and biomass plants, and builds biofuel plants.

Another of its companies develops new hydrogen (H₂) technologies.



Sustainability Report

ICI constructs energy infrastructures mainly in the electrical sector: generation plants and transport and distribution infrastructures. Many of these infrastructures are built in developing countries.

Information Technologies

Telvent is Abengoa's Information Technologies company that concentrates on control systems and design and build infrastructures for the information and knowledge society. The basic technologies are digital electronics, real time IT, modern telecommunications, Internet technologies, their contents and management systems.

Telvent contributes to improve and rationalize the management of public services and administrations and companies.

Latin America

Abengoa is operating on a stable basis in Latin American countries.

Its contribution to sustainable development resides mainly in the social balance, as it contributes to the development and modernization of these countries, particularly by creating electrical, telecommunications, environmental and industrial infrastructures. Abengoa's first permanent implantation in this zone was in Argentina in 1968.

Economic Balance

Introduction

Abengoa has always stood out because of its entrepreneurial nature, and has continuously transformed its activities, taking advantage of new opportunities and adapting to new social demands and changes in economic context. In this regard, we are continuously remodeling the perimeter of our activities, by means of organic growth, acquisitions, mergers and divestiture. The following are some of the more interesting operations of recent years:

In 2000, Befesa Medio Ambiente, S.A. was acquired and integrated with existing activities in the environmental services group, allowing it to become European Union leader in certain recycling areas, such as aluminum, zinc, industrial waste and other activities.

In recent years, we have also developed activities with regard to bioethanol production. Abengoa has two plants in Spain and is building a third, and is currently the leading producer of bioethanol in the European Union. In 2002, we acquired High Plains Corporation, the 4th-ranked bioethanol producer in the United States, thus becoming one of the leading producers of bioethanol worldwide.

In 2001, we divested the wind energy business through the sale of Desarrollos Eólicos.

In 2003, we acquired the Network Management Solutions division of Metso Corporation, consisting of two companies in Canada and the USA, employing over 400 persons, mainly engineers, who have been integrated into Telvent.

Abengoa's Strategy

The basic instrument used to formulate and implement our strategy is our 10-year Strategic Plan, presented by the companies and the business groups, and then integrated and consolidated at corporate level. The Strategic Plan is revised in depth every six months, and linked with the annual budgets. The plan presents qualitative information from the companies regarding their products, markets, competition, alliances, problems and conclusions. It goes deeper into the vision for the future, following the method known as the 3 Horizons: consolidated business, business in expansion and emerging business.

Moreover, and at the qualitative level, this reflection on businesses can be extended over several decades, emphasizing our expectations regarding the duration of our competitive advantage or the long-term sustainability of the business. Some business opportunities are short term; others may last a generation, and yet others may be passed on to our children and the coming generations.



Sustainability Report

Commitment to Quality

At Abengoa, we have always been committed to ensuring that our products, services, systems and processes are oriented towards total client satisfaction.

Ever since our current Common Management System (a series of obligatory internal standards to unify the management of the companies in the Abengoa group) started up in 1997, we have chosen to implement quality systems in all group companies as a strategic target, beyond certification requirements.

This system of standards, establishes the preparation and implantation of Quality Management Systems in accordance with ISO standard 9001:2001 as an essential element. These systems must be grounded in solid leadership management, to provide the necessary training and resources so that all personnel can contribute to the continuous improvement of the company through their daily activity.

The principles of this policy involve:

- Using resources rationally, in addition to preventing and minimizing errors, by applying continuous improvement programs and establishing targets and goals.
- Promoting the active and responsible involvement of all staff and providing suitable permanent training, allowing for the participation in the continuous improvement process of the system.
- Promoting teamwork and sharing information, vital to improve the quality of our activities.
- Complying with current legal standards and any other commitments that the company has acquired at all times.
- Promoting innovation, new ideas and new methods, and updating resources, as essential elements for the continuous improvement process, the results of which are projected over three dimensions:

Client satisfaction:

- Identification of important attributes.
- Minimization of failure rates. Process control and improvement.

Employee satisfaction:

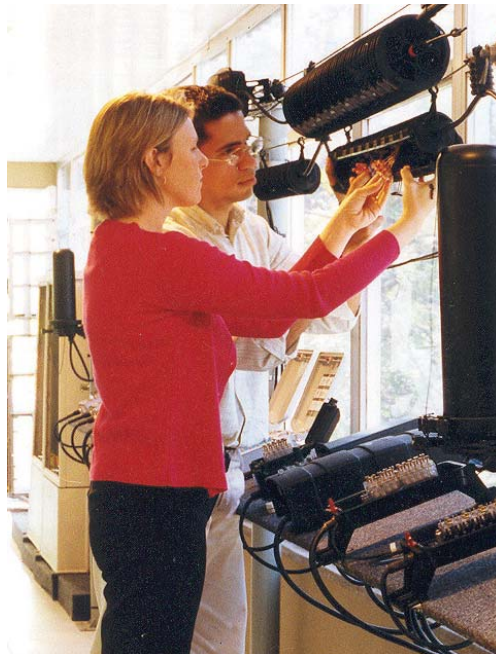
- Training and development program.
- Responsible participation.
- Recognition of achievements.

Improvement of economic results:

- Increased revenue from differentiation
- Reduced cost of bad quality
- Increased competition in the markets where we operate.

Quality Structure and Organization

Each component company of the group has the capacity to structure and organize itself in accordance with its own needs. The management will establish which resources are necessary to comply with Abengoa's quality commitment.



Sustainability Report

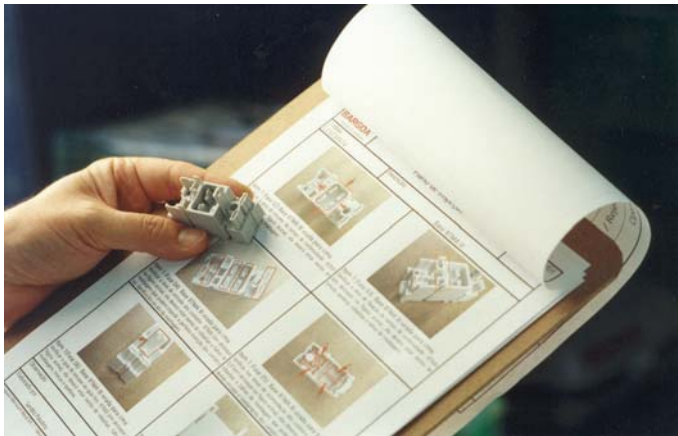
As an instrument to develop the commitment to quality, each company has a specific organization, adapted to its own needs, dedicated to developing and maintaining the Quality Management System. These organizations are directly responsible either to the management of the corresponding company or to the management of the business group to which they belong. In each case, they are formed by fully-qualified technicians with specific academic training in the matters.

At corporate level, and reporting directly to the Presidency of Abengoa, there is a Corporate Office for Organization, Quality and the Environment. This Office has its own resources, and its responsibility as regards quality matters is to inform regarding the evolution and situation of the Quality Management Systems in the different group companies. This supervision is overseen by the General Coordinator for Quality and the Environment, who carries out monitoring and surveillance visits to verify that these targets are being met, and that full advantage is being taken of the synergies created in the group.

Moreover, those companies whose activity revolves around Industrial Engineering and Construction have a decentralized structure with activities in the work or project itself, in the corresponding permanent establishment (Regional Delegation or Office) and in its company headquarters, the latter reporting directly to General Management. The functions of the Quality and Environment organizations are, basically, managing and developing

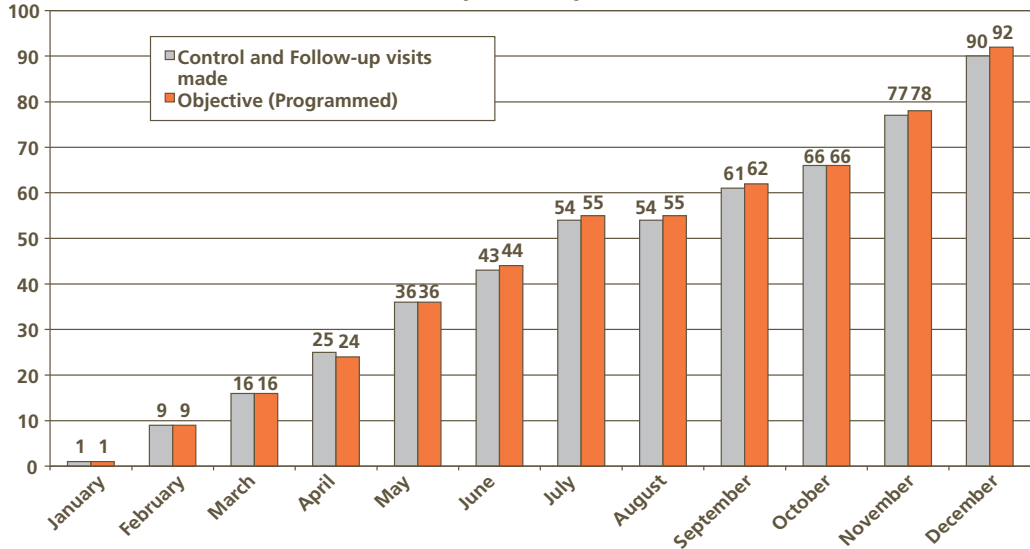


Systems documentation, keeping it updated in accordance with applicable national and international standards and in accordance with the law; proposing and developing the annual internal audit plan; acting as secretary for the Committee for Quality and the Environment, where targets, indicators and goals are proposed for the company, its areas and departments; attending the areas and departments in their queries and requests for assessment; collaborating in training programs; evaluating suppliers; supervising the application of the Troubleshooting Report (Informe de Resolución de Problemas – IRP) and Improvement Actions (Acciones de Mejora – AM); and collaborating with General Management in the annual revision of the Systems, in order to establish proposals for improvement.



Sustainability Report

Control visits and accumulated follow up on
Quality Control Systems



Quality Management Systems

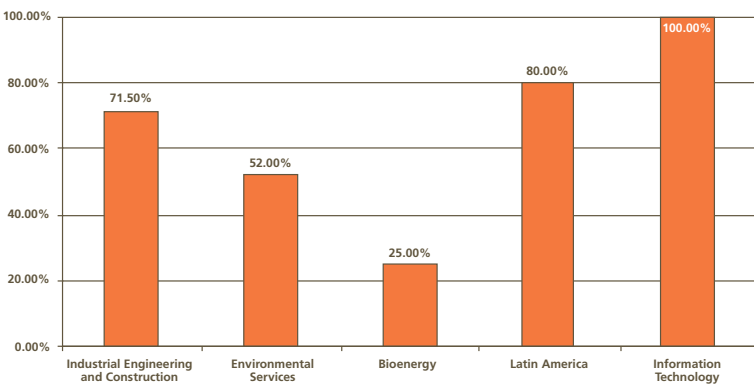
The progressive implantation of quality management systems in Abengoa group companies, both in Spain and in the other countries where Abengoa is present, is one of the strategic targets of the group's commitment to quality. This target is configured around the Quality Management model, in accordance with ISO 9001 international standard and the EFQM Excellence model.

UNE EN ISO 9001

The international standard established by Abengoa as the basic reference for its Quality Management Systems. Our level of third-party certifications has developed as follows:

The percentage distribution of the quality certified companies per business group is shown on the right:

Percentage of ISO 9001 Certified Companies by Business Unit
2003



Sustainability Report

It should be pointed out that the Bioenergy business group was founded recently and has companies in Spain and in the USA. Ecocarburantes Españoles, S.A. and Bioetanol Galicia S.A. are currently developing and implementing integrated management models for Quality, the Environment and Prevention of Workplace Hazards, with the aim of obtaining third-party certification early in 2004.

The US company Abengoa Bioenergy Corporation is governed by local standards that influence its production environment.

EFQM Model

The EFQM Excellence Model is a non-obligatory work framework aimed at achieving sustained excellence in an organization, based on the following principles: client satisfaction, employee satisfaction and a positive impact on society, achieved by means of leadership in policy and strategy, correct personnel management, efficient use of resources and correct process definition, all leading to excellence in business results. These principles are developed over nine criteria that allow a balanced evaluation, in order to establish the progress of an organization towards excellence.

In 2003, the Information Technology Business Group extended the use of the model to all its companies, using the Quality Management Club simplified model, known as Profile. Using the result of these evaluations, Improvement Action programs have been set up to reinforce those areas that obtained the lowest scores.

Additionally, companies such as Telvent Energia y Medio Ambiente, S.A. have begun external validation of the results with EFQM organizations, such as the Quality Management Club.

Quality Strategy

Abengoa bases its evolution on continuous improvement in the development of its Management Systems, and on the following instruments, considered strategic: Seis Sigma, Troubleshooting Report (Informe de Resolución de Problemas – IRP) and Improvement Actions.

Six Sigma

In 2003, Abengoa opted for Six Sigma as a tool for the continuous improvement of important business processes, then operating at an irregular or unsatisfactory level. Six Sigma is a methodology that applies statistical project management techniques to control and reduce the variables that influence overall results, leading to results that can be projected over three dimensions:

- Client satisfaction, identifying the important attributes of client demand, minimizing failure rates and controlling processes.
- Employee satisfaction, participating in training and development programs, allowing for responsible participation and recognition of their achievements.
- Improved economic results, increasing earnings by differentiation and reducing the cost of poor quality.

The target for 2003 was knowledge, training and set-up of Six Sigma improvement projects; this target was met in all Business Groups.

Troubleshooting and Improvement Actions

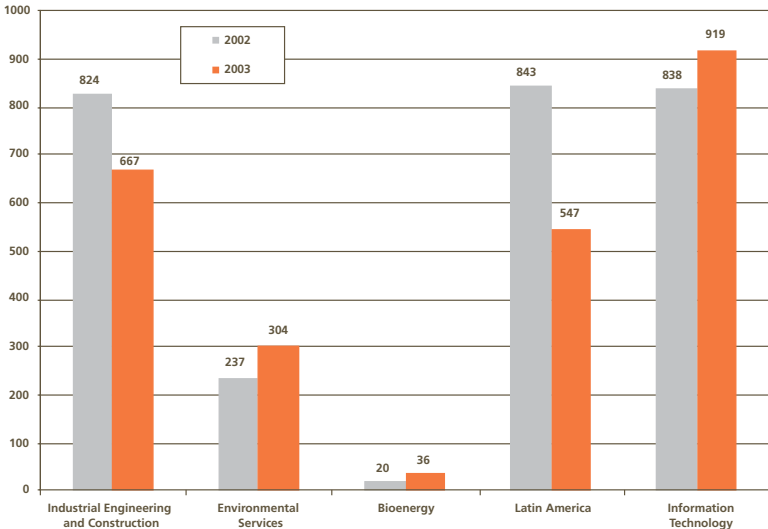
New versions of two computer applications, one to manage and solve problems (IRP), and another for the treatment of improvement actions (AM) have been implanted in practically all group companies, as strategic tools to improve the Quality Management Systems.

Sustainability Report

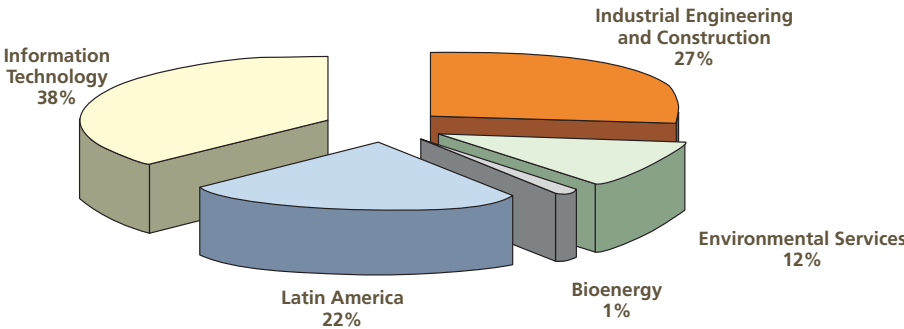
The essential part of these applications is that problem management and solution and improvement actions can be proposed from the level most directly related with the problem, so that troubleshooting (IRP) and improvement proposals (AM) go "from the bottom up". The full use of these tools can give us an enormous advantage in the daily management of problems and continuous improvement, improving the efficiency of the system.

We now give a comparison by Business Group of the results obtained in 2002 and 2003 in troubleshooting and improvement actions, plus the distribution of the problems detected and the proposed improvement actions.

IRP Generated by Business Unit

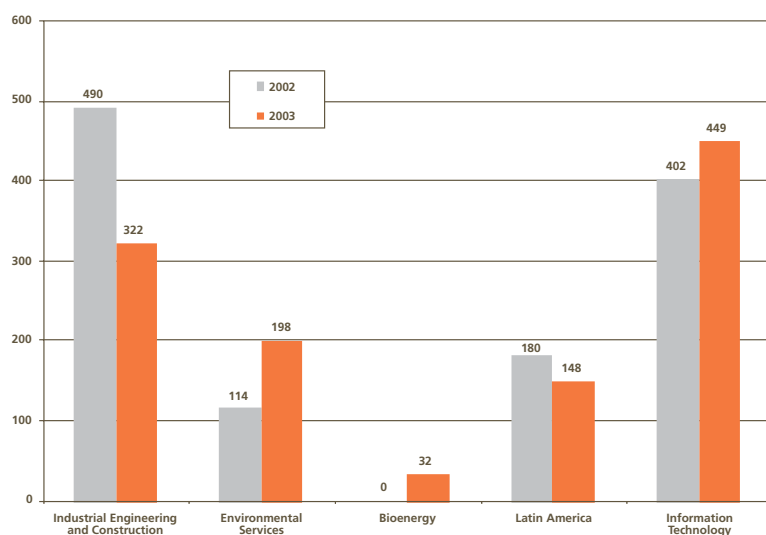


Distribution of the IRP Generated in 2003 by Business Unit

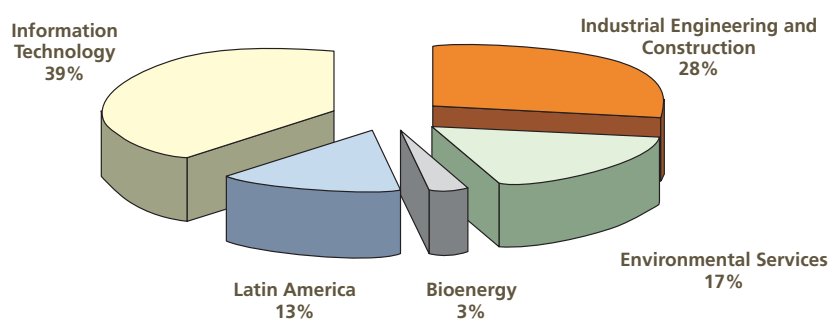


Sustainability Report

AM Generated by Business Unit



Distribution of the AM Generated in 2003 by Business Unit



Sustainability Report

The following general targets have been established for the current year:

- ISO 9001 certification of the Quality Management Systems of Abengoa companies.
- Monitoring of the Quality and Environmental Management Systems of Abengoa companies, by means of a half-yearly visit to each.
- Revision of the IRP and AM applications to adapt them to the evolution and operation required by the business.
- Consolidation of the Seis Sigma methodology in all the Business Groups.

Environmental Balance

Commitment to the Environment

In tune with social demand to preserve the environment, we at Abengoa are aware that our services, systems, processes and products must be respectful with the environment, and that we must identify and control possible environmental impact in order to reduce their frequency and impact.

This commitment and our subsequent contribution to sustainable development are a part of the very structure of our business, as can be seen from our current business organization. Two business areas, Environmental Services and Bioenergy, are clearly oriented as active environmental agents which, in addition to the promotional profile of the other areas, give the group a clear environmental profile.

The Environmental Management Systems must be grounded in solid Management Leadership, providing the necessary training and resources, so that all persons in the company may contribute to improving the environment as part of their daily activity.

The principles of this policy involve:

- Compliance at all times with current legal regulations, internal regulations, the requirements of our clients and other interested parties, and any targets and goals that may be established,
- Prevention and/or minimization of harmful or negative environmental repercussions,
- Reduction of energetic and natural resources, striving to ensure that said consumption be renewable or regenerative; and
- Continuous improvement of environmental behavior.

Environmental Structure and Organization

The development of said management standard incurs the following obligations for Abengoa companies as regards environmental structure and organization:

- The setting-up of a Quality and Environmental Committee, chaired by the Management of the company, to represent it at the highest level of the organization. To function as the governing body of the Environmental Management System.



Sustainability Report

- To assume the necessary environmental structure and organization in order to comply with the Commitment to the Environment established in the standard. The responsibility that the standard involves for Management, and which should be adapted to the needs of the company.

Consequently, each company will have a specific organization adapted to its needs and devoted to the development and maintenance of the Environmental Management System. In general, these organizations will report directly to the Management of each company, or, in certain areas, to the management of a specific business group. In every case, the organizations with responsibility for the Environmental Management System will be formed of fully-qualified technicians, with proven academic and environmental training. Additionally, these organizations are responsible for specific environmental management activities, such as: the identification of legal and other requirements;

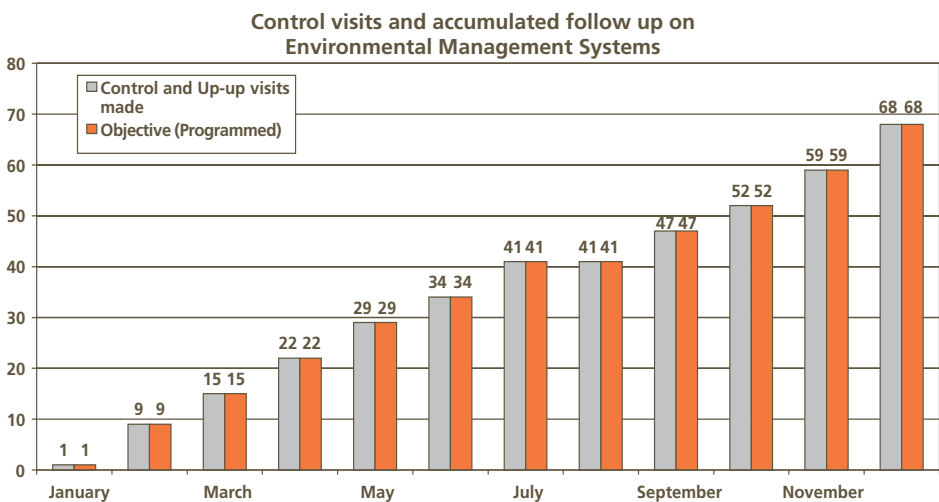
proposing and developing the annual internal audit plan; acting as secretary for the Committee for Quality and the Environment, where targets, indicators and goals are proposed for the company, its areas and departments; attending the areas and departments in their queries and requests for assessment; collaborating in training programs; evaluating suppliers; supervising the application of the Troubleshooting Report (Informe de Resolución de Problemas – IRP) and Improvement Actions (Acciones de Mejora – AM); and collaborating with General Management in the annual revision of the Systems, in order to establish proposals for improvement.



Basically, the organization of the Environmental Management Systems is the same as that of the Quality Management Systems.



Sustainability Report

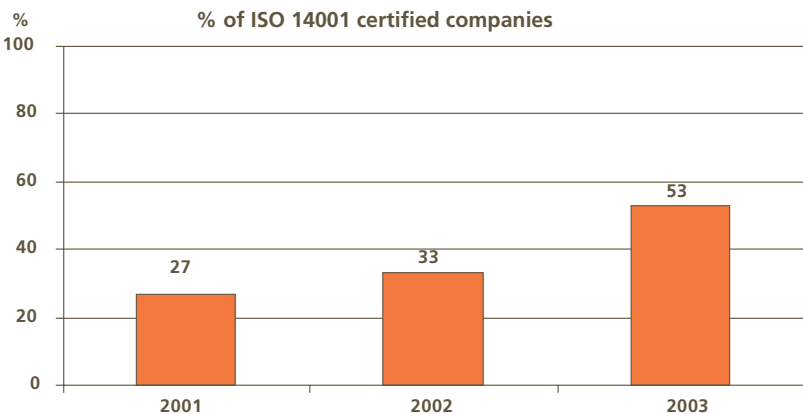


Environmental Management Systems

The gradual implementation of Environmental Management Systems in Abengoa, both in Spain and in the rest of the countries where it operates, is one of the strategic objectives of the group's environmental commitment. This objective is configured around two Environmental Management models: International Standard ISO 14001 and the European Ecomanagement and Audit Scheme (EMAS).

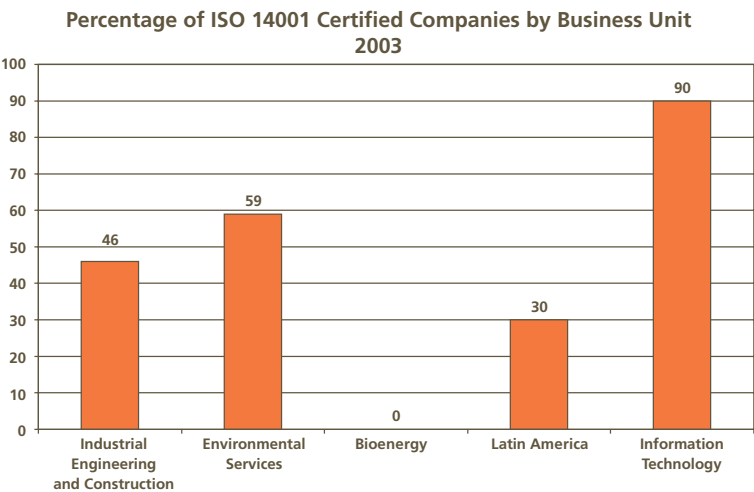
UNE EN ISO 14001

The international standard which Abengoa has established as the basic reference for the development and implementation of Environmental Management Systems. The development of the systems certified by third parties is as follows:



Sustainability Report

The percentage distribution of certified companies by Business Group can be seen in the graph below.



It should be pointed out that the Bioenergy business group, with companies located in Spain and the US, has only recently been set up and its Environmental Management Systems are still at the development and implementation stage. For the Spanish companies (Ecocarburantes Españoles, S.A. and Bioetanol Galicia, S.A.) the objective is to obtain third-party certification of an Integrated Management System for Quality, Environment and Risk Prevention in the Workplace at the beginning of 2004

Regarding the North American Abengoa Bioenergy Corp., this is governed by local regulations which have a higher influence on its production area.

European Ecomanagement and Audit Scheme (EMAS)

There are currently three companies in the Environmental Services Business Group which have obtained the Verification Certificate, which proves that the Environmental Management System conforms to the requirements of the European Ecomanagement and Audit Scheme (EMAS).

Over the next few years, several companies in this business area and others shall have the objective of being registered under this scheme.

Strategy Regarding the Environment

As strategic tools for improving the management of Environmental Management Systems in practically all companies in the group a new version of two software applications has been implemented: one

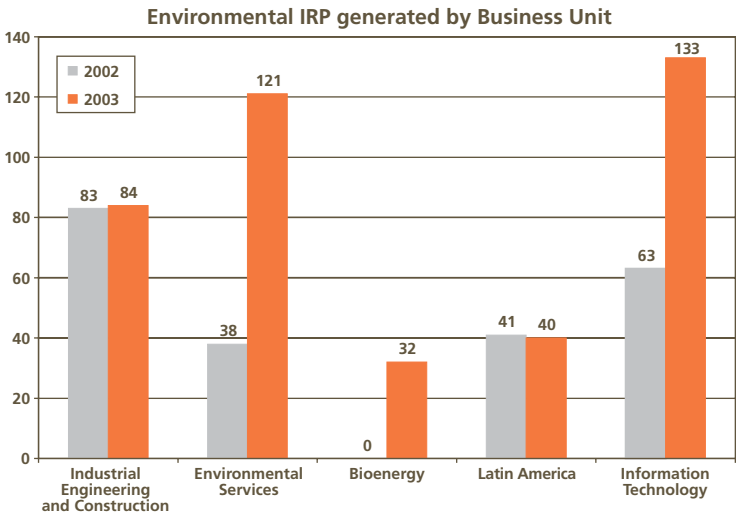
Sustainability Report

for management and solution of problems (PSR); and another, for handling actions for improvement (AI).

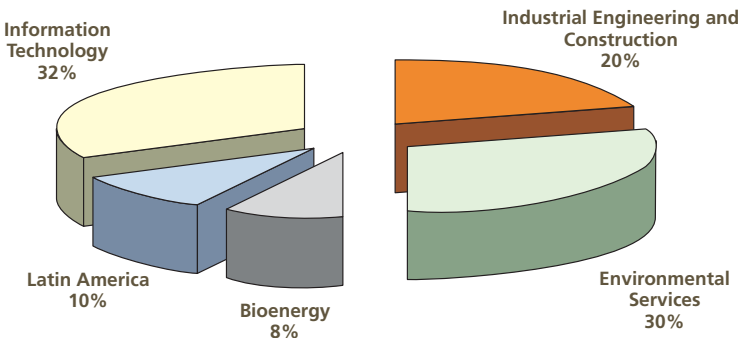
The basic element in these applications is that both management and solution of problems, and actions for improvement can be proposed from the level most directly related to the problem or improvement, so that its detection and solutions or proposals for improvement run "upwards". Full use of these tools

can be a huge advantage in the daily solution of problems and environmental improvements which will result in the efficiency of the system.

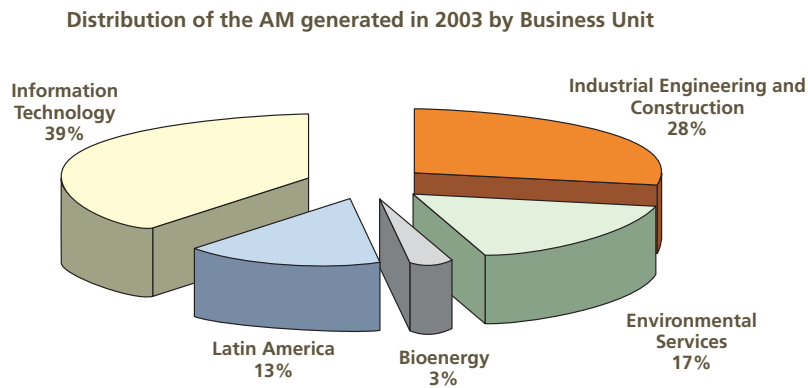
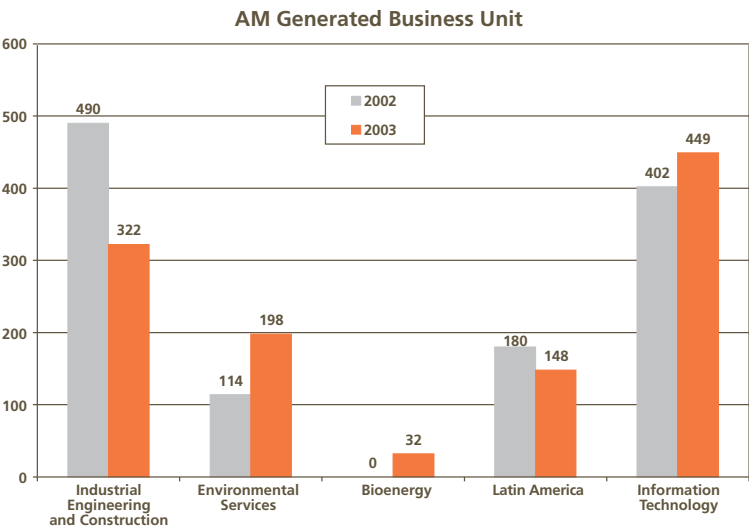
Below is a breakdown, by Business Group, of the comparison of the results obtained in 2002 and 2003, in the detection of problems and proposal of actions for improvement, as well as the distribution of the problems detected and the actions for improvement proposed.



Distribution of the IRP generated in 2003 by Business Unit



Sustainability Report



Sustainability Report

The following general objectives were set for this year:

- ✓ Continuation with the process of Certification of the Environmental Management Systems of Abengoa companies in accordance with the ISO 14001 standard.
- ✓ Monitoring of the Quality and Environmental Management Systems of Abengoa companies through an inspection of each one every six months.

Contribution to the Environment

As a direct result of development in certain activities, our contribution to improvement of the Environment has been specific in the management and treatment of industrial waste and in the production of bioethanol as an additive to fossil fuels. A statement of the environmental benefits achieved by these activities during 2003 is as follows:



Aluminum Waste		
Waste Treated 92,266 tons scrap with aluminum	Products Recovered 85,080 tons secondary aluminum	Other Direct Benefits <ul style="list-style-type: none"> ✓ Saving on raw materials for the production of 85,080 tons of primary aluminum. ✓ 95% energy saving (Kwh/tons secondary aluminum = 5 % Kw/tons primary aluminum). ✓ Reduction of CO₂ emissions and electricity production saved.

Recovery of Salt Slag		
Waste Treated 134,632 tons salt slag	Products Recovered <ul style="list-style-type: none"> ✓ 7,319 tons concentrated de aluminum blocks ✓ 55.878 tons salt 	Other Direct Benefits <ul style="list-style-type: none"> ✓ Saving of raw materials for the production of 7,319 tons of primary aluminum and 55,878 tons salt

Recovery of Zinc Waste		
Waste Treated 102,248 tons steelworks dust	Products Recovered 39,354 tons Waelz oxide with 65 % zinc 13,044 tons secondary zinc 5,624 tons zinc oxide	Other Direct Benefits <ul style="list-style-type: none"> ✓ Saving of raw materials for the production of 13,044 tons of primary zinc, 39,354 tons of Waelz oxide and 5,634 tons of zinc oxide

Sustainability Report

Industrial Wastes

Management, treatment and recovery of over 480,000 tons classified as: 358,000 tons of hazardous waste (HW), 110,000 tons of non-hazardous waste and 13,000 tons of directly managed waste. Approximately 29,000 tons of these quantities have been subject to different processes for recovery, the final result being as follows:

- 29,000 tons for use as solid fuel, which involves a saving of the same quantities of natural origin fuel (coal, coke, fuel oil or diesel oil)

- 3,000 tons for recovery of solvents, which involves a major reduction in the impact on the environment and in the consumption of natural resources with respect to the production of new solvents
- 2,300 tons for recovery and re-use of packaging for new applications, through washing or adapting them
- 700 tons for recovery of metals, such as mercury from fluorescent tubes, silver from photographic developers, lead from automobile batteries, ...

The following benefits were also obtained from Industrial Cleaning and Hydrocarbons:



Waste Treated	Products Recovered	Other Direct Benefits
2,502 tons PCB	<ul style="list-style-type: none"> ✓ 290 tons of copper recovered ✓ 1,300 tons of iron recovered 	<ul style="list-style-type: none"> ✓ Saving of raw materials for the production of 290 tons of copper and 1,300 tons of iron
13,873 tons plastic	<ul style="list-style-type: none"> ✓ 11,258 tons of chippings produced 	<ul style="list-style-type: none"> ✓ Saving of raw materials for the production of 11,258 tons of chippings for plastics

Bioethanol Production

The following environmental benefits were derived from the process of Bioethanol production during 2003:

- ✓ Requirement of 1,210,752 tons of cereals from the farming sector with the corresponding environmental benefit involved in their production.
- ✓ Production of 516 m liters of Bioethanol as vegetable origin additive, suitable for use in automobile fuels, increasing the octane number and performance, which involves a saving of fossil origin fuel of 1,927,108 barrels of oil.
- ✓ Production of 451,506 tons of Ecoproteins, for use in animal fodder.
- ✓ Reduction of 1,112,899 tons of CO₂ through substitution of fossil origin fuel (every kg of ethanol consumed avoids 2.731 kg of net equivalent CO₂).

Electricity Cogeneration

Abengoa participates in 11 cogeneration plants, which showed an environmental contribution in 2003 as follows:

Electric power generated	2,001,110 Mwh
Steam power for host industry	1,036,165 Tons
Net CO ₂ emissions avoided	880,488 Tons
Net CO ₂ emissions produced	692,206 Tons

Other Power Sources

Renewable energy plants are promoted and constructed by the Engineering and Industrial Construction Business Group, such as solar, biomass and biocarbon energy plants, as well as research on hydrogen as an energy source.

Other Contributions

Among the rest of the activities developed fundamentally by the Industrial Engineering and Construction, Information Technologies and Latin American Business Units, contributions are made in construction of infrastructures and in the improvement and rationalization of the control systems, most of this action taking place in developing countries.

Sustainability Report

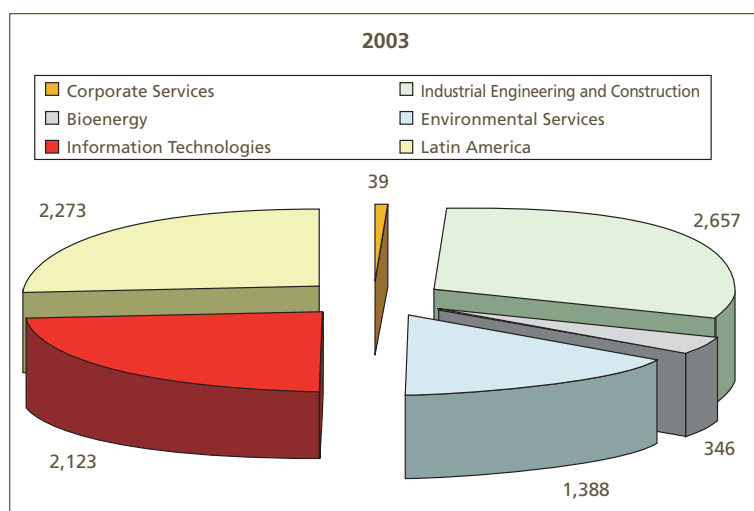
Social Balance

Payroll

At the end of 2003, Abengoa had 8,826 staff on the payroll, 35.20% of which were employees (3,107) and 64.80% workers (5,719).

They are distributed by Business Groups as follows:

Payroll	2003
Corporate Services	39
Industrial Engineering and Construction	2,657
Bioenergy	346
Environmental Services	1,388
Information Technologies	2,123
Latin America	2,273



The figure shown represents an increase of 4.7% compared to 2002.

By geographical location and taking account of Spanish and foreign criteria we would have 62.55% (5,521 employees) concentrated in Spain, while 37.45% (3,305 employees) are situated abroad (presence in America, Asia, Africa and Europe).

Abengoa	2003	Percentage
Spain	5,521	62.55%
Abroad	3,305	37.45%

	2003		
	Spain	Abroad	Total
- Engineers and other university graduates	903	388	1,291
- Technicians	877	286	1,163
- Clerical Staff	522	131	653
- Manual workers	3,219	2,500	5,719
	5,521	3,305	8,826

Sustainability Report

Management Model

Abengoa has opted for a competencies-based management model which has allowed it to bring its Human Resources into line with its strategic objectives.

In the current setting which is characterized by innovation and change, the action of its professionals and its ability to attract, develop and retain talent is the key to success for any company.

Abengoa is aware of this situation and backs Human Resources wholeheartedly and with a double objective:

- Developing, making use of, transmitting and managing the knowledge and experience of the highest level professionals which make it up and guide the development of skills.
- Providing the human resources organization permanently with suitable means in terms of quantity and quality for developing and implementing Abengoa's strategy.

For this purpose a Management System has been implemented which is competencies-based and at the same time integral and integrated:

- Integral, since it includes the definition, description and classification of posts, recruitment and selection in order to attract the best professionals in the market, training and development, with the subsequent career and replacement plans, appraisal, performance management and pay, as well as internal communication.
- Integrated, since it includes the inter-related processes. Continuity of processes is necessary, as well as feedback and making use of the synergies between them so that they enrich each other. In spite of the autonomy of each area (Selection, Training and Appraisal), they all have to pursue a common objective.

Regarding the organizational model, Abengoa has opted to constitute its own specialist services

company with a well-defined task, namely that of offering solutions in Human Resources effectively and efficiently. This company, called Integrated Human Resources Management, has concentrated in a single team all the professionals specializing in the area in each of its companies, making a total staff of 71 on 31.12.03. The areas of Service it includes are:

- Personnel Administration
- Selection, Training and Development
- Labor Relations
- Prevention of Risks in the Workplace
- Social Welfare

Training

The training program carried out by Abengoa in 2003 is structured in three major blocks taking into account the type of subject taught and the aim pursued. We thus have:

- Corporate Training, this being understood as training which transmits the Company culture, its Internal Regulations, Strategy, financial models, Corporate Identity and the values the Company represents.
- General Training, such as that which is aimed at professional improvement of employees through knowledge of new tools, new techniques, updating of professional content, management methods and languages, amongst other things.
- Training in Risk Prevention in the Workplace, which involves not only training on the safety and hygiene conditions in which jobs have to be carried out and the use of protective items, both individual and collective, but also training for specialists in Prevention at the different levels (basic, intermediate or higher).

Throughout 2003 a total of 2,173 courses were given, with 18,996 participants and a total of 136,364 training hours were employed.

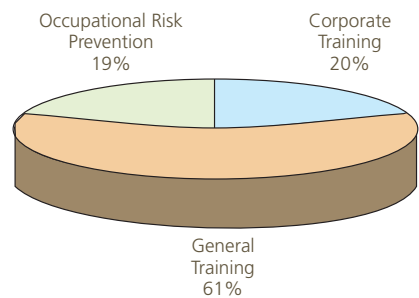


Sustainability Report

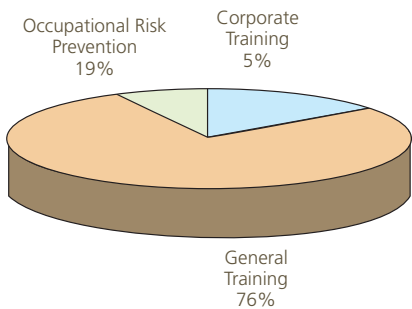
The global data on these training activities is as follows:

Summary	Courses	Participants	Training Hours
Corporate Training	104	3,773	22,929
General Training	1,650	11,548	100,383
Occupational Risk Prevention	419	3,675	13,052
Totals	2,173	18,996	136,364

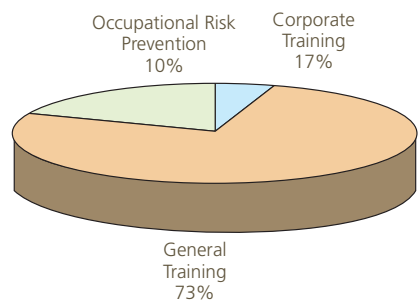
Participants by type of training



Training Activities



Training Hours

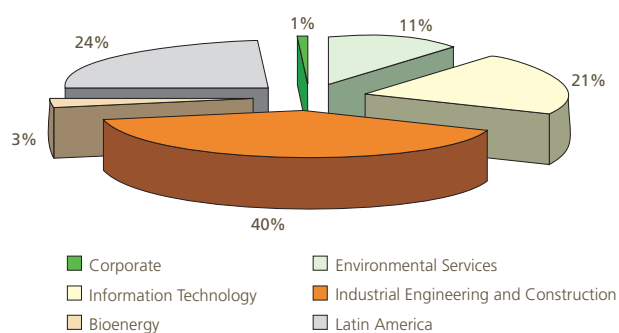


Sustainability Report

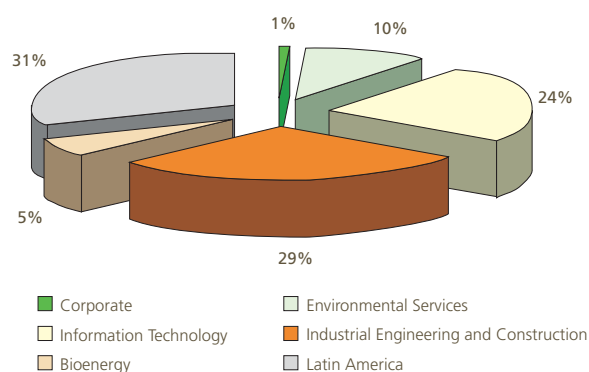
In the training area, the objectives set for 2003 were exceeded, with the result being full and balanced training activity which took into account the Company's strategic objectives. Thus, presented by Business Groups we have:

Business Units	Courses	Participants	Training Hours
Environmental Services	230	1,857	13,362
Information Technology	466	4,497	35,086
Industrial Engineering and Construction	869	5,479	36,883
Bioenergy	66	1,036	22,288
Latin America	525	5,928	25,004
Corporate	17	199	3,741
Totals	2,173	18,996	136,364

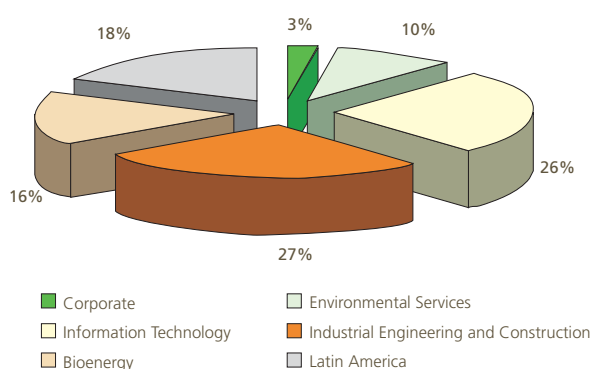
Training Activities carried out by Business Unit



Participants by Business Unit



Hours of Training by Business Unit



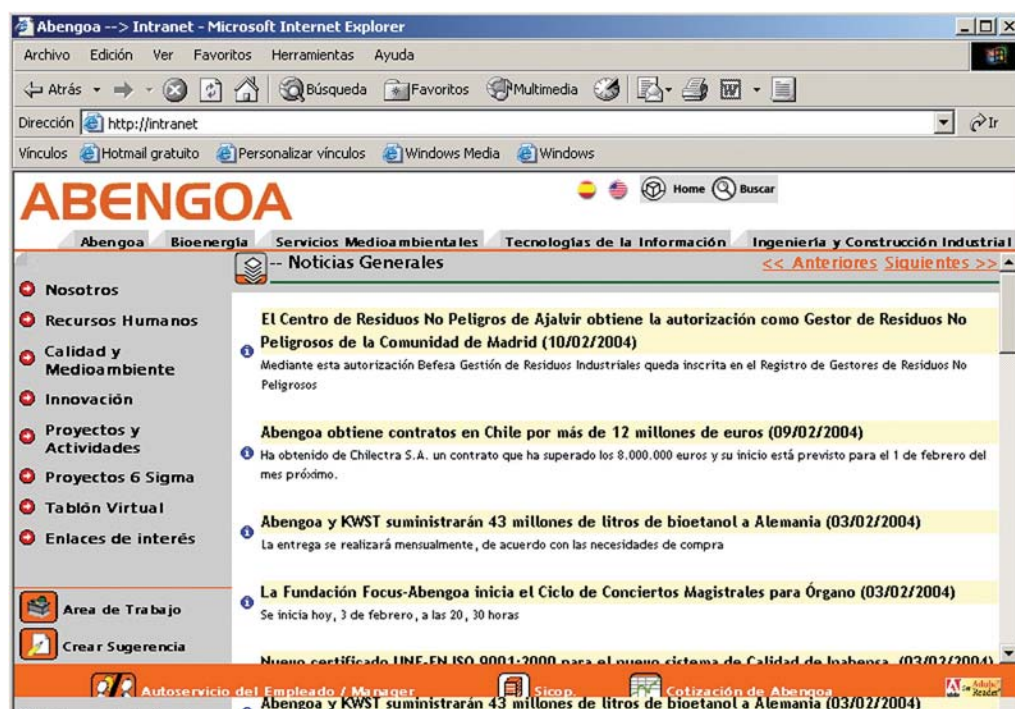
Sustainability Report

Communication and Collaborative Environment

Last July the Abengoa Portal was put into operation, its aim being to spread internally and quickly and universally, all information and knowledge referring to the Business Groups, companies and people making up the organization.

The Portal is configured as an element of internal communication and information, with the aim of being the professional desktop for all employees, where apart from having static and dynamic information from the Business Groups and Companies, all the management systems required for professional performance will be present as well as all the different Human Resources processes in their management and employee aspects.

The portal is divided into business areas, in each of which we can find sections with information related to flowcharts, history, relevant facts, quality and environment, plans for innovation and activities of each of the companies; virtual Notice Board; and a work area where we can have direct access to all the Abengoa corporate applications which are used on a day-to-day basis. The aim is also for the portal to be an element for communication which is capable of spreading and generating knowledge, converting human capital into structural and transmitting corporate values.



Sustainability Report

Labor Relations and Quality of Life

A series of actions were undertaken last year at Abengoa, the aim of which was to make the working environment more human and pleasant, increasing the quality of life at work and making it possible to reconcile family and professional life.

Among the initiatives carried out are:

Installation of fully equipped gymnasiums in the Valgrande (Madrid) and Tamarguillo (Seville) buildings with opening hours which are compatible with our working hours.

Smoke-free buildings. A policy of declaring buildings smoke-free has been implemented.

In the area of promotion of cover for employees, two new Medical Services have been set up, one in the Tamarguillo building in Seville and another in the Valgrande building in Madrid. With these incorporations all Abengoa buildings with more than 300 employees now have their own Medical Service, run by specialist personnel and equipped with appropriate medical supplies.



Health and Safety

The existence and development of a Management System for Risk Prevention in the Workplace at Abengoa forms part of the corporate strategy and is the instrument which is used for: planning preventive action steering it towards continuous improvement, integrating Prevention at all levels in each Company and achieving suitable working conditions. These objectives are achieved through marked Leadership from the Management in the development and fulfillment of the Policy on Prevention and the Company Objectives applying the Management System for Risk Prevention in the Workplace effectively and efficiently with the participation of the entire organization.



Sustainability Report

As the governing organ of this model, all Companies have a Prevention Committee, presided over and led by the Management, in which the executive line managers and prevention specialists participate. The basic instruments which provide the information necessary for carrying out this function are: Revision of the System by the Management and Prevention Audits.

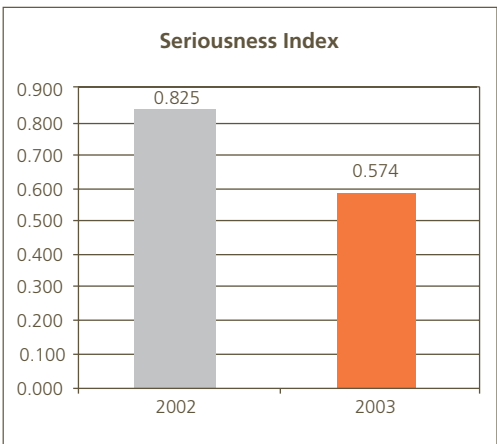
Training is the basic pillar of the Management System for Prevention and its process is integrated with suitability for the post. In each Company there is an Annual Training Plan, in which the required training programs are planned, which guarantees theoretical and practical training, which is adequate and appropriate, in the area of prevention.

One of the major challenges for the Management System for Prevention is to achieve dynamism and proactive action in the performance of all those involved. Software applications, one for management and solution of problems (PSR) and the other for processing action for improvement (AI) are strategic tools which facilitate this objective. These tools are open access to all people in each Company, it being the Management's responsibility to promote their use throughout the organization.

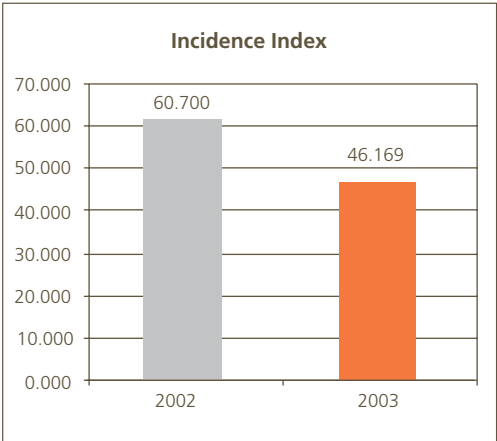
Preventive organization is made up of the Joint Prevention Service, in accordance with the Agreement on the Constitution of the Joint Prevention Service. The organization, financing, documentation and directives on operation of the JPS come from the Service Director, who sets up, with the Manager of each Company, the modifications required for adapting a System conforming to OHSAS 18001:1999 in the Companies it covers.

The main objective for 2003 in the area of prevention was to reduce accidents at work in the Group companies, especially those with the highest risk levels. The result of the efforts made is embodied in the indicators presented.

- **Seriousness Index (SI):** number of working daysb lost for each 1,000 hours worked.



- **Incidence Index (Ii):** Number of accidents resulting in sick-leave for each 1,000 workers in the year.



Sustainability Report

Programs have also been started up for improving safety conditions in the workplace and revision has continued of the system in place with a view to future third-party certification.

The following activities are highlighted as the most significant carried out during 2003:

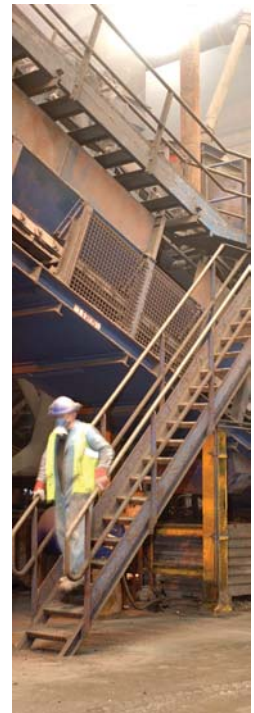
- Execution of the Internal Audit Program, which is independent of the audits required by regulations. During 2003, 71 audits were carried out by Specialists from the Joint Prevention Service among companies and sites, all of which obtained satisfactory results.
- Conclusion of the first stage of implementation of the Development Project according to the OSHAS 18001 Specification, which will allow seven companies to commence their certification immediately.
- Change of Accident and Industrial Diseases Benefit Society. Maturity of all Policies in the Benefit Society has been standardized and an agreement has been reached with the Benefit Society's Prevention Service for Health Checks and the development of Technical Activities as a complement to the JPS.
- Start-up of a healthy quality of life policy in Abengoa, with initiatives taking place within the field of Prevention, such as the declaration of Smoke-free Buildings or the setting up of Medical Services equipped with the required human and material resources.
- Support has continued for the use of the Software Application for Management and Solution of Problems and Action for Improvement, the use of which has been consolidated during this year, awards having been presented to the best PSR and AI to encourage their use.
- As a development in Abengoa Policy on Prevention, in 2003 the strategic objective was set up to implement the Management System for Risks in the Workplace in the Befesa companies which is already implemented in the rest of the Abengoa companies with activities in Spain.

To fulfill this objective and the regulations on prevention of risks in the workplace, in June the assignment and integration of the Befesa companies in the Joint Prevention Service was formalized. This service includes the different Abengoa companies and manages Prevention in each of them.

Prevention Committees, one per Business Unit, made up of Management and Specialists from the Joint Prevention Service

- Implementation. The process has begun for starting up the software applications developed for managing the System of Risk Prevention in the Workplace, both from the technical point of view and that of healthcare. The system itself is strong and flexible, which will allow the specialists, the medical staff in the PMS and the specialists who are appointed in the companies to act interactively on the information from any connection point.

As for the development of the preventive activities plan, the following should be mentioned:



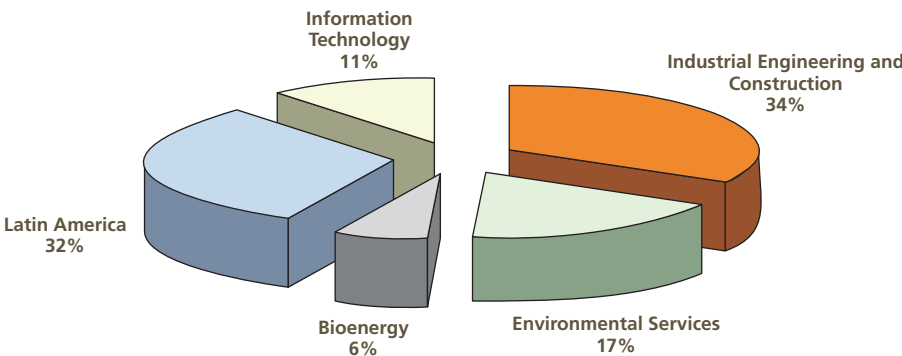
Sustainability Report

- During the year, 349 training courses have taken place with attendance from 4,480 employees which has made a total of 9,552 hours. Also, 70 distance learning courses for supervisors were run (basic level course approved by the National Safety and Hygiene Institute).
- To check the safety conditions in which activities are carried out on sites, 140 inspections were made of workplaces, generating Problem Solving Reports (PSR) and Action for Improvement (AI) on the deficiencies observed. The self-assessment (check-

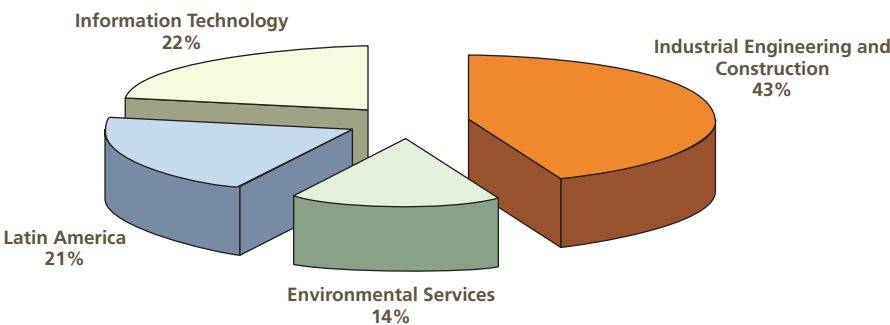
list) system which was implemented has also been strengthened, allowing site and works managers to find out which are the gaps in the prevention system applying to them.

- During the year over 600 PSR and 150 AI have been opened, which shows staff participation in identifying the problems of prevention and in initiatives or suggestions on action for improvement of the prevention system in place.

Distribution of the Prevention IRP's Generated in 2003 by Business



Distribution of the Prevention AM's Generated in 2003 by Business Unit



Sustainability Report



Company social measures are channeled through the Focus-Abengoa Foundation, an institution which is non-profit making and acts for the purpose of the general interest. Intensive work is carried on from it which is divided into three areas: welfare, education and culture, which allow us to become involved in the generation of social welfare.

With this commitment having been taken on, social responsibility is a real practice incorporated into Abengoa since its creation in 1941, which is expressed in specific actions, related to company growth, which increase and adapt to the demands of the different population sectors, serving and connecting with their interests as widely as possible.

Internal Action

One of the groups which receives most attention is that made up of people who provide or have provided their services in Abengoa, and the spouses, children or orphans of such people. This is a task of which little is seen from the outside but it is of tremendous importance in the company and in 2003 it was expressed in the following actions:

- Education. Training people is possibly the area which arouses most interest in the company and in Abengoa employees. Through the School Assistance program, school expenses which have such an important effect on the family finances, are reduced. Among the beneficiaries are children of employees, of widow(er)s of employees, disabled children, recipients of allowances due to illness or accident, or employees themselves who wish to extend their studies. This work lead to the

distribution of 1,209 study grants at the various educational levels, corresponding to the 2002-2003 academic year, distributed among 685 families in Spain and Latin America, with those allocated for special education being particularly worth mentioning.

- Occupational health. Without any detriment to the purely medical aspects, personalized monitoring is carried out, with special emphasis on psychological, personal or financial problems, derived from the impact of the family of the persona who has suffered an accident or is ill. The company has a Group Life Insurance Policy, which has been distinctly improved over the years.
- Individual care for employees. A service for building human relations, where people can come and discuss a wide variety of personal situations: the need for someone to listen to them, to receive support, hospitality, guidance, information, or for monitoring specific problems (such as negotiating bank loans, or the welfare fund for extraordinary expenses caused by illness), amongst others.
- Recognition by the company, in a moving ceremony held at headquarters in Seville, Chile, Brazil and Argentina, for employees who have completed 25 years' continuous service in the company.



Sustainability Report

- Free entrance to the Hospital de los Venerables. The Foundation has made available to employees, retired workers and pensioners from Abengoa companies, a program of free visits which includes the monument and the exhibitions held at the site.
- La Antilla Complex. With the purchase in 1972 of an attractive group of buildings on La Antilla beach, in Lepe (Huelva), we consolidated what has become familiarly known as Operation Summer Holidays, which began in the 1960's. Its purpose is still the use and enjoyment of these facilities as a Complex for relaxation and getting together for Abengoa staff. Continuing with the plan for restyling the complex, which began last year with the construction of a new building, work has been taking place for adapting to current regulations on measures for fire detection and extinction, as well as other facilities such as elevators, kitchens and entrances, offering its users more quality and comfort in the various types of accommodation, in the aim of providing more comfort for the many families who enjoy it and to be able to respond to growing demand from the staff who request it, with attendance in 2003 rising to 3,253 people during the summer period.
- Publications. Aware of the importance of communication between the company and the different social groups (employees, retired workers, shareholders, clients, central and autonomous government, the media and society in general), a bilingual magazine is published every two months with a circulation of 13,000 copies, in which extensive information is offered on how Abengoa is doing, activities in R&D&i, risk prevention in the workplace, quality, the environment and social measures, amongst others.
- Retired workers. Information on the company is offered to them through the magazine and they are invited to spend a few days relaxing at the La Antilla Complex, an invitation taken up by 319 of them last year.



Sustainability Report

External Action

Our social commitment exists in other activities and is designed in different ways.

On one hand there is collaboration with various institutions:

Spain-US Council Foundation
Cotec Foundation
Foundation for Aid against Drug Addiction
Foundation for Co-operation in the Development and Promotion of Welfare Activities
Foundation for Applied Economic Studies
Integra Foundation
Valencian Foundation for Advanced Studies.
Catholic Institute of Art and Industry - I.C.A.I.
Institute of Regional Development
Proyecto Hombre
Spanish Association of Foundations
Association of Andalusian Foundations
Foundation for Sociological Studies
Prince of Asturias Foundation
Pro-Spanish Royal Academy Foundation
"Saint Isabel of Hungary" Royal Academy of Fine Art
Royal Academy of Medicine
Seville Royal Academy of Literature
Salamanca Pontificia University
University of Seville

On the other hand, through the Focus-Abengoa Foundation, which since its creation in 1982 by Abengoa has been integrated into the very essence of the company, constituting the appropriate instrument for promoting education and culture. Institutional overlapping, as its name indicates, allows us to set high aspirations and think up specific strategies, relevant actions in favor of society in return, and their impact is then reversed and is spread in the company values and aims themselves.

The objective of the Foundation is the promotion of culture, in its different artistic and scientific manifestations, with priority being given to the conservation, publication of information and development of the historic and cultural heritage of Seville and its projection into Latin America.

Since 1991 the Foundation has been based in the Hospital de los Venerables Sacerdotes of Seville. After the transfer of this 17th century historical-artistic monument by the Seville Fraternity and Archbishopric. After a long and costly restoration process, not only of the architecture but also of its paintings, sculptures, craftsmanship in precious metal, engravings, etc., Focus-Abengoa returned this outstanding building to the city and to future generations. Since then, it has become one of the most complete and best conserved examples of Spanish baroque heritage, as well as becoming the setting for Abengoa's educational and cultural activities.

- **Awards and Grants.** In order to stimulate training among young people, and taking into account the statutes of the foundation, Focus-Abengoa set up an extensive program of awards and grants aimed exclusively at the children, orphans, families and members of the staff working at Abengoa, or in its companies, this having already become a deep-rooted task.. The Foundation also awards a Prize for the best Doctoral Thesis on a Sevillian theme, and an Art Award for which participation extends to artists from the European Union and Latin America.



Sustainability Report

- **I Javier Benjumea Puigcerver Award for Research.** The Social Council of the University of Seville and the Foundation have set up this Award, through an agreement signed between both institutions, with the intention of recognizing the work carried out by the members of the university community in their desire to participate in projects that can meet the requirements of companies and organizations in terms of research and development.

Scholarship Holder Program	
	Agreements
Universities	44
Secondary Education Colleges	9
Other Institutions	7
Universities Abroad	4
Institutions Abroad	2
Total	66

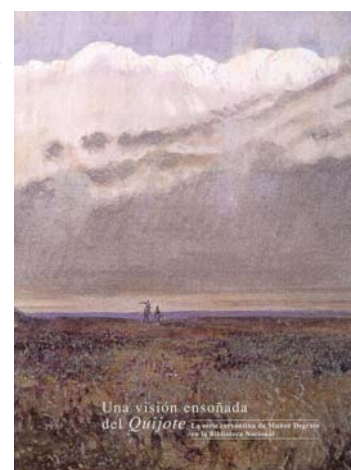
- **Javier Benjumea Chair in Economic and Business Ethics.** The Comillas Pontificia University has created this chair, thanks to an agreement signed with the Foundation. Among its aims is the production and distribution through research and teaching of the responsible theoretical and practical knowledge in the field of business ethics, which may help to institutionalize these applications in companies and organizations.

Number of Scholarship Holder by Business Unit	
	Scholarship Holder
Bioenergy	4
Environmental Services	10
Information Technology	33
Industrial Engineering and Construction	20
Corporate Services	9
Total	76

- **Student Program.** In the aim of promoting and complementing training and integration of students into the world of work, Educational Co-operation Agreements have been made with different teaching institutions in Spain and abroad. These help the incorporation of such students into Abengoa companies. The beneficiaries of these grants for on-the-job learning, receive their first professional and the possibility of becoming future Abengoa employees, at the same time as they provide the company with an innovative and highly qualified workforce for developing its activities. Students of engineering (all branches), physics, chemistry, business studies, IT, or students from different postgraduate courses, vocational training, amongst others, are being trained at Abengoa from the teaching institutions with which co-operation has been taking place.

In this respect, in 2003 a total of 76 students awarded grants were completing their training in the different Abengoa companies, and for this purpose 66 Co-operation Agreements were made with various teaching institutions, the distribution of which is shown in the following table.

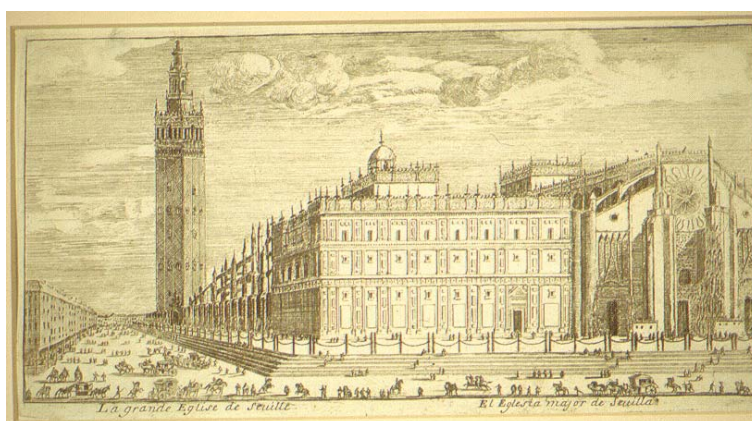
- **Publications.** The collection of publications was increased with the publication of two new works. The first contains the papers presented to the World Conference on BioCarbons 2002, organized by the Foundation last year; and the second is "Una visión ensoñada del Quijote. La serie cervantina de Muñoz Degrain en la Biblioteca Nacional" ("A Dreamy Vision of Don Quixote. Muñoz Degrain Cervantes Series in the National Library"), a gift from the institution last Christmas. This intellectual work comes from a team of experts, the prologue being by Alfonso E. Pérez Sánchez, and the texts: "Cervantes and Seville", by Rogelio Reyes Cano; "Cervantes and Don Quixote in 19th Century Andalusian Painting", by José Luis Díez; "Antonio Muñoz Degrain (1840-1924). Biography and Artistic Career", by Carlos G. Navarro, and "The Muñoz Degrain donation to the National Library in the Madrid Press", by Elena Santiago Paez. The cataloging of the series containing the iconographic study and its artistic valuation is the work of José Luis Díez and Carlos G. Navarro.



Sustainability Report

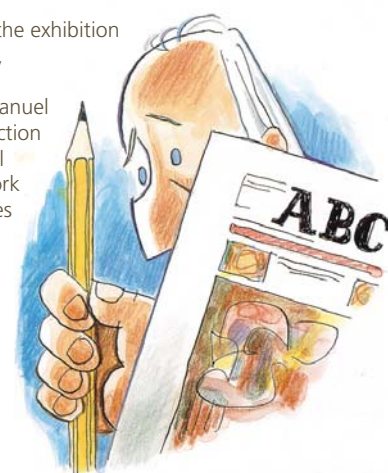
- **Music.** Musical activity centered on the organ, materialized in three types of concert aimed at different type of specific audience. First of all were the Master Recitals by professional organists such as François Henri Houbard, master organist at La Madeleine in Paris; Karel Paukert, organist and director of music at the Museum of Cleveland (USA), the recital held by the master organist of los Venerables and Seville Cathedral, José Enrique Ayarra together with the Chamber Orchestra of the Royal Symphonic Orchestra of Seville; and the recital also presented by the master organist accompanied by the trumpet player Enrique Rioja, for the religious ceremony on the Feast of San Fernando, Patron Saint of the Foundation. Secondly were the Auditions for novice organists, which this year were held under the general title, "European Music for the Organ in the Quixote Era". For three consecutive days young musicians got together to try to present the differences in the different European organ schools by playing the works of their greatest composers. Finally, the Teaching Auditions, aimed at students in the second cycle of General Secondary Education, with a strong emphasis on the training of young people. Around 1,500 students from various schools and colleges in Seville benefited from this educational activity. As usual, the musical program was broadcast by Spanish National Radio on its Classic Radio station.

Also worthy of mention was the holding of an intensive Master Organ Course entitled "Johann Sebastian Bach, his Children and Followers", held in the Church of los Venerables, and in which 32 organists from all over Spain were able to benefit from the teachings of Prof. Félix Friedrich, master organist on the "Trost" organ at the Castle of Altenburg (Germany). He was supported in this by the Seville Higher Conservatory of Music.



- **Exhibitions.** In spring, the exhibition rooms at the Hospital de los Venerables housed their own collection called "See Seville. Five views through one hundred engravings", which showed a large part of the collection of engravings which the Foundation has been building for the last twenty years. This was divided into five separate sections, from five specific points of view: a geographical look, the stroller's point of view, a look at the fiestas, an archaeological look and a romantic look. The text of the exhibition was by Professor Alberto Oliver and the layout by the artist Gustavo Torner.

In the summer, the rooms contained the exhibition "Antonio Mingote. 50 years at ABC", produced for the centenary of the newspaper. Commissioned by José Manuel Vilabella, it showed the public a collection of 400 original drawings and some oil paintings, all representative of the work of one of the most outstanding figures in graphic humor during the second half of the 20th century.



Sustainability Report

Among the activities programmed for the autumn, we would like to highlight the opening of the exhibition "A Dreamy Vision of Don Quixote. Muñoz Degrain Cervantes Series in the National Library", which was inaugurated by the Minister of Education, Culture and Sport, who pointed out in her opening speech "that it was a pioneering exhibition with which the Foundation is moving forward, with correct criteria and sensitivity towards the fourth centenary of the publication of Don Quixote". Directed by José Luis Díez and Alfonso Pérez Sánchez, it shows the pictorial series the National Library conserves on Cervantes and Don Quixote, since it was donated to the institution in 1920 by its creator, the great Valencian master, Antonio Muñoz Degrain, in the presence of King Alfonso XIII.

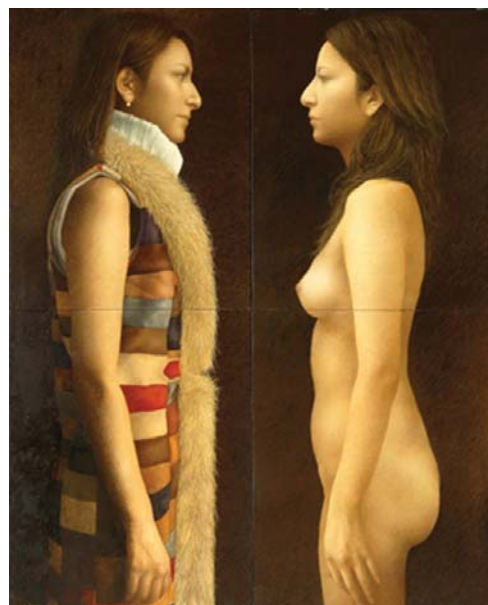
As we did last year with the exhibition on the Neapolitan, Lucas Jordán, which came from and was produced in collaboration with National Heritage, the Foundation took pains to restore the twenty canvasses completely, carry out its research and rescue them from obscurity. In return, for the first time, this complete series left the walls of the National Library and was exhibited in all its splendor.

The specific nature of the works served as a source of inspiration to carry out the project "Don Quixote and the world of the imagination. An interdisciplinary perspective: Paintings, Literature and Music", making available to the literary landmark all the areas of work that the Foundation is capable of developing at its headquarters in the Hospital de los Venerables, which this Autumn became the meeting place for different types of public and specialists who analyzed and reflected on the world of Cervantes.

Also considered as fundamental in these exhibitions was their educational aspect, for connecting with all types of public and contributing to better and wider knowledge of the works of art and, especially Don Quixote, through the careful layout of the collection, the educational program of visits and the specific audio guides in several languages. In the same way, every Sunday throughout the year entrance was free for all in the afternoon/evening.



In this same area, and with the aim of recognizing and promoting the work of the artists, we would like to highlight the exhibition of the "Selected Works from the Focus-Abengoa Art Award 2003". Around two hundred and fifty local, national, European and Latin American painters entered, with an excellent technical and thematic level, for this award which has a long tradition and recognized prestige. The First Prize went to Akihito Asano, for his work "Double Reflection", and the two second prizes were awarded to Patricio Hidalgo Moran, for his work "Still Life with Paints", and to Tato Moreno Gutiérrez, for his work "Abyss II". These works now form part of the Foundation's Contemporary Art Collection.



Sustainability Report

- **Seminars and Conferences.** In the area of the "Forum on Reflection on the Environment and Sustainable Development", conceived by the Foundation in order to have an instrument for reflection which promotes awareness and the creation of public opinion on this vital topic, was the holding of the World Conference on Biocarbons 2003, the second one to be held in Spain. Held at the Hospital de los Venerables last spring, it included participation from significant representatives of the European institutions, national and regional governments and numerous international experts.

In order to aim more specifically at university students and to help the obtaining of academic credits, we held a Seminar in collaboration with the M  n  ndez Pelayo University, entitled "The Society of Jesus. A critical vision". Led by Agust  n Gal  n Garc  a, Professor of History at the University of Huelva, it tried to pick out from historical writings the contribution made by the Society to History, this year being the 450th anniversary of its arrival in Andalusia.

The Cycle of Conferences "Don Quixote in the Kingdom of Fantasy. Reality and fiction in the mental and biographical universe of Cervantes", promoted intense activity in this field, which we started with the intervention of Rogelio Reyes Cano, from the Seville Royal Academy of Literature and Director of the Cycle, followed by dissertations from Francisco Marques Villanueva, from the University of Harvard, the writer Jos   Manuel Caballero Bonald, Evangelina Rodr  guez from the University of Valencia, Jos   Luis Diez, from El Prado Museum, Jean Canavaggio, from the University of Paris, Crist  bal Halffter, from the Royal Academy of San Fernando, Pedro Pi  ero Ram  rez, from the University of Seville, and finally, to close the Cycle, Victor Garc  a de la Concha, Director of the Spanish Royal Academy.

There was a high level of attendance by the Seville public, mainly students in the final years of the Faculty of Languages, teachers of literature from colleges and schools, together with other people who were interested and faithfully filled the Church each week to listen to lessons from masters which pursued the aim of emphasizing the imaginative and storytelling dimension of Cervantes' book and the dialectic between fiction and reality which gives meaning to the work.

- **Other Collaboration.** Highlighted due to its importance was the holding of a work meeting on "Vocational Training in Andalusia", presided over by His Royal Highness the Prince of Asturias, accompanied by the President of the Andalusian Government, leading dignitaries, together with the Presidents of Focus-Abengoa, promoters of the event. The objective of this meeting was to provide extensive information on the work being carried out in this area in our community through the presentation of several case studies and a visit to a Vocational Training centre. Before leaving the Foundation, His Highness had time to visit the exhibition "A Dreamy Vision of Don Quixote" and was presented with the book.





R&D&i



R&D&i

Introduction

Abengoa has continued to increase its efforts in R&D&i in 2003 (in spite of the prolongation of the world technological crisis). The Group is convinced that the only manner in which this effort will bear fruit is through continuity which cannot be allowed to be interrupted by crisis or economic cycles.

Furthermore, it has strengthened its presence, and leadership in some cases, in different institutions and public and private forums where cooperation between large technological companies is encouraged and short and long term decisions on R&D&i activity are taken.

Abengoa's Innovation Strategy

- Corporate Structures.
- Results Oriented.

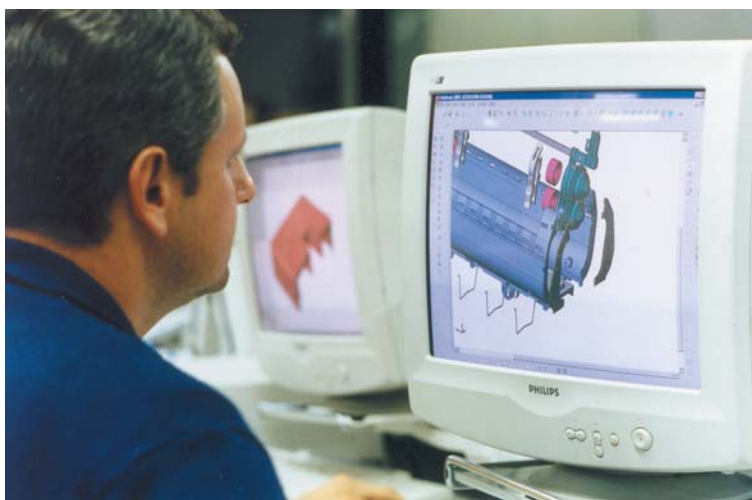
Abengoa's policy is oriented towards the creation of value and its upkeep. Its innovation activities are results oriented while pursuing three groups of tangible objectives:

- Diversification: new Products and Services.
- Differentiation: improvement and adaptation of exiting products and services.
- Process improvement.

Its intangible objectives pursue the acquisition of essential competencies and, above all, the generation of options for the future. The latter is especially related to value through growth expectations and the development of new lines of business.

Project Types

Innovation in Abengoa is carried out in several ways. Firstly, there is internal execution focused on offering solutions to particular customers or for in-house development purposes. Then there is also external execution based on collaboration agreements with Universities, Public Research Bodies (PRB's), or with third parties; this type of execution is normally shared. On other occasions, technology is acquired. Strategic



financial participations have recently been taken out in technological companies; in this case, the initiative is usually a corporate one although subsequent management is left to the specific companies.

Innovation Economy: Financing

- External resources.
 - Fiscality.
 - Public Subsidies.
 - University, (Public Research Institutions).
 - Shared R&D.
 - Customers.
- In-house resources
 - Investment.
 - Annual expense.



Innovative Groups and Characteristics

- Bioenergy: radical and incremental innovation, mixed financing (Department of Energy of the United States, DOE, Framework Program).
- Solar and Fuel Cells: radical and incremental innovation, mixed financing (Framework Program).
- Telvent: incremental and radical innovation, mixed financing (Framework Program).
- Befesa: incremental, dispersed, in-house financing, external execution.

R&D&i

Distinctions

R&D&i Awards (2003)

- Excellence and Best Practices Award for Technological Innovation, to Sainco Telvent. AENA.
- ComputerWorld Prize for Technological Innovation in Andalusia, to Telvent Outsourcing.
- Nebraska Business Innovation Award (USA), to Abengoa Bioenergy Corporation.
- Technological Innovation Prize in the Recovery Sector, to Deydesa 2000. Spanish Recovery Association.
- Best Project Prize for 2003, to Hynergreen. Eighth Grove Fuel Cell Symposium.



R&D&i Awards (1993-2002)

- Academia Dilectae Prize (First Edition), in acknowledgement of its innovative trajectory: Abengoa. Engineering Academy, December 2002.
- AEC Prize, for its work in R&D&i related to Environmental Protection: Abengoa. Asociación Española de Científicos AEC, Madrid, November 2001.
- Greatest Value Innovation Prize: Sainco's Velflex Product. European Wind Energy Conference, Copenhagen, June 2001.
- National Quality Prize 2000 and 2003, for efforts and achievements in Quality Management activities, to Teyma Uruguay. Government of Uruguay, February 2001.
- European Union Prize for the Best Industrial Initiative in the Use of Renewable Energies, for the use of bioethanol in the "Renewable Energy for Europe. Campaign for Take-Off" project: Abengoa, Repsol-YPF and Cepsa. European Union, Toulouse, October 2000.



- Prince Felipe Business Excellence Award, for Business Competitiveness: Abengoa. Ministries Of Industry and Energy and Commerce and Tourism, March 1996.
- Prince Felipe Business Excellence Award for Technological Effort: Abengoa. Ministry of Industry and Commerce, March 1996.
- Prize for the Best Project presented at the "Distribution Automation & Demand Side Managemnet-94 Europe" conferences, to Sainco and Unión Fenosa. Paris, September 1994.
- Gold Medal Award for Technological Innovation, to Sainco. National Association of Equipment Manufacturers (SERCUBE), 1993.



ABENGOA

Annual Report 2003

Innovative Projects

The Demonstration Project

Abengoa believes that the Demonstration Project is the key instrument that enables the execution of an innovation policy focused on developing new products for the market. The Demonstration Project achieves the operational validation of an innovative product, system or process and its market proving. It also facilitates a knowledge of its cost in order to set a first true price which could be subsequently reduced by means of the experience curve. On the other hand, demonstration projects produce a real demand of the Public R&D Systems that enables Science to continue to serve the needs of society.

Therefore, Abengoa's companies always have multiple demonstration projects under way, which are market oriented and focused on the creation of value. These are usually carried out in collaboration with multiple scientific institutions and different technological agents. Many of these projects incorporate public support.

We would especially mention, in the Bioenergy sector, the research being done on the production of bioethanol from lignocellulosic biomass (this is currently achieved from cereals). The objective of this project is to convert corn stover and the straw from other cereals (as well as other agricultural wastes) into bioethanol. This will result in new benefits for farmers, will lower the cost of production bringing it closer to that of petrol and reduce the greenhouse effect through the absorption of CO₂ by plants – raw material for bioethanol production – through the chlorophyll function. The project, with a foreseen investment of 35.4 M. US\$ over five years, has received significant financial backing from the Department of Energy of the Federal Government of the United States, the DOE, amounting to 17.7 M. US\$, 50% of the total investment.

We here-below offer a selection of the other innovation projects our companies have been carrying out throughout 2003:

Bioenergy

- **Conversion of waste starch.** Construction of an experimental plant in York (Nebraska-USA) to increase the current level of starch conversion to bioethanol (2.6 gallons/bushel) to 2.9 gallons/bushel. The project is being co-funded by the DOE (Department of Energy of the USA).
- **Enzymatic hydrolysis of biomass.** Conversion of lignocellulosic agricultural wastes into sugars and bioethanol. The research is being co-funded by the DOE. Construction of the technology demonstration plant in Babilafuente (Salamanca), under the EU's 5th Framework Program.
- **Thermo-chemical conversion of biomass.** Development of renewable fuels for advanced engines. RENEW project under the EU's 6th Framework Program.
- **Improvement of DGS.** Extend its application as a feedstock to the poultry farming and pig sectors. Its current composition only allows it to be used in the cattle sector.
- **FFV.** Experimental tests program to use bioethanol in flexible fuel vehicles FFV.
- **Fuel Cells.** Bioethanol reforming project to produce H₂ and feed a fuel cell. The objective of the research being carried out is to apply bioethanol as a fuel in future fuel cell powered vehicles. Co-financed by the Ministry of Science and Technology.
- **E-Diesel.** Commercial use of bioethanol and gas oil blends in diesel vehicles.

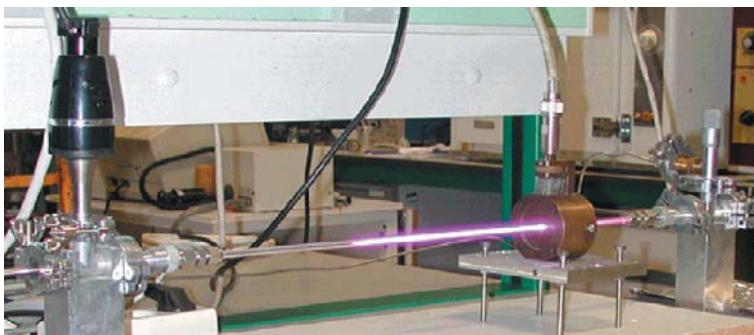
Environmental Services

- **Optimus.** Development of technologies to optimize the recycling of aluminum in a cap furnace.
- **Minirex 2003.** Minimization of waste production from aluminum recycling activities.
- **Cálido 03.** Improvement of the process and quality obtained during the continuous running out production of long aluminum products.
- **The application of Paval for cement flooring production.** Paval is a salt slag generated during secondary aluminum production. It is an insoluble solid and a hazardous waste. The application is focused on its use as a raw material in the construction of transport infrastructure.
- **The application of paval in the fabrication of isolating materials,** as a substitute for bauxite.
- **Optimization of the Waeltz furnace process.** Energy recovery from waste through air injection.

- **Reduction of mercury in the steam phase in Waeltz furnace gases**, through the adding of acid sodium carbonate in the conditioning tower.
- **Improvement of the settlement capacities in the Waeltz furnace washing plant**, through the incorporation of new technologies.
- **Experimental plant for the reuse of organic nature industrial wastes**. In collaboration with the CENIM. Ministry of Science and Technology's PROFIT Program.
- **Treatment of lands contaminated with heavy metals**. Stabilization tests with calcium phosphate in collaboration with the University of Murcia. Ministry of Science and Technology's PROFIT Program.
- **Use of byproducts to stabilize hexavalent chrome** and other potentially poisonous elements, in collaboration with the University of Cartagena.
- **Low content magnesium applications in environmental technology**, as a substitute for the lime reagent in waste inerting processes. In collaboration with the Department of Chemical Engineering and Metallurgy of the University of Barcelona. Ministry of Science and Technology's PROFIT Program.
- **Formic acid neutralization and stabilization project**, using byproducts from the aluminum industry.
- **Demonstration plant for sludge treatment by gasification**. Reduction of the volume of sludge and synthesis gas production to generate electricity, carried out in Badiolegui treatment plant, in Azpeitia (Guipúzcoa).

Information Technologies

- **Smartoll. Design and construction of an Electronic Transaction System** using Spanish technology to be applied in the toll system sector and develop a "free flow" multi-lane channel-free dynamic toll system.



- **Adaptas**. Design and development of a state-of-the-art Urban Traffic Control System, incorporating Adaptive and Expert control subsystems that enable the cooperative association of algorithmic character processes with knowledge based processes. Ministry of Science and Technology's PROFIT Project.
- **Visitran**. Use of the latest advances in vision systems applying them to new transport system utilities.
- **Regula**. Development of an integrated railway regulation system that enables optimum overall operation of the lines under economic criteria through the regulation of a General Circulation Plan. Ministry of Science and Technology's PROFIT Project.
- **SIP-Semáforo Inteligente Polivalente**. Design and development of a state-of-the-art traffic light system that incorporates important technical, design and functionality novelties.
- **Trafig**. Advanced urban traffic control system.
- **Avantis**. Advanced Tunnel and roadway management and control system.
- **ValTick**. Design and development of a new Bus Centralized Control and Management System, incorporating significant novelties such as prepayment by means of basic payment, implemented with a contact-free card. Ministry of Science and Technology's PROFIT Project.
- **CancelBus-Canceladora para autobús**. Design and development of a bus ticket canceling machine with Contact-free Technology, a unique aesthetic and cost competitive solution, and a differential value proposal in the market.
- **Mobility**. Advanced control and payment system for the transport sector.
- **e-Park**. Parking areas management and control system.

- **Rotar.** Feasibility study and pilot test of a multi-owner system for the 100,000 parking spaces belonging to residents currently in existence in Madrid. Ministry of Science and Technology's PROFIT Project.
- **ComPlug.** Development of a new PLC technology in the access segment that enables the provision of broadband voice and data services over the electricity distribution network.
- **Multiportadora MT.** Arrangement of a new PLC telecommunications technology over the Medium Voltage electricity network, adapted to current and future needs, offering better services than those that currently exist on Cenelec regulated frequency bands, reducing the per point cost through the use of inductive non-irruptive connection devices and optimization of the existing capacitive connections. Ministry of Science and Technology's PROFIT Project.
- **Technological maintenance** of the Saitel 2000 family (Saimed and Saimet+).
- **Families.** Consolidation of the CMMI (Capability Maturity Model Integration) standards, security in dynamically deployable distributed systems, quality variability techniques in dynamic derivation of applications, studies case on the development of families based on "Model Driven Architecture", family integration processes, assets recovery from third parties based on open code. Eureka Project..
- **Osmose.** "Open Source Middleware for Open Systems in Europe". Code-free middleware for open systems in Europe is a project led by Telvent in which the R&D centers of leading European companies (Bull, France Télécom, Philips, Telefónica, Thales, etc.), research institutes and universities (Charles University, EPFL, INRIA) are participating. The development of an open platform for distributed systems will be validated on a broadband residential services platform. Eureka Project.
- **Jules Verne.** Testing of industry's interactive digital diffusion potential as regards the creation of

contents and the capacity of future terminals and domestic networks. Eureka Project.

- **IDEAL.** Defining, development and operation of a dedicated and shared housing services platform, for business information systems, information portals and trade platforms through the internet network. Ministry of Science and Technology's PROFIT Project.
- **OASyS DNA.** Industry's leading real time Information and Operation Management System. In its third year of development, in 2003, it has incorporated new operating, reliability and security levels.

Industrial Engineering and Construction (ICI)

- **Microcell.** Miniature 50 MW fuel cell. In collaboration with the AICIA and partially financed by the Department of Employment and Technological Development of the Regional Government of Andalusia.
- **Homecell.** Development, construction and validation of an electricity generator with fuel cells for domestic applications. In collaboration with the AICIA and partially financed by the Department of Employment and Technological Development of the Regional Government of Andalusia.
- **Solo-H.** Assessment of the applicability of H₂ obtained from industrial waste sources, purification by means of PSA procedure absorbents and use in fuel cells. In collaboration with the Catalysis and Petrochemical Institute of the CSIC and the UNED. Ministry of Science and Technology's PROFIT 2003 Project.
- **Hidrocom.** Electricity generating system for communications based on fuel cells and multi-gas reformer. In collaboration with the CSIC's Material Science Institute of Seville and the AICIA. Partially financed by the IFA and the CDTI.
- **Telepem II.** Experimental design and validation of a 1 kW PEM type fuel cell for telecommunications systems. Ministry of Science and Technology's PROFIT 2003 Project.
- **Alter.** To validate rated calculations. Solúcar and CIEMAT have replaced the active nucleus of the Almeria Solar Platform TSA air cycle thermal storage system, consisting of 12 tons of 9 mm diameter aluminum spheres, with 12 tons of 1/4 inch thick saddle shaped cordierite elements. PROFIT Program.
- **Aquasol.** Proposal for a seawater desalination plant based on multi-effect distillation (MED). It has a heat pump to recover the energy carried by the waste brine and the system will be fed with two-stage solar energy. The plant was designed in 2003. In collaboration with Ciemat, Aeosol and Ineti, from Portugal and Entropie, from France. EU's 5th Framework Program.

- **Cac-PV.** Controlled atmosphere photovoltaic concentrator (20X-40X). The Cac-PV module is a semi-cylindrical parabolic collector that situates the photovoltaic cells in its focal. The system closes with a glass window that protects the reflector surfaces and the photovoltaic cells from environmental agent degradation. EU's 5th Framework Program.
- **Inditep.** Enlargement of the DISS collector to produce steam directly through the fabrication and parallel installation of a 200 m long Eurotrough technology collector. The end objective is the construction of a 5 MW GDV power plant. Solúcar has manufactured and installed the collector in the PSA and the test campaign has commenced. In collaboration with the Ciemat, DLR, Flabeg Solar, Iberdrola, Gamesa, Initec, Siemens and ZSW. EU's 5th Framework Program.
- **Solair 3000.** Modular conception volumetric receiver to generate air at 800°C. The 3 MW thermal Solair 3000 prototype enables a simple approximation to receivers by replication of around 50 MWt for large plants. Solúcar has manufactured and installed the prototype that is currently being tested in the PSA's CESA-1 tower. Other participants in the project include DLR, Ciemat, Heliotech, from Denmark, and Saint-Gobain, from France. EU's 5th Framework Program.
- **Soltronic.** Development of heliostat control systems and photovoltaic trackers for solar power plants. Solúcar carried out the complete project, developing control logistics based on a network of programmable automats in three level communication architecture. PROFIT Program.
- **Solgate.** Integrated pressurized volumetric receiver with 250 kW_e gas turbine to exploit air expansion solar radiation energy, according to Brayton cycle schemes. Solúcar has carried out the installation works for all the equipment of the complex installation of the PSA. In collaboration with DLR, Ciemat, Ormat, from Israel and Tuma, from Switzerland. EU's 5th Framework Program.



- **Tilt Roll PV.** Development of photovoltaic concentration concepts based on lenses instead of mirrors. The technological novelty lies in the attempt to reduce the investment costs related to the unit of produced electricity, through the use of concentration photovoltaic modules that incorporate Fresnel lenses subjected to a mean concentration (of around 20X) and "Tilt Roll" type two axis sun tracking. PROFIT Program.
- **Motronic.** Governance system for Motor Control Centers: design and development of a distributed control system in which relay logics is replaced by a microprocessor system in each of the carriages. In collaboration with the Electronic Technology Group from the Superior College of Engineers of the University of Seville. PROFIT Project.
- **Plactor.** Study of the technical feasibility and design of a reactor based on a discharge barrier to eliminate contaminated gases, using a plasma reactor that operates at environmental temperature. In collaboration with the Materials Science Institute of Seville of the CSIC and the Electronics Technology Group from the Superior College of Engineers of the University of Seville. PROFIT Project.
- **Check card.** Design and development of a checking system for the main products manufactured in the Alcalá de Henares Workshop. Subsidized by IMADE.

R&D&i

Significant Innovative Lines

- Bioenergy.
- Solar Energy.
- Hydrogen H₂ Technologies.
- Broad band transmission over the Electricity Network.

R&D&i Scenario

- Incremental innovations: they improve efficiency.
 - Waste starch conversion.
 - Fiber Conversion.
 - DGS Valorization.

- Radical innovations: they transform the business.
 - Lignocellulosic biomass.
 - Fuel cells.
 - E-diesel.
 - Biorefinery.

Public Subsidies for Bioenergy

- The Department of Energy of the Government of the United States and from the European Commission through the 5th Framework Program.
- National R&D Plan.



Our Plants



Ecocarburantes Españoles, Cartagena



Bioetanol Galicia, La Coruña



York, Nebraska

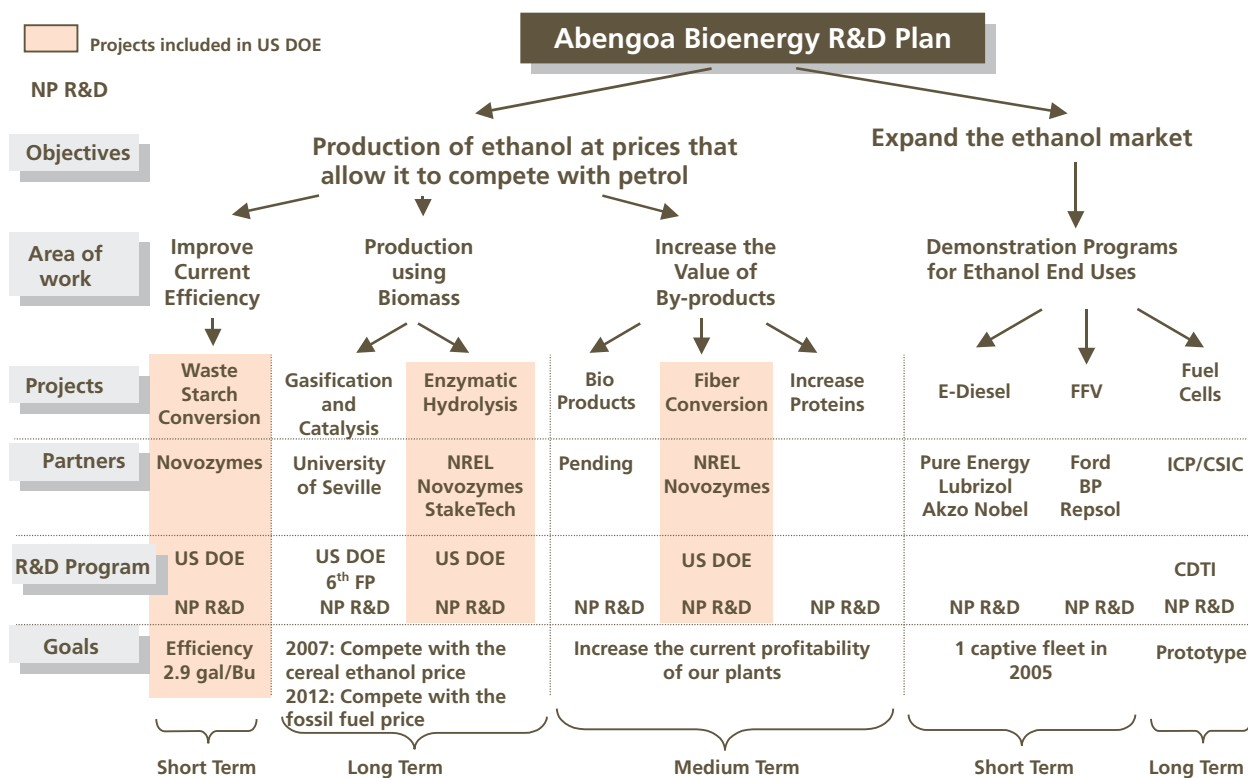


Colwich, Kansas



Portales, Nuevo México

R&D Objectives 2003-2006



R&D&i

Sun-power

- Energy received over the entire earth surface:
 - 100,000 continuous terawatts (TW).
 - Equivalent to 10,000 times that of world energy production (10 TW continuous).
 - The annual energy received is equivalent to the energy contained in a 200 mm thick layer of petroleum around the earth, or else 1.5 million barrels of oil per square meter.



- Efficiency: KWh/energy heliostat incidence

- Current technology 17%.
- Technology 20 years >30%.

Current technology foreseen for the Sanlúcar Solar Project

- Potential > 1,000 KWh/hectare day.
- Surface area of Andalusia: 8,800,000 hectares.
- With 1% of this surface area dedicated to solar power plants the total electricity consumption of Andalusia would be covered.
- Production 88GWh/day = 32,000 GWh/year.
- Total demand in Andalusia in the year 2000 = 27,231 GWh.



Solar Energy

Photovoltaic



- Simple

- High installation cost
- High generation cost

Solar thermal parabolic collectors



- Large Plants
- Efficient land use

- Steam temperature 400°C

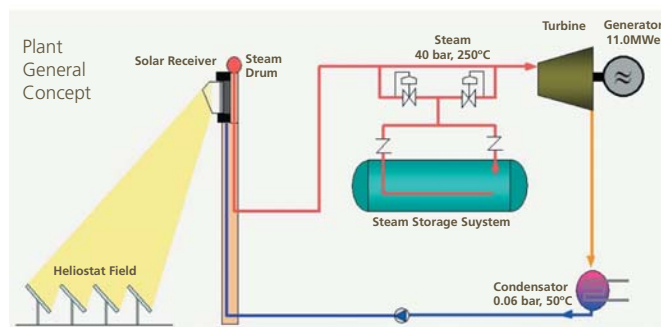
Solar thermal tower



- Medium-sized Plants
- High temperatures
- Reasonable cost-land

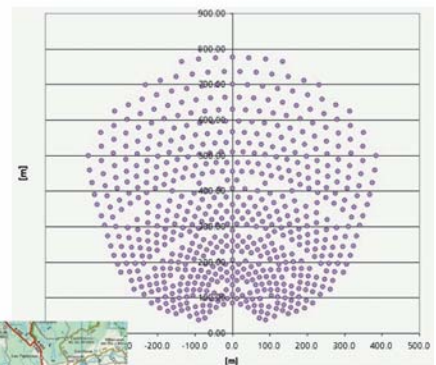
- More complex

Sanlúcar Solar: 11.0MW Thermosolar Power Plant

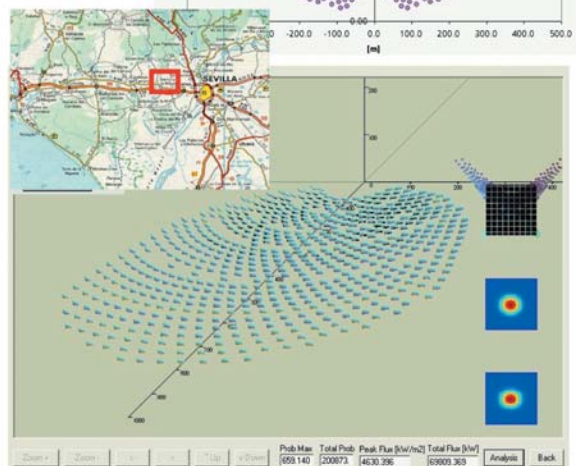


General Description			
Emplacement	Sanlúcar M. (Sevilla), Lat 37.4°,Lon 6.23°		
Nominal Power	11.02MWe		
Tower Height	90m		
Receiver Technology	Saturated Steam		
Receiver Geometry	Cavity 180°, 4 Pannels 5m x 12m		
Heliostats	624 @ 121m2		
Thermal Storage Technology	Water/Steam		
Thermal Storage Capacity	15MWh, 50min @ 50% Rate		
Steam Cycle	40bar 250°C, 2 Pressures		
Electric Generation	6.3kV, 50Hz -> 66kV, 50Hz		
Land	60Has		
Annual Electricity Production	24.2GWh		
Nominal Rate Operation			
Optical Efficiency	77.0%	67.5MW ->	51.9MW
Receiver and Heat Handling Efficiency	92.0%	51.9MW ->	47.7MW
Thermal Power to Storage			11.9MW
Thermal Power to Turbine			35.8MW
Thermal Pow. -> Electric Pow. Efficiency	30.7%	35.8MW ->	11.0MW
Total Efficiency at Nominal Rate			21.7%
Energetical Balance in Annual Basis			
Mean Annual Optical Efficiency	64.0%	148.63 GWh(usable) ->	95.12 GWh
Mean Annual Receiver&Heat Handling Efficiency	90.2%	95.12 GWh ->	85.80 GWh
Operational Efficiency (Starts Up/Stops)	92.0%	85.80 GWh ->	78.94 GWh
Mean Annual Thermal Ener. -> Electric Efficiency	30.6%	78.94 GWh ->	24.2 GWh
Total Annual Efficiency			16.3%

Geometrical Arrangement for 624 Units in the Heliostat Layout at PS10 Plant

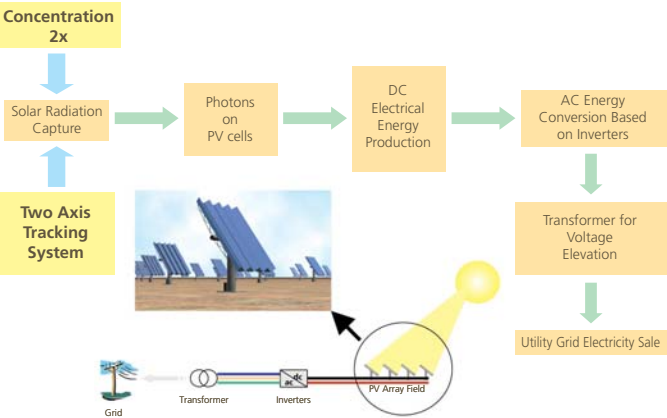


Location



Concentrated Radiant Flux Calculation and Simulation

Sevilla PV: 1.2 MW Photovoltaic Power Plant



• Hydrogen Technologies

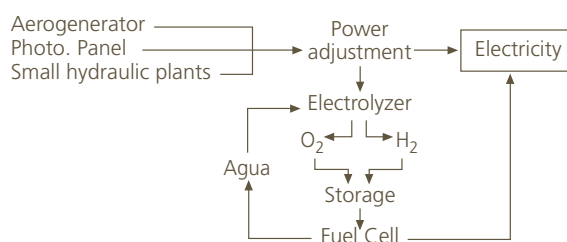
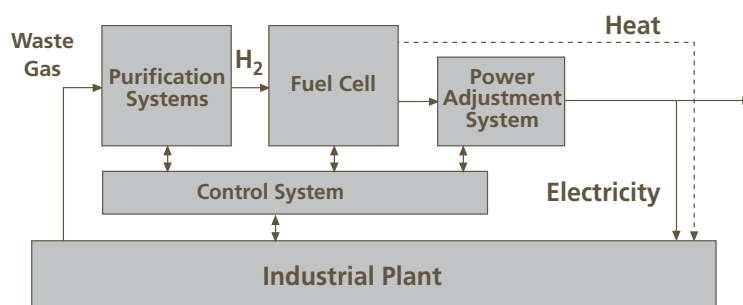
In 2003, within Abengoa's strategy in the hydrogen and fuel cell sectors, we would especially emphasize the establishment, in March, of the company called Hynergreen Technologies, S.A. (Hynergreen) to encourage the use of these technologies in the Group's different Business Units.

Its undertakings include – apart from complementing Greencell's line of strategy: the production of renewable hydrogen from bioethanol – the production of pure hydrogen from other Environmental friendly sources and its use in fuel cells.

To achieve this, Hynergreen is currently working on a series of Medium Term objectives, such as:

- The use of hydrogen-rich industrial waste gases to be used, subsequent to suitable cleansing and treatment, in fuel cells; this would enable plants that produce them to be partially self-sufficient as regards electric or thermal energy, or to sell the same to the network.
- The integration of Renewable Energies with the "Hydrogen Vector" to exploit the synergy of both technologies and help on the road to sustainable energy development.
- The use of alternative means for hydrogen storage, such as metallic hydrides or chemical hydrides.
- The use of direct methanol fuel cells for small portable applications, such as, for example, the telecommunications sector.

Moreover, Hynergreen participates on national as well as international standardization committees, to help elaborate suitable legislation on hydrogen and fuel cells to favor the development of these technologies and reduce their associated costs.



10 Mbytes/s Broadband Transmission over the Electricity Distribution Network.

- Low cost technology that allows the conventional electricity network to be used as a means of transmission for residential networking applications and broadband access to internet at speeds up to 10 Mbytes/s.
- Market segments:
 - Residential (prototypes being tested):
 - Creation of residential networking networks without the need for new cables.
 - Application for small office local networks.
 - Urban (currently under development).
 - Providing broadband access services (Last Mile) over the Low Voltage electricity network from transformer centers.
 - City Node, with connection to the backbone through broadband links over the Medium

R&D&i

Voltage network or alternative means, such as fiber optics in the transformer centers.

- Abengoa's history in the business:
 - 1987. Emetcón: medium voltage line electronic carrier system.
 - 1992. Sailink: DSP technology carrier system for Medium Voltage lines.

- 1997. Policom: ASIC-DSP technology carrier system for low voltage lines.
- 2002. Insonet: 10 Mbytes/second broadband system for Residential Networking applications.
- 2003. Complug: broadband PLC system currently being developed to provide broadband access services over the electricity distribution network.

Investment in R&D&i

	2001		2002		2003		2004 (F)	
	M €	% of Sales	M €	% of Sales	M €	% of Sales	M €	% of Sales
Bioenergy								
Abengoa Bioenergía R&D	0.0		0.0		2.8		7.4	
Business Unit Total	0.0	0.0%	0.0	0.0%	2.8	0.9%	7.4	2.4%
Environmental Services								
Befesa Zinc Aser + Commercial	0.0		0.3		0.2		0.0	
Salt Slags	0.0		0.0		0.0		0.1	
Aluminum Recycling	0.0		0.0		0.1		0.4	
Industrial Waste Management	0.0		0.0		0.0		1.3	
Others of lesser importance	0.0		0.1		0.0		0.1	
Business Unit Total	0.0	0.0%	0.4	0.1%	0.3	0.1%	1.8	0.4%
Information Technologies								
Arce sistemas	0.3		0.4		0.7		1.1	
Telvent Energía y Medio Ambiente	2.2		2.4		2.4		2.6	
Telvent Tráfico y Transporte	1.1		3.1		2.7		2.0	
Sainsel	0.2		0.1		0.0		0.2	
Telvent Interactiva	0.2		0.7		1.1		1.3	
Telvent USA	0.0		0.0		0.7		0.2	
Telvent Canada	0.0		0.0		3.1		2.8	
Telvent Housing	0.0		0.5		0.8		0.0	
Business Unit Total	4.0	0.3%	7.3	3.1%	11.5	3.8%	10.2	3.0%
Industrial Engineering and Construction								
Abener	2.4		1.0		0.0		0.0	
Abentel	0.9		0.3		0.0		0.0	
Inabensa	0.3		0.6		0.8		0.2	
Hynergreen	0.0		0.0		0.0		0.2	
Greencell	0.0		1.5		1.9		0.3	
Solucar	0.0		0.1		0.1		0.0	
Business Unit Total	3.6	0.3%	3.4	0.7%	2.9	0.6%	0.7	0.1%
Aggregated Total	7.6	0.5%	11.1	0.6%	17.5	1.1%	20.1	1.2%

2001		2002		2003		2004 (P)	
M €	% of Sales	M €	% of Sales	M €	% of Sales	M €	% of Sales
7.6	0.5%	11.1	0.6%	17.5	1.1%	20.1	1.2%



**Corporate Governance
Report, 2003**

Corporate Governance Report, 2003

Annual Corporate Governance Report, 2003

a. Introduction

b. Company shareholding structure

- i) Significant shareholdings
- ii) Shareholdings of members of the Board of Directors
- iii) Shareholders agreements
- iv) Treasury stock

c. Administrative Structure of the Company

- i) The Board of Directors
 - i.1) Composition: number of members and their names
 - i.2) Condition and representation
 - i.3) Rules governing organisation and operation.
 - Duties
 - Appointments
 - Meetings; frequency
 - Duties of Directors
 - The Chairman
 - The Secretary to the Board of Directors
 - i.4) Remuneration and other rights
- ii) The Advisory Board to the Board of Directors
 - ii.1) Composition
 - ii.2) Rules governing organisation and operation.
- iii) The Committees
 - iii.1) Audit Committee
 - Composition
 - Duties
 - Rules

- iii.2) Appointments and Remuneration Committee
 - Composition
 - Duties
 - Rules

- iii.3) Strategy Committee.

- iii.4) Stock Exchange Internal Rules

- iii.5) The Professional Code of Conduct.

d. Intergroup and related transactions.

- i) Transactions with significant shareholders
- ii) Transactions with administrators and directors
- iii) Significant intragroup transactions

e. Risk Control Systems

- i) Common Management Systems.
- ii) Internal Audit

f. Shareholders' General Meetings

- i) Rules of operation
- ii) Information from last meetings
- iii) Information tools. Web

g. Level of monitoring of Recommendations relating to Corporate Governance

h. Information tools

- i) Web
- ii) Shareholders Service Department.
- iii) Investor Relations Department.

Corporate Governance Report, 2003

a. Introduction.

Corporate Governance

The commencement of the Financial System Reform Act and the publication of the report on security and transparency in the markets carried out by the Aldama committee and the recent Transparency Act, have amended and improved – or recommended – in so far as corporate governance practices – via a group of rules and regulations, some of them clearly innovative, the system that has prevailed to date. And there are still more pending commencement in the near future.

From a formal perspective, corporate governance in small and medium sized listed companies was understood, until the aforementioned reforms, to be the minimum requirements needed to allow a complete response to the questionnaire that the National Securities Market Commission demanded as a result of the Olivencia Report and the recommendations included in it. Today, following the reform, listed companies can not merely take a passive or explanatory stance. Some of the Aldama Report recommendations have already been incorporated into prevailing law and must be complied with. The current measures, rulings and recommendations to date, form a single coherent and complete group, whose objective is to offer a real and transparent representation of the listed company, as an additional element for the investor to consider.

Corporate governance, as a group of practices – both required by law as well as being undertaken voluntarily – of each company in relation to the structure, organisation, operation, abilities and supervision of its governing bodies, is bound together in a fundamental principle, that is no other than the principle of the capital markets: the general principle of information; transparent, real, balanced, true and complete information. Only in this way can shareholders and potential investors be guaranteed an equality of treatment and opportunities.

The information obligation has two elements:

- the objective side:
"What" is reported
 - Accounting or financial information
 - Relevant facts
 - Capital structure, shareholders
 - Corporate Governance legislation
 - Annual Corporate Governance Report
- the subjective side:
"How" to report it
 - Periodic financial information
 - Relevant facts
 - Significant shareholdings
 - Issued / submitted Brochures
 - Website, etc.

Abengoa has made a significant effort within its company structure and its different components, to adapt itself and incorporate the initiatives put in place by the new legislation. Below we will briefly review each of these aspects and the innovations implemented by the company:

a) Accounting / Financial information.

This is perhaps the aspect that has suffered the least amendments. The periodic information obligations (quarterly, half yearly and annual) remain based on an information model created by the CNMV and that from the second quarter 2002 can only be submitted telematically (in coded electronic format), implemented voluntarily by Abengoa two years ago.

Corporate Governance Report, 2003

b) Relevant Facts.

The Financial System Reform Act has modified the previous definition, establishing it as the information whose knowledge thereof could reasonably affect an investor to purchase or transfer securities and therefore may appreciably influence the price. Nevertheless, the relevant fact concept continues to be non-specific and open (signifying that conducts or actions that warrant this consideration are not specified, partly because it is an almost impossible exercise due to the varied practices of corporate decisions that may be relevant but where a certain degree of legal uncertainty remains). There are two criteria that are used complementarily to determine the content of this concept: i) the practice followed by the CNMV on previous occasions, and ii) the practice followed by companies themselves on similar occasions. Here the basis of good governance is deduced; consistency; not only is the existence of internal and casuistic regulations of value but the consistency between this and the real conduct of the company and its administrators and senior management.

c) Related transactions.

c.1) These are transactions carried out between the company and its shareholders, administrators or directors that entail the transfer of business resources, obligations or opportunities.

Related transactions have a dual information channel:

- a) Those that are relevant are individually reported as a relevant fact.
- b) All transactions are summarised in the half yearly reporting.

c.2) Related transactions may potentially be a source of so-called conflicts of interest. In these cases, good governance practice recommends a series of measures in resolving them whenever possible: i) the abstention from voting for the adoption of the corresponding resolution by the people affected by the conflict of interest; ii) clear and immediately distributed complete information, and iii) independent evaluation.

Aware of the limitations imposed on it by its individual characteristics arising from its history and its composition, Abengoa wanted to adopt these transparency criteria and the criteria for the resolution of these potential conflicts as far as possible. Therefore on 24 February 2003, the Board of Directors adopted, among other measures, the modification of the Board of Directors regulations and the Advisory Board's regulations.

d) Annual Corporate Governance Report

The questionnaire on the level of take-up of the Olivencia Report's recommendations proposed by the CNMV to be carried out by all listed companies has been fulfilled through the obligation to create and disseminate an annual corporate governance report.

The Annual Report reflects the specific principles of the company's governance structure (who and how are decisions made and what is decision making based on) in the same way that the periodic financial reporting is a summary of the main economic characteristics of the company for the period under consideration, collated in the balance sheet and the profit and loss account for this period.

Corporate Governance Report, 2003

Abengoa had already considered implementing this recommendation in 2002, and a specific chapter relating to the company's governance was therefore included in the 2002 Annual Report – and we have been doing so in subsequent years – completed with the new items included in the Aldama Report and in the Financial System Reform Act, distinguishing those actions already taken from those that were being finalised for their upcoming implementation. Therefore:

- a) On 2 December 2002 the Audit Committee was constituted.
- b) On 24 February 2003 the Appointments and Remunerations Committee was constituted.
- c) On the same day, 24 February 2003, the Board of Directors drafted a proposal modifying the Company Bylaws for the purpose of incorporating the provisions relating to the Audit Committee, the proposal relating to the Regulation on the administration of shareholders' meetings, the partial amendments to the Regulations of the Board of Directors and the Regulations of the Advisory Board and, finally, the rules governing the Internal Regulations of the Audit Committee and the Appointments and Remunerations Committee, approved by the General Meeting of 29 June 2003.

Finally, following another of the Aldama Report recommendations, the Internal Corporate Governance Regulation was rewritten as a complete single text and was duly notified to the CNMV and is available on Abengoa's website.

e) Website

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.

In conclusion, we should say that both the available information as well as its actual distribution portal – the website – are continuously being updated; corporate governance, the rules that regulate it and the laws that govern or recommend it continue, and will continue to constantly develop. In the same way that all companies engaged in growing must adapt themselves and anticipate the development of the markets, so must they also be forward looking, in relation to self regulation (that is, adopt their own code of conduct so that their operation and decisions may be evaluated from the outside), development, transparency and information in order to reassure market confidence and with it, their growth.

Corporate Governance Report, 2003

b. The Company's Shareholding Structure

i) Significant shareholdings

Abengoa S.A.'s share capital is represented by book-entry records managed by Iberclear (Sociedad de Gestión de los Sistemas de Registro, Comparación y Liquidación de Valores, S.A.), and comprises 90,469,680 shares of 0.25 Euro nominal value of the same class and series, representing 22.627.420 Euros of share capital. All the shares are admitted to official trade in the Madrid and Barcelona Stock Exchange Markets and in the Spanish Stock Exchange Interconnection System as of November 29, 1996.

As the capital is represented by book-entry records, there is no shareholders' registry separate to the significant shareholdings communications and the list (X-25) provided by Iberclear on the occasion of Shareholders' General Meetings. Pursuant to this information (Shareholders List as of June 25, 2003, provided by Iberclear and Significant Shareholdings Communications including the one received on September 11, 2003, from Vinuesa Inversiones, S.L.), the situation is as follows:

- Inversión Corporativa, I.C., S.A.:	50.00%
- Finarpisa, S.A. (Grupo Inversión Corporativa):	6.04%
- Vinuesa Inversiones, S.L.:	5.08%

The number of registered shareholders at the Shareholder's General Meeting held on 29 June 2003 was 7,707.

The Company is not aware of the existence of any agreements between shareholders undertaking to adopt, by means of joint voting, a common politics regarding the management of the company nor to significantly influence it.

ii) Shareholdings of members of the Board of Directors

In accordance with the register of significant shareholdings and of directors' shareholdings that the company maintains and pursuant to the Internal Conduct Regulation in relation to the stock market, directors' shareholdings in the company's capital as at 31 December 2003 is 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	-	-	-
Corp.CaixaGalicia S.A.U.	0.001	-	0.001
Total	0.247	0.111	0.358

iii) Shareholders' Agreements

The company has no evidence of the existence of any shareholders' agreements or prevailing trade union agreement among its shareholders.

iv) Treasury stock

At 31 December 2003 the company does not possess any of its own shares as treasury stock, nor has it acquired any of its own shares during 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

Corporate Governance Report, 2003

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.

c. Administrative Structure of the Company.

i) The Board of Directors.

i.1) Composition: number of members and their names.

Following the modification of Article 39 of the Company Bylaws by agreement of the General Shareholders' Meeting held on 29 June 2003, the maximum number of seats on the Board of Directors, which to date has been four, was increased to seven. The aim of this modification was fundamentally intended to provide this administrative body with the number of directors that would on the one hand allow for a potentially more diverse composition and, on the other, facilitate delegation, attendance and the adoption of resolutions with minimum attendance and that would guarantee a multiple and plural presence on the Board of Directors.

The Board's composition takes the company's shareholding structure into account, so that it may firmly represent the highest possible percentage of the share capital and protect the general interests of both the company and its shareholders, while also being granted the degree of independence that is appropriate to the professional practices and requirements of any company. Pursuant to the appointments agreed at the same General Meeting, the Board currently comprises the following members:

Abaurre Llorente, José Joaquín.
Aya Abaure, José Luis.
Benjumea Llorente, Felipe.

Benjumea Llorente, Javier.
Méndez López, José Luis (*)
Polanco Moreno, Ignacio de
Terceiro Lomba, José B.

(*) Representing Corporación Caixa Galicia, S.A.U., legal entity Director of the Company.

Secretary non-Director and Legal Counsel:
Miguel A. Jiménez-Velasco Mazarío.

i.2) Condition and Representation.

The total number of board members is considered to be sufficient in order to ensure the proper representation and effective operation of the Board of Directors.

Notwithstanding the fact that independence is a quality that must be common to all directors without exception, regardless of their origins or the reason for their appointment, and that they must be judged on the reliability, integrity and professionalism of their performance, pursuant to the guidelines included in the Olivencia and Aldama reports, Law 26/2003 and Ministerial Order 3722/2003, the current directors are classified as follows:

Felipe Benjumea Llorente	- Executive (Chairman)
Javier Benjumea Llorente	- Executive (Chairman)
José Joaquín Abaurre Llorente	- Dominial; External. Member of the Audit Committee.
José Luis Aya Abaurre	- Dominial; External. Member of the Appointments and Remuneration Committee.
José Luis Méndez López (*)	- Independent ; External. Chairman of the Audit Committee.

(*) Representing Corporación Caixa Galicia, S.A.U., legal entity Director of the Company.

Corporate Governance Report, 2003

José B. Terceiro Lomba	- Independent; External. Chairman of the Advisory Board. Member of the Audit Committee. Member of the Appointments and Remuneration Committee.
Ignacio de Polanco Moreno	- Independent; External. Chairman of the Appointments and Remuneration Committee.

As a result, the Board comprises a majority of external, non-executive directors who are equally divided between dominial and independent directors. Independent directors hold one third of the seats on the Board.

The first four directors listed are also members of the Board of Directors of Inversión Corporativa IC, S.A., a reference shareholder of Abengoa (56% share), and their appointment as directors was made at the proposal of this shareholder.

i.3) Rules governing organisation and operation.

The Board of Directors is governed by the Board Regulations, the Company Bylaws and the Stock Exchange Code of Conduct. The Board Regulations were initially approved in the meeting of the Board of Directors held on 18 January 1998, with the clear aim of anticipating the current Good Governance regulations and ensuring effective internal regulation. They were last modified on 29 June 2003, in order to incorporate provisions relating to the Audit Committee established in the Financial System Reform Act.

- Structure.

The Board of Directors has seven members today. The Rules governing the Board of Directors rule the duties and internal organization of the Board of Direction. The Advisory Board of the Board of Directors has ten members and is an auxiliary board for advising the Board. It has its own internal Rules. Additionally, there exists the Internal Rules governing the Conduct regarding Stock Exchange, with which the members of the Board of Directors, the senior management and all those employees affected due to their duties or title have to comply with. The Rules of the General Shareholders Meetings governs the formal aspects and the internal regime of the holding of the shareholders meetings. Finally, the Board of Directors is assisted by the Audit and Appointments and Remuneration Committees, both with their own Internal Regime Rules. All these Rules, put together into the joint body of Corporate Governance Internal Rules is available on the Company's web site, www.abengoa.com.

- Duties:

It is the duty of the Board of Directors to take any action that may be necessary in order to pursue the company's corporate objective, and it is empowered to establish the company's financial targets, agree any relevant measures proposed by the Senior Management in order to achieve these targets, and ensure the future viability and competitiveness of the company, along with the presence of a suitable management and leadership team, supervising the development of the company's business.

- Appointments:

The General Meeting or, where applicable, the Board of Directors, within the powers and limits set out in law, is the competent body for appointing members of the Board of Directors. In addition to meeting the requirements set out in law, appointees shall demonstrate that they are known to be trustworthy and have

Corporate Governance Report, 2003

the knowledge, reputation and professional references that are relevant to the performance of their duties.

Directors shall be appointed for a maximum of four years, without prejudice to the renewal of their appointment or their re-election.

- Removal:

Directors shall be removed from their position at the end of their tenure and under any other circumstance set out in law. They must furthermore relinquish their seat in cases involving their incompatibility, veto, serious sanction or any breach of their obligations as directors.

- Meetings:

As per article 42 of the Company By-Laws, the Board of Directors meets whenever it is required in the interest of the Company and, at least, three times a year. During 2003 it met on a total of twelve occasions.

- Duties of Directors:

It is the duty of Directors to participate in the direction and monitoring of the company's management in order to maximise the value of the company to the benefit of its shareholders. Each Director shall act with the proper care of a dedicated professional and loyal representative, guided by the interests of the company, with complete independence, defending and protecting the interests of all shareholders to the best of their abilities.

By virtue of their appointment, Directors are under the following obligation:

- To gather information and prepare properly for each meeting session.
- To attend and participate actively in meetings and the decision-making process.
- To avoid the occurrence of any conflict of interest and notify the Board of any potential conflict of interest, where applicable, through the Secretary.

- Not to undertake duties with competitor companies.
- Not to use company information for private purposes.
- Not to use the company's business opportunities for their own interests.
- To maintain the confidentiality of any information received as a result of their appointment.
- To abstain in any votes on resolutions that may affect them.

- The Chairman:

In addition to the duties set out in law and in the Company Bylaws, the Chairman is the company's most senior executive, and as such is responsible for the effective management of the company, though always in accordance with the decisions and criteria established by the Shareholders' General Meeting and the Board of Directors. He/she is responsible for implementing the decisions taken by the company's administrative body, by virtue of the powers permanently delegated to him/her by the Board of Directors, which he represents in all its aspects. The Chairman also has the casting vote on the Board of Directors.

- The Secretary:

It is the Secretary's duty to exercise the powers attributed to him/her in law. Today, the titles of Secretary of the Board and Legal Adviser rely on the same person, who is responsible for ensuring that meetings are called and resolutions adopted by the company's administrative body in a valid manner. In particular, he/she will advise members of the Board regarding the legality of their deliberations and any resolutions they adopt, and is responsible for observing the Internal Corporate Governance Regulations, as both formal and material guarantor of the principle of legality which governs the actions of the Board of Directors.

The Secretary to the Board, as a specialised guarantor of the formal and material legality

Corporate Governance Report, 2003

of the Board's actions, has the full support of the Board in performing his/her duties entirely independently of any criteria or the constancy of his/her position, and he/she is entrusted with defending the internal Corporate Governance regulations.

i.4) Remuneration and other rights.

- Payment:

The position of Director is paid, pursuant to the contents of Article 39 of the Company Bylaws. The amount paid to directors may consist of a fixed amount agreed by the General Meeting, though it is not necessary that this amount be the same for all of them. They may also receive a share of the company profits of between 5 and 10% maximum of annual profits, after dividends have been subtracted, and may have their travel expenses reimbursed when such expenses relate to work carried out at the behest of the Board.

The payments made during the 2003 financial year to all the members of the Board of Directors in their capacity as members of both the Board and the Advisory Board to the Board of Directors of Abengoa, S.A. amounted to 0,388M euros in the form of allocations and expenses, and 0,078 M euros for other items.

In addition, the payment made during the 2003 financial year to the company's senior management, this being understood to include the group of seventeen people who form part of the Chairman's Office, the Strategy Committee and the Directors of the Corporate Departments amount in total, including both fixed and variable amounts, to 4,765 M euros.

- Resolutions:

Resolutions are adopted by a simple majority of the board members present (either in person or by proxy) at each session, with the exception of those cases specifically set out in law.

ii) The Advisory Board to the Board of Directors.

The Advisory Board to the Board of Directors of Abengoa, S.A. was established by agreement of the Extraordinary General Meeting held in January 1998 as an advisory body whose duties include the provision of professional advice to facilitate the adoption of decisions by the company's administrative bodies, and whose powers include examining the development of the company's business through consultations submitted by the Board of Directors and through proposals presented for its consideration.

The creation of the Advisory Board in January 1998, again with the clear aim of anticipating and opening up new channels of internal self-regulation in pursuit of the effective, transparent and professional management of the company, involved the regulation of a process for the channelling of information provided by the company management, in order to ensure that this information was accurate, verifiable and complete.

The Advisory Board is configured as a management and decision-making body with complete autonomy. It has powers of consultation and specific technical assessment duties governed by criteria of independence and professionalism. The majority of its members are of known reputation, experience and qualifications and have no significant relationship with the company's executive management, in order to underline the independence inherent in the Advisory Board.

The Advisory Board contributes effectively to the defence of the company's general interests, independently of the company's actual management team, and its main duty is to provide professional and independent models and criteria so that the Board of Directors may make a proper evaluation and take the correct decisions.

Corporate Governance Report, 2003

ii.1) Composition

Pursuant to the contents of Article 46 of the Company Bylaws, Article 26 of the Board Regulations and Articles 3 and 6 of the Rules governing the Internal Regulation of the Advisory Board, the Advisory Board is currently composed of the following members:

José B. Terceiro Lomba	Chairman .
M ^a Teresa Benjumea Llorente	Member.
Maximino Carpio García	"
Rafael Escuredo Rodríguez	"
José M. Fernández-Norniella	"
Ignacio Solís Guardiola	"
Fernando Solís Martínez-Campos	"
Carlos Sundheim Losada	"
Cándido Velázquez-Gaztelu Ruiz	"
Daniel Villalba Vila	"

Secretary and non-Director: Miguel Ángel Jiménez-Velasco Mazarío

ii.2) Condition and Representation.

- Appointment:

At the proposal of the Board of Directors, the Advisory Board comprises a maximum of ten members, of which more than half must be independent, something which is fulfilled by the present members, as per the list above.

The recent appointment of Maximino Carpio García and Daniel Villalba Vila to the Advisory Board has consolidated the professional and independent nature of the Board inherent since its initial establishment in 1998.

- Term:

Each member's appointment remains valid for a period of four years, without prejudice to the renewal of the position or the member's re-election. Removal may occur upon expiry of the term, resignation or dismissal, among other reasons.

- Payment:

The position of board member is a paid position, the amount of their remuneration being established for each financial year by the Board of Directors, pursuant to the contents of Article 39 of the Company Bylaws. This amount is shown in the Annual Financial Statements. In addition, any expenses incurred as a result of work carried out at the behest of the Board are reimbursed. (See point c.i4 above).

- Meetings:

The Advisory Board meets at least once a quarter, and on any occasion that it is asked to do so by the Chairman in order to deal with urgent or extraordinary matters. The Board met four times during the 2003 financial year.

- Resolutions:

Resolutions are adopted by simple majority of the board members present (either in person or by proxy) at each session.

iii) Committees formed by the Board of Directors.

iii.1) The Audit Committee.

Pursuant to the provisions of the Financial System Reform Act, on 2 December 2002 Abengoa's Board of Directors established an Audit Committee and at the same time approved the Internal Regulations governing the Committee's operation. These Rules were ratified by the Shareholders' General Meeting on 29 June 2003, which at the same time approved the modification of Article 44 of the Company Bylaws, in order to incorporate the provisions relating to the operation, composition and organisation of this Committee.

Corporate Governance Report, 2003

Composition

Following the inclusion as independent committee members of José B. Terceiro Lomba, Ignacio de Polanco Moreno and Mr. José Luis Méndez López (Corporación Caixa Galicia), pursuant to the resolution adopted by the Shareholders' General Meeting on 29 June 2003, the Audit Committee currently comprises the following members:

- José L. Méndez López (*) Chairman and independent non-executive director
- José B. Terceiro Lomba Member and independent non-executive director
- José J. Abaurre Llorente Member and dominial non-executive director
- Secretary and non-director: Miguel A. Jiménez-Velasco Mazarío

(*) Representing Corporación Caixa Galicia, S.A.U., legal entity Director of the Company.

As a consequence, the Audit Committee is entirely composed of non-executive directors, thus surpassing the requirements set out in the aforementioned Financial Systems Reform Act. Furthermore, the position of Chairman of the Committee must be held by a non-executive director, as set out in Article 2 of its Internal Regulations.

Duties

The duties and powers of the Audit Committee are as follows:

1. To announce the Annual Financial Statements as well as the quarterly and half-yearly financial statements, which must be submitted to the bodies that regulate or supervise the markets, with reference to any internal monitoring systems, the monitoring procedures followed and compliance through internal

auditing processes, including where applicable, the accounting criteria applied.

2. To inform the Board of any change to the accounting criteria and any risks, whether on or off the balance sheet.
3. To inform the Shareholders' General Meeting regarding any questions raised by shareholders on issues falling within its competence.
4. To propose the appointment of external Accounts Auditors to the Board of Directors, so that the latter may submit this proposal to the Shareholders' General Meeting.
5. To supervise internal auditing procedures. The Committee shall have complete access to the internal auditing process, and shall provide information during the process for the selection, appointment, renewal and removal of its director, and when his or her payment is being established, with the duty to provide information about this department's budget.
6. To have knowledge of the company's financial information procedure and its internal monitoring systems.
7. To maintain relations with the company's external auditors in order to remain informed regarding any matters that may place the independence of said auditors at risk, and regarding any other matters relating to the procedure followed in order to audit the company's accounts.
8. To summon the Directors it considers appropriate to Committee meetings so that they may provide any information that the Audit Committee itself deems relevant.
9. To prepare an annual report on the activities of the Audit Committee, which must be included in the management report.

Corporate Governance Report, 2003

Organisation and operation.

The Audit Committee shall meet as frequently as is necessary in order to carry out its duties, and at least once a quarter.

The Audit Committee shall be considered validly formed when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its resolutions shall be validly adopted when voted for by a majority of the Committee members present. In the event of a tie, the Chairman shall have the casting vote.

iii.2) Appointments and Remuneration Committee.

The Appointments and Remuneration Committee was established by Abengoa's Board of Directors on 24 February 2003, and its Internal Regulations were approved at the same time.

Composition

Following the inclusion as independent committee members of Mr. José B. Terceiro Lomba, Mr. Ignacio de Polanco Moreno and Mr. José Luis Méndez López (Corporación Caixa Galicia), pursuant to the resolution adopted by the Shareholders' General Meeting on 29 June 2003, the Committee currently comprises the following members:

- Ignacio de Polanco Moreno
Chairman and independent non-executive director
- José B. Terceiro Lomba
Member and independent non-executive director
- José Luis Aya Abaurre
Member and dominial non-executive director
- Secretary and non-member:
José Marcos Romero

As a consequence, the Appointments and Remuneration Committee is entirely composed of non-executive directors, thus surpassing the requirements set out in the Financial Systems Reform Act. Furthermore, the position of Chairman of the Committee must be held by a non-executive director, as set out in Article 2 of its Internal Regulations.

Duties

The duties and powers of the Appointments and Remuneration Committee are as follows:

1. To inform the Board of Directors regarding the appointment, re-election, dismissal and payment of members of the Board of Directors and the Advisory Board, and the positions held on these Boards, and to provide information on the general payment and incentive policy for members of these boards and for senior management.
2. To provide prior information regarding all the proposals prepared by the Board of Directors for the General Meeting in relation to the appointment or removal of Directors, including cases of co-option by the Board of Directors itself.
3. To prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the management report.

Organisation and operation.

The Appointments and Remuneration Committee shall meet as frequently as is necessary in order to carry out the foregoing duties, and at least once every six months.

The Appointments and Remuneration Committee shall be considered validly formed when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Corporate Governance Report, 2003

Its resolutions shall be validly adopted when voted for by a majority of the Committee members present. In the event of a tie, the Chairman shall have the casting vote.

iii.3) The Strategy Committee.

This comprises the directors of the Business Groups, the Director of Organisation, Quality and Budgets, the Technical Secretary, the Director of Human Resources and the General Secretary.

It meets every month.

iii.4) The Stock Exchange Internal Code of Conduct.

This was implemented in August 1997. It applies to all directors, members of the Strategy Committee and to other employees on the basis of the activities they carry out and the information to which they have access.

It establishes obligations regarding the protection of information, the duty of secrecy, relevant aspects relating to stages prior to decision-making and publication, establishing the procedure for the maintenance of internal and external confidentiality, the registration of share ownership and transactions relating to securities and conflicts of interest.

The monitoring and supervising body is the General Secretary office.

iii.5) The Professional Code of Conduct.

At the request of the Human Resources department, during year 2003 the company has implemented a Professional Code of Conduct, which establishes the fundamental values that should govern the actions of all the company's employees, regardless of their position or responsibilities. Integrity of conduct, the strict observance of the law in force, professional rigour, confidentiality and quality have formed part of Abengoa's culture since its establishment in 1941, and these values still form an essential part of the company's corporate identity.



Corporate Governance Report, 2003

"Professional Code of Conduct

Throughout its history, Abengoa has grown on the basis of a series of shared values, the most important of which are explicitly listed below. These principles constitute the structure for our Ethical Code. The organization must use all channels to foster the knowledge and enforcement of the same, as well as establish mechanisms for monitoring and reviewing the situation so as to ensure the appropriate respect and updating of the Code.

1. Integrity.

Honorable behavior in professional activities forms part of the very identity of Abengoa and this attitude must be apparent in all actions by our personnel, both inside and outside the company. Demonstrable integrity becomes credibility in the eyes of our clients, suppliers, shareholders and other third parties with which we are connected and creates value in itself for both the individual concerned and the entire organization.

2. Legality.

The fulfillment of legal obligations is not merely an external requirement and therefore an obligation of the organization and its personnel. The law gives us security in our actions and reduces our business risk. Any action which implies a breach of current legality is expressly and absolutely prohibited. If there is any doubt as to the legally correct course of action to be taken, then the corresponding consultation must be made to the Legal Department.

3. Professional rigor.

The concept of professionalism at Abengoa is closely tied to our vocation for service in carrying out activities and to close involvement with the business project being developed.

All actions effected in the course of professional functions entrusted to personnel must be governed by professional responsibility and the principles established in the present NOC.

4. Confidentiality.

Abengoa expects that all personnel in its organization will uphold criteria of discretion and prudence in their communications and dealings with third parties (NOC 10/002).

The appropriate safekeeping of information in the possession of the Company requires all of Abengoa's employees to maintain strict control of all data, adequately guarding documents and not sharing this information with any person inside or outside of the organization who is not authorized to access the same.

In addition, the NOC establish specific policies to be followed in this regard for specific matters requiring high degrees of confidentiality (NOC 03/001).

5. Quality.

Abengoa is committed to quality in all of its actions, both internal and external. This is not a task for a specific group of individuals, or for the senior management, but rather it affects the daily activities of all the members of the organization.

Abengoa has implemented specific norms on quality (NOC 05/001) and these are the result of doing things with expertise, common sense, rigor, order and responsibility.

6. Corporate Culture and Common Management Systems.

Abengoa places great value on its corporate culture and the Common Management Systems as a key business asset. These define Abengoa's way of doing business, through the establishment of a series of Norms of Obligatory Compliance. The proper respect for these is a source of security and profitability for the development of Abengoa's activities.

It shall be the prerogative of the Presidency or of the Management Body delegated by the same to classify the severity of any breaches of the NOC.

In all cases, breaches of the same referring to those areas with a direct impact on the results of the activity or on the assumption of uncontrolled risks will be considered as Very Serious Faults.

Corporate Governance Report, 2003

d. Intergroup and Related Transactions

i) Transactions with significant shareholders.

Explotaciones Casaquemada, S.A. (an affiliate company of Inversión Corporativa, I.C., S.A., shareholder of reference of Abengoa) has granted a right on the surface of the land ("*derecho de superficie*") in favour of Sanlúcar Solar, S.A. (an affiliate company of Abengoa, S.A.), by means of a public deed granted on January 15, 2003, for thirty years on a plot of land of 70 Has, for a cumulative rent of 1,256 millions of euros for the whole duration of the right granted. Said plot shall be devoted by Sanlúcar Solar to the promotion, erection and running of a solar energy plant.

Also, Explotaciones Casaquemada, S.A. and Herrería La Mayor, S.A. (both companies being affiliate companies of Inversión Corporativa, I.C., S.A.) sold barley grown in set asides to Ecoagrícolas, S.A. (an affiliate company of Abengoa, S.A.) for a total amount of 28.400 euros. Said barley was used for the production of biofuels, within the U.E. Grants Program.

ii) Transactions with administrators and directors

During 2003 there were no personal or company transactions between the company and its administrators or senior management.

iii) Significant intra-group transactions

Abengoa, S.A. is (and acts as so) the parent company of a group of entities. As such, it performs a certain amount of activities and roles that complement the integral product that one or several Business Groups jointly offer to their clients. Thus, different companies and Business Groups share clients and they jointly develop their businesses acting one or other companies as head, on a case by case basis. This causes the companies to cross-selling within the Group.

Also, Abengoa co-ordinates and manages the financial resources through a centralised administration system, allowing the optimisation of said resources in those non-recourse financed businesses that arise out of the collection/ payment cycle by using factoring and confirming procedures.

As a consequence of the on market conditions commercial operations, fulfilled on the light of the above and arising out of the ordinary business, or as a consequence of the financing operations, the resulting balances appear on the balance sheets of the affiliate companies, though they are eliminated in the process of the annual accounts consolidation.

e. Risk Control Systems

Abengoa's risk control structure is based on two foundations: the communal management systems and the internal audit services, whose definitions, objectives characteristics and functions are described below.

i) Communal management systems

Definition

Abengoa's communal management systems fulfil the internal rules of the company and its methodology for evaluating and controlling risks and represent a genuine guide for managing Abengoa's businesses, sharing the accumulated knowledge and setting criteria and operational standards.

Objectives

- To identify possible risks that, although associated with all business, must be minimised, being aware of them.
- To optimise day-by-day management, applying procedures designed to financial efficiency, expenses reduction, and information and management systems homogenisation and compatibility.

Corporate Governance Report, 2003

- To foment the synergy and the value creation for the different Business Groups of Abengoa, working in a collaborative ambience.
- To reinforce the corporate identity, respecting the shared values of all the companies within Abengoa.
- To grow through strategic development seeking innovation and new options for the medium and long terms.

The systems cover the whole organisation at three levels:

- all business groups and business lines;
- all levels of responsibility;
- all types of transactions.

In a group such as Abengoa, with more than 200 companies, a presence in nearly 40 countries and approximately 4,000 employees, it is essential to define a common system for managing the business that allows work to be done in an efficient, co-ordinated and consistent way.

ii) Internal audit

Definition

The function of Abengoa's internal audit is structured around the Joint Audit Services that encompass the audit teams of the companies, business groups and corporate services that act in a co-ordinated way and responsible to the Audit Committee of the Board of Directors.

General Objectives

- To anticipate the audit risks of the group's companies, projects and activities, such as frauds, financial damages, inefficient operations and risks that may affect the healthy operation of business in general.
- To control the application of and to promote the development of adequate and efficient management rules and procedures in

accordance with the communal corporate management systems.

- To create value for Abengoa, promoting the construction of synergies and the monitoring of optimal management practices.
- To co-ordinate the criteria and the focus of the external auditors' work, seeking the best efficiency and profitability of both functions.

Specific objectives

- To evaluate the audit risk of Abengoa companies and projects in accordance with an objective procedure.
- To define various types of standard audit and internal control tasks in order to develop the corresponding Work Plans with the appropriate scope for each situation. This classification which is linked to the Audit Risk Evaluation, determines the Work Plans to be used and implies a type of appropriate recommendation and report and should therefore be used explicitly in these documents.
- To steer and co-ordinate the planning process for audit work and internal control in the companies and business groups, to define a notification procedure for these tasks and communication with the affected parties and to establish a method of coding these tasks for their adequate control and monitoring.
- To define the communication process of each audit job's results, the people that are affected and the format of the documents in which they appear.
- To review the application of the plans, the adequate implementation and supervision of the tasks, the timely distribution of the results and the monitoring of the recommendations and their corresponding implementation.

Corporate Governance Report, 2003

Audit Committee

Pursuant to Article 47 of Law 44/2002 of 22 December of the Financial System Reform measures, Abengoa's Board of Directors has appointed an Audit Committee that includes in its functions the "supervision of the internal audit services" and the "understanding of the financial reporting process and the company's internal control systems".

The Corporate Internal Audit manager reports systematically to this committee in relation to his own responsibilities of:

- the Annual Internal Audit Plan and its degree of completion;
- the level of implementation of the issued recommendations;
- a sufficient description of the principle areas reviewed and the most significant conclusions;
- other more detailed explanations that the Audit Committee may require.

There are Audit Committees in other group companies to which the Internal Audit manager of the corresponding business group reports.

f. General Shareholders' Meetings

i) Rules of Operation

Following the recommendation of the Special Commission for the Promotion of Transparency and Security in Financial Markets and Listed Companies, in March 2003 the Board of Directors drafted a structured and systematic regulation for the holding of shareholders' meetings, that was subject to approval at the General Shareholders' Meeting held on 29 June 2003, which unanimously approved the aforementioned regulation; a resolution that was notified to the CNMV on 30 June 2003. In addition to the provisions included in the Spanish Companies Act this regulation incorporates a basic group of rules for the good order and functioning of

shareholders' meetings guaranteeing at all times, the right to information, to attendance, to vote and the right to representation for shareholders.

In accordance with that established under article 19 of the company's bylaws, there is no limitation on the shareholders' right to vote based on the number of shares held. The right to attend General Meetings is limited to a holding of 1,500 shares, without prejudice to the right to representation and grouping that applies to all shareholders.

ii) Information on the last Shareholders' General Meeting

The Abengoa General Ordinary Shareholders' Meeting of 29 June 2003 was held with the assembly, presence or representation of 256 shareholders (43 present and 213 represented) of a total 7,707 registered shareholders. The number of shares, present or represented was 59,036,720 or 65.256% of the total share capital.

The resolutions adopted, all by the favourable vote of the whole of the share capital present or represented, were the following:

1. Approval of the financial statements of Abengoa S.A. for 2002, comprising the balance sheet, profit and loss account and notes and the management report and proposal for the result's distribution for 2002.
2. Approval of the group's consolidated financial statements comprising the balance sheet, the profit and loss account, the notes and the management report for 2002.
3. The re-election of PricewaterhouseCoopers as the company's auditor of the accounts and of the consolidated group for 2003;
4. The amendment of article 44 of the company's bylaws for the purpose of incorporating the provisions relating to the Audit Committee.
5. The amendment of article 39 of the

Corporate Governance Report, 2003

company's bylaws for the purpose of increasing the maximum number of directors from four to seven.

6. The appointment and acceptance as directors, of an independent nature, for a period of four years of Mr. Ignacio de Polanco Moreno and Mr. José B. Terceiro Lomba.
7. The approval of the Regulation governing the operation of the Shareholders' General Meetings.
8. The authorisation of the Board of Directors to increase the company's capital through the issuance of bonds or similar securities and for the derived acquisition of treasury stock.
9. The delegation to the Board of Directors for the interpretation, correction, execution, drafting and registration of the adopted and approved resolutions of the minutes of the meeting.

iii) Web

The company maintains its bilingual (Spanish and English) website permanently updated at www.abengoa.es.

The agreements adopted by the last General Meeting held on 29 June 2003 are recorded on this site. Likewise, the full text of the notice of the meeting, the agenda and the resolutions that were proposed for the meeting's approval were incorporated on the website on 9 June 2003.

On the occasion of future notice of meetings, the company will keep the information available on them updated, for the purpose of supporting the right to information, and with this, the right to vote, of the shareholders, on equal terms.

Finally, with the regulatory and technical progress to be established, the right to vote or to electronic delegation will be guaranteed under the protection of specific legal certainty.

g. Level of monitoring of the recommendations relating to corporate governance.

Since its establishment by the CNMV, the company completes the "report model on the governance of stock market listed companies" that is remitted to the Commission at the time of the notice of the Shareholders' Ordinary General Meeting (9 June 2003).

In the measure by which the information contained in this form is less detailed and developed than the current Corporate Governance Annual Report, we defer to it for the issues set out therein. Said Report is available at "www.abengoa.com (Legal and Financial Information / Reports to CNMV / Relevant Facts; Good Governance Questionnaire 2002)".

Likewise, pursuant to the Ministerial Order of 22 December 1999, actioned by Circular 1/2000 of the CNMV relating to the business development and prospects of listed companies assigned to the New Market segment, the company annually remits the relevant information required, similarly at the time of the notice of the Shareholders' Ordinary General Meeting (9 June 2003). Said information is available at "www.abengoa.com (Legal and Financial Information / Reports to CNMV / Relevant Facts; Other Communications (09.06.2003))".

h. Information tools

i) Web

The obligation to provide useful, true, complete and balanced information to the market in real time would not be sufficient if the suitable methods for transmitting this information were not appropriate, guaranteeing that it is distributed effectively and usefully. As a result, the Aldama Report and the Financial System Reform Act recommend, as a result of new technologies, the use of listed companies' websites as an information tool (including historical, qualitative and quantitative company data in it) and a distribution tool (including timely or individualized information in real time that may be accessible by investors).

Corporate Governance Report, 2003

At the end of the first quarter 2002, Abengoa therefore implemented a new company website, characterised on the one hand by a more direct, quick and efficient on-screen presentation, and on the other hand, with an information content and documentation made available to the general public, focussed on three fundamental aspects:

- a) Commercial: the presentation of the company and its business groups, press news, newsletters etc.
- b) Legal: communications, relevant facts, corporate governance internal regulations, etc.
- c) Economic: periodic reporting, financial statements, share price, etc.

Both the information available as well as its actual distribution portal – the website – are continually updated; corporate governance, the rules that regulate it and the continually developing legislation that governs it or recommends it adheres to, and will be adhered to. Today there is a special, far-reaching concept that is being developed in a regulatory field; the regulation of shareholders' rights (information, voting, etc.) by non-habitual methods. Similar to all companies engaged in growing, Abengoa must adapt itself and anticipate, as in fact it has been doing, to the development of the markets as well as towards self-regulation (that is, adopting its own code of conduct by which its actions and decisions can be evaluated from outside the company), progress, transparency and information, which have to be anticipated in order to reassure the confidence of the market and therefore its growth.

ii) Shareholder Service Department

In order to establish a permanent contact with the company's shareholders, the company has a Shareholder Service Department whose manager is the General Secretary, with the objective of establishing a transparent and smooth communication with its shareholders and to allow

access to the same timely and formatted information together with the institutional investors whose equal treatment is guaranteed. The distribution of true and reliable information on relevant facts, press releases and the periodic financial-economic information are supervised in particular.

A Shareholders mail box is available at www.abengoa.com

iii) Investor Relations Department

With the same objective as the Shareholder Service but in relation to investors, the company provides an investor relations department and stock market analysts responsible to the Director of Management Information Systems, assisted by the Finance Director, who is responsible for the design and implementation of the program for communication with the national and international financial markets for the purpose of understanding the principal characteristics and strategic actions of the company.



Abengoa Audit and Control Committee

Abengoa Audit and Control Committee

Introduction

The year 2003 was the first full year in which the Audit Committee performed its functions as such. This Activity Report is intended to inform the general public and, more particularly, the shareholders of the activities that Abengoa carries out in this area.

For the Board of Directors to perform its functions in a strong and efficient manner, specialized Commissions must be created within the Board, in order to diversify the work and ensure that, in certain important issues, the proposals and resolutions have previously been approved by a specialized body that is able to filter and obtain information on its decisions, so as to strengthen the guarantee that the resolutions are objective and have been given due consideration.

The Audit Committee was, therefore, created as an informative and consultative body reporting to the Board of Directors. Its is authorized to inform, supervise and propose certain actions relating to issues that fall within the area of its competency.

Abengoa's Audit Committee was created by the Board of Directors of Abengoa, S.A. on December 2, 2002 under article 44 of the By-Laws, in order to meet the provisions on the Audit Committee set forth in Law 44/2002 on the Reform of the Financial System. Its Internal Regime Regulations were approved by the Board of Directors on February 24, 2003. Both these events were duly notified to the Stock Market National Commission as relevant facts.

The Audit Committee is, in its totality, formed by non-executive Board Members, its current composition being as follows:

Chairman	D. José L. Méndez López (*)
Member	D. José B. Terceiro Lomba
Member	D. José J. Abaurre Llorente
Secretary	D. Miguel Angel Jiménez-Velasco

(*) Representing the legal person Corporación Caixa Galicia, S.A.U. as a Director.

During the year 2003, the Audit Committee met 9 times.

We describe the Internal Regime Regulations that govern the operation of the Committee, the matters that fall within its competency and the activities carried out during the year below:

Audit Committee Internal Regime Regulations

- Composition and Appointment:

The Audit Committee Regulations establish that it shall be formed permanently by three members of the Board of Directors. At least two of them will be non-executive Board Members, thus complying with the majority of non-executive members provided for in Law 44/2002.

Members shall be appointed for a maximum term of office of four years, which may be renewed for further terms of the same duration.

- Chairman and Secretary:

The Audit Committee will initially elect its Chairman from among all its members who are non-executive Board Members. The Chairmanship will be taken in turns, on an annual basis, by the non-executive Board Members that form part of the Committee and at least one year must elapse before the same Board Member is re-elected as Chairman.

Abengoa Audit and Control Committee

The Secretary to the Board of Directors shall act as Secretary to the Committee.

- Functions and Competencies:

The functions and competencies of the Audit Committee are as follows:

1. To inform on the Annual Accounts and the six-monthly and quarterly Financial Statements that must be sent to the market regulatory or supervisory bodies, mentioning the internal control systems, the control of the monitoring thereof and compliance therewith through internal audit and, when appropriate, the accounting principles applied.
2. To inform the Board of any change in accounting principles and the balance sheet and off-balance sheet risks.
3. To inform the General Shareholders' Meeting on the issues raised thereat by shareholders in relation to matters that fall within its competency.
4. To propose the appointment of the external Account Auditors to the Board of Directors, in order for the proposal to be submitted to the General Shareholders' Meeting.
5. To supervise the Internal Audit services. The Committee will have full access to the Internal Audit and will inform during the process of choosing, appointing, renewing and/or removing the manager thereof and fixing his remuneration, likewise informing on the budget of this Department.
6. To know the company's financial information system and internal control systems.
7. To be in contact with the external auditors to receive information on any issues that may jeopardize said auditors' independence and/or any other issues related to the account auditing process.
8. To call the Board Members it sees fit to attend to the Committee meetings, so that they can inform to the extent decided by the Committee.
9. To prepare an annual report on the Audit Committee's activities, which must be published together with the Annual Accounts for the year.

- Meetings and Notice:

The Audit Committee shall meet on the occasions required to perform the functions stated in the preceding article, which must be at least once a quarter. In general, the meetings will be held at the company's registered office, although the members may designate a different place for a specific meeting.

The Audit Committee shall also meet whenever a meeting is called by the Chairman, at his own initiative or at the request of any member of the Committee. Members of the Committee may, in any case, inform the Chairman of the advisability of including a certain matter on the Agenda of the following meeting. Notice shall be given sufficiently in advance, not less than three days, and in writing, including the Agenda. However, a meeting of the Audit Committee will be valid when all its members are present and they agree to hold the meeting.

- Quórum:

The Audit Committee shall be considered to have a valid quorum when a majority of its members are present. Attendance may only be delegated to a non-executive Board Member.

Its decisions will be validly adopted when the majority of the Committee members in attendance vote in favour. In the event of a tie, the Chairman shall have the casting vote.

Abengoa Audit and Control Committee

Activities of the Audit Committee

The main activities submitted to the Audit Committee may be grouped into four different areas of competency:



Verification of economic and financial information

The Group's financial information consists basically of the consolidated financial statements, drawn up quarterly, and the full consolidated Annual Accounts, drawn up annually.

This information is prepared on the basis of the account reporting that all the Group companies are obliged to submit for this purpose.

The information reported by each one of the individual companies is verified by both the Group's internal auditors and the external auditors, in order to ensure that the information is true and provides an accurate picture of the company.

Abengoa has made a significant effort to systemize the reporting systems to allow times to be reduced and the reports required to be prepared as automatically as possible. This is one of the Group's permanent objectives, which will allow a constant reduction in the times required to present the Group's financial information.

The Audit Committee's functions include the verification of the economic and financial information prepared by the Group before it is submitted to the Board of Directors of Abengoa and the regulatory bodies of the Stock Market National Commission.

Once the above requirements have been met, the information is made public for the market and the financial institutions.

Supervision of the risk control system

Abengoa's risk control system is founded on two pillars: the Common Management Systems and the Internal Audit Services, the definitions, objectives, characteristics and functions of which are explained below.

Abengoa's Common Management Systems develop the company's internal rules and the risk evaluation and control method contained in these rules and represent a culture common to the management of Abengoa's businesses, sharing accumulated knowledge and fixing criteria and action guidelines.

Their objectives are described below:

- To identify possible risks, which, although any business involves them, we should try to be aware of and attenuate.

Abengoa Audit and Control Committee

- To optimize day-to-day management, applying procedures favouring financial efficiency, a reduction in expenses and the standardization and compatibility of information and management systems.
- To promote synergies and value creation by Abengoa's business groups, working in an environment of co-operation.
- To strengthen the corporate identity, with all the Abengoa companies respecting the shared values.
- To attain growth by strategic development seeking innovation and new options in the medium- and long-term.

The Systems cover the whole organization at three levels:

- all the Business Groups and areas of activity
- all levels of responsibility
- all kinds of operations

Meeting the provisions of the Common Management Systems is compulsory for the whole organization and, therefore, they must be known to all the members thereof. Any exceptions to these Systems must be made known to the person concerned and appropriately authorized.

The Common Management Systems are submitted to a permanent updating process, which allows the best practices to be included in each one of its fields of action. The successive updates to which they are submitted are immediately notified to the organization using computing media, which greatly facilitates the dissemination thereof.

In a group like Abengoa, with more than 200 companies, a presence in nearly 40 countries and approximately 9,000 employees, it is indispensable to define a common system for management of the business that permits working efficiently and on a coordinated and consistent basis.

The **Internal Audit Services** are structured around the Joint Audit Services, which include the audit teams of the Companies, Business Groups and Corporate Services and act in a coordinated manner, reporting to the Audit Committee of the Board of Directors.

From among their strategic objectives, we can highlight:

- Forestalling the audit risks of the Group's Companies, Projects and Activities, such as frauds, capital losses, operating inefficiencies and, in general, risks that may affect the favourable progress of the business.
- Controlling the application and promoting the development of appropriate and efficient management rules and procedures, in accordance with the Common Corporate Management Systems.
- Creating value for Abengoa, by promoting the building of synergies and the monitoring of optimal management practices.
- Coordinating and criteria and approaches of the work with the external auditors, seeking the greatest efficiency and profitability of both functions.

Therefore, the Internal Audit Services act through specific objectives:

- Evaluating the Audit Risk of Abengoa Companies and Projects following an objective procedure.
- Defining standard types of Internal Audit and Control work, in order to develop the pertinent Work Plans with the scope appropriate to each situation. The different types of work are linked to Audit Risk Evaluation, determine the Work Plans to be used and involve an appropriate type of Recommendations and Reports, meaning that, therefore, they should be used explicitly in said documents.

Abengoa Audit and Control Committee

- Guiding and coordinating the internal audit and control work planning processes of the Companies and Business Groups, defining a procedure for notification of said work and communication with the parties involved and establishing a coding system for the work, so that it can be appropriately controlled and monitored.
- Defining the process for communicating the results of each piece of audit work, the persons affected and the format of the documents in which it materializes.
- Reviewing the application of the plans, the appropriate performance and supervision of the work, the prompt distribution of the results and the monitoring of the recommendations and the implementation thereof.

The main objective is to control and reduce audit risk, defining this as any risk that affects the business and can be estimated, evaluated and/or controlled by Management.

Each Abengoa activity, project and company must have a preliminary audit risk evaluation that allows appropriate planning of the reviews to be performed. This risk estimate must follow objective criteria common to all the Group and will be the responsibility of the Internal Audit and Control Department, at the level of Joint Services that corresponds to each specific case.

Abengoa's main tool for risk prevention and control and for monitoring efficient processes is the Common Management Systems. The review of the application, implementation and development of these systems is a priority objective of the audit function, contributing not only the review facets, but also promotional and educational aspects, with a view to their being systematically employed by all Group personnel.

In relation to the above, the Internal Audit and Control function should exceed a mere supervisory approach and, without decreasing the inspection and review activity, should actively promote improvements with immediate repercussions on the optimization of processes and businesses, the obtaining of synergies and, in short, the creation of value for Abengoa.

In both the focus of the work and the planning, performance, documentation, programs and notification of results thereof, coordination with the external auditors should prevail, so that the work of the two functions is not duplicated and Abengoa's internal audit and control procedures are validated and may be deemed to be adequate audit proof to support the external auditor in his opinion.

To attain this objective, a standardization of all the work cycles and documentation that contribute to the consistency of the work of Abengoa's internal auditors will be fomented.

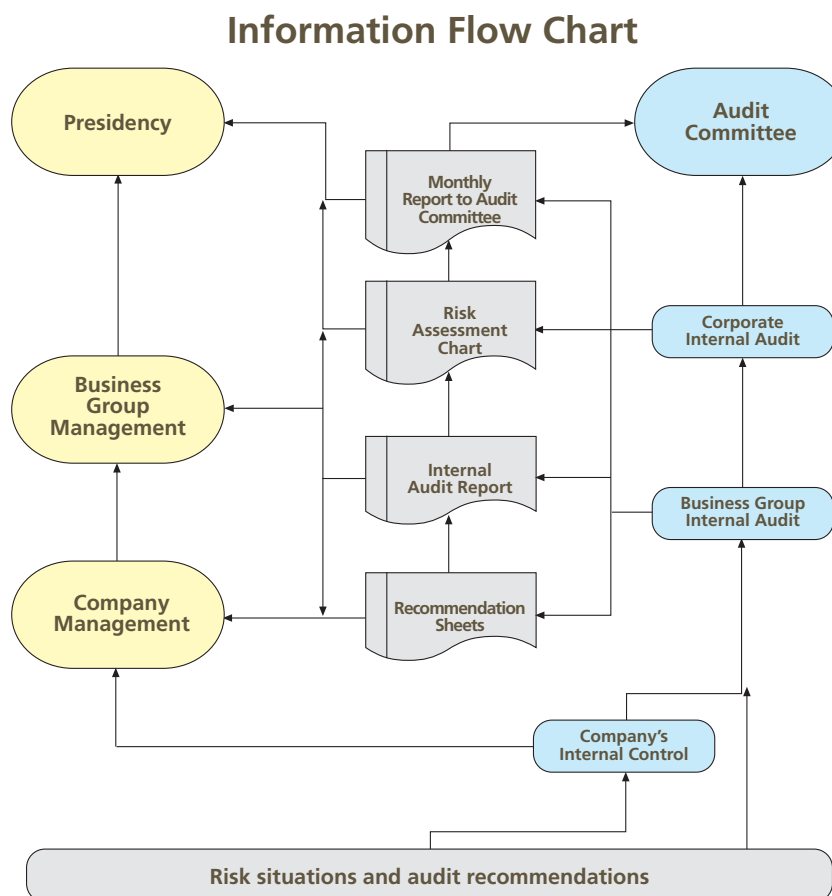
The external auditors must adopt an active attitude to improving the Group's controls and procedures, promoting the Internal Control Memorandum (issued upon conclusion of each job, with specific recommendations by area) as an end product of the audit work with great value for Abengoa.

The external auditors may perform internal audit functions when there are no Abengoa resources available. In these cases, the work, not the responsibility, will be delegated. In the course of these reviews they will, in principle, apply the Abengoa Internal Audit and Control work method and, only subsidiarily, that of their own firms.

Following the doctrine of The Institute of Internal Auditors and its Spanish branch, Instituto de Auditores Internos, the ultimate purpose of this structure is to provide the Management of Abengoa and of each of its Business Groups with an extra "control" flow of information, running parallel to the normal hierarchical flow, but with permanent horizontal information channels between each one of the hierarchical levels of the Companies and Business Groups and the pertinent Internal Audit services, applying clear and transparent criteria and safeguarding the confidential information involved.

Abengoa Audit and Control Committee

This structure is shown in the following diagram:



Abengoa's Internal Audit and Control Standard sets forth the way in which the Group's Internal Audit activities are run in detail in the form of a Manual.

The Audit Committee's functions include "to supervise the internal audit services" and "to know the financial information and "to know the company's financial information system and internal control systems".

The person responsible for Corporate Internal Audit informs the Committee systematically in relation to the Audit's activities of:

- the Annual Internal Audit Plan and the extent to which it is met;
- the extent to which the recommendations issued have been implemented;
- an adequate description of the main areas reviewed and the most significant conclusions;
- any other more detailed explanations that the Audit Committee may require.

There are Audit Committees in other Group Companies, which are informed by the person responsible for Internal Audit in the relevant Business Group.

Abengoa Audit and Control Committee

Compliance with the Annual Internal Audit Plan

The Annual Internal Audit Plan is drawn up each year and the scope thereof is determined by:

- the evaluation of the risk of the different companies, areas and projects
- the circumstances in each one of them at any given moment
- and the Audit Committee requirements

The evaluation of the audit risk is made for each project, company and Business Group. In this respect, audit risk is defined as any possible event that might have a negative effect on the business, such as fraud, capital losses or operating inefficiencies. The risk evaluation allows us to find out the areas on which we should focus our attention and work.

Planning seeks to guarantee that the risk areas identified will be covered by work that mitigates or eliminates the risks and allows them to be adequately identified, controlled and monitored. The result of this planning is the Annual Internal Audit Plan.

The Annual Plan establishes the types of work to be performed and the scope of each one of them. Depending on the proposed scope, general company reviews, reviews of specific areas, procedure review or special work are proposed.

The Annual Plan is continually monitored by the Audit Committee, which is informed systematically on both the progress thereof and the results obtained in the reviews performed.

For each of the tasks planned, once the field work has been performed, recommendations are identified that imply, not only that both legal and internal regulations are applied, but also that the best management practices in the pertinent area of activity are incorporated. These recommendations are classified as major or minor, depending on the importance of the area affected or, if applicable, the economic impact they imply.

In the year 2003, a total of 310 tasks were performed. The Annual Audit Plan for 2003 included 302 tasks and, thus, compliance was 103%. The eight extra tasks that were not included in the Plan relate mainly to Due Diligence carried out in processes to acquire companies or obtain holdings therein.

As a consequence of these tasks, 198 major recommendations were issued, 144 of which have already been implemented, while the remainder are in the process of implementation by the different companies.

Monitoring the External Audit

The Audit Committee is responsible for supervising the results of the external auditors' work. It is, therefore, promptly informed of their conclusions and of any anomalies noted in the course of their reviews.

The external auditor must attend the Audit Committee when required to do so, in order to inform on the area of his competencies, mainly relating to:

- The review of the financial statements of the consolidated group and its companies and the issuance of an audit opinion thereon.

Although the scope of the opinion is the financial statements as of December 31 each year, the work performed by the auditors in each company includes a review of a previous accounting period end, usually that of the third quarter of the year (September), in order to anticipate any significant matters or operations that have arisen up to that date.

Abengoa Audit and Control Committee

- Evaluation of the Internal Controls

The advanced approach to auditing practice considers this to be part of an auditor's work, since this approach places more emphasis on the evaluations of the company's controls than on the substantive proof. In addition to their standard professional opinion, external auditors must issue an internal control report that is the basis of their presentation to the Audit Committee.

- Matters of special interest:

For certain specific matters or operations, an advancement of the auditors' opinion on the accounting principles adopted by the company is required, in order to reach a prior agreement on that principles.

Furthermore, the Audit Committee's functions include ensuring the independence of the external auditor and proposing the appointment or renewal thereof to the Board of Directors.

Abengoa, S.A.'s statutory auditor is PricewaterhouseCoopers, which is likewise the group's main auditor. Notwithstanding, a significant part of the Group, the part relating to the Environmental Services Business Group (Befesa), is audited by Deloitte. In addition, other audit firms also provide their services in small companies, both in Spain and abroad, although their scope cannot be called significant.

Abengoa's policy is for all group companies to be audited externally, even if they do not meet the requirements to make this compulsory.

The global amount of the fees agreed with the external auditors for the audit of the year 2003 and the distribution thereof is shown in the chart below:

	Firm	Fees	Companies
Spain	PWC	299,960	27
Spain	Deloitte	258,411	27
Spain	Other firms	51,114	15
Abroad		446,590	57
Total		1,056,075	126

Abengoa Audit and Control Committee

Monitoring special projects

Either in the course of ordinary audit work or because of new circumstances, situations that require special treatment and monitoring may exist.

The Audit Committee is able to request work be carried out to meet specific objectives, or this work may arise at the initiate of Abengoa Management or the Internal Audit Department itself. In these cases, the Audit Committee will be especially informed of said situations, the measures that are being applied and the results obtained. They may include, among others:

- Significant risks:

When, due to the circumstance of a project or because of market changes, an important factor in creating the profit may be at risk, this must be handled separately and the Audit Committee must be systematically informed of the evolution thereof.

- Frauds:

Likewise, when, either due to an ordinary audit procedure or to specific information, a potential risk of fraud is known, a special review must be made and followed up, with systematic information to the Committee.

- Changes in legislation:

The existence of changes in the accounting or tax legislation may cause significant impacts on the financial statements of Abengoa and its group of companies and we must be in a position to anticipate this. Therefore, in these cases, special projects will be establishes in order to monitor the adaptation to and impact of the changes in detail. The Audit Committee shall be promptly informed and may be required to participate directly in the matter.

At present, we only have one project of this nature in progress and, given the importance thereof and its heavy impact on the Abengoa's financial statements, together with the period considered for implementation, will be especially monitored in the year 2004. It is the adaptation of Abengoa's financial statements to IAS (International Accounting Standards).

Although the adaptation to IAS will not be compulsory for listed groups of companies in Spain until exercises commenced later than January 1, 2005, Abengoa wishes to know the impact that this change will have on its financial statements and be in a position to issue converted financial statements, for information only, at the 2004 year end.

For this purpose, the Project of adaptation to IAS has begun, with the assistance of the group's auditors and an important assignation of group resources. This Project, which includes a first phase of diagnosis, a second phase of the detailed analysis of impacts and a last phase of implementation of the changes in the information systems, has already started and is forecast to conclude in the third quarter of the year 2004.

Appointments and Remuneration Committee

Appointments and Remuneration Committee

The Appointments and Remuneration Committee was formed by the Board of the Directors of Abengoa on February 24, 2003, with approval, likewise, of its Internal Regulations.

Composition

The current composition of the Committee, after inclusion, as independent members of the Board of Directors, of Mr. José B. Terceiro Lomba, Mr. Ignacio de Polanco Moreno and Mr. José Luis Méndez López (representing Corporación Caixa Galicia, S.A.U.) as a result of the resolutions adopted by the General Meeting of Shareholders of June 29, 2003, is as follows:

- Ignacio de Polanco Moreno	Chairman. Independent Non-executive independent Director
- José B. Terceiro Lomba	Member. Independent non-executive Director
- José Luis Aya Abaurre	Member. Shareholder representative
- José Marcos Romero	Non-director Secretary

Consequently, the Appointments and Remuneration Committee is fully formed by non-executive Directors, thus exceeding the requirements established in the Financial System Reform Act. In addition, Chairmanship of the Committee is held by a non-executive Director, which is compulsory under the provisions of article 2 of the Committee's Internal Regulations.

Functions

The functions and competencies of the Appointments and Remuneration Committee are:

1. To inform the Board of Directors on appointments, renewals, resignations and remuneration of members and Board of Directors and the Advisory Board and the holders of specific posts thereon and on the general remuneration and incentive policy for these bodies and for senior management.
2. To inform, previously, on all the proposals that the Board of Directors submits to the General Meeting in relation to the appointment or resignation of Directors, including co-option by the Board of Directors itself.
3. To prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the Directors' Report.

Meetings

The Appointments and Remuneration Committee shall meet on the occasions required to meet the functions described above, at least once every six months.

In the year 2003, the Committee held two meetings specifically when the Ordinary General Meeting was called, in order to prepare the proposal for appointing directors and proposals to the Board of Directors for appointment of the members of the Board of Directors Advisory Committee.

Appointments and Remuneration Committee

Organization and operation

The Committee shall be considered to have a valid quorum when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its decisions will be validly adopted when the majority of the Committee members in attendance vote in favour. In the event of a tie, the Chairman shall have the casting vote.

The Company's Remuneration Manager attends the meetings of the Committee as the Secretary.

Information presented to the Committee








- The Company's remuneration systems and criteria.
- Monitoring and evolution of remuneration.
- Proposal for remuneration of the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Preparation of the pertinent information to be included in the Annual Accounts.
- Proposal for the appointment of new directors; submission to the Ordinary General Shareholders' Meeting held on June 29, 2003 of the proposal for appointment of Mr. José Luis Méndez López, Mr. Ignacio de Polanco Moreno and Mr. José B. Terceiro Lomba as new directors, on the basis of their professional careers and experience, pursuant to the criteria fixed in the Regulations of the Board of Directors of Abengoa and the company By-laws. Proposal to the Board of Directors for the appointment of Mr. Maximino Carpio García and Mr. Daniel Villalba Vila as members of the Board of Directors Advisory Committee, due to their special technical qualifications and marked independence and professionalism.
- Proposal to the Board of Directors for the appointment of Mr. Carlos Sundheim Losada as a member of the Board of Directors Advisory Committee of Abengoa.



Management Structure



Management Structure

		Address	Telephone - e-mail	Fax	
Chairman: Chairman: Corporate Services: • <u>Financial Management</u> - Estructured Financing - Corporate Financing • <u>Centralized Treasury, Appointments and Remunerations</u> • <u>Taxation and Management Information System</u> • <u>Consolidation and Auditing</u> • <u>General Counsel</u> - Legal Department - Risk Management • <u>Organisation, Quality and Budgeting</u> • <u>Technical Secretary</u> • <u>Integrated Human Resources Management (GIRH)</u> • <u>Computer Systems:</u> Telvent Outsourcing	Felipe Benjumea Llorente Javier Benjumea Llorente Amando Sánchez Falcón Vicente Jorro de Inza Jesús Ángel García Quílez José Marcos Romero Juan Carlos Jiménez Lora Ana María Plaza Arregui Miguel Ángel Jiménez-Velasco Mazarío Julián Aguilar García Rogelio Bautista Guardado Jesús Viciano Cuartara José Antonio Moreno Delgado Álvaro Polo Guerrero Emilio Martín Rodríguez	 41018 Seville  41006 Seville  41006-Seville	Avda. de la Buhaira, 2 Tamarguillo, 29 Tamarguillo, 29	954.937.111 abengoa@abengoa.com 954 920 992 902.335.599	954.937.002 954 321 859 954.660.852
Bioenergy Abengoa Bionergia, S.L. Corporate • President & CEO • CFO • VP of Operations • Operations Director • General Counsel • Engineering Director • Procurement, Quality and Information Systems Director • New Projects Director Europe • General Director • Expansión Manager • EU Business Development Director USA • President & CEO • US Business Dev. Director Ecocarburantes Españoles,S.A. • President • CEO • General Director	Javier Salgado Leirado Ignacio García Alvear Danny Allison Gordon Working Salvador Martos Barriónuevo Francisco A. Morillo León Antonio J. Vallespir de Gregorio José Carlos Saz Gimeno Ginés de Mula G. de Riancho Gerardo Novales Montaner Pedro Carrillo Donaire Javier Salgado Leirado Joaquín Alarcón de la Lastra Romero Eduardo Sánchez-Almohalla Serrano Javier Salgado Leirado Ginés de Mula G. de Riancho	 Chesterfield, San Luis MO 63017, USA  41018-Seville 28010-Madrid  Chesterfield, San Luis MO 63017, USA  30350-Cartagena (Murcia)	1400 Elbridge Payne Road suite 212 Avda. de la Buhaira nº 2 General Martínez Campos nº 15, 5º Ctro. Izda. 1400 Elbridge Payne Road suite 212 Carretera Nacional 343, km. 7,5 Valle de Escombreras	1 636 728 0508 bioenergia@abengoa.com 95.493.71.11 91.448.65.99 1 636 728 0508 968.167.708 ecocarburantes@abengoa.com	1 636 728 1148 95.493.70.12 91.448.78.20 1 636 728 1148 968.167.070 - 87

Management Structure

			Address	Telephone - e-mail	Fax
Bioetanol Galicia, S.A. <ul style="list-style-type: none">• President• CEO• General Director• Plant Manager	José B. Terceiro Javier Salgado Leirado Ginés de Mula G. de Riancho Jaume Mir Martínez	15310-Teixeiro-Curtis (La Coruña)	Polígono Industrial Teixeira Ctra. Nacional 634, km 664,3	981.777.570 bioetanolgalicia@abengoa.com	981.785.131
Ecoagrícola, S.A. <ul style="list-style-type: none">• President• CEO• General Director	Antonio Navarro Velasco Javier Salgado Leirado Ignacio Benjumea Llorente	41018-Seville	Avda. de la Buhaira nº 2	954.937.111 ecoagricola@abengoa.com	954.937.201
Biocarburantes Castilla y León, S.A. <ul style="list-style-type: none">• President• CEO	Ginés de Mula G. de Riancho Javier Salgado Leirado	41018-Seville	Avda. de la Buhaira nº 2	954.937.111	954.937.012
Abengoa Bioenergy Corporation <ul style="list-style-type: none">• President & CEO• Chief Operating Officer• Executive Vicepr. & General Counsel• Ethanol Marketing & Sales Director• DGS Marketing & Sales Director• Plant Manager	Javier Salgado Leirado Timothy Newkirk Chris Standlee David Weber Richard Emery Harry Robideaux	Chesterfield, San Luis MO 63017, USA	1400 Elbridge Payne Road, suite 212	1 636 728 0508	1 636 728 1148
• Plant Manager	Steve Van Norden	Colwich, KS 67030, USA	523 East Union Ave	1 316 796 1234	1 316 796 1523
• Plant Manager	Asif Malik	Portales, NM 88130, USA York, NE 68467, USA	1827 Industrial Dr. 1414 Road O	1 505 356 3555 1 402 362 2285	1 505 539 1060 1 402 362 7041
Abengoa Bioenergy R&D <ul style="list-style-type: none">• President & CEO• Director	Javier Salgado Leirado Gerson Santos-León	Chesterfield, San Luis MO 63017, USA	1400 Elbridge Payne Road, suite 200	1 636 728 0508	1 636 728 1148
Environmental Services Befesa Medio Ambiente, S.A. <ul style="list-style-type: none">• Chairman• Deputy chairman	Javier Molina Montes Manuel Barrenechea Guimón	28010 - Madrid	Fortuny, 18	913.084.044 befesa@befesa.abengoa.com	913.105.039
Corporate Services <ul style="list-style-type: none">• Legal Adviser• Consolidation and Auditing• Financial• Information and Management Systems• Human Resources	Antonio Marín Hita Asier Zarraonandia Ayo Eduardo Martín Onorato Ignacio García Hernández Álvaro Polo Guerrero	48903 Luchana-Baracaldo (Vizcaya)	Buen Pastor s/n	944.970.533 befesa@befesa.abengoa.com	944.970.240
Aluminium Waste Recycling <ul style="list-style-type: none">• Commercial• Production• Trading• Technology and Machinery Sale• Economic-Financial• Administration and Management Control• Quality, Security and Environment	Federico Barredo Ardanza Alvaro Aguirre Lipperheide José Ángel Corral Ruiz Fernando Zufía Sustacha Francisco Saez de Tejada Picornell Asier Zarraonandia Ayo Juan Carlos Torres Romero Oskar de Diego Rodríguez	48950 - Erandio (Vizcaya)	Ctra. Luchana-Asúa, 13	944.530.200 aluminio.bilbao@befesa.abengoa.com	944.530.097
Befesa Aluminio Bilbao, S.L.	Federico Barredo Ardanza	48950 - Erandio (Vizcaya)	Ctra. Luchana-Asúa, 13	944.530.200 aluminio.bilbao@befesa.abengoa.com	944.530.097
Befesa Aluminio Valladolid, S.A.	Pablo Núñez Ortega	47011 - Valladolid	Ctra. de Cabezón, s/n	983.250.600 aluminio.valladolid@befesa.abengoa.com	983.256.499

Management Structure

		Address		Telephone - e-mail	Fax
Galdán, S.A.	Pedro Ugartemendia Merino	31800 - Alsasua (Navarra)	Polig. Ind. Ibarrea	948.563.675 galdan@ctv.es	948.563.111
Deydesa, 2000, S.L.	Ion Olaeta Bolinaga	01170 - Legutiano (Villarreal de Álava)	Pol.Ind. Gojain - San Antolin, 6	945.465.412 olaeta@deydesa2000.com	945.465.455
Intersplav	Victor Ivanovich Boldenkov	94800 Sverdlovsk (Ukraine)	Luganskaya Oblast	380.643.47.53.55 is@intersplav.com.ua	380.642.50.13.40
Donsplav	Alexander Shevelev	83008 Donetsk (Ukraine)	Yugoslavskaya Str. nº 28	380.622.53.47.69 donsplav@donsplav.dn.ua	380.622.53.30.63
Salt Slag Recycling • Deputy Director • Economic-Financial	Manuel Barrenechea Guimón Carlos Ruiz de Veye Asier Zarraonandia Ayo	48950 Asúa-Erandio (Vizcaya)	Ctra. Luchana-Asúa, 13	944.530.200 aluminio.bilbao@befesa.abengoa.com	944.530.097
Befesa Escorias Salinas, S.A.	Rubén Calderón Alonso	47011 - Valladolid	Ctra. de Cabezón, s/n	983.264.008 escorias.salinas@befesa.abengoa.com	983.264.077
Befesa Salt Slags, Ltd.	Adrian Platt	Shropshire SY13 3PA (United Kingdom)	Fenns Bank Whitchurch	44.1948.78.04.41 enquiries@remetaltrp.com	44.1948.78.05.09
Zinc and Desulphuration Waste Recycling • Commercial • Supplies and Factory Administration • Economic-Financial • Technical	Manuel Barrenechea Guimón Ana Martínez de Urbina Íñigo Urcelay González Isabel Herrero Sangrador Javier Vallejo Ochoa de Alda	48950 Asúa-Erandio (Vizcaya)	Ctra. Bilbao-Plencia, 21	944.535.030 zinc.aser@befesa.abengoa.com	944.533.380
Befesa Zinc Aser, S.A.	Manuel Barrenechea Guimón	48950 Asúa-Erandio (Vizcaya)	Ctra. Bilbao-Plencia, 21	944.535.030 zinc.aser@befesa.abengoa.com	944.533.380
Befesa Zinc Sondika, S.A.	Joseba Arróspide Ercoreca	48150 - Sondica (Vizcaya)	Sangroniz Bidea, 24	944.711.445 zinc.sondika@befesa.abengoa.com	944.532.853
Befesa Zinc Amorebieta, S.A.	Joseba Arróspide Ercoreca	48340 - Amorebieta (Vizcaya)	Barrio Euba, s/n	946.730.930 zinc.amorebieta@befesa.abengoa.com	946.730.800
Befesa Desulfuración, S.A.	Manuel Barrenechea Guimón	48903 - Luchana-Baracaldo (Vizcaya)	Buen Pastor s/n	944.970.066 desulfuracion@befesa.abengoa.com	944.970.240
Industrial Waste Management • Commercial • Industrial • Production • Business Development • Transactions • Financial • Marketing and Systems • Engineering • Quality and Environment • Southern Region • Levante Region	José Francisco Núñez Martín Antonio Rodríguez Mendiola Santiago Ortiz Domínguez Leopoldo Sánchez del Río Castiello Alberto Carmona Bosch Íñigo Molina Montes Samuel Sanz de Benito Ana García Zamarreño Javier González del Valle Ana Yáñez Gutiérrez Jacobo del Barco Galván Apolinar Abascal Montes	28010 - Madrid	Fortuny, 18	913.084.044 bgri@befesa.abengoa.com	913.105.039
Befesa Gestión de Residuos Industriales, S.L. (Bgri)	José Francisco Núñez Martín	28010 Madrid	Fortuny, 18	913.084.044 bgri@befesa.abengoa.com	913.105.039

Management Structure

			Address		Telephone - e-mail	Fax
Industrial and Hydrocarbon Cleaning	Alfredo Velasco Erquicia	▶	28010 - Madrid	Fortuny, 18	913.084.044 befesa@befesa.abengoa.com	913.105.039
Befesa Tratamientos y Limpiezas Industriales, S.L.	Alfredo Velasco Erquicia		48510 Trapagarán (Vizcaya)	Polig. Ind. Ibarzaharra Pabellones 9 y 10	944.967.300	944.950.015
• Commercial • Production • Corporate Development • Administrative-Financial	Germán Pardo Arroyo Ponciano Ibarreche Altube Ignacio Muñoz Donat Juan José Reina Santamarta					
Alfragrán, S.L.	Jesús Bueno Abella		30840 - Alhama de Murcia (Murcia)	Polig. Ind. Las Salinas c/Salinas, s/n	968.632.221 befesaplasticos@befesaplasticos.com	968.632.233
Befesa Gestión PCB, S.A.	Manuel Roca Blanco		30395-Cartagena (Murcia)	Polig. Ind. Cabezo Beaza Avda. de Bruselas, 148-149	968.320.621 befesa.pcb@befesa.abengoa.com	968.122.161
Befesa Técnicas del Suelo, S.A.	Francisco Travesa Aijón		08191 Rubí (Barcelona)	Carretera Molins de Rei a Sabadell km 13,5 - Polig. Ind. la Bastida - nave 18	935.860.942	936.978.136
Environmental Engineering	José Marañón Martín	▶	41018 Seville	Avda. de la Buhaira, 2	954.937.111 abensur@abengoa.com	954.937.018
Abensur Servicios Urbanos	José Marañón Martín		41018 - Seville	Avda. de la Buhaira, 2	954.937.111 abensur@abengoa.com	954.937.018
• International • Economic-Financial	José Antonio Membiela Martínez José María Caballos Cabrera					
Felguera Fluidos, S.A.	Rafael González García		33204 - Gijón (Asturias)	Ctra. Villaviciosa, 40	985.131.718 ffluidos@felguerafluidos.es	985.131.987
Latin America	Juan Abaurre Llorente	▶	41018 - Seville	Avda. de la Buhaira, 2	954.937.111	954.937.018
Befesa Argentina, S.A.	José Giménez Burló		C1063ACU Ciudad Autónoma de Buenos Aires (Argentina)	Paseo de Colón, 728 - piso 10	5411.40.00.79.00 info@borg.abengoa.com.ar	5411.40.00.79.77
Befesa Perú, S.A.	Ignacio Baena Blázquez Percy Irribarren Ibáñez		San Isidro - Lima (Peru)	Canaval y Moreyra 654, piso 7	511.224.54.89 befesa@abengoaperu.com.pe	511.225.20.66
Befesa México, S.A. de C.V.	Norberto del Barrio Brun		11300 Mexico D.F. (Mexico) Col. Verónica Anzures	Bahía de Santa Bárbara 174	52.55.52.62.71.00 abengoa@abengoamexico.com.mx	52.55.52.62.71.40
Befesa Brasil, S.A.	Rogério Ribeiro Abreu dos Santos Antono Frías Pecellin		20020-080 Río de Janeiro (Brazil)	Av. Marechal Câmara 160, salas 1833/1834	5521.2217.3300 befesabrasil@abengoa.brasil.com	5521.2217.3337
Befesa Chile Gestión Ambiental Limitada	Alejandro Conget Inchausti Miguel Murua Saavedra		Santiago (Chile)	Las Araucarias 9130	56.2.461.49.00	56.2.461.49.90
Information Technologies						
Telvent						
• CEO • Internal Auditing • Legal Dept. • Human Resources • Communication • Operations, Quality and I.S. • Administration • Financial and Auditing	Manuel Sánchez Ortega Carmen Rodríguez Carrión Carrión Ana Isabel Morales Rodríguez Javier Ramos Robledo Cristina Poole Quintana Enrique Rodríguez Izquierdo Miguel A. Fernández Moreno Manuel Fernández Maza		28108-Alcobendas (Madrid)	Valgrande, 6	902.335.599	917.147.001

Management Structure

		Address		Telephone - e-mail	Fax
Telvent Norteamérica • President • Vice-president	Dave Jardine José María Flores Canales	Calgary, Alberta, Canada T2W 3X6	10333 Southport Road SW	1-403-253-8848	1-403-259-2926
Telvent Energía y Medio Ambiente • General Manager	Ignacio González Domínguez	28108-Alcobendas (Madrid)	Valgrande, 6	902.335.599	917.147.007
Telvent Tráfico Transporte • CEO • General Manager	José Montoya Pérez Luis Fernández Mateo	28108-Alcobendas (Madrid)	Valgrande, 6	902.335.599	917.147.008
Telvent Housing • CEO • General Manager	José Ignacio del Barrio Isidoro Costillo	28108-Alcobendas (Madrid)	Valgrande, 6	902.335.599	917.147.005
Telvent México • President • General Manager	Luis Rancé Comes Enrique Barreiro Nogaledo	11300-Mexico D.F. (Mexico)	Bahía de Santa Bárbara, 176 Col.Verónica Anzures	+52 55 52 60.34.64 Gral. Sainco Méx.	+52 55 52 60.70.37
Telvent Brasil • General Manager	Marcio Leonardo	Jacarepaguá CEP 22780-070 Rio de Janeiro (Brazil)	Estrada do Camorim, 633	+55 212 441.30.15	+55 212 441.30.15
Sainsel • General Manager	Víctor Hidalgo Vega	41006-Seville	Tamarguillo, 29	902 335.599	954.935.309
Telvent China • General Manager	Carlos Dai	100176 Beijing Development Area (China)	4th Floor of no2 plant no 8 North Hongda Rd.	(+86 10) 678.851.07	(+86 10) 678.851.12
Telvent Interactiva • General Manager	Adolfo Borrero Villalón	41006-Seville	Tamarguillo, 29-3ª plant	902.335.599	954.926.424
Telvent Outsourcing • General Manager	Emilio Martín Rodríguez	41006-Seville	Tamarguillo, 29	902.335.599	954.660.852
Integrated Human Resources Management (GIRH) • General Manager	Álvaro Polo Guerrero	41006 Seville	Tamarguillo, 29	954 920 992	954 321 859
Industrial Engineering and Construction • Energy	Alfonso González Domínguez	41018-Seville	Avda. de la Buhaira nº2	954.937.111 abeinsa@abengoa.com	954.937.005
Abener • General Manager -Construction -Project Control -Financial and Economic -Draft Project and Bids	Manuel J.Valverde Delgado José Luis Burgos de la Maza Antonio González Casas Alberto Moreno Serrallé Emilio Rodríguez-Izquierdo Serrano	41018-Seville	Avda. de la Buhaira nº2	954.937.111 abener@abengoa.com	954.937.009
Shareholding • Manager	Pedro Rodríguez Ramos				
Aprovechamientos Energéticos Furesa		41018-Seville	Avda. de la Buhaira nº2	954.937.111 abener@abengoa.com	954.937.367
Cogeneración Villaricos		41018-Seville	Avda. de la Buhaira nº2	954.937.111 abener@abengoa.com	954.937.367
Enernova Ayamonte		41018-Seville	Avda. de la Buhaira nº2	954.937.111 abener@abengoa.com	954.937.367

Management Structure

		Address		Telephone - e-mail	Fax
Puerto Real Cogeneración		41018-Seville	Avda. de la Buhaira nº2	954.937.111 abener@abengoa.com	954.937.367
Sniace Cogeneración		41018-Seville	Avda. de la Buhaira nº2	954.937.111 abener@abengoa.com	954.937.367
Abroad					
Abener México	Jaime I. García Muñoz	11520 Mexico D.F. (Mexico)	Bahía de Santa Bárbara 173 Col. Verónica Anzures	(52) 52.5.531.48.24 abener@abengoa.com	(52) 52.5.203.27.31
Abener Hermosillo	Javier Pariente López	11520 Mexico D.F. (Mexico)	Bahía de Santa Bárbara 173 Col. Verónica Anzures	(52) 52.5.531.48.24 abener@abengoa.com	(52) 52.5.203.27.31
Solúcar Energía • Manager -Construction	Rafael Osuna González-Aguilar Rafael Olavarría Rodríguez-Arango	41018 Seville	Avda. de la Buhaira nº2	954.937.111 solucar@solucar.abengoa.com	954.937.008
Sanlúcar Solar	Rafael Osuna González-Aguilar	41018 Seville	Avda. de la Buhaira nº2	954.937.111 solucar@solucar.abengoa.com	954.937.008
Sevilla PV	Rafael Osuna González-Aguilar	41018 Seville	Avda. de la Buhaira nº2	954.937.111 solucar@solucar.abengoa.com	954.937.008
Hynergreen Technologies	José Javier Brey Sánchez	41018 Seville	Avda. de la Buhaira nº2	954.937.111 hynergreen@hynergreen. abengoa.com	954.937.008
Nuelgas	Emilio Olivares	41018 Seville	Avda. de la Buhaira nº2	954.937.111 nuelgas@abengoa.com	954.937.238
• Installations					
Inabensa • General Manager -Deputy General Manager -Bids and Sales -Exports -Operations and Logistics -Strategic Development -Finance Manager	Eduardo Duque García Jorge Santamaría Mifsut Javier Valerio Palacio Emiliano García Sanz Pedro Robles Sánchez Fernando Medina Contreras Juan Carlos Deán García Adámez	41007 Seville	Manuel Velasco Pando, 7	954.936.111 inabensa@abengoa.com	954.936.006 954.936.006 954.936.016 954.936.016 954.936.015 954.936.010 954.936.009
Installations 1 Maintenance, Electrify and Instrumentation Regional Manager Southern Spain Regional Manager Central Spain	Francisco Galván Gómez Francisco Galván Gómez Antonio Núñez García Vicente Castiñeira García				954.936.012 954.936.014 913.158.718
Regional Manager Galicia	José Macías Camacho	36330 Corujo (Vigo)	Bajada a la Gándara, nave 8	986.299.451 986.299.453	986.298.014
Regional Manager Canaries	Fernando Celis Bautista	35001 Las Palmas	Castillo,7	928.323.115 928.323.116	928.316.606
Railways	José Luis Álvarez Sancho	28029 Madrid	Marqués de Encinares, 5	913.150.143	913.153.289
Installations 2 Regional Manager Levante Regional Manager Catalonia Regional Manager Balearic Islands	Rafael González Reiné Antonio Baos Fernández Pedro Clares del Moral Jaime Ferrari Fernández	41007 Seville 46020 Valencia 08020 Barcelona 07009 Palma de Mallorca	Manuel Velasco Pando, 7 Poeta Altet, 18 -bajo Perú, 214-216 Gremio Tejedores, 34 Polig. Son Castello	954.936.111 963.602.800 933.034.540 971.205.112	954.936.013 963.618.608 933.070.094 971.758.334
Regional Manager Northern Spain	Íñigo Astigarraga Aguirre	48450 Etxebarri (Vizcaya)	Santa Ana, 26	944.400.500	944.400.252
Major Power Lines	Alberto Pizá Granados	41007 Seville	Manuel Velasco Pando, 7	954.936.111	954.936.013

Management Structure

		Address		Telephone - e-mail	Fax
Installations 3	Eduardo Dantas Lamas	41007 Seville	Manuel Velasco Pando, 7	954.936.111	954.936.010
Electromechanics	Eduardo Dantas Lamas	41007 Seville	Manuel Velasco Pando, 7		
Protisa	Isaac Criado Montero	28010 Madrid	Gral. Martínez Campos, 15-6º y 7º	914.483.150 protisa@abengoa.com	915.932.720
Workshop	Pedro Robles Sánchez	41007 Seville	Manuel Velasco Pando, 7	954.936.111	954.936.015
Seville Workshop	Antonio Jiménez Rodríguez	41007 Seville	Manuel Velasco Pando, 7	954.936.111	954.936.015
Alcalá de Henares Workshop	Felipe Collado Yoldi	28801 Alcalá de Henares (Madrid)	Ctra. M-300, km 28,6	918.880.736	918.827.341
Communications	José Luis Montells García	28108 Alcobendas (Madrid)	Valgrande,6	917.147.000	917.147.004
Servicios Integrales de Mantenimiento y Operación, S.A. (Simosa)	Ignacio Sabido Castillo	41018 Seville	Avda. Buhaira, 2	954.937.000 simosa@simosa. abengoa.com	954.937.006
Abroad					
Inabensa France	Alberto Pizá Granados	13127 Vitrolles (France)	GVio Parc de la Bastide Blanche Batiment D2	(33) 442.46.99.50 inabensafrance@ inabensa.com	(33)442.89.01.35
Inabensa Maroc	Juan Manuel Valladolid Moro	20000 Casablanca (Morocco)	179, Av. Moulay Hassan I - 1º étage	(212-2)227.43.46 (212-2)227.50.66 abengoa@casanet.net.ma	(212-2)222.97.36
Inabensa Bharat	G.C. Tather	110019 New Delhi (India)	1302-03 Ansal Tower 38 Nehru Place	(91-11)641.40.93 inabensa@de13.vsnl.net.in	(91-11)641.40.93
Inabensa Costa Rica	José Marset Rams	San José Costa Rica	Avda.nº1 entrecalles 21 y 23 Edificio Sasso- Pta. 2ª	(506)223.57.25 inabensa@abengoa.com	(506)223.66.04
Inabensa Portugal	Crispim Manuel Ramos	2685 Prior Velho- Lisbon (Portugal)	Rua Profesor Henrique de Barros, 4 Edificio Sagres, 6ºC	(351)21.941.11.82 inabensa@abengoa.com	(351)21.941.11.69
• Communications					
Abentel Telecomunicaciones, S.A.	Vicente Chiralt Siles	28108 Alcobendas (Madrid)	Valgrande,6	902.335.599 abentel@abengoa.com	917.147.004
• General Manager					
-Deputy Manager	Cristóbal Cuberos Vidal				
-Deputy Manager	Alfonso Benjumea Alarcón	41006- Seville	Tamarguillo, 29-4ª plant	902.335.599	954.935.520
-Finance Manager	José Ignacio Santiago Jover				
-Quality and Env. Management	Luis Giráldez González				
-Information Systems	Alberto Benjamín Hernández				
-Manger Andalusia	Diego Leal del Ojo González	41006- Seville	Tamarguillo, 29-4ª plant	902.335.599	954.935.520
-Manager Catalonia and Levante	Eduardo González Pinelo				
-Manager Canaries	Manuel Torres Moral				
-Manager Madrid and Extremadura	Elias Pozo Marcos	28850 San Fernando de Henares (Madrid)	Sierra de Guadarrama, 41 Polig. Ind. San Fernando de Henares II	916.779.220 - 78	916.782.552
• Marketing and Manufacturing					
Abencor Suministros, S.A.	Rafael Gómez Amores	41006- Seville	Tamarguillo, 29-4ª plant	954.933.030 abencor@abencor.com	954.653.282
Nicsa	José Carlos Gómez García	28010-Madrid	Gral. Martínez Campos, 15	914.464.050 nicsa@nicsa.abengoa.com	914.483.768
Abroad					
Nicsa Industrial Suplies	Agustín Limón Lobo	Florida 33326 (USA)	1786 North commerce Parkway Weston	(1-954)389.34.34 nicsa@bellsouth.net	(1-954)389.34.35

Management Structure

		Address		Telephone - e-mail	Fax
Nicsamex	Manuel Díaz Sanz	11300 Mexico D.F. (Mexico)	Bahía de Santa Bárbara 174 Col. Verónica Anzures	(52) 55.52.62.71.11 nicsa@nicsa.abengoa.com	(52) 55.52.62.71.62
Eucomsa	Luis Garrido Delgado	41710 Utrera (Seville)	Ctra. A-376 km 22 Apartado 39	955.867.900 eucomsa@abengoa.com	954.860.693
Abecomsa	José Jerez Valero	41001-Seville	Carlos Serra,2- nave 2H Polig. Industrial Ctra. Amarilla	954.513.736 abecomsa@terra.es	954.525.362
Latin America	Salvador Martos Hinojosa	41018-Seville	Avda. de la Buhaira, nº 2	954.937.111 abengoa@abengoa.com	954.937.016
Southern Cone	Antonio Frías Pecellín	C1063ACU-Buenos Aires (Argentina)	Paseo de Colón, 728 piso 10	(5411) 4000 79 00 info@teyma.abengoa.com.ar	(5411) 4000 79 77
Teyma Abengoa (Argentina)	Alejandro Conget	C1063ACU-Buenos Aires (Argentina)	Paseo de Colón, 728 piso 10	(5411) 4000 79 00 info@teyma.abengoa.com.ar	(54 11) 4000 79 77
Abengoa Chile	Alejandro Conget	Santiago (Chile) Quilicura	Las Araucarias, 9130	(56-2) 461 49 00 abengoa@abengoa-chile.cl	(56-2) 461 49 90
Teyma Uruguay/Teyma Paraguay	Brandon Kaufman	11100 Montevideo (Uruguay)	Avda. Uruguay, nº 1283	(598-2) 902 21 20 teyma@teyma.com.uy	(598-2) 902 09 19
Abengoa Brasil	Antonio Frías Pecellín	CEP-20020-80 Río de Janeiro (Brazil)	Avda.Marechal Câmara, 160, Salas 1833-1834	(55-21) 2217 33 00 abengoabrasil@abengoabrasil.com	(55-21) 2217 33 37
Befesa Brasil	Antonio Frías Pecellín / Rogério Ribeiro dos Santos	CEP-20020-80 Río de Janeiro (Brazil)	Avda.Marechal Câmara, 160, Salas 1833-1834	(55-21) 2217 33 00 befesabrasil@abengoabrasil.com	(55-21) 2217 33 37
Befesa Argentina	José Giménez Burló	C1063ACU-Buenos Aires (Argentina)	Paseo de Colón, 728 piso 10	(5411) 4000 79 00 josegb@borg.com.ar	(54 11) 4000 79 77
Abengoa Perú	Ignacio Baena Blázquez	Lima (Peru)	Avda. Canaval y Moreyra, 654 piso 7° San Isidro	(51-1) 224 54 89 abengoaperu@abengoaperu.com.pe	(51-1) 224 76 09
Bargoa (Brazil)	José Calvo / Ángel Laffón	CEP-22780-070 Río de Janeiro (Brazil)	Estrada do Camorin, 633 Jacarepaguá	(55-21) 3416 51 50 bargoa@bargoa.com.br	(55-21) 2441 20 37
Telvent Brasil	Marcio Leonardo	CEP 22780-070 Río de Janeiro (Brazil)	Estrada do Camorim, 633 Jacarepaguá	(55-21) 2441 30 15 marcio.leonardo@telvent.abengoa.com	(55-21) 2441 30 15
Comemsa	Norberto del Barrio/ Antonio Manzano	38180-Guanajato (Mexico)	Autopista Querétaro-Celaya, km 16. Calera de Obrajuelos. Municipio de Apaseo el Grande	(52-442) 294 20 00 comemsa@comemsa.com.mx	(52-442) 294 20 08
Abengoa México	Javier Muro de Nadal / Norberto del Barrio	11300 Mexico, D.F. (Mexico)	Bahía de Santa Bárbara, 174 Col. Verónica Anzures com.mx	(52-55) 5262 71 11 abengoa@abengoamexico.com	(52-55) 5262 71 50
Telvent México	Luis Rancé / Enrique Barreiro	11300 Mexico, D.F. (Mexico)	Bahía de Santa Bárbara, 174 Col.Verónica Anzures	(52-55) 5260 34 64 sainco@saincomex.com	(52-55) 5260 70 37
Abengoa, S.A. Sucursal Ecuador	José Carlos García Escudero	Loja (Ecuador)	Manuel Montero con Alfredo Mora Reyes	(593) 7 57 59 37 info@abensur.abengoa-ec.com	(593) 7 579450
Focus-Abengoa Foundation	Anabel Morillo León	41004 Seville	Plaza de los Venerables, 8	954 562 696 focus@abengoa.com	954 564 595

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

Edificio Pórtico
Concejal Francisco Ballesteros, 4
41018 Sevilla
España
Tel. + 34 954 981 300
Fax + 34 954 981 320

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 Yepez Cemborain
Partner

February 27, 2004

PricewaterhouseCoopers Auditores, S.L. - R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Independent Auditor's Report on the Consolidated Annual Accounts

Consolidated Annual Accounts

- a) Consolidated Balance Sheets**
- b) Consolidated Profit and Loss Accounts**
- c) Notes to the Consolidated Annual Accounts**

Directors' Report



Independent Auditor's Report on the Consolidated Annual Accounts

(Free translation from the original in Spanish)

1. Consolidated Annual Accounts

- a) Consolidated Balance Sheets**
- b) Consolidated Profit and Loss Accounts**
- c) Notes to the Consolidated Annual Accounts**

2. Directors' Report

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 -

Assets	12/31/2003	12/31/2002
B. Fixed Assets		
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)
	69,085	68,310
III. Tangible Fixed Assets		
Tangible fixed assets	518,033	523,369
Provisions and amortisation	(220,192)	(200,468)
	297,841	322,901
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
	463,063	384,347
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)
	75,271	66,745
Total Fixed Assets	919,269	861,167
C. Goodwill	319,375	310,981
D. Deferred Charges	15,468	21,493
E. Current Assets		
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)
	475,288	506,860
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)
	161,800	185,485
VI. Cash at Bank and in Hand	264,471	191,702
VII. Accruals and Prepayments	5,317	7,648
Total Current Assets	1,109,001	1,117,668
Total Assets	2,363,113	2,311,309

Consolidated Balance Sheets at December 31, 2003 and 2002

- Expressed in thousands of Euros -

Shareholders' Equity and Liabilities	<u>12/31/2003</u>	<u>12/31/2002</u>
A. Shareholder's Equity		
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
Total Shareholders' Equity	330,782	310,754
B. Minority Interests	47,093	40,813
D. Deferred Income	74,407	98,181
E. Provisions for contingencies and expenses	37,284	34,571
G. Project Finance		
I. Long-term Project Finance	176,203	140,357
II. Short-term Project Finance	93,480	129,555
Total Project Finance	269,683	269,912
H. Long-term Liabilities		
II. Loans	545,754	549,975
III. Other Liabilities	98,051	79,573
Total Long-term Liabilities	643,805	629,548
I. Current Liabilities		
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
Total Current Liabilities	960,059	927,530
Total Shareholder's Equity and Liabilities	2,363,113	2,311,309

**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>12/31/2003</u>	<u>12/31/2002</u>
Expenses		
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
Total Operating Expenses	1,590,425	1,559,962
I. Operating Profit	114,940	118,260
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
Total Financial Expenses	76,645	99,460
II. Net Financial Income	0	0
Participation in losses from companies under equity method	329	164
Amortisation of goodwill	19,380	16,672
Total Ordinary Expenses	1,686,779	1,676,258
III. Profits from Ordinary Activities	66,218	37,432
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
Total Extraordinary Expenses	35,650	80,048
IV. Net Extraordinary Income	0	0
Total Expenses	1,722,429	1,756,306
V. Net Profit before Tax	64,497	23,732
Corporate income tax	(16,687)	21,437
VI. Net Profit after Tax	47,810	45,169
Profit attributable to minority interests	(761)	(1,672)
VII. Profit attributable to the Group	47,049	43,497

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

- Expressed in thousands of Euros -

Income	<u>12/31/2003</u>	<u>12/31/2002</u>
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
Total Operating Income	1,705,365	1,678,222
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
Total Financial Income	45,037	32,245
II. Net Financial Losses	31,608	67,215
Participation in profits from companies under equity method	2,595	3,223
Amortisation of negative goodwill	0	0
Total Income from Ordinary Activities	1,752,997	1,713,690
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
Total Extraordinary Income	33,929	66,348
IV. Net Extraordinary Losses	1,721	13,700
Total Income	1,786,926	1,780,038

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 CO₂ emissions are reduced (greenhouse effect). Production of DDGS (Distillers Dried Grain and Soluble), a protein complement for animals and CO₂.

- 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
Total	13,340

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.Austrias 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 unquinal)	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 Medioambietal 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. (Erlesa)	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 Bajío-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
Line-by-line / proportional method consolidated companies			
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
	383,735	(68,842)	314,893
Equity method consolidated companies			
Deydesa 2000, S.L.	5,469	(1,124)	4,345
Intersplav	344	(207)	137
	5,813	(1,331)	4,482
Total	389,548	(70,173)	319,375

(*) 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)
Balance at 31.12.03	319,375

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. (Ecanisa)	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
Total	22,000	2,266	(314)	23,952

(*) 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:

	Start-up Expenses
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)
Balance at December 31, 2003	14,009

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
Cost					
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)
Balance at December 31, 2003	27,270	105,333	17,564	4,850	155,017
Accumulated Amortisation					
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)
Balance at December 31, 2003	(2,658)	(71,019)	(9,230)	(3,025)	(85,932)
Net Fixed Assets					
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
Total	105,333	(71,019)	34,314	30,930

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
Alvega 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
Total		17,564	(9,230)	8,334			

(*) 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)
Net	-

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
Cost					
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
Balance at December 31, 2003	86,507	344,739	7,081	79,706	518,033
Accumulated Amortisation					
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)
Balance at December 31, 2003	(17,521)	(161,525)	-	(41,146)	(220,192)
Net Fixed Assets					
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
Total	47,416

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
Total	17,602	(9,255)	8,347

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	1,860
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
Total	101,067

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:

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

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)
Net Intangible Fixed Assets	16,343	(2,187)	-	(4,394)	9,762

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
Cost					
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)
Balance at December 31, 2003	17,460	272,427	161,722	5,965	457,574
Accumulated Amortisation					
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
Balance at December 31, 2003	(4,837)	(49,644)	-	(3,866)	(58,347)
Net Fixed Assets					
Balance at December 31 2002	14,894	253,561	26,626	5,798	300,879
Balance at December 31, 2003	12,623	222,783	161,722	2,099	399,227

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	-	-	-	-	-
Net Financial Assets	67,125	-	(2,986)	(10,065)	54,074

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
Total Cost	298,975	132,430	-	(98,778)	332,627

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)
Total Accumulated Amortization	(44,915)	(7,326)	-	10,140	(42,101)

Net	254,060				290,526
------------	----------------	--	--	--	----------------

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
Total	290,526	254,060

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
Total	209,454	170,636

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	-	-
Total	49,793	52,511

Note 14.- Financial Investments.

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

	Book value				
	Fixed Interest		Variable Interest		
Financial Investments	Associated Companies	Other	Associated Companies	Other	Total
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				
	Fixed Interest		Variable Interest		
Financial Investments	Associated Companies	Other	Associated Companies	Other	Total
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
Viryonet, 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
Total	72,508

- 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
Other long-term receivables	20,373
Short-term receivables	45,155
Short-term guarantees	2,367
Other short-term receivables	47,522
Total	67,895

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
Total	202,125

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
Total	227,699	36,772

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)	-
	267,257			283,733
Consolidated Profit for the Year	45,169	(45,169)	47,810	47,810
Profit Attributable to Minority Interests	(1,672)	1,672	(761)	(761)
Profit Attributable to Holding Company	43,497	(43,497)	47,049	47,049
Total Shareholders' Equity	310,754			330,782

- 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
Biocarburantes 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.	Aceites 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
Consorcio Teyma M&C	Mora y Cortes Ltd.	50.00
Construcciones Metálicas Mexicanas, S.A. de C.V.	Cía. 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. (Cía. Española de Petróleos, S.A.)	55.00
ETBE Huelva, S.A.	Cepsa (Cía. 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 Marimbondo, Ltda.	Cobra Instalaciones y Servicios, S.A.	25.00
Expansion Transm. Itumbiara Marimbondo, Ltda.	Elecnor, S.A.	25.00
Expansion Transm. Itumbiara Marimbondo, Ltda.	Isolux Wat, S.A.	25.00
Expansion Transmissao de Energía Electrica Ltda.	Cobra Instalaciones y Servicios, S.A.	25.00
Expansion Transmissao de Energía Electrica Ltda.	Elecnor, S.A.	25.00
Expansion Transmissao de Energía 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
Krasbilmet	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 Transmissora 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)	-
Total	87,696	2,788

- 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 Energía, 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)
Total	(49,542)

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

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 Energía, 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)
Sainsel 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	-	-
Total	40,813	5,519	761	47,093

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
Total	74,407

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
Sanlucar 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
Total		46,802	(761)	(3,826)	42,215

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
Total	51,379	1,945	(21,132)	32,192

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
Total	608,084

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	-
Total	15,841	637

- 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
Total	98,051

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)
Taxable Income	71,679

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)
Total	(16,687)

- 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
Total	38,139

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
Total	1,635,314	100.00

26.5. The distribution by geographical area is as follows:

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

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		Total
	Spain	Outside Spain	
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
Total	5,521	3,305	8,826

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
Total	33,929

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
Total	35,650

Net Extraordinary Losses	(1,721)
---------------------------------	----------------

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
Total	47,810

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
Total	77,573

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
Total	253,717

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
Total	0.247	0.111	0.358

- 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
Assets							
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
Total	493,101	469,119	308,238	831,285	1,273,059	(1,011,689)	2,363,113
	Biofuels	Environmen- tal Services	Information Technologies	Engineering & Ind. Const.	Corporate	Adjustments on consolidation	Group Total
Liabilities							
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
Total	493,101	469,119	308,238	831,285	1,273,059	(1,011,689)	2,363,113
Sales	291,413	365,329	265,575	712,997	-	-	1,635,314
EBITDA	36,342	37,762	31,021	80,102	-	-	185,227

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 adherence 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
Total	957,939

Appendix I

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.	Mexico 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.	Mexico D.F. (MX)	13,587	100.00	Abener		a-b	(4)	A
Ciclafarma	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.	Mexico 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.	Mexico 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 (consolida 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 Río 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)	-
Lineas 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)	Cadiz (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
Sanlucar 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 Combustiveis Bioquimicos, 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 Energía, 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

Appendix I

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 Energía 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 Auditoría 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 Alumino, S.A. (Refinalsa)	Befesa Alumino 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 Danmark, 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 Trafic-Indra-S.Tráfico, AIE	Madrid (ES)	68	45.00	Telvent T. y Transp.	-	5º 3	(2)	-
Ecología Canaria, S.A. (Ecansa)	Las Palmas (ES)	5,573	25.00	Befesa Tratam. Esp.	-	5º 3	(4)	E
Expansión Transmissão de Energia Eletrica, Ltda.	R. de Janeiro (BR)	137	25.00	Abengoa Brasil	(*)	5º 3	(4)	-
Expansion 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.	Cordova (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.	Cordova (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)	-
Consortio Abengoa	Lima (PE)	-	50.00	Abengoa Perú	(*)	4º2.a	(4)	-
Consortio FAT (Ferrovia-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 - Imes 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)	-

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					
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
Biocarburantes 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
Expansión Transmissão de Energia Eletrica, Ltda.	Rio de Janeiro (BR)	9	Construction phase
Expansion Transmissao Itumbiara Marimbondo, 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 Congeneración, S.A.	Cádiz (ES)	3	Operational
Sanlucar Solar, S.A.	Sevilla (ES)	6	Construction phase
Sniace Congeneración, S.A.	Madrid (ES)	1	Operational
STE- Sul Transmisora de Energía, 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.

Appendix V

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.

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 29th June 2003, Abengoa, S.A. had 7,707 shareholders (24/06/03).

As on 31st 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 31st December 2002, and 170.9% higher than the share price established for the public offering on 29th 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.

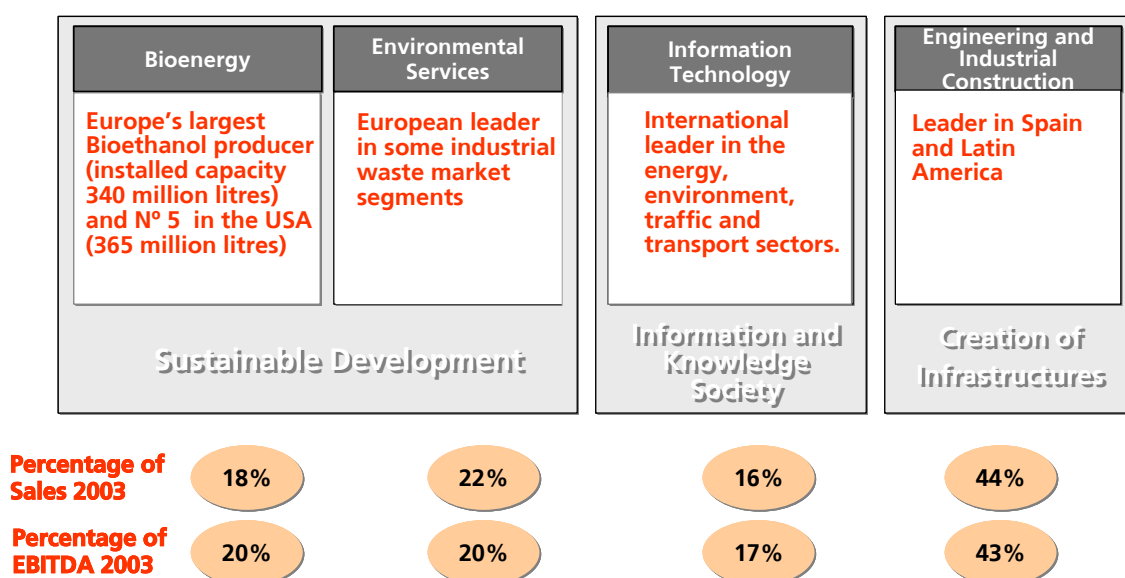
The total amount of the investment in the two companies was 35 MUDS (including 7 MUSD in Cash), 20% of which was deferred for a year to guarantee any possible contingencies that might arise after the transaction had been closed, a further 20% was paid with the companies' own cash, 30% was financed by 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 m³ for the Swedish market and 1,100 m³ 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.

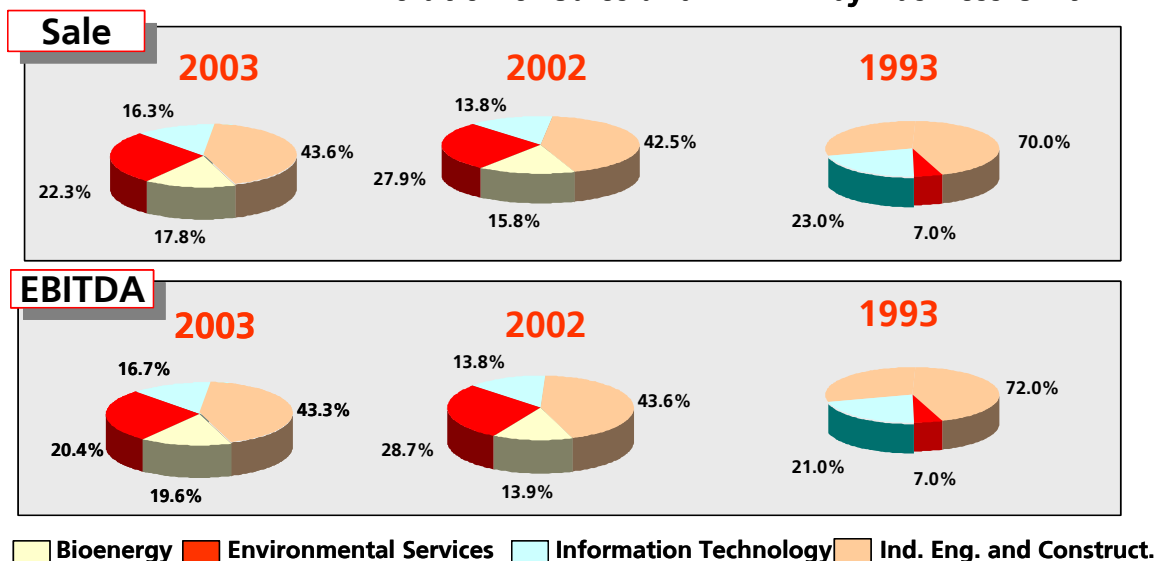
Aluminium. This is encompassed in the Aluminium Waste Recycling activity.

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 CO₂ 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.

Evolution of Sales and EBITDA by Business Unit



- 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.

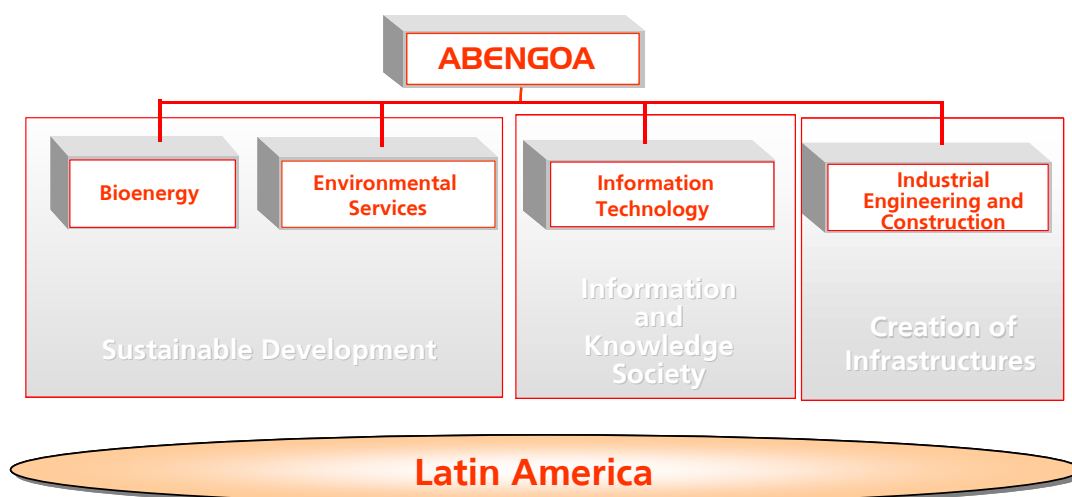
2.- **Comments on the Evolution of the Business and Overall Situation of the Companies Included in the Consolidation.**

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 CO₂ emissions are reduced (greenhouse effect). Production of DDGS (Distillers Dried Grain and Soluble), a protein complement for animals and CO₂.

- **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
Total	1,635.3	100.0	+7.5	1,521.9	100.0	445.4	100.0

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
Total	185.2	100.0	+6.0	174.7	100.0	25.8	100.0

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

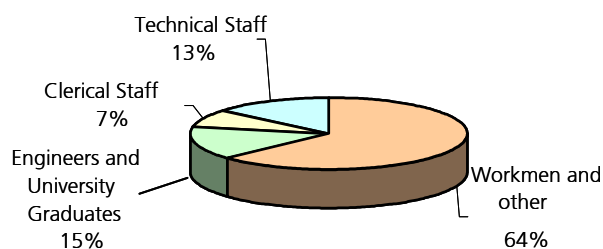
We would mention the variation in the contribution from the different geographical areas. In this way, Latin America has gone from representing 40% in 1999 to 20.4% in 2003. Likewise, the contribution from the USA and Canada, which was practically nil in 1999, now amounts to 12.8%. Geographical distribution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

International Activity							
Exports and Sales by Local Companies	2003		2002		1993		AAGR(*) (93-03)
	€ million	%	€ million	%	€ million	%	%
- USA and Canadá	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
- África	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 foreing 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:

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



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.