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## a) Consolidated Condensed Statements of Financial Position as of September 30, 2011 and December 31, 2010

## Consolidated Statements of Financial Position of Abengoa as of September 30, 2011 and December 31, 2010

- Figures in thousands of euros -

| Assets | Note (1) | 09/30/2011 | 12/31/2010 |
|---|---|---|---|
| **A. Non-Current Assets** | | | |
| Intangible assets | | 1,395,163 | 1,925,634 |
| Provisions and amortization | | (89,713) | (132,122) |
| Property, plant & equipment | | 2,032,676 | 2,253,939 |
| Provisions and depreciation | | (594,248) | (613,652) |
| **I. Intangible Assets & Property, plant & equipment** | **8** | **2,743,878** | **3,433,799** |
| Intangible assets | | 5,248,182 | 3,309,171 |
| Provisions and amortization | | (156,974) | (193,959) |
| Property, plant & equipment | | 2,199,135 | 3,166,964 |
| Provisions and depreciation | | (569,700) | (537,380) |
| **II. Fixed Assets in Project Finance** | **9** | **6,720,643** | **5,744,796** |
| **III. Financial Investments** | **10 & 11** | **474,324** | **486,355** |
| **IV. Deferred Tax Assets** | **17** | **1,040,029** | **885,666** |
| **Total Non-Current Assets** | | **10,978,874** | **10,550,616** |
| **B. Current Assets** | | | |
| **I. Inventories** | **12** | **431,155** | **385,016** |
| **II. Clients and Other Receivables** | **13** | **1,925,230** | **2,141,443** |
| **III. Financial Investments** | **10 & 11** | **913,171** | **913,596** |
| **IV. Cash and Cash Equivalents** | | **2,960,332** | **2,983,155** |
| | | **6,229,888** | **6,423,210** |
| **V. Assets held for sale** | **7** | **711,271** | **-** |
| **Total Current Assets** | | **6,941,159** | **6,423,210** |
| **Total Assets** | | **17,920,033** | **16,973,826** |

**(1) Notes 1 to 27 are an integral part of these Consolidated Condensed Interim Financial Statements**

## Consolidated Statements of Financial Position of Abengoa as of September 30, 2011 and December 31, 2010

- Figures in thousands of euros -

| Shareholders´ Equity and Liabilities | Note (1) | 09/30/2011 | 12/31/2010 |
|---|---|---|---|
| A. Equity attribuitable to owners of the Parent | | | |
| I. Share Capital | 18 | 90,470 | 22,617 |
| II. Parent Company Reserves | | 340,512 | 322,011 |
| III. Other Reserves | | (164,445) | (98,947) |
| IV. Accumulated Currency Differences Translation | | 41,417 | 266,496 |
| V. Retained Earnings | | 738,639 | 677,498 |
| B. Non-controlling Interest | | 318,659 | 440,663 |
| Total Equity | | 1,365,252 | 1,630,338 |
| C. Non-Current Liabilities | | | |
| I. Long-term Non-Recourse Financing (Project Financing) | 14 | 4,433,166 | 3,557,971 |
| II. Corporate Financing | 15 | 4,544,201 | 4,441,699 |
| III. Grants and Other Liabilities | | 158,470 | 171,402 |
| IV. Provisions and Contingencies | | 110,340 | 153,789 |
| V. Derivative Financial Instruments | 11 | 376,341 | 289,997 |
| VI. Deferred Tax Liabilities | 17 | 234,781 | 312,271 |
| VII. Personnel Liabilities | | 56,352 | 24,629 |
| Total Non-Current Liabilities | | 9,913,651 | 8,951,758 |
| D. Current Liabilities | | | |
| I. Short-term Non-Recourse Financing (Project Financing) | 14 | 477,319 | 492,139 |
| II. Corporate Financing | 15 | 453,788 | 719,898 |
| III. Trade Payables and Other Current Liabilities | 16 | 5,074,191 | 4,730,822 |
| IV Current Tax Liabilities | | 299,030 | 342,970 |
| V Derivative Financial Instruments | 11 | 41,205 | 91,443 |
| VI Provisions for Other Liabilities and Charges | | 10,940 | 14,458 |
| Total Current Liabilities | | 6,356,473 | 6,391,730 |
| VII. Liabilities held for sale | 7 | 284,657 | 0 |
| Total Shareholders´ Equity and Liabilities | | 17,920,033 | 16,973,826 |

(1) Notes 1 to 27 are an integral part of these Consolidated Condensed Interim Financial Statements

## b) Consolidated Income Statements for the nine and three month periods ended September 30, 2011 and September 30, 2010

## Consolidated Income Statements of Abengoa as of September 30, 2011 and 2010

- Figures in thousands of euros -

| | Note (1) | 9 months ended 09/30/2011 | 9 months ended 09/30/2010 | 3 months ended 30/09/2011 | 3 months ended 30/09/2010 |
|---|---|---|---|---|---|
| Revenues | | 4,784,104 | 3,362,684 | 1,641,473 | 1,077,745 |
| Cost of sales | | (4,114,097) | (2,720,396) | (1,428,674) | (823,818) |
| Depreciation, Amortization and impairment charges | | (188,596) | (174,051) | (67,560) | (65,323) |
| Research and development costs | | (20,377) | (25,327) | (8,940) | (9,256) |
| Other operating income/expenses | | 94,509 | (90,418) | 76,455 | (59,426) |
| **I. Net Operating Profit** | | **555,543** | **352,492** | **212,754** | **119,922** |
| Finance income | 20 | 80,163 | 34,251 | 27,997 | 11,146 |
| Finance expenses | 20 | (475,461) | (281,664) | (198,985) | (121,175) |
| Net exchange differences | | (18,941) | (23,392) | (19,503) | (3,193) |
| Other net finance income/expenses | 21 | (68,322) | 86,142 | (33,160) | 54,943 |
| **II. Finance cost net** | | **(482,561)** | **(184,663)** | **(223,651)** | **(58,279)** |
| **III. Share of (Loss)/Profit of Associates** | | **3,233** | **8,284** | **930** | **3,095** |
| **IV. Profit before Income Tax** | | **76,215** | **176,113** | **(9,967)** | **64,738** |
| Income tax Expense | 17 | 57,673 | (23,316) | 27,086 | (2,895) |
| **V. Profit for the year from continuing operations** | | **133,888** | **152,797** | **17,119** | **61,843** |
| **VI. Profit (loss) from discontinued operations, net of tax** | 7 | **91,463** | **37,221** | **105,077** | **709** |
| **VII. Profit for the year** | | **225,351** | **190,018** | **122,196** | **62,552** |
| Profit attribuitable to non-controlling interest | | (14,442) | (44,745) | (13,430) | (9,159) |
| **VIII. Profit for the Year attributable to the Parent Company** | | **210,909** | **145,273** | **108,766** | **53,393** |
| Number of ordinary shares outstanding (thousands) | | 90,470 | 90,470 | 90,470 | 90,470 |
| Earnings per Share from continuing operations (€ per share) | | 1.32 | 1.42 | 0.13 | 0.59 |
| Earnings per Share from discontinued operations (€ per share) | | 1.01 | 0.19 | 1.07 | 0.00 |
| **IX. Earnings per Share to the profit for the year ( € Per Share)** | 22 | **2.33** | **1.61** | **1.20** | **0.59** |

**(1) Notes 1 to 27 are an integral part of these Consolidated Condensed Interim Financial Statements**

## c) Consolidated Statements of Comprehensive Income for the nine and three month periods ended September 30, 2011 and September 30, 2010

**Consolidated Statements of Comprehensive Income for the nine months periods ended 09/30/2011 and 09/30/2010**

- Figures in thousands of euros -

| | 9 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 09/30/2011 | 09/30/2010 | 09/30/2011 | 09/30/2010 |
| **A. Profit for the year** | **225,351** | **190,018** | **122,196** | **62,552** |
| Fair Value of Available-for-Sale Financial Assets | (1,562) | (2,944) | (515) | (4,375) |
| Fair Value Cash-Flow Hedges | (91,747) | (179,788) | (116,824) | (99,606) |
| Currency Translation Differences | (246,028) | 164,916 | (112,297) | (233,569) |
| Tax Effect | 26,807 | 53,782 | 31,730 | 31,230 |
| Other Movements | 2,600 | 1,179 | 4,060 | (4,469) |
| **I. Net Income/(Expenses) recognised directly in Equity** | **(309,931)** | **37,145** | **(193,846)** | **(310,789)** |
| Fair Value Cash-Flow Hedges | (2,432) | 34,279 | 11 | 31,989 |
| Tax Effect | 730 | (10,284) | (3) | (9,597) |
| **II. Transfers to Income Statement** | **(1,702)** | **23,995** | **8** | **22,392** |
| **B. Other Comprehensive Income** | **(311,633)** | **61,140** | **(193,838)** | **(288,397)** |
| **C. Total Comprehensive Income for the year (A + B )** | **(86,282)** | **251,158** | **(71,642)** | **(225,845)** |
| Total Comprehensive income attribuitable to Non-controlling interest | 6,614 | (66,174) | (10,851) | 29,994 |
| **D. Total Comprehensive income attributable to owners of the parent** | **(79,668)** | **184,984** | **(82,493)** | **(195,851)** |
| Total comprehensive income attributable to owners of the parent from continuining operation | (157,138) | 167,348 | (175,099) | (175,200) |
| Total comprehensive income attributable to owners of the parent from discontinued operation | 77,470 | 17,636 | 92,606 | (20,651) |

**Notes 1 to 27 are an integral part of these Consolidated Condensed Interim Financial Statements.**

## d) Consolidated Statements of Changes in Equity for the nine month periods ended September 30, 2011 and September 30, 2010

## Consolidated Statements of Changes in Equity for the nine-month periods ended September at 09/30/2011 and 09/30/2010

- Figures in thousands of euros -

| | Attributable to the Owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share Capital | Parent Company and Other Reserves | Accumulated Currency Translation Differences | Retained Earnings | Total | Non-controlling Interest | Total |
| **A. Balance at January 1, 2010** | **22,617** | **211,133** | **34,438** | **534,514** | **802,702** | **368,274** | **1,170,976** |
| **I. Profit for the year attributable to the Parent Company** | **0** | **0** | **0** | **145,273** | **145,273** | **44,745** | **190,018** |
| Fair Value Gains on Financial Assets Available for Sale | - | (2,944) | - | - | (2,944) | - | (2,944) |
| Fair Value Cash-Flow Hedges | - | (145,509) | - | - | (145,509) | - | (145,509) |
| Currency Exchange Differences | - | - | 143,487 | - | 143,487 | 21,429 | 164,916 |
| Tax Effect | - | 43,498 | - | - | 43,498 | - | 43,498 |
| Others Movements | - | 1,179 | - | - | 1,179 | - | 1,179 |
| **II. Other Comprehensive Income** | **0** | **(103,776)** | **143,487** | **0** | **39,711** | **21,429** | **61,140** |
| **III.Total Comprehensive Income (I + II)** | **0** | **(103,776)** | **143,487** | **145,273** | **184,984** | **66,174** | **251,158** |
| Treasury shares | - | (677) | - | - | (677) | - | (677) |
| Increase in nominal value per share | - | - | - | - - | | - | - |
| Dividends relating to 2009 | - | 31,800 | - | (48,989) | (17,189) | - | (17,189) |
| **IV. Transactions with owners** | **0** | **31,123** | **0** | **(48,989)** | **(17,866)** | **0** | **(17,866)** |
| **V. Other Movements of Equity** | **0** | **(2,122)** | **0** | **126,480** | **124,358** | **27,823** | **152,181** |
| **B. Balance at September 30, 2010** | **22,617** | **136,358** | **177,925** | **757,278** | **1,094,178** | **462,271** | **1,556,449** |
| **C. Balance at January 1, 2010** | **22,617** | **223,064** | **266,496** | **677,498** | **1,189,675** | **440,663** | **1,630,338** |
| **I. Profit for the year attributable to the Parent Company** | **0** | **0** | **0** | **210,909** | **210,909** | **14,442** | **225,351** |
| Fair Value Gains on Financial Assets Available for Sale | - | (1,293) | - | - | (1,293) | (269) | (1,562) |
| Fair Value Cash-Flow Hedges | - | (94,046) | - | - | (94,046) | (133) | (94,179) |
| Currency Exchange Differences | - | - | (225,079) | - | (225,079) | (20,949) | (246,028) |
| Tax Effect | - | 27,241 | - | - | 27,241 | 295 | 27,536 |
| Others Movements | - | 2,600 | - | - | 2,600 | - | 2,600 |
| **II. Other Comprehensive Income** | **0** | **(65,498)** | **(225,079)** | **0** | **(290,577)** | **(21,056)** | **(311,633)** |
| **III. Total Comprehensive Income (I + II)** | **0** | **(65,498)** | **(225,079)** | **210,909** | **(79,668)** | **(6,614)** | **(86,282)** |
| Treasury shares | - | (1,755) | - | - | (1,755) | - | (1,755) |
| Increase in nominal value per share | 67,853 | (67,853) | - | - | - | - | - |
| Dividends relating to 2010 | - | 93,024 | - | (111,118) | (18,094) | - | (18,094) |
| **IV. Transactions with owners** | **67,853** | **23,416** | **0** | **(111,118)** | **(19,849)** | **0** | **(19,849)** |
| **V. Other Movements of Equity** | **0** | **(4,915)** | **0** | **(38,650)** | **(43,565)** | **(115,390)** | **(158,955)** |
| **D. Balance at September 30, 2011** | **90,470** | **176,067** | **41,417** | **738,639** | **1,046,593** | **318,659** | **1,365,252** |

**Notes 1 to 27 are an integral part of these Consolidated Condensed Interim Financial Statements.**

## e) Consolidated Condensed Cash Flow Statements for the nine month periods ended September 30, 2011 and September 30, 2010

## Consolidated Condensed Cash-Flow Statements for the nine-month periods ended 09/30/2011 and 09/30/2010

- Figures in thousands of Euros -

| | Nine months ended | |
|---|---|---|
| | 09/30/2011 | 09/30/2010 |
| Consolidated profit after tax from continuing operations | 133,888 | 152,797 |
| Non-monetary adjustments to the profit | 578,446 | 453,542 |
| Variations in working capital | 614,395 | (16,531) |
| Discontinued Operations | (72,229) | (39,033) |
| **Cash generated by operations** | **1,254,500** | **550,775** |
| Income tax paid | (59,830) | (71,644) |
| Interest received / paid | (288,245) | (268,709) |
| Discontinued Operations | 31,496 | 25,266 |
| **A. Net Cash Flows from Operating Activities** | **937,921** | **235,688** |
| Property Plant & Equipment and Intangible Assets | (1,902,294) | (1,479,384) |
| Other investments / disposals | (11,837) | (166,530) |
| Discontinued Operations | 9,020 | 54,497 |
| **B. Flujos Netos de Efectivo de Actividades de Inversión** | **(1,905,111)** | **(1,591,417)** |
| Proceeds from loans and borrowings | 1,625,586 | 2,225,443 |
| Repayment of loans and borrorwings | (545,879) | (409,245) |
| Dividends paid | (18,094) | (17,189) |
| Other financing activities | (55,388) | 54,155 |
| Discontinued operations | 19,507 | (2,036) |
| **C. Net Cash Flows from Financing Activities** | **1,025,732** | **1,851,128** |
| **Net Increase/Decrease of Cash and Equivalents** | **58,542** | **495,399** |
| Cash or cash equivalents at the beginning of the period | 2,983,155 | 1,546,431 |
| Net effect of foreign exchange on cash or cash equivalents | (17,022) | 36,054 |
| Discontinued operations | (56,222) | (89,686) |
| **Cash and cash equivalents at end of period** | **2,968,453** | **1,988,198** |

**(1) Notes 1 to 27 are an integral part of these Consolidated Condensed Interim Financial Statements.**

## f) Notes to the Consolidated Condensed Interim Financial Statements

# Notes to the Consolidated Condensed Interim Financial Statements

## Note 1.- General Information

Abengoa, S.A. is an industrial and technology company which, at the end of nine months ended September 30, 2011, held a group (hereinafter called Abengoa or group, without distinction) comprising 597 companies: the parent company itself, 549 subsidiary companies, 19 associate companies and 20 Joint Ventures.

Abengoa, S.A., the parent company in the group, was founded in Seville on 4 January 1941 as a limited partnership and was subsequently transformed into a corporation on 20 March 1952.

Abengoa's shares have been listed in the Madrid and Barcelona Stock Exchanges since November 29, 1996 and are currently included in the Ibex-35, the selective index for Spanish listed entities.

Abengoa is an international company that applies innovative technology solutions for sustainability in the energy and environment sectors, generating energy from the sun, producing biofuels, desalinating sea water or recycling industrial waste.

During 2011, changes to the organization of the Group has meant redefining the Group's activities and segments, as well as redefining its most senior decision making body, in the roles of Chairman and CEO, in line with applicable accounting regulations, among other changes. Consequently, eight operational segments have been identified that have been grouped into three business activities (Engineering and Construction, Concession-type Infrastructures and Industrial Production).

These activities are focused on the energy and environmental sectors, and integrate operations throughout the value chain including R&D+i, project development, engineering and construction, and operation and maintenance for its own assets and third parties.

Abengoa's activities are organized in order to take advantage of its global presence and scale as well as to utilize its engineering and technology expertise in order to strengthen its leadership position.

Based on the above, Abengoa's activities and its internal and external financial information are presented broken down into the following three activities, which comprise eight operating segments, according to IFRS 8:

- Engineering and construction; relates to the segment that incorporates all of the company's traditional activities in engineering and construction in the energy and environmental sectors, with over 70 years of experience in the market, in which the Company specializes in executing complex turn-key projects for solar-thermal power stations; hybrid gas-solar power plants; conventional power plants and biofuel plants, hydraulic infrastructures, including complex desalination plants; electrical transmission lines, etc. This activity covers the operational segment.

- Concession-type infrastructures; relates to the activity that groups together the company's proprietary concession assets, in which revenues are regulated via long term sale contracts, such as take-or-pay agreements, or power or water purchase agreements. This activity includes the operation of electricity generation plants (solar, co-generation or wind) and desalination plants, as well as transmission lines. These assets generate no demand risk and our efforts can therefore focus on operating them as efficiently as possible.

  This activity currently comprises four operating segments:

  - Solar – Operation and maintenance of solar energy plants, mainly using solar-thermal technology;
  - Transmission – Operation and maintenance of high-voltage transmission line infrastructures;
  - Water – Operation and maintenance of facilities for generating, transporting, treating and managing water, including desalination and water treatment and purification plants;
  - Cogeneration – Operation and maintenance of conventional electricity plants.

- Industrial production; relates to the activity that groups Abengoa's businesses with a high technological component, such as biofuels, industrial waste recycling or the development of solar-thermal technology. The company holds an important leadership position in these activities in the geographical markets in which it operates.

  This activity comprises three operating segments:

  - Biofuels – Production and development of biofuels, mainly bioethanol for transport, which uses cereals, sugar cane and oil seeds (soya, rape and palm) as raw materials.

  - Recycling – Industrial waste recycling, principally steel dusts, aluminium and zinc.

  - Other – This segment includes those activities related to the development of solar-thermal technology, water management technology and innovative technology businesses such as hydrogen energy or the management of energy crops.

The Consolidated Condensed Interim Financial Statements for the period ended on September 30,2011 were approved for publication on November 14, 2011.

## Note 2.- Basis of Preparation

In accordance with (EC) Regulation no. 1606/2002 of the European Parliament and the Council of 19 July 2002, all companies governed by the Law of a member state of the European Union and whose shares are listed on a regulated market in any of the States that comprise it must present their consolidated annual accounts corresponding to the financial years starting on or after 1 January 2005 in accordance with the International Financial Reporting Standards (henceforth IFRS) previously adopted by the European Union.

The Group's Consolidated Annual Accounts corresponding to the 2010 financial year were drawn up by the Administrators of the Company in accordance with that established by the International Financial Reporting Standards adopted by the European Union, applying the principles of consolidation, accountancy policies and valuation criteria described in Note 2 of the report of the aforementioned consolidated annual accounts, so that they give a true and fair view of the consolidated equity and the consolidated financial situation of the Group as of December 31, 2010 and the consolidated results of its operations, the changes in the consolidated net equity and its consolidated cash flows corresponding to the financial year ending on that date.

The Group's Consolidated Annual Accounts corresponding to the 2010 financial year were approved by the General Meeting of Shareholders of the Parent Company held on April 10, 2011.

These Consolidated Condensed Interim Financial Statements are presented in accordance with IAS 34, "Interim Financial Reporting" approved by the European Union.

These Consolidated Condensed Interim Financial Statements have been prepared based on the accounting records of Abengoa and the other companies forming part of the Group, and include the adjustments and re-classifications necessary to achieve uniformity between the accounting and presentation criteria followed by all the companies of the Group (in all cases, in accordance with local regulations) and those applied by Abengoa, S.A. for the purpose of preparing consolidated financial statements.

In accordance with IAS 34, interim financial information is prepared solely in order to update the most recent annual consolidated financial statements prepared by the Group, placing emphasis on new activities, occurrences and circumstances that have taken place during the nine month periods ended September 30, 2011 and not duplicating the information previously published in the annual consolidated financial statements. Therefore, the Consolidated Condensed Interim Financial Statements do not include all the information that would be required in complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards as issued by the IASB.

In view of the above, for an adequate understanding of the information, these Consolidated Condensed Interim Financial Statements must be read together with Abengoa's Consolidated Financial Statements as of December 31, 2010 and 2009 and for the three years ended December 31, 2010.

Given the activities in which the Companies of the Group engage, its transactions are not of a cyclical or seasonal nature. For this reason, specific breakdowns are not included in these explanatory notes to the Consolidated Condensed Interim Financial Statements corresponding to the twelve-month period ending on September 30, 2011 and 2010.

In determining the information to be broken down in the report on the different items of the Condensed Consolidated Interim Financial Statements or other matters, the Group has, in accordance with IAS 34, taken into account the relative importance in relation to the Consolidated Condensed Interim Financial Statements.

The figures contained in the components that make up the Consolidated Condensed Interim Financial Statements (Consolidated Condensed Statements of Financial Position, Income Statements, Statements of Comprehensive Income, Consolidated Statements of Changes in Shareholders' Equity, Consolidated Condensed Cash-flow Statements, and these notes) are presented in thousands of Euros.

Unless indicated otherwise, the percentage of the stake in the share capital of Group companies presented herein includes both direct and indirect stakes corresponding to the Group companies that are direct shareholders.

As a result of IFRIC 12 on Service Concession Arrangements coming into effect on 1 January 2010, Abengoa began to apply this interpretation retrospectively with no significant impact on its consolidated financial statements as at the end of 2010, since it had already been applying a similar accounting policy to the interpretation recurrently and in anticipation of the changes, for certain concession assets mainly related to the international concession business for electricity transmission, desalination and solar-thermal plants.

At the date of this application, the Company carried out an analysis of other agreements in the Group and identified further infrastructures, specifically solar-thermal plants in Spain included under the special arrangements of RD 661/2007 and recorded in the pre-assignment register in November 2009, which could potentially be classified as service concession arrangements.

Nevertheless, at the end of 2010, the company decided that it needed to carry out a more in-depth analysis of the issue since the reasons that justified the accounting application of the interpretation had not been sufficiently proven based on the information available at that date. The application of IFRIC 12 therefore had no significant impact on Abengoa's consolidated financial statements for 2010.

In 2011, Abengoa has continued to analyse the possible accounting application of IFRIC 12 to its solar-thermal plants in Spain, having obtained numerous legal, technical and accounting reports from independent third parties during the course of the year. In September 2011, when the latest reports from accounting experts were received, the company concluded that it should apply IFRIC 12 to its solar-thermal plants in Spain included under the special scheme of Royal Decree 661/2007 and recorded in the pre-assignment register in November 2009, just as it does for its other concession assets, based on these reports, the analysis and newly acquired knowledge.

These new circumstances led to a change in the company's estimate based on the most recent reliable information, available from 1 September 2011. Consequently, and in accordance with IAS 8 on Accounting Policies, Changes in Accounting Estimates and Errors, this change in the Company's estimate shall apply prospectively from the aforementioned date.

The application of IFRIC 12 to these assets produces an increase in revenues and in the result for the third quarter. The impact of this application on the income statement for the nine month period ending September 30, 2011 is shown below:

| Ítem | Impact |
|---|---|
| | 09.30.11 |
| Revenues | 183,823 |
| Net Operating Profit | 17,537 |
| Profit before Income Tax | 17,537 |
| Income tax Expense | (5,266) |
| Profit for the year | 12,271 |
| Profit attribuitable to non-controlling interest | (5,667) |
| **Profit attributable to the Parent Company** | **6,604** |

During the first nine months of 2011 the group has applied new standards and interpretations that have become effective in 2011, which are described in Note 2 to the Consolidated Financial Statements as for December 31, 2010 and 2009 and for the three years ended December 31, 2010, without significant effects on these Consolidated Condensed Interim Financial Statements.

## Note 3.- Critical Accounting Policies

The Accounting Policies adopted in the preparation of the Consolidated Condensed Interim Financial Statements are consistent with those established in Abengoa's Consolidated Financial Statements as of December 31, 2010 and 2009 and for the three years ended December 31, 2010 which are described in Note 2 to such Consolidated Financial Statements.

In Abengoa's Consolidated Condensed Interim Financial Statements corresponding to the nine month periods ended September 30, 2011 and 2010, estimates and assumptions made by the Management of the Group and of the consolidated companies are used (and subsequently verified by their directors), in order to quantify some of the assets, liabilities, income, expenses and commitments recorded therein.

The most critical accounting policies, which reflect significant management estimates and judgements to determine amounts in the Consolidated Condensed Interim Financial Statements, are as follows:

- Impairment of intangible assets and goodwill.
- Consolidation through *de facto* control.
- Revenue from construction contracts.
- Income taxes and recoverable amount of deferred tax assets.
- Share-based payments.
- Derivatives and hedging.
- Concession agreements.

To obtain a full description of the above mentioned critical accounting estimates and judgments, refer to Note 3 to the Abengoa's Consolidated Financial Statements as of December 31, 2010 and 2009 and for the three years ended December 31, 2010.

Although these estimates and assumptions are being made using all available facts and circumstances, it is possible that future events may require management to amend such estimates and assumptions in future periods. Changes in accounting estimates are recognized prospectively, in accordance with IAS 8, in the Consolidated Income Statement of the year in which the change occurs. There were no significant changes to the estimates made at the end of 2010, during the first nine months of 2011.

# Note 4.- Financial Risk Management

## 4.1. Financial risk

Abengoa's activities are undertaken through its Business Units and are exposed to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk.

The risk management model attempts to minimize the potential adverse impact of such risks upon the Group's financial performance. Risk is managed by the Group's Corporate Finance Department, which is responsible for identifying and evaluating financial risks in conjunction with the Group's operating units, quantifying them by project, region and company.

Written internal risk management policies exist for global risk management, as well as for specific areas of risk, such as foreign exchange risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives and the investment of cash surpluses.

In addition, there are official written management rules regarding key controls and control procedures for each company and the implementation of these controls is monitored through internal audit procedures.

These Consolidated Condensed Interim Financial Statements do not include all financial risk management information and disclosures required for annual financial statements, and should be read in conjunction with the information included in Note 9 to Abengoa's Consolidated Financial Statements as of December 31, 2010 and 2009 and for the three years ended December 31, 2010.

There have not been significant changes in the financial risk management since 2010 year end.

## 4.2. Financial instruments fair value

The information on the financial instruments measured at fair value, is presented in accordance with the following level classification:

- Level 1: Quoted assets or liabilities in active markets.
- Level 2: Measured at observable market prices, other than quoted prices, either directly, derived from prices, or indirectly, by the application of valuation models.
- Level 3: Measured on the basis of non-observable market data.

As at September 30, 2011, the details of the group's financial assets and liabilities at fair value is as follows (except assets and liabilities with a carrying amount close to their fair value, non-quoted equity instruments measured at cost and contracts with components that cannot be measured reliably):

| Category | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets/Liabilities at fair value | - | (96,715) | - | (96,715) |
| Derivatives used for hedging | - | (131,450) | - | (131,450) |
| Available-for-sale financial assets | 36,616 | - | 58,070 | 94,686 |
| **Total** | **36,616** | **(228,165)** | **58,070** | **(133,479)** |

For the nine month period ended September 30, 2011, there have not been any reclassifications amongst the three levels presented above.

# Note 5.- Financial Information by Segments

## 5.1. Information by Segment

As indicated in Note 1, the segments identified to present the financial information, correspond to eight operating segments that make up the three business areas in which Abengoa operates, and are as follows:

- Engineering and construction; relates to the segment that incorporates all of the company's traditional activities in engineering and construction in the energy and environmental sectors, with over 70 years of experience in the market, in which the Company specializes in executing complex turn-key projects for solar-thermal power stations; hybrid gas-solar power plants; conventional power plants and biofuel plants, hydraulic infrastructures, including complex desalination plants; electrical transmission lines, etc. This activity covers the operational segment.

- Concession-type infrastructures; relates to the activity that groups together the company's proprietary concession assets, in which revenues are regulated via long term sale contracts, such as take-or-pay agreements, or power or water purchase agreements. This activity includes the operation of electricity generation plants (solar, co-generation or wind) and desalination plants, as well as transmission lines. These assets generate no demand risk and our efforts can therefore focus on operating them as efficiently as possible.

  This activity currently comprises four operating segments:

  - Solar – Operation and maintenance of solar energy plants, mainly using solar-thermal technology;
  - Transmission – Operation and maintenance of high-voltage transmission line infrastructures;
  - Water – Operation and maintenance of facilities for generating, transporting, treating and managing water, including desalination and water treatment and purification plants;
  - Cogeneration – Operation and maintenance of conventional electricity plants.

- Industrial production; relates to the activity that groups Abengoa's businesses with a high technological component, such as biofuels, industrial waste recycling or the development of solar-thermal technology. The company holds an important leadership position in these activities in the geographical markets in which it operates.

  This activity comprises three operating segments:

  - Biofuels – Production and development of biofuels, mainly bioethanol for transport, which uses cereals, sugar cane and oil seeds (soya, rape and palm) as raw materials.
  - Recycling – Industrial waste recycling, principally steel dusts, aluminium and zinc.
  - Other – This segment includes those activities related to the development of solar-thermal technology, water management technology and innovative technology businesses such as hydrogen energy or the management of energy crops.

Prior period segment financial information has been restated to conform to this new structure, since at the beginning of fiscal year 2011, Abengoa's decision-making bodies had begun to assess the performance and assignment of resources according to the previous identified segments.

In order to do so, the highest authority in the making decision process in Abengoa considers the revenues as a measure of the activity and the EBITDA (Earnings before interest, tax, depreciation and amortization) as measure of the performance of each segment.

a) The following table lists the details of Sales and Segment EBITDA by Segment for the nine-month periods ended September 30, 2011 and September 30,2010:

| Item | Eng. and Const. | Concession-type Infrastructure | | | | Industrial Production | | | Nine-month periods ended 09.30.11 |
|---|---|---|---|---|---|---|---|---|---|
| | | Solar | Trans. | Water | Cog. | Bioenergy | Recycling | Other | |
| Revenue | 2,156,064 | 98,708 | 184,534 | 13,100 | 25,235 | 1,629,044 | 477,010 | 200,409 | 4,784,104 |
| | | 321,577 | | | | 2,306,463 | | | |
| Ebitda | 263,863 | 77,821 | 144,217 | 7,188 | 1,626 | 111,201 | 85,180 | 53,043 | 744,139 |
| | | 230,852 | | | | 249,424 | | | |

| Item | Eng. and Const. | Concession-type Infrastructure | | | | Industrial Production | | | Nine-month periods ended 09.30.10 |
|---|---|---|---|---|---|---|---|---|---|
| | | Solar | Trans. | Water | Cog. | Bioenergy | Recycling | Other | |
| Revenue | 1,639,212 | 44,451 | 152,414 | 9,971 | 21,800 | 991,154 | 414,126 | 89,556 | 3,362,684 |
| | | 228,636 | | | | 1,494,836 | | | |
| Ebitda | 171,884 | 35,670 | 109,822 | 4,986 | 971 | 106,477 | 73,967 | 22,765 | 526,542 |
| | | 151,449 | | | | 203,209 | | | |

The reconciliation of segment EBITDA with the profit attributable to owners of the parent is as follows:

| Line ítem | Nine-month periods ended | |
|---|---|---|
| | 09.30.11 | 09.30.10 |
| Total Segment EBITDA | 744,139 | 526,543 |
| Amortization and Depreciation | (188,596) | (174,051) |
| Financial Cost Net | (482,561) | (184,663) |
| Share in Profits/ (Losses) of Associated Companies | 3,233 | 8,284 |
| Income Tax expense | 57,673 | (23,316) |
| Profit attributable to non-controlling interests | 91,463 | 37,221 |
| Profit attributable to non-controlling interests | (14,442) | (44,745) |
| **Profit attributable to the Parent Company** | **210,909** | **145,273** |

b) The long term asset and liabilities by Segment at September 30, 2011 and December 31, 2010 are as follows:

| Item | Eng. and Const. | Concession-type Infrastructure | | | | Industrial Production | | | Total as of 09.30.11 |
|---|---|---|---|---|---|---|---|---|---|
| | | Solar | Trans. | Water | Cog. | Bioenergy | Recycling | Other | |
| **Assets allocated** | | | | | | | | | |
| Intangible Assets | 106,312 | - | - | - | - | 588,188 | 556,557 | 54,392 | 1,305,450 |
| Property plant and equipment | 143,679 | 39,200 | - | - | - | 1,100,202 | 123,749 | 31,597 | 1,438,428 |
| Fixed assets in projects | - | 2,545,247 | 1,908,893 | 404,947 | 542,109 | 1,048,389 | 267,261 | 3,798 | 6,720,643 |
| Current Financial Investments | 144,052 | 445,072 | 188,987 | - | 4 | 47,209 | 86,936 | 910 | 913,171 |
| Cash and Cash Equivalents | 1,679,827 | 93,183 | 61,025 | 29,104 | 3,517 | 803,938 | 65,444 | 224,294 | 2,960,332 |
| | | 3,122,702 | 2,158,905 | 434,051 | 545,630 | 3,587,926 | 1,099,948 | 314,992 | |
| **Total Assets Allocated** | **2,073,871** | **6,261,287** | | | | **5,002,866** | | | **13,338,024** |
| **Assets unallocated** | | | | | | | | | **4,582,009** |
| **Total Assets** | | | | | | | | | **17,920,033** |

| Item | Eng. and Const. | Concession-type Infrastructure | | | | Industrial Production | | | Total as of 09.30.11 |
|---|---|---|---|---|---|---|---|---|---|
| | | Solar | Trans. | Water | Cog. | Bioenergy | Recycling | Other | |
| **Liabilities located** | | | | | | | | | |
| Long –term and Short-term Credit Ent. Debts | 1,346,266 | - | 8,272 | - | 19,255 | 2,394,571 | 16,618 | 949,998 | 4,734,980 |
| Long –term and Short-term non rec. financing | - | 2,266,944 | 928,409 | 304,077 | 463,019 | 499,677 | 377,775 | 70,583 | 4,910,485 |
| | | 2,266,944 | 936,681 | 304,077 | 482,274 | 2,894,248 | 394,393 | 1,020,581 | |
| **Total Liabilities Allocated** | **1,346,266** | **3,989,977** | | | | **4,309,222** | | | **9,645,465** |
| **Liabilities unallocated** | | | | | | | | | **8,274,568** |
| **Total Liabilities** | | | | | | | | | **17,920,033** |

| Item | Eng. and Const. | Concession-type Infrastructure | | | | Industrial Production | | | Total as of 12.31.10 |
|---|---|---|---|---|---|---|---|---|---|
| | | Solar | Trans. | Water | Cog. | Bioenergy | Recycling | Other | |
| **Assets allocated** | | | | | | | | | |
| Intangible Assets | 749,946 | - | - | - | - | 618,045 | 379,301 | 46,220 | 1,793,512 |
| Property plant and equipment | 236,890 | 254,841 | - | - | - | 1,040,397 | 96,112 | 12,047 | 1,640,287 |
| Fixed assets in projects | - | 1,460,400 | 2,110,356 | 344,144 | 402,507 | 1,166,416 | 260,973 | - | 5,744,796 |
| Current Financial Investments | 186,939 | 288,164 | 359,746 | 10 | 6,541 | 25,285 | 42,281 | 4,630 | 913,596 |
| Cash and Cash Equivalents | 2,183,395 | 180,296 | 19,649 | 16,647 | 6,681 | 481,210 | 54,424 | 40,853 | 2,983,155 |
| | | 2,183,701 | 2,489,751 | 360,801 | 415,729 | 3,331,353 | 833,091 | 103,750 | |
| **Total Assets Allocated** | **3,357,170** | **5,449,982** | | | | **4,268,194** | | | **13,075,346** |
| **Assets unallocated** | | | | | | | | | **3,898,480** |
| **Total Assets** | | | | | | | | | **16,973,826** |

| Item | Eng. and Const. | Concession-type Infrastructure | | | | Industrial Production | | | Total as of 12.31.10 |
|---|---|---|---|---|---|---|---|---|---|
| | | Solar | Trans. | Water | Cog. | Bioenergy | Recycling | Other | |
| **Liabilities located** | | | | | | | | | - |
| Long –term and Short-term Credit Ent. Debts | 2,799,811 | 687 | 33,802 | - | 14,973 | 184,806 | 1,918,482 | 37,264 | 4,989,825 |
| Long –term and Short-term non rec. financing | | 1,558,230 | 1,152,652 | 267,286 | 325,717 | 477,931 | 268,294 | - | 4,050,110 |
| | | 1,558,917 | 1,186,454 | 267,286 | 340,690 | 662,737 | 2,186,776 | 37,264 | |
| **Total Liabilities Allocated** | **2,799,811** | **3,353,347** | | | | **2,886,777** | | | **9,039,935** |
| **Liabilities unallocated** | | | | | | | | | **7,933,891** |
| **Total Liabilities** | | | | | | | | | **16,973,826** |

The criteria used to obtain the assets and liabilities per segment, are described as follows:

- Corporate Financing allocated to Abengoa, S.A. has been distributed by segments (see Note 15), as the main aim is that of financing investments in projects and in companies needing to expand the Group's businesses and lines of activity.

c) The following table provides a detail of Net Debt by segment as at September 30, 2011 and December 31, 2010:

| Item | Eng. and Const. | Concession-type Infrastructure | | | | Industrial Production | | | Total as of 09.30.11 |
|---|---|---|---|---|---|---|---|---|---|
| | | Solar | Trans. | Water | Cog. | Bioenergy | Recycling | Other | |
| Long –term and Short-term Credit Entity Debts | 1,346,266 | - | 8,272 | - | 19,255 | 2,394,571 | 16,618 | 949,998 | 4,734,980 |
| Long –term and Short-term non-recourse financing | - | 2,266,944 | 928,409 | 304,077 | 463,019 | 499,677 | 377,775 | 70,584 | 4,910,485 |
| Financial investments | (144,052) | (445,072) | (188,987) | - | (4) | (47,209) | (86,937) | (910) | (913,171) |
| Cash and Cash Equivalents | (1,679,827) | (93,183) | (61,025) | (29,104) | (3,517) | (803,938) | (65,444) | (224,294) | (2,960,332) |
| | | 1,728,689 | 686,669 | 274,973 | 478,753 | 2,043,101 | 242,012 | 795,378 | |
| **Total Net Debt** | **(477,613)** | **3,169,084** | | | | **3,080,491** | | | **5,771,962** |
| Long-term and Short-term non-recourse financing | - | (3,962,449) | | | | (948,036) | | | (4,910,485) |
| **Total Net Debt (excluding non-recourse Financing)** | **(477,613)** | **(793,365)** | | | | **2,132,455** | | | **861,477** |

| Item | Eng. and Const. | Concession-type Infrastructure | | | | Industrial Production | | | Total as of 12.31.10 |
|---|---|---|---|---|---|---|---|---|---|
| | | Solar | Trans. | Water | Cog. | Bioenergy | Recycling | Other | |
| Long –term and Short-term Credit Entity Debts | 2,150,122 | 687 | 33,802 | - | 14,973 | 1,918,482 | 184,806 | 686,953 | 4,989,825 |
| Long –term and Short-term non-recourse financing | - | 1,558,230 | 1,152,652 | 267,286 | 325,717 | 477,931 | 268,294 | - | 4,050,110 |
| Financial investments | (186,939) | (288,164) | (359,746) | (10) | (6,541) | (25,285) | (42,281) | (4,630) | (913,596) |
| Cash and Cash Equivalents | (2,183,395) | (180,296) | (19,649) | (16,647) | (6,681) | (481,210) | (54,424) | (40,853) | (2,983,155) |
| | | 1,090,457 | 807,059 | 250,629 | 327,468 | 1,889,918 | 356,395 | 641,470 | |
| **Total Net Debt** | **(220,212)** | **2,475,613** | | | | **2,887,783** | | | **5,143,184** |
| Long-term and Short-term non-recourse financing | - | (3,303,885) | | | | (746,225) | | | (4,050,110) |
| **Total Net Debt (excluding non-recourse Financing)** | **(220,212)** | **(828,272)** | | | | **2,141,558** | | | **1,093,074** |

The criteria used to obtain the net debt per segment, are described as follows:

1. Corporate Financing allocated to Abengoa, S.A. has been distributed by segments (see Note 15), as the main aim is that of financing investments in projects and in companies needing to expand the Group's businesses and lines of activity.

2. Financial investments have been included in the calculation as a decrease in net debt, since the items that form said heading are highly liquid.

d) The following table lists the details of investment in property, plant and equipment and intangible assets by segments for the nine-month periods ended September 30, 2011 and 2010:

| Line item | Nine-month periods ended | |
|---|---|---|
| | 09.30.11 | 09.30.10 |
| **Engineering and Construction** | **38,101** | **133,368** |
| | | |
| **Concession-type Infraestructure** | **1,730,337** | **840,055** |
| Solar | 888,629 | 296,954 |
| Transmission Lines | 605,333 | 333,029 |
| Water | 58,629 | 23,598 |
| Cogeneration | 177,746 | 186,474 |
| | | |
| **Industrial Production** | **133,856** | **505,962** |
| Bioenergy | 61,629 | 338,563 |
| Recycling | 36,114 | 69,579 |
| Others | 36,113 | 97,820 |
| **Total** | **1,902,294** | **1,479,385** |

## 5.2. Information by geographic areas

The sales distribution by geographical areas for the nine-month periods ended September 30, 2011 and 2010 is as follows:

| Geographical area | For the nine-month Amount at 09.30.11 | % | For the nine-month Amount at 09.30.10 | % |
|---|---|---|---|---|
| - USA and Canada | 853,285 | 17.8 | 375,930 | 11.2 |
| - Brazil | 1,142,699 | 23.9 | 640,142 | 19.0 |
| - Lating America(excluding Brazil) | 472,025 | 9.9 | 500,972 | 14.9 |
| - Other countries | 302,889 | 6.3 | 293,528 | 8.7 |
| - European Union (excluding Spain) | 874,617 | 18.3 | 619,916 | 18.4 |
| - Spain | 1,138,589 | 23.8 | 932,196 | 27.8 |
| **Total** | **4,784,104** | **100** | **3,362,684** | **100** |
| International Market consolidated | 3,645,515 | 76.2 | 2,430,488 | 72.3 |
| Spain consolidated | 1,138,589 | 23.8 | 932,196 | 27.7 |
| | | | | |

# Note 6.- Changes in the Composition of the Group

6.1. During the nine-month period ended September 30, 2011, a total of 21 subsidiaries and one joint venture were incorporated into the consolidation scope.

In addition a total of 66 subsidiaries, two associate companies and two joint ventures were excluded from the consolidation.

These changes in the composition of the group have not had a significant impact on these Consolidated Condensed Interim Financial Statements except as indicated in Note 7.1 in relation to the sale of the participation of Telvent GIT, S.A.

During the nine months period ended September 30, 2011 there have been no changes in the consolidation method due to a change of the shareholding held by the Group.

6.2. On March 17, 2011, the Board of Directors of Proyectos de Inversiones Medioambientales, S.L. (the bidding company), a subsidiary of Abengoa, S.A., agreed to formulate a public tender offer to acquire the shares in Befesa Medio Ambiente, S.A. (Befesa), in order to delist Befesa's shares from the Spanish official secondary markets on which it is listed, in accordance with Article 34.5 and subsequent articles of the Securities Market Act and Article 10 and subsequent articles of Royal Decree 1066/2007 and other applicable legislation.

On April 25, 2011, the General Shareholders' Meeting of Befesa approved the resolution to delist the shares representing the share capital of the Affected Company from stock markets and the subsequent public tender offer for the shares.

The offer was effectively made to acquire 710,502 Befesa shares, which represent 2.62% of its share capital. The price of the offer, which was set by Befesa, is 23.78 Euros per share. The public tender offer to delist the shares was structured as an all-cash offer to purchase the shares, which was upon settlement of the transaction.

As of the date of issuance of these financial statements Befesa's shares have been delisted from trading due to successful tender offer process.

# Note 7.- Non-current Assets Held for Sale and Discontinued Operations

## 7.1. Sale of shares in Telvent GIT, S.A.

On June 1, 2011, our 40% owned subsidiary, Telvent GIT, S.A., entered into an acquisition agreement with Schneider Electric S.A., or SE, under which SE launched a tender offer to acquire all Telvent shares. Concurrently with the signing of the acquisition agreement between SE and Telvent, Abengoa entered into an irrevocable undertaking agreement with SE under which we agreed to tender our 40% shareholding in Telvent into the tender.

SE launched the tender offer to acquire all Telvent shares at a price of $40 per share in cash, which represented a company value of €1,360 million, and a premium of 36% to Telvent's average share price over the previous 90 days prior to the announcement of the offer.

In September 2011, following completion of the usual closing conditions and once all of the regulatory authorisations had been obtained, the transaction, which generated cash income of €391 million and a total gain from discontinued operations of €91 million for Abengoa, reflected under the heading of "Result for the year from discontinued operations, net of tax" in the income statement for the nine months ending in September 2011, was definitively completed.

Taking into account the significance of the activities carried out by Telvent GIT, S.A. to Abengoa, the sale of this shareholding is considered as a discontinued operation to be reported as such, in accordance with the stipulations and requirements of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

Accordingly, the result obtained from this sale is considered as a discontinued operation and the result of the sale is included under a single heading in the income statement of Abengoa's Consolidated Condensed Interim Financial Statements for the nine month period ending September 30, 2011.

Likewise, the Consolidated Income Statement for the nine month period ending September 30, 2010, which is included for comparison purposes in Abengoa's Consolidated Condensed Interim Financial Statements also includes the reclassification of the results generated by the activities that are now considered to be discontinued, under a single heading.

## 7.2. Sales of different shares of the power transmission lines in Brazil

On June 3, 2011, Abengoa, S.A. entered into an agreement with Transmissao Aliança de Energia Elétrica S.A. — TAESA under which Abengoa Concessoes will sell to TAESA 50% of its shareholding in a newly formed entity, to be named Abengoa Participaçoes Holdings S.A., into which Abengoa Concessoes will, by the closing date, have contributed 100% of its interests in four project companies currently wholly owned by it that hold transmission line concessions in Brazil. These four companies are STE — Sul Transmissora de Energia S.A.; ATE Transmissora de Energia S.A., ATE II Transmissora de Energia S.A., and ATE III Transmissora de Energia S.A. In addition, Abengoa entered into an agreement to TAESA to sell 100% of the share capital of NTE — Nordeste Transmissora de Energia S.A.

As a result of these transactions with TAESA, we expect to receive €456 million of net cash and to reduce our consolidated net debt estimated by €623 million (subject to fluctuation in exchange rates during the period prior to closing). We also anticipate that the net gain from these transactions will be in the range of €30 million to €35 million, subject to the final costs of the transaction and the impact of fluctuation in currency exchange rates, among other variables.

The transactions are subject to customary closing conditions, including, among others, the approval of ANEEL, the Brazilian national electricity regulator. The authorization is expected to be closed before the end of 2011.

Until closing, the assets will be reported as held for sale in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

As of September 30, 2011, the breakdown of the assets and liabilities classified as Held for Sale, are as follows:

| Item | Total as of 09.30.11 |
|---|---|
| **Assets** | |
| Non-current Assets | 420,894 |
| Current Assets | 289,077 |
| **Total Assets** | **709,971** |
| **Liabilities** | |
| Non-current liabilities | 225,713 |
| Current liabilities | 58,944 |
| **Total Liabilities** | **284,657** |

# Note 8.- Intangible Assets and Property, Plant & Equipment

8.1. The details of the main categories included in Intangible Assets at September 30, 2011 and December 31, 2010 are as follows:

| Concept | Goodwill | Development Assets | Other Intangible Assets | Total |
|---|---|---|---|---|
| Intangible Assets Cost | 1,100,383 | 167,741 | 127,039 | 1,395,163 |
| Impairment and Accumulated Amortization | - | (73,406) | (16,307) | (89,713) |
| **Total Intangible Assets at September 30, 2011** | **1,100,383** | **94,335** | **110,732** | **1,305,450** |

| Concept | Goodwill | Development Assets | Other Intangible Assets | Total |
|---|---|---|---|---|
| Intangible Assets Cost | 1,427,312 | 171,843 | 326,479 | 1,925,634 |
| Impairment and Accumulated Amortization | - | (63,875) | (68,247) | (132,122) |
| **Total Intangible Assets at December 31, 2010** | **1,427,312** | **107,968** | **258,232** | **1,793,512** |

The most significant variations that occurred during the nine-month period that ended on September 30, 2011 mainly correspond to the decrease in goodwill caused by the depreciation of the Brazilian Real and the US Dollar with respect to the Euro (€60 million), the increase in IT programs as a result of progress in the implementation of a new ERP system across the whole group (€31 million) and the decrease from intangible assets of Telvent GIT, S.A. (€462 million) as a result of its exclusion from the consolidation scope following the sale of the company's interest.

8.2. The detail of the main categories included in Property, Plant & Equipment at September 30, 2011 and December 31, 2010 is as follows:

| Item | Land and Buildings | Technical Installations and Machinery | Advances and Fixed Assets in Progress | Other Property, Plant & Equipment | Total |
|---|---|---|---|---|---|
| Property, Plant & Equipment Cost | 530,723 | 1,296,555 | 87,832 | 117,566 | 2,032,676 |
| Impairment and Accumulated Amortization | (86,415) | (453,204) | - | (54,629) | (594,248) |
| **Total Property, Plant & Equipment at September 30, 2011** | **444,308** | **843,351** | **87,832** | **62,937** | **1,438,428** |

| Item | Land and Buildings | Technical Installations and Machinery | Advances and Fixed Assets in Progress | Other Property, Plant & Equipment | Total |
|---|---|---|---|---|---|
| Property, Plant & Equipment Cost | 568,894 | 1,363,388 | 189,304 | 132,353 | 2,253,939 |
| Impairment and Accumulated Amortization | (78,365) | (405,398) | - | (129,889) | (613,652) |
| **Total Property, Plant & Equipment at December 31, 2010** | **490,529** | **957,990** | **189,304** | **2,464** | **1,640,287** |

The most significant variations that occurred during the nine-month period ended September 30, 2011 mainly correspond to the decrease caused by the transfer of the property plant and equipment related to the land of the solar plant project in USA (Solana) to Fixed Assets in Projects (€123 million) once the non-recourse financing has been obtained, due to the depreciation of the Brazilian Real and the US Dollar with respect to the Euro, which contributed to a decrease of intangible assets of €11 million and because of Telvent GIT as assets amounting to €81 million as a result of its exclusion from the consolidation scope following the sale of the company's interest.

The US Government granted Abengoa Solar through the Department of Energy (DoE) a conditional commitment to issue a federal guarantee, for an amount of $1,202 million related to the 250 mw solar-thermal project in California. This commitment is conditional upon the achievement of a series of Preliminary Conditions (PCs), the most important of which are the following:

- To obtain the permits required to commence construction, documentation of contracts such as EPC (turnkey), Operation and Maintenance, etc.
- To finance the proportion of equity required for this project.

As of August 19, 2011 Abengoa obtained preliminary approval for a federal guarantee from the US Department of Energy (DOE) worth USD 134 million, to construct its first commercial biofuels plant using biomass. Once the conditions precedent have been completed and the guarantee has been definitively approved, the DOE shall issue the final approved amount via the Federal Reserve. Following this transaction, Abengoa shall begin construction on the plant, which will be located in Stephens County, Kansas.

8.3. At September 30, 2011, there were no signs of impairment of tangible or intangible assets with a finite useful life, other than those recorded in the consolidated financial statements for 2010.

With regards to the tangible assets related to an industrial waste containment plant in Mexico, for an amount of €33 million, in which Abengoa, S.A. launched arbitration proceedings with the ICSID in Washington, D.C. against Mexico State, claiming damages and losses caused by the closure of the plant for an alleged breach of the international treaty between Mexico and Spain on the reciprocal protection of investments (for more information see Note 19.2 of Abengoa's for 2010), it should be noted that no impairment has been recorded as at September 2011 since Abengoa's directors believe that there are justified grounds to expect a favourable resolution in the interests of the Group, which would allow at least part of the investment in the project to be recovered, plus the corresponding interest costs.

8.4. In relation to the valuation of goodwill and the hypotheses used in the analysis of the impairment of goodwill described in Note 4.4.b) of Abengoa's consolidated financial statements for 2010, and the growth rates used in the five-year financial cash flow projections for each of the business activities (Engineering and Construction- 0%; Concession-type Infrastructures- 0%; Industrial Production- 0%), no significant changes have occurred to them as at September 30, 2011 that may affect the impairment analysis made of the goodwill as the end of 2010.

# Note 9.- Fixed Assets in Projects (Project Finance)

9.1. The detail of the main categories included in Intangible Assets in Projects at September 30, 2011 and December 31, 2010 is as follows:

| Concept | Development Assets | Concessional Assets IFRIC 12 | Other Intangible Assets | Total |
|---|---|---|---|---|
| Intangible Assets Cost | 53,280 | 5,076,871 | 118,031 | 5,248,182 |
| Impairment y Accumulated Amortization | (9,175) | (129,513) | (18,286) | (156,974) |
| **Total at September 30, 2011** | **44,105** | **4,947,358** | **99,745** | **5,091,208** |

| Concept | Development Assets | Concessional Assets IFRIC 12 | Other Intangible Assets | Total |
|---|---|---|---|---|
| Intangible Assets Cost | 53,280 | 3,137,308 | 118,583 | 3,309,171 |
| Impairment y Accumulated Amortization | (7,583) | (169,207) | (17,169) | (193,959) |
| **Total at December 31, 2010** | **45,697** | **2,968,101** | **101,414** | **3,115,212** |

The most significant variations that occurred during the nine-month period ended on September 30, 2011 correspond primarily to the net increase in concession assets due to investments made in Concession projects in process, mainly solar-thermal power stations in Spain (€770 million), the Solana project in USA (€437 million), the cogeneration plant in Mexico (€140 million) and transmission lines in Brazil and Peru (€552 million), as well as the reclassification to intangible fixed assets of the solar-thermal plants in Spain as intangible assets due to the application of IFRIC 12 (€964 million), see Note 2. Additionally intangible assets decreased due to the depreciation of the Brazilian Real and the US Dollar with respect to the Euro (€-232 million) and a decrease is produced by the classification of the transmission lines in Brazil subject to sale, as assets held for sale (€-548 million).

9.2. The detail of the main categories included in Property, Plant & Equipment in projects at September 30, 2011 and December 31, 2010 is as follows:

| Item | Land and Buildings | Technical Installations and Machinery | Advances and Fixed Assets in Progress | Other Fixed Assets | Total |
|---|---|---|---|---|---|
| Property, Plant & Equipment Cost | 402,441 | 1,441,136 | 91,629 | 263,929 | 2,199,135 |
| Impairment and Accumulated Amortization | (69,693) | (385,649) | - | (114,358) | (569,700) |
| **Total Property, Plant and Equipment in projects at September 30, 2011** | **332,748** | **1,055,487** | **91,629** | **149,571** | **1,629,435** |

| Item | Land and Buildings | Technical Installations and Machinery | Advances and Fixed Assets in Progress | Other Fixed Assets | Total |
|---|---|---|---|---|---|
| Property, Plant & Equipment Cost | 463,536 | 2,236,952 | 223,549 | 242,927 | 3,166,964 |
| Impairment and Accumulated Amortization | (79,752) | (352,714) | - | (104,914) | (537,380) |
| **Total Property, Plant and Equipment in projects at December 31, 2010** | **383,784** | **1,884,238** | **223,549** | **138,013** | **2,629,584** |

The most significant variations that occurred during the nine-month period ended September 30, 2011 correspond to the depreciation of the classification as intangible fixed assets of the the solar thermal plants in Spain due to the application of IFRIC 12 (€-964 million), see Note 2, and the depreciation of the Brazilian Real and the US Dollar with respect to the Euro (€-73 million).

## Note 10.- Financial Investments

10.1. The detail of the main categories included in Non-Current Financial Investments at September 30, 2011 and December 31, 2010 is as follows:

| Item | Balance as of 09.30.11 | Balance as of 12.31.10 |
|---|---|---|
| Investment in Associate Companies | 39,519 | 48,585 |
| Financial Assets Available for Sale | 58,070 | 50,467 |
| Financial Accounts Receivable | 229,542 | 259,750 |
| Derivative Financial Instruments | 147,193 | 127,553 |
| **Total Financial Investments Non-Current** | **474,324** | **486,355** |

The most significant variations that occurred during the nine-months ended September 30, 2011 primarily correspond to an increase in the derivative financial instruments from newly contracted interest rate derivatives and existing and newly contracted transactions during the period (see Note 11) as well as a decrease due to non-current financial investments classified as assets held for sale relating to the power transmission lines in Brazil.

10.2. The detail of the main categories included in Current financial investments at September 30, 2011 and December 31, 2010 is as follows:

| Item | Balance as of 09.30.11 | Balance as of 12.31.10 |
|---|---|---|
| Financial Assets Available for Sale | 36,616 | 29,868 |
| Financial Accounts Receivable | 834,367 | 862,407 |
| Derivative Financial Instruments | 42,188 | 21,321 |
| **Total Current Financial Investments** | **913,171** | **913,596** |

The amount at September 30, 2011 of the Current Financial Investments corresponding to companies with non-recourse financing is €731,602 thousand (€564,615 thousand at December 31, 2010) (see Note 12).

The most significant variations that occurred during the nine-months ended September 30, 2011 primarily correspond to the classification of the power transmission lines in Brazil as financial assets held for sale, offset by the favourable evolution in the fair values of the commodity hedging derivatives and new deposits with financial institutions.

# Note 11.- Derivative Financial Instruments

The fair value of derivative financial instruments as of September 30, 2011 and December 31, 2010 was as follows:

| Item | 09.30.11 | | 12.31.10 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Exchange rate Derivatives – Cash flow hedge | 3,237 | 12,998 | 1,790 | 35,245 |
| Exchange rate Derivatives – Fair value hedge | 17,703 | - | 5,398 | 76 |
| Exchange rate Derivatives – non-hedge accounting | 1,092 | 377 | 9,171 | 6,899 |
| Interest rate Derivatives – Cash flow hedge | 82,729 | 281,603 | 83,974 | 145,914 |
| Interest rate Derivatives – non-hedge accounting | - | 6,073 | 339 | 7,360 |
| Commodity prices Derivatives – Cash flow hedge | 34,712 | 19,780 | 6,357 | 50,579 |
| Commodity prices Derivatives – non-hedge accounting | 5,540 | - | - | - |
| Embedded Derivative in convertible bonds and shares options | 44,368 | 96,715 | 41,845 | 135,367 |
| **Total** | **189,381** | **417,546** | **148,874** | **381,440** |
| Non-current part | 147,193 | 376,341 | 127,553 | 289,997 |
| Current part | 42,188 | 41,205 | 21,321 | 91,443 |

The fair value transferred to the income statement for the nine-month period ended September 30,2011 of the derivative financial instruments classified as hedging instruments was €-2,432thousand ( €34,279 thousand at September 30, 2010).

Derivatives classified as non-hedge accounting are those derivative financial instruments which, although obtained for the purpose of hedging certain market risks (interest rates, exchange rates and commodity prices), do not meet the specific requirements established by IAS 39 to be designated as hedging instruments from an accounting standpoint since, at the inception of the hedge, there was no designation or formal documentation relating to the hedge or the risk management strategy that it was intended to implement or, having met all the requirements to be designated as a hedging instrument, the hedged item has been sold or the hedging designation has been interrupted.

The most significant variations in the financial derivatives assets, arising during the nine-months ended September 30, 2011 correspond to the increase resulting from the contracting of new interest rate derivatives, to new call options of treasury shares to hedge the convertible bonds, partially balanced by the decrease in the fair value of the call options of treasury shares contracted in previous years described in Note 15.3.

On the other hand, the most significant variations in the financial derivatives liabilities arising during the nine-months ended September 30, 2011 correspond to the unfavourable evolution in interest rate derivatives for hedging, partially offset by the favourable evolution in commodity hedging derivatives, the decrease in the fair value of the derivative liability embedded in the convertible bonds issued in 2009 and 2010 described in Note 15.3, and the financial assets/liabilities held for sale of Telvent GIT, S.A., as a result of its exclusion from the consolidation scope following the sale of the company's interest.

## Note 12.- Inventories

Inventories at September 30, 2011 and December 31, 2010, were as follows:

| Item | Balance as of 09.30.11 | Balance as of 12.31.10 |
|---|---|---|
| Goods for resale | 16,053 | 16,232 |
| Raw materials and other supplies | 138,532 | 154,744 |
| Good in progress and semi-finished products | 6,260 | 7,103 |
| Project in progress | 59,363 | 44,606 |
| Finished products | 131,416 | 69,756 |
| Agricultural products | 14,313 | 16,074 |
| Advance payments to suppliers | 65,218 | 76,501 |
| **Total** | **431,155** | **385,016** |

The most significant variation in the nine-months ended September 30, 2011 primarily correspond to an increase of finished goods of the Bioenergy plants for sales in progress. In addition, inventories decreased due to the classification of the inventories of the power transmission lines in Brazil as assets held for sale and due to the inventories of Telvent GIT, S.A. as a result of its exclusion from the consolidation scope following the sale of the company's interest.

## Note 13.- Clients and Other Receivable Accounts

The details of the Clients and Other Receivable Accounts at September 30, 2011 and December 31, 2010 are as follows:

| Item | Balance as of 09.30.11 | Balance as of 12.31.10 |
|---|---|---|
| Trade receivables | 696,727 | 735,217 |
| Unbilled revenues | 527,034 | 711,382 |
| Bad debt provisions | (32,459) | (23,366) |
| Public Administrations | 555,497 | 492,392 |
| Other debtors | 178,431 | 225,818 |
| **Total** | **1,925,230** | **2,141,443** |

The Fair value of Clients and Other Receivable accounts does not differ significantly from its carrying value.

The most significant variation in the nine-months ended September 30, 2011 primarily corresponds to the increase in unbilled revenues related to new engineering and construction activities (€330 million) and to the increase in tax receivable for VAT from the milestones reached in projects under construction, offset by the decrease in Trade debtors and other accounts receivable from Telvent GIT, S.A. (€-481 million) as a result of its exclusion from the consolidation scope following the sale of the company's interest and by the classification as financial assets held for sale of the power transmission lines in Brazil (€-205 million).

# Note 14.- Non-Recourse Financing

Non-recourse financing is generally used for constructing and/or acquiring an asset, exclusively using as guarantee the assets and cash flows of the company or group of companies carrying out the activities financed to ensure the repayment of the non-recourse loans.

14.1. The details of Non-Recourse Project Financing – of both Non-Current and Current Liabilities – as of September 30, 2011 and December 31, 2010 are as follows:

| Non-recourse financing applied to projects | Balance as of 09.30.11 | Balance as of 12.31.10 |
|---|---|---|
| Non-current | 4,433,166 | 3,557,971 |
| Current | 477,319 | 492,139 |
| **Total Non-recourse financing** | **4,910,485** | **4,050,110** |

The variation produced during the nine month period ended at September 30, 2011 is due to drawings in relation to new solar projects amounting to €746 million, with €244 million corresponding to a solar-thermal project located in the United States and €502 million corresponds to different projects in Spain, as well as financing for the Brazilian power transmission lines amounting to €218 million, the cogeneration activity totalling €119 million and the loan received by Befesa Zinc from Zinc Capital, S.A. for €300 million (see Note 14.4). On the other hand, the variation is also due to the effect of depreciation of the Brazilian Real and the US Dollar against the Euro (€-123 million); the repayment of Befesa Zinc's debt (€-185,2 million) due to the funds received from Zinc Capital, S.A., and due to the classification of the non-recourse financing of the power transmission lines in Brazil as liabilities held for sale (€-249 million).

14.2. The repayment schedule of Non-Recourse Project Financing as of September 30, 2011,is as follows, and is consistent with the cash-flows of the related projects.

| To 1 year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 4 years | Between 4 and 5 years | Subsequent years |
|---|---|---|---|---|---|
| 477,319 | 634,726 | 190,392 | 319,178 | 300,115 | 2,988,755 |

14.3. As of September 30, 2011, the Company has not identified any breach of covenants related to any Non-Recourse Project Financing.

14.4. As of May 6, 2011, the Group, through Zinc Capital, S.A. started a process to issue €300 million of ordinary bonds to qualified investors and European institutions. Zinc Capital, S.A. is a special purpose vehicle, unrelated to the Group, with no assets or operations related with the aforementioned transaction. All financing received has been lent to Befesa Zinc, which is a subsidiary of Befesa Medio Ambiente, S.A., which in turn is part of Abengoa. The borrower is a parent company of a group of companies linked to specific zinc recycling projects (Befesa Zinc, S.A.U.). The amount obtained by this company has primarily been allocated to cancel the syndicated loan with Barclays, which had an outstanding amount of €185.2 million (as part of the non-recourse financing obtained for the acquisition of Aser Zinc, and the definition established in the syndicated loan signed by the Group), and to improve liquidity for activities by the Zinc group. The bond issue has similar guarantees to those offered in the initial financing, mainly comprised of the joint and several guarantee of Befesa Zinc's subsidiaries, as well as shares in Befesa Zinc, with no additional guarantees from Abengoa.

In summary, the final terms and conditions, are as follows:

a) The bonds were issued for €300 million, maturing in 7 years.
b) The bonds will accrue a fixed annual interest of 8.875%
c) The bonds are guaranteed by some dependent companies of Befesa Zinc, as well as Befesa Zinc is own shares.
d) The group reserves the option to redeem the bonds from the third year.

## Note 15.- Corporate Financing

Corporate Financing caption includes financial debt and other non-current liabilities of companies that are not subject to non-recourse financing.

15.1 The detail of Corporate Financing as at September 30, 2011 and December 31, 2010 is as follows:

| Non-Current | Balance as of 09.30.11 | Balance as of 12.31.10 |
|---|---|---|
| Loans with financial entities | 2,704,195 | 2,633,751 |
| Obligations and other loans | 1,604,929 | 1,690,816 |
| Liabilities for finance lease | 34,237 | 36,250 |
| Other non-current liabilities | 200,840 | 80,882 |
| **Total Non-Current** | **4,544,201** | **4,441,699** |

| Current | Balance as of 09.30.11 | Balance as of 12.31.10 |
|---|---|---|
| Loans with financial entities | 393,937 | 632,757 |
| Obligations and other loans | 31,919 | 32,501 |
| Liabilities for finance lease | 8,466 | 16,493 |
| Other current liabilities | 19,466 | 38,147 |
| **Total Current** | **453,788** | **719,898** |

| | | |
|---|---|---|
| **Total Corporate Financing** | **4,997,989** | **5,161,597** |

The reasons behind the variation that occurred during the nine-month period ended September 30, 2011 were the increase due to new financing obtained to finance the purchase of diverse industrial equipment related to various projects under construction amounting to €272 million and for the acquisition of shares in subsidiaries worth €94 million; the decrease caused by the repayment of Abengoa, S.A.'s syndicated loan (€-274 million) during the period and the corporate financing of Telvent GIT, S.A. (€-233 million) como consecuencia de dejar de formar parte del perímetro de consolidación tras la venta de su participación.

## 15.2. Loans with financial entities

The debt repayment calendar for the current and non-current loans with financial entities line item is set out in the following table:

| | To 1 year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 4 years | Between 4 and 5 years | Subsequent | Total |
|---|---|---|---|---|---|---|---|
| Syndicated Loans and FSF | 5,557 | 548,512 | 1,276,087 | - | - | - | 1,830,156 |
| Financing EIB | - | - | - | 109,000 | - | - | 109,000 |
| Financing ICO | - | - | 30,000 | 30,000 | 30,000 | 60,000 | 150,000 |
| Abengoa S.A. Credit Lines | 139,578 | - | - | - | - | - | 139,578 |
| Abener Energía, S.A. Financing | 13,115 | 23,437 | 23,601 | 23,456 | 23,321 | 103,930 | 210,860 |
| Instalaciones Inabensa; S.A. Financing | 6,596 | 46,459 | 45,706 | 45,647 | 45,589 | 103,997 | 293,994 |
| Financing Abengoa Concessoes Brasil Holding, S.A. | 8,272 | - | - | - | - | - | 8,272 |
| Other Loans | 220,820 | 72,651 | 17,977 | 2,794 | 11,228 | 30,802 | 356,272 |
| **Total** | **393,938** | **691,059** | **1,393,371** | **210,897** | **110,138** | **298,729** | **3,098,132** |

To ensure sufficient funds to repay the debt with respect to its capacity to generate cash flow, Abengoa has established the fulfilment of a Net Debt/EBITDA financial ratio with the financial institutions.

The maximum limit of this ratio is 3.0. On September 30, 2011, the Group was below this ratio in accordance with the conditions stipulated in the respective financing agreements.

## 15.3. Notes and Bonds

Notes and Bonds are expected to be paid according to the following schedule:

| | To 1 year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 4 years | Between 4 and 5 years | Subsequent |
|---|---|---|---|---|---|---|
| Abengoa Convertible Bonds | - | - | 200,000 | - | - | 250,000 |
| Abengoa Ordinary Bonds | - | - | - | 300,000 | 500,000 | 485,546 |
| **Total** | **-** | **-** | **200,000** | **300,000** | **500,000** | **735,546** |

### Abengoa 2014 convertible bonds

In relation to the Convertible Bond for the amount of €200 million issued on July 24, 2009 and maturing in 5 years, as described in Note 2.18.1 of the annual Consolidated Financial Statements of Abengoa, S.A. for the 2010 fiscal year, and following the provisions laid out in IAS 32 and 39, the carrying value of the liability component of this bond on September 30, 2011 amounts to €167,151 thousand.

The fair value of the bonds, including both the liability and the embedded derivative components was as follows: €209,716 thousand and €218,652 thousand as of September 30, 2011 and December 31, 2010 respectively.

Therefore, at September 30, 2011, the valuation of the embedded derivative liability associated with the issuance of the convertible bond is €42,565 thousand, with an effect on the income statement for the nine-months ended September 30, 2011 of a financial income of €7,896 thousand equal to the difference between its value at the end of September 2011 and that at December 31, 2010 (€50,461 thousand).

In order to partially hedge the liabilities arising from the convertible bond issuances in the event of the bondholders exercising the conversion option, during fiscal 2010 the company purchased two call options for 4,000,000 treasury shares with a strike price of €21.125 per share, maturing on July 24, 2014. The valuation at December 31, 2010 was €18,041 thousand, while the fair value was €10,982 thousand on September 30, 2011 (see Note 8), with an impact of €7,058 thousand of financial expenses recorded in the Consolidated Income Statement.

During 2011, and in addition to the aforementioned, the Company purchased call options on 3,000,000 treasury shares, with a strike price of €21.125 per share, maturing on July 24, 2014. The initial valuation at the moment of the signing was €21,460 thousand, while the fair value at September 30, 2011 was €10,534 thousand, with an impact of €10,926 thousand of expense recorded in the Consolidated Income Statement.

### Abengoa 2017 convertible bonds

In relation to the €250 million convertible bonds maturing in 7 years issued on February 3, 2010 as defined in note 2.18.1 to the Group's annual Consolidated Financial Statements, and pursuant to the terms of IAS 32 and 39, the carrying value of the liability component of the bond at September 30, 2011 was €180,315 thousand.

The fair value of the bonds, including both the liability and the embedded derivative components was as follows: €234,465 thousand and €224,067 thousand as of September 30, 2011 and December 31, 2010, respectively.

Therefore, the valuation of the liability embedded derivative associated with the convertible bond at September 30, 2011 and December 31, 2010 amounted to €54,150 thousand and €59,385 thousand, respectively, with an impact of €5,235 thousand of financial income recorded in the Consolidated Income Statement.

In order to partially hedge the liabilities arising from previous convertible bond issuances in the event of the bondholders exercising the conversion option, during fiscal 2010 the company entered into two call options for 4,000,000 treasury shares with a strike price of €30.27 per share, maturing on February 3, 2017. The valuation at December 31, 2010 was €23,659 thousand, while the fair value was €13,841 thousand on September 30, 2011, with an impact of €9,818 thousand of financial expense recorded in the Consolidated Income Statement for the nine months period ended September 30, 2011.

During 2011, beside the above mentioned the company subscribed call options for an amount of 3,100,000 of its own shares and exercisable with a strike price of €30.27 per share, maturing on February 3, 2017. The initial valuation at the subscription moment was up to €15,358 thousand being the fair value as of September 30, 2011 of €9,010 thousand having an impact in the Income Statement of €6,347 thousands as financial expense.

## Note 16.- Trade Payables and Other Current Liabilities

Trade Payables and Other Current Liabilities at September 30, 2011 and December 31, 2010 are the following:

| Item | Balance as of 09.30.11 | Balance as of 12.31.10 |
|---|---|---|
| Trade suppliers | 3,213,217 | 2,854,605 |
| Creditors for services | 1,012,007 | 824,364 |
| Downpayments from clients | 414,622 | 539,355 |
| Salaries payable | 46,696 | 52,965 |
| Suppliers of intangible assets | 344,205 | 295,329 |
| Share purchase commitment | - | 116,839 |
| Other accounts payable | 43,444 | 47,365 |
| **Total** | **5,074,191** | **4,730,822** |

## Note 17.- Income Tax and Tax Situation

17.1. The effective tax rate for the period ended September 30, 2011 has been established based on management's best estimates.

17.2. The effective tax rate for the nine-month period ending September 30, 2011 was -75.7% (the effective tax rate for the nine months period ending September 30, 2010 was 13.2%). This decrease in the income tax expense primarily corresponds to the recognition of certain Spanish government incentives for export activities in the period ended September 30, 2011 with an impact in income tax expense of €32.2 million, as well as incentives under Article 23 of the Corporate Income Tax Act, which reduced the income tax expense by €8.7 million.

17.3. As of the date of the approval of these consolidated condensed interim accounts, the Group Tax inspection remains open, having concluded these of the companies Abencor Suministros, S.A. and Abengoa Solar España, S.A. without generating additional liabilities as a result of the tax inspection. As for the rest of the Group there are no notifications for Tax regularization. The Company estimates that although alternative tax interpretations could lead to potential liabilities from this tax inspection, they would not have a significant impact to the Consolidated Condensed Financial Statements. This estimate is based on the best information available and the circumstances as of September 30, 2011, not being possible to predict with certainty which will be the final outcome of the inspection.

## Note 18.- Share Capital

As of September 30, 2011 the company's share capital totalled €90,469,680, made up of 90,469,680 ordinary shares of a single class all with equal voting and economical rights.

In accordance with the notifications received by the company in compliance with the provisions laid down in current regulations governing the obligation to notify shareholdings and in accordance with information provided additionally by associated companies, the significant shareholders at September 30, 2011 are as follows:

| Shareholders | % Holding |
|---|---|
| Inversión Corporativa IC, S.A. (*) | 50.00 |
| Finarpisa, S.A. (*) | 6.04 |
| | |

(*) Inversión Corporativa Group.

At the Ordinary General Shareholders Meeting that took place on April 10, 2011, the shareholders approved an increase of the share capital, previously established in €22,617,420 as of September 30, 2011 and represented by 90,469,680 shares of €0.25 of nominal value each, of a single class and series, by €67,852,260, through the increase in the nominal value per share up to €1, by way of reduction of the freely available reserves of the Group. The resulting amount of share capital, after the increase, is €90,469,680 represented by 90,469,680 shares entirely subscribed and paid up, of a single class and series, of €1 of nominal value, correlatively numbered from one (1) up to 90,469,680 inclusive.

Regarding the operations undertaken during the period, the number of treasury shares acquired was 4,469,615 and the number of treasury shares sold was 4,172,277, with a net accounting result, recognised in the reserves of the parent company of an expense of €1,755.10 thousand.

## Note 19.- Dividends

The distribution of the 2010 net income approved at the General Meeting of Shareholders held on April 10, 2011, is of €0.20 per share, which was paid on July 5, 2011 for an amount of €18,904 thousand (€17,189 thousand in 2010).

## Note 20.- Finance Income and Expenses

Finance Income and Expenses for the nine month periods ended September 30, 2011 and 2010 is as follows:

| Finance Income | Nine-month periods ended | |
|---|---|---|
| | 09.30.11 | 09.30.10 |
| Interest on loans | 72,255 | 14,912 |
| Gains from interest rates derivatives: cash flow | 5,930 | 17,631 |
| Gains from interest rates derivatives: non-hedging | 1,978 | 1,708 |
| **Total** | **80,163** | **34,251** |

| Finance Expenses | Nine-month periods ended | |
|---|---|---|
| | 09.30.11 | 09.30.10 |
| Expenses due to interest: | | |
| - Loans with financial entities | (235,197) | (197,036) |
| - Other debts | (136,714) | (80,683) |
| Losses from interest rates derivatives: cash flow hedges | (102,689) | (380) |
| Losses from interest rates derivatives: non-hedging | (861) | (3,565) |
| **Total** | **(475,461)** | **(281,664)** |

| | | |
|---|---|---|
| **Finance cost net** | **(395,298)** | **(247,413)** |

The most significant amounts of this caption for the nine-month period ended September 30, 2011 relate to interest expenses payable on a higher average amount of indebtedness coupled with higher interest rate (mainly EURIBOR), the interest expense on non-recourse debt for projects that came into operation; the increase in interest accrued by Abengoa, S.A.'s bonds; and the interest expenses on the bonds of Abengoa Finance, S.A, which were issued in the last quarter of 2010. They also relate to higher losses on interest rate derivatives for hedging cash flows due to the decrease in the time value of the interest rate options.

The amount of net finance expense for the nine-month period ended September 30, 2011 corresponding to entities with non-recourse financing is €-111,138 thousand (€-74,133 thousand for the nine-month period ended September 30, 2010).

# Note 21.- Other Net Finance Income and Expenses

The Other Net Finance Income and Expenses heading for the nine month periods ended September 30, 2011 and 2010 are as follows:

| Other Finance Income | Nine-month periods ended | |
|---|---|---|
| | 09.30.11 | 09.30.10 |
| Profits from the sale of financial assets | 920 | - |
| Income on shareholdings | 141 | 41 |
| Other finance income | 28,289 | 99,406 |
| **Total** | **29,350** | **99,447** |

| Other Finance Losses | Nine-month periods ended | |
|---|---|---|
| | 09.30.11 | 09.30.10 |
| Other finance losses | (78,302) | (13,305) |
| Profits inventory contracts: Fair value hedge | (19,370) | - |
| **Total** | **(97,672)** | **(13,305)** |

| | | |
|---|---|---|
| **Other Net Finance Income and Expenses** | **(68,322)** | **86,142** |

The increase in "Other Net Finance Income and Expenses" was primarily attributable to the changes in the fair value of the embedded derivatives of the convertible bonds issued by the Company, compared to prior years; changes in the fair value of call options on Abengoa shares (mainly due to the decrease in the share price of the Company, which represent a key variable in the valuation of the derivative and the call options) for a net amount of €21 million; and losses and other financial expenses mainly related to commitment fees, debt arrangement and financial expenses related to discounting payments to suppliers through financial institutions.

The amount of Other Net Finance Income and Expenses relating to project companies with non-recourse financing amounts to €-8,661 thousand for the period ended September 30, 2011 (€24,047 thousand at September 30, 2010).

# Note 22.- Earnings per Share

## 22.1 Basic earnings per share

The basic earnings per share for nine month periods ended September 30, 2011 and 2010 are as follows:

| Item | Nine-month periods ended | |
|---|---|---|
| | 09.30.11 | 09.30.10 |
| Profit attributable from continuing operations to equity holders of the company | 119,446 | 127,637 |
| Profit attributable from discontinuing operations to equity holders of the company | 91,463 | 17,636 |
| **Average number of ordinary shares in circulation (thousands)** | **90,470** | **90,470** |
| Earnings per Share from continuing operations (€ per share) | 1.32 | 1.42 |
| Earnings per Share from discontinuing operations (€ per share) | 1.01 | 0.19 |
| **Earnings per share to the profit for the year (€ per share)** | **2.33** | **1.61** |

## 22.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing the earnings of the Company attributable to the shareholders by the average number of shares outstanding during the period, both adjusted for the effects of all potentially dilutive ordinary shares. The only dilutive factors which may affect the earnings of the Company attributable to the shareholders are related with the convertible bonds.

For the nine-month periods ended of September 30, 2011 and 2010 diluted earnings per share were higher than basic earnings per share.

# Nota 23.- Average Number of Employees

The average number of employees at 30 September 2011 and 2010 is as follows:

| Categories | Average Number 09.30.11 | | % Total | Average Number 09.30.10 | | % Total |
|---|---|---|---|---|---|---|
| | Woman | Man | | Woman | Man | |
| Senior Manager | 90 | 605 | 2.74 | 106 | 694 | 3.08 |
| Middle Manager | 384 | 2,023 | 9.49 | 361 | 1,968 | 8.97 |
| Engineers and Uni. Graduates | 1,177 | 3,100 | 16.86 | 1,453 | 3,787 | 20.18 |
| Skilled and Semi-skilled | 1,384 | 2,069 | 13.61 | 1,535 | 2,574 | 15.83 |
| Laborers | 954 | 13,584 | 57.30 | 701 | 12,783 | 51.94 |
| **Total** | **3,989** | **21,381** | **100.0** | **4,156** | **21,806** | **100.0** |

The average number of employees is based 33% in Spain and 67% abroad

These figures have been calculated taking into account all the consolidated entities, both on a full and on proportional basis.

# Note 24.- Related Party Entities

In addition to subsidiaries, associates and joint ventures, related parties include key personnel within the Company's Management (members of the Board of Directors and the Managers, together with their close relatives), as well as those entities over which the key management personnel may exercise a significant influence or may have control.

The only operation with related party entities that has taken place during the period corresponds to the renewal of the advisory contract with Barinas Gestión y Asesoría, S.L. (Company related to Aplicaciones Digitales, S.L.) for an annual amount of €90 thousand.

# Note 25.- Employee Benefit Expenses

Directors are remunerated as established in article 39 of the Articles of Association. The remuneration of directors is comprised of a fixed amount as agreed at the general shareholders meeting, and is not necessary equal for all such directors. Additionally the directors may participate in the Group's earnings, between 5% and 10% (maximum) of earnings after dividends. Directors are also compensated for travel expenses related to work undertaken by the board.

Additionally, during the third quarter of 2011 overall remuneration paid to top level management of the Parent Company (senior management which in turn are not executive directors), including both fixed and variable components, amounted to €6,500 thousand (€7,216 thousand for the year ended December 31, 2010).

No advance payments or loans were made to the members of the board nor were any obligations of such person guaranteed by the group.

On January 24, 2011, the Company's Board of Directors, as proposed by the Compensation Committee, approved a long-term extraordinary variable pay plan for senior management (Plan Three). This Plan includes 104 beneficiaries (the participants), over a five year service period (from 2011 to 2015), and requires the achievement on, an individual level, of the objectives set out in Abengoa´s Strategic Plan in effect as of January 2011. In addition, the Plan requires the individual´s continued ongoing services throughout the period of the Plan. The amount available under the Plan for the 104 participants totals €56,500 thousand. The Company will recognize the corresponding compensation expense on a straight-line basis over the requisite service period.

At the closing date of the nine month period ended at September 30, 2011 and related to Plan for senior management (Plan Three) approved by Abengoa's board of Directors on January 23 2011, has been closed with the financial entities and the managers of such Plan for the extension of itself during an additional period of two years, until December 31, 2012.

As at the end of the period there are €56,352 thousand of employee benefits (€24,629 thousand at December 31, 2010).

## Note 26.- Other Information

26.1. As of July 25, 2011 Abengoa's Board of Directors accepted the resignation presented by D. Daniel Villalba Vilá as member of the Board of this company, as independent member, (as well as president of the Appointment and Retribution Committee and vocal of the Audit Committee) due to the intensification of his others professional occupations which includes the possibility as member of the Board of Directors of Abengoa Solar, S.A. as vice-president, in attention to his experience and knowledge in the energy sector and the company itself, which compels with the normative of Good Governance, not being compatible both responsibilities.

26.2. As of October 24, 2011 Abengoa's Board of Directors agreed to appoint Mr Ricardo Martínez Rico as an independent director and Mr Alberto Aza Arias to the company's international advisory board.

26.3. As of July 14, 2011 Abengoa Bioenergy US Holding received a favourable jury verdict in a case against Chicago Title Insurance Company in the amount of $48.4 million. The case was filed made by Chicago Title in 2006 which delayed the opening of ABUS's plant in Colwich, Kansas by 15 months. Chicago Title has not filed an appeal on the verdict but does maintain the right to do so for a period of time. Therefore following the applicable rules regarding contingencies assets defined in IAS 37, Abengoa has not recorded in these consolidated condensed financial statements any amount regarding to this situation. Management depending on the evolution of the sentences, they will evaluate the need to record any amount in the consolidated financial statements.

## Note 27.- Post-Balance Sheet Events after September 2011

On October 4, 2011 Abengoa, S.A. reached an investment agreement with First Reserve Corporation (through a specific subsidiary), hereinafter First Reserve or FRC, a US investment fund that specialises in private equity and investments in the energy industry, through which FRC agreed to invest €300 million in Abengoa's share capital under the terms and conditions established in an investment agreement (hereinafter, the "Investment Agreement").

The principal financial terms of the Investment Agreement are as follows:

- Abengoa will issue 17,142,858 Class B shares with a nominal value of 0.01 Euros/shares, at a nominal price plus share premium of €17.50 per share through a capital increase of Class B shares only that will be fully subscribed by FRC, without pre-emptive subscription rights (the "Initial Increase").

- FRC will subscribe the Initial Increase for an amount equivalent to €300 million, paid in cash.

- FRC is committed to hold its stake in Abengoa that it subscribes in the Initial Increase for a period of two and a half years, treating it as a strategic investment, strengthening Abengoa's capital and helping it to develop its current strategic plan. At the end of this period, various formulas exist to sell its stake or to exchange the Class B shares for Class A shares, which will be decided by Abengoa.

- Abengoa will also issue 4,020,124 warrants for Class B shares with an exercise price of 0.01 Euros, which are transferable and which will grant FRC the right to buy one Class B share in Abengoa for each warrant and to receive an amount in cash equivalent to the dividend per share and other distributions, over a five year period.

- FRC's participation on Abengoa's Board of Directors. Once the investment is completed, FRC shall have the right to propose the appointment of a director to the company, which will strengthen Abengoa's Board of Directors.

The Class B shares, authorised by Abengoa's General Shareholders' Meeting on April 10, 2011, have the same financial rights as the company's ordinary Class A shares, and voting rights proportionate to their nominal value of €0.01/share, meaning 1/100 of the rights of Class A shares, which have a nominal of €1.00 and 100 voting rights per share.

The aforementioned capital increase, its price per share or issue type, the issue of the warrants and the exclusion of the pre-emptive subscription rights have the approval of Abengoa's Board of Directors (which has the authority to issue shares, expressly delegated by the General Shareholders' Meeting held on April 10, 2011) and has been subject to a report by KPMG S.L., as the auditor that is not the accounts auditor of the Company, as required by the Capital Companies Act.

As of November 4, 2011, the transaction had been finalised, following completion of the conditions precedent and the prior obligatory authorisations.

Since June 30, 2011 no events additional to those commented upon above have occurred that might significantly influence the information reflected in the Consolidated Condensed Interim Financial Statements, nor has there been any event of significant transcendence to the Group as a whole.