e) Notes to the Consolidated Annual Accounts

Contents

Notes

Note 1.- General Information and Business Overview....19
Note 2.- Summary of Key Accounting Policies....21
Note 3.- Accounting Estimates and Opinions. 48
Note 4.- Intangible Assets....49
Note 5.- Tangible Fixed Assets. 53
Note 6.- Fixed Assets in Projects (Project Finance). 55
Note 7.- Investments in Associate Companies....57
Note 8.- Inventories....58
Note 9.- Financial Risk Management and Information on Financial Instruments....59
Note 10.- Financial Assets Available for Sale....66
Note 11.- Derivative and Hedging Financial Instruments. 69
Note 12.- Clients and Other Receivable Accounts. 73
Note 13.- Cash and Cash Equivalents....75
Note 14.- Non-Current Assets and Liabilities Held for Sale (Discontinued Operations)....76
Note 15.- Non-recourse Financing. 82
Note 16.- Loans and Borrowings. 86
Note 17.- Suppliers and Other Trade Accounts Payable. 90
Note 18.- Provisions and Contingencies....91
Note 19.- Third-Party Guarantees and Commitments....93
Note 20.- Tax Situation. 94
Note 21.- Share Capital. 99
Note 22.- Parent Company Reserves....100
Note 23.- Other Reserves. 102
Note 24.- Translation Differences....102
Note 25.- Retained Earnings. 105
Note 26.- Minority Interests....106
Note 27.- Gross Cash Flows from Operating Activities. 109
Note 28.- Income from Continuing and Discontinuing Operations....110
Note 29.- Other Operating Income....111
Note 30.- Staff Costs. 112
Note 31.- Other Operating Expenses. 113
Note 32.- Financial Income and Expenses. 114
Note 33.- Net Exchange Differences....115

Note 34.- Other Net Financial Income and Expenses. 116

Note 35.- Earnings per Share. 117

Note 37.- Financial Information by Segment. 118

Note 38.- Other Information. 124

Notes to the Consolidated Financial Statements for the Year Ending 31 December 2008

Note 1.- General Information and Business Overview.

1.1. General Information.

Abengoa, S.A. is the parent company of the Abengoa Group (referred to hereinafter as "Abengoa", "the Group" or "the Company"), which at the end of 2008 is made up of 580 companies, being: the parent company itself, 516 subsidiaries, 26 associates and 37 joint ventures. Additionally, the companies of the Group at this time were participating in 318 temporary consortiums. Additionally, the Group has a number of shareholdings, of less than 20%, in various further entities.

Abengoa, S.A. was incorporated in Seville on 4 January 1941 as a Limited Partnership and was subsequently changed to a Limited Corporation ("S.A" in Spain) on 20 March 1952. Its registered office is at Avenida de la Buhaira, no. 2, Seville (Spain).

The corporate purpose of the Group is set out in Article 3 of the Articles of Association. The objectives cover a wide range of activities, although Abengoa is principally an applied engineering and equipment manufacturer, providing integrated project solutions to customers in the following sectors: Engineering, Telecommunications, Transport, Water Utilities, Environmental, Industrial and Service Sectors.

Abengoa shares have been listed since 29 November 1996 and are currently in the Ibex-35 index.

These financial statements were authorised for issue by the board of directors on 23 February 2009.

It is possible to view all public information regarding Abengoa on the Group's web site, at www.abengoa.com.

1.2. Business Overview.

Abengoa is a technology based company providing innovative solutions for sustainability in the infrastructure, environment and energy sectors. With growth in its international business, Abengoa currently has a presence in more than 70 countries. The Group is organised into the following Business Groups, which also make up the operating segments of the Group in accordance with IFRS 8.

1. Solar:

   Abengoa Solar is the holding company of this Business Unit. Its activity is focused on the development and application of solar energy technologies in the struggle against climate change, in order to ensure sustainability through its own solar thermal and photovoltaic technologies.

2. Bioenergy:

   With Abengoa Bioenergía as its holding company, this operating segment is dedicated to the production and supply of biofuels for transport (bioethanol and biodiesel amongst other products) which use biomass (cereals, cellulosic biomass, oleaginous seeds) as a raw material. Biofuels are used in the production of ETBE (a gasoline additive) or can be mixed directly with gasoline or diesel. As a renewable energy source, biofuels reduce CO2 emissions and contribute to the diversification of and the guarantee of ongoing energy supply, reducing levels of dependence upon traditional fossil fuels as a source of energy as well as collaborating and complying with the Kyoto Protocol.

3. Environmental Services:

   With Befesa Medio Ambiente as the holding company, the group is an international business specialising in the integrated management of industrial waste as well as the management and generation of water, which is a key social responsibility for the creation of a sustainable world.

4. Industrial Engineering and Construction:

   With Abeinsa as its parent company, the industrial and technology group offers integrated solutions in the energy, transportation, telecommunications, industry, services and environmental sectors. These innovative solutions, geared towards sustainability, enable value creation for the customers, shareholders and employees, ensuring an international profitable future with an international dimension for its investors.

Abengoa additionally presents Telvent GIT as discontinued operation.

Note 2.- Summary of Key Accounting Policies.

Below are set out the key accounting policies adopted in the preparation of Abengoa's Consolidated Financial Statements.

2.1. Bases of Presentation.

The Consolidated Financial Statements for the year ending 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (herein, IFRS), as adopted for use within the European Union.

Unless stated otherwise, the accounting policies as set out below have been applied consistently throughout all periods shown within these Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared under the historical cost convention, with the exception of the revaluation of certain fixed assets in accordance with IFRS 1, and certain cases in which IFRS allow for the assets to be valued at its fair value.

The preparation of the Consolidated Financial Statements under IFRS requires the use of certain critical accounting estimates. It also requires that Management exercises its judgement in the process of applying Abengoa's accounting policies. Note 3 provides further information on those areas which involved a greater degree of judgement or areas of complexity for which the assumptions or estimates made are significant to the financial statements.

The figures included within the schedules which together make up the Consolidated Financial Statements (the Balance Sheet, Income Statement, Statement of Recognised Gains and Losses, Cash Flow Statement and these notes herein) are, unless stated to the contrary, all expressed in thousands of Euros (€).

Unless stated otherwise, any percentage shareholdings shown include both direct and indirect ownership.

The IASB has recently approved and published certain new accounting standards, modifications to existing standards and CIIFRS interpretations which the Group has adopted, or otherwise, in the following way:

a) Standards, modifications and interpretations which came into force during 2008 which have been applied by the Group:

- Interpretation CIIFRS 11, "IFRS 2 – Group and Treasury Share Transactions".

- Interpretation CIIFRS 12, "Service Provision Contracts".

- Interpretation CIIFRS 14, "IFRS 19 – limits upon fixed assets relating to defined loan plans, minimum financing requirements and the interrelation between them".

- Modifications to IAS 39 and IFRS 7, "Reclassification of Financial Assets".

The application of these three interpretations and modifications has not impacted these financial statements.

b) Standards, modifications and interpretations which came into force since 2008 which the Group has elected to early adopt:

- IFRS 8 “Operating Segments”. IFRS 8 replaced IAS 14 and aligns the reporting requirements on the presentation of financial information by business segment with those of the US standard, SFAS 131 “Disclosures about segments of an enterprise and related information”. The standard requires a new management focus under which the information presented by segment in the financial accounts is on the same basis as that used for internal management reporting purposes. The application of this standard assumes a change in the basis of presentation of information in the financial accounts in line with internal information as submitted to those within the Group responsible for making key strategic decisions. Comparative figures for 2007 have been re-expressed on a basis consistent to 2008 thereby reflecting this change in policy and ensuring comparability between the periods.

- IAS 23 (revised in 2007), “Interest Costs”, which is to be applied to all periods commencing as of 1 January 2009. This modification is pending approval by the European Union. The revised standard requires that interest costs directly attributable to the acquisition, construction or production of a qualifying asset (that which requires, specifically, a substantial amount of time prior to being ready for use or for sale) are capitalised as an element of the cost of the asset. The previously existing option to recognise such financing costs in the period in which they are incurred no longer exists. The Group does not see itself as affected by this modification (were it to be adopted by the European Union), as its accounting policies already require that financial costs relating to qualifying assets are capitalised, which is the alternative treatment as allowed by the existing IAS 23.

c) Standards and modifications to existing standards which are yet to come into force which the Group has not early adopted:

- IAS 1 (revised in September 2007), "Presentation of the Financial Statements" was undertaken with a view to improving the capacity of the user of the financial statements to analyse and compare the information included in the financial statements. This revised standard should be applied for all periods commencing as of 1 January 2009, although it is yet to be adopted by the European Union. The Group is analysing the impact the revised standard would have upon its consolidated financial statements, in anticipation that it be accepted by the European Union.

- IFRS 3 (revised in January 2008), "Business Combinations" is part of a joint effort between the IASB and the FASB of the US to improve the presentation of financial information, favouring the dovetailing of reporting requirements across the globe. This revision of the standard will be applicable to those business combinations with an acquisition date which falls within the first financial year commencing as of 1 July 2009. However, this revision is still pending adoption by the European Union. The Group is analysing the impact the revised standard would have upon its consolidated financial statements, in anticipation that it be accepted by the European Union.

- IAS 27 (revised in January 2008), "Consolidated and Separate Financial Statements" has been modified as part of the second phase of the business combination projects of the IASB and the FASB of the US. These modifications

primarily relate to the accounting for shareholdings without control and the loss of control of an entity previously controlled. This revised standard will become applicable for all financial periods which commence as of 1 July 2009. However, this revision is still pending adoption by the European Union. The Group is analysing the impact the revised standard would have upon its consolidated financial statements, in anticipation that it be accepted by the European Union.

- "Improvements to IFRSs" relates to certain amendments to IFRS's which are to come into force for all financial accounting periods commencing on or after 1 January 2009 and other for financial period commencing as of 1 July 2009. These modifications are awaiting approval by the European Union. The Group is analysing the impact the revised standard would have upon its consolidated financial statements, in anticipation that it be adopted by the European Union.

d) Standards, modifications and interpretations which are yet to come into force and which the Group has not early adopted:

At the time of preparing these consolidated financial statements, the IASB and the IFRIC had published the following standards, modifications and interpretations the application of which is required for all financial years commencing 1 January 2009, albeit with no anticipated direct impact upon the Group:

- Modification to IFRS 2, "Share-based payment vesting conditions and cancellations";
- CIIFRS 13, "Customer loyalty programmes";
- Modification to IAS 32 y la IAS 1 (revised in 2007), "Puttable financial instruments and obligations arising on liquidation";
- CIIFRS 15, "Agreements for the construction of real estate";
- CIIFRS 16, "Hedges of a net investment in a foreign operation";
- Modifications to IFRS 1 and IAS 27, "Cost of an investment in a subsidiary, jointly controlled entity or associate";
- The modification to AIS 39, "Eligible hedged items";
- CIIFRS 17, "Distributions of non-cash assets to owners".

These modifications and interpretations have yet to be accepted by the European Union.

2.2. Principles of Consolidation.

With the objective of providing information on a consistent basis, the same principles and standards as applied to the parent company have been applied to all other entities.

All subsidiaries, associates and joint ventures included within the Consolidation Perimeter that forms the basis of these 2008 (2007) consolidated financial statements are set out in Appendices I (VI), II (VII) and III (VIII), respectively.

a) Subsidiaries.

Subsidiaries are those entities over which Abengoa has the power to control and implement financial and operational policy. To evaluate whether the Group controls another entity, the existence and effect of voting rights are considered which are currently exercisable or convertible, as well as the existence of possible agreements with other shareholders.

Subsidiaries are accounted for on a Full Consolidation Basis as of the date upon which control was transferred to the Group, and are de-consolidated from the consolidation as of the date upon which control ceases to exist.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly within the income statement.

Intercompany transactions and unrealised gains are eliminated and deferred until such gains are realised by the Group, typically in both cases via third party transactions.

Intercompany balances between entities of the Group included within the Consolidation Perimeter are eliminated during the consolidation process.

Appendix I and VI of these accounts identifies the 90 and 184 subsidiaries which were included within the consolidation in 2008 and 2007, respectively.

The incorporation, in 2008, of subsidiaries within the Consolidation Perimeter has not had a significant impact upon the consolidated overall results for the year to 31 December 2008.

The following table shows those subsidiaries which during 2008 and 2007 were no longer included within the Consolidation Perimeter:

Company Name	Year of Exit	% Share	Motive
Abentey, S.A.	2008	100	Windup of the company
Befesa Fluidos, S.A.	2008	100	Merged Absorption
Maexbic,S.A.	2008	100	Merged Absorption
Sniace Cogeneración, S.A.	2008	90	Sale of the company
Abensur Trading Company, S.A.	2007	100	Windup of the company
BF Tiver, S.L.	2007	94	Windup of the company
BUS Logistic Services GMBH	2007	51	Windup of the company
Líneas Altamira, S.A. de C.V.	2007	100	Windup of the company
Líneas Baja California Sur, S.A. de C.V.	2007	50	Windup of the company
Remetal Trading Investment, AG	2007	100	Windup of the company
Subestaciones 611 Baja California, S.A. de C.V.	2007	100	Windup of the company
Subestaciones 615, S.A. de C.V.	2007	100	Windup of the company

During the first half of the year 2008 the disposal of Sniace Cogeneración, S.A. was formalized with a profit of approximately € 9 M from this transaction.

The extent of the revenues and results generated by these entities which ceased to fall within the Consolidation Perimeter in 2008 and 2007 was not significant.

b) Associates.

Associates are entities over which Abengoa has a significant influence but does not have control, which typically consists of a shareholding which represents between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The investment by the Group in associates includes goodwill identified on acquisition (net of any accumulated impairment loss).

The share in income statement after the acquisition of the associate companies is recognized in the income statement and their participation in subsequent movements is recognized in reserves. The accumulated movements subsequent to the acquisition are adjusted against the book value of the investment. When the share in the losses of an associate company is equal to or higher than the holding itself, including any other uninsured accounts receivable, additional losses are not recognized unless there have been obligations or payments assumed or made on behalf of the associate company.

Gains between the Group and its associates are eliminated to the extent of the Group's holding in the associate. Additionally, unrealised gains are eliminated, unless the transaction provides evidence of impairment to the asset being transferred. The accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Appendices II and VII of these Accounts set out the details of 7 and 6 entities which in 2008 and 2007, respectively, entered the Consolidation Perimeter and have been consolidated applying the equity method.

The table below sets out those associate companies which ceased to be associates within the Consolidation Perimeter in 2008 and 2007:

Company Name	Year of Exit	% Share	Motive
Deydesa 2000, S.L.	2008	40	Sale of the company
LSN, Lineas Sistema Nacional, SA de CV	2008	33	Wind up of the company
Abalnor T&D	2007	25	Wind up of the company
Consorcio Teyma M&C	2007	50	Wind up of the company
Geida Beni Saf, S.L.	2007	50	Wind up of the company
Líneas y Subestaciones 506, S.A. de C.V.	2007	25	Wind up of the company
Líneas y Subestaciones de México, S.A. de C.V.	2007	33	Wind up of the company
Subestaciones 410, S.A. de C.V.	2007	33	Wind up of the company
Subestaciones y Líneas Bajío Oriental, S.A. de C.V.	2007	33	Wind up of the company
Subestaciones y Líneas de México, S.A. de C.V.	2007	33	Wind up of the company
Tenedora de Acciones de Redesur, S.A.	2007	33	Wind up of the company

The impact upon the Group consolidated results of entities leaving the Consolidation Perimeter as associates was not significant in either 2008 or 2007.

c) Joint business.

Such arrangements reflect a minority holding in a company which is jointly managed and owned in an equal share by an Abengoa company as well as by third parties external to the Group. Such arrangements are based upon an agreement between all parties that no single investor exercises greater control over the management and policies of the jointly owned business than any other investing party. Holdings in joint business are consolidated under the equity accounting method.

The Group consolidates on a line by line basis the assets, liabilities, income and costs and cash flows of the jointly owned business with similar lines in the Group accounts.

The Group recognises its share of gains and losses arising from the sale of Group assets to the jointly owned business for the part of the other invested entities. In contrast, the Group does not recognise its participation in any gains and losses made by the jointly owned business as a result of the purchase of assets by a Group company from the jointly owned business until such assets have been realised through the final sale of such assets to a third party entity. Any losses from the transaction are recognised immediately if there is evidence of a reduction in the net realisable value of the current assets, or an impairment of its value. Where necessary, the accounting policies of the joint ventures are adapted so as to ensure consistency with those adopted by the Group.

Appendix III of these Accounts identifies the 8 entities which in 2008 have been incorporated within the consolidation perimeter.

d) Joint Venture.

Joint Ventures (or Temporary Associations of Companies (UTEs) as they are referred to in Spain), are entities which, while are not legally separately identifiable, form a basis of collaboration between businesses over a period of time, determined or otherwise, for the provision of works, services or supplies.

The proportional element of the Income Statement and the Balance Sheet are integrated within the Income Statement and Balance Sheet of the participating company in proportion to its interest in the joint venture.

The total sum of operational financing provided by Group companies to the 116 joint ventures excluded from the consolidation perimeter, is € 144 thousand (€ 376 thousand in 2007) and is included under "Financial Investments" within the consolidated balance sheet. The net operating profit of the joint ventures accounts for 0.41% of the Group consolidated operating profit (0.46% in 2007). The net proportional aggregated earnings were € 1,533 thousand in 2008 (€ 456 thousand in 2007).

During 2008 a further 135 joint ventures have been incorporated within the perimeter which commenced their activity and/or have started to undertake a significant level of activity in 2008. Such joint ventures made up € 289,170 thousand of net consolidated profit (€ 258,247 thousand in 2007).

During 2008 146 joint ventures ceased activity or have become insignificant with regards to overall Group activity levels. The net profit in 2008 of such ventures was € 166,443 thousand (€ 38,890 thousand in 2007).

e) Transactions and minority holdings.

The Group applies the policy of considering transactions with minority shareholders as transactions with third parties. The holding of minority shareholdings entails gains and/or losses for the Group which are recognised within the income statement. The acquisition of minority interests generates goodwill, being the difference between the consideration paid and the proportion of the book value of the net assets acquired.

2.3. Tangible Fixed Assets.

2.3.1. Presentation.

For the purposes of preparing the Financial Statements, tangible fixed assets have been divided between the following categories:

a) Tangible fixed assets.
b) Tangible fixed assets in projects.

a) Tangible fixed assets.

This category includes tangible assets of companies or project companies which have been self-financed or financed through external arrangements facilities with recourse.

b) Tangible fixed assets in Projects.

This category includes those tangible assets of companies or project companies which are financed through non-recourse project finance (for further details see Notes 2.4 and 6).

2.3.2. Valuation.

In general, items included within tangible fixed assets are valued at historical cost less depreciation and net impairment losses, with the exception of land, which is presented at cost less any impairment losses.

The historical cost includes all expenses directly attributable to the acquisition of fixed assets.

Subsequent costs are recorded in the fixed asset register against the asset's carrying amount, or as a separate fixed asset only when it is probable that future economic benefits associated with that asset may be separately and reliably identified. All other repairs and maintenance costs are charged to the income statement in the period in which they are incurred.

Group internal is valued at the cost of work and is shown as ordinary income in the income statement of the company which undertook the work. Such gains are eliminated upon consolidation so as to arrive at the cost of acquisition of the asset. Net proceeds of production sold during the installation period are also capitalized.

In accordance with that established in the relevant accounting standard for construction projects which are carried out by the Group, financing expenses accrued during the construction phase are considered as an increase in the cost and value of the asset, both with regards to financing achieved specifically for each project, as well as non-project-specific third-party financing from financial entities. Such capitalisation of financing costs ceases at the moment in which, as a result of delays or inefficiencies, the process is either stopped or has a greater duration than initially planned.

Costs incurred during the construction period may also include gains or losses from foreign currency cash flow hedging instruments for the acquisition of fixed assets in foreign currency which have been transferred directly from reserves.

With regards to fixed asset investments upon land belonging to third parties, an initial estimate of the costs to dismantle the asset and to repair the land site to its original condition is also included within the book cost of the asset. Such costs are recorded at their net present value in accordance with IAS 37.

The annual depreciation rates of tangible fixed assets are as follows:

Asset Group	Depreciation
Construction	2% - 3%
Installations	4% - 12% - 20%
Machinery	12%
Tools and Equipment	15% - 30%
Furniture	10% - 15%
Works equipment	30%
Information processing equipment	25%
Transportation-related elements	8% - 20%

Secure waste deposits and similar assets are depreciated on the basis of the volume of waste in the deposit.

The assets' residual values and useful economic lives are reviewed, and adjusted if necessary, at the close of the accounting period of the company which owns the asset.

When the book value of an asset is greater than its estimated realisable value, its value is reduced immediately to reflect the lower net realisable value.

Gains and losses upon the disposal of tangible fixed assets, calculated as proceeds received less the asset's carrying net book value, are recognised in the income statement. Upon the disposal of re-valued assets, amounts recorded within the revaluation reserve are transferred to the profit and loss reserves.

2.4. Tangible Fixed Assets in Projects.

This category includes tangible and intangible fixed assets of companies within the Consolidation Perimeter for which their overall corporate objective is the development of an integrated product. Such projects are financed via Project Finance loans which are raised specifically and solely to finance individual projects as detailed in the terms of the loan agreement.

Integrated product development typically consists of the design, construction, financing, application of and maintenance of a Project (typically a large-scale complex operational asset such as a power station) which is owned by the company or is under concession for a period of time. The projects are initially financed through medium term bridging loans (typically being 2 years) and later via "Project Finance" loan agreements.

In this regard, the base of the finance agreement between the company and the bank lies in the allocation of the cash flows the project generates to the repayment of the financing and to satisfying the financial load, with exclusion or quantified payment of whatsoever other asset resource, in such a way that the recovery of the investment by the bank is exclusively through the cash flows of the project financed, with subordination to whatsoever other debt to which the non-Recourse Financing Applied to Projects is derived as long as the said finance has not been fully repaid.

Entities undertaking such projects may typically be in consortium with other third parties as well as an interests being held by Abengoa, S.A. or its subsidiaries.

Non-recourse project finance typically includes the following guarantees:

- Shares of the project developers are pledged;
- Assignment of collection rights;
- Limitations upon the availability of assets relating to the project.
- Compliance of debt coverage ratios
- Shareholders providing that these ratios are achieved.

On occasions, the shareholders hold an option to purchase the installations at a pre-agreed price, which is taken into account in determining the accounting treatment of the project. If considered necessary, a provision is made to reflect the difference in value between the net consolidated assets and the pre-agreed value of the purchase option, thereby avoiding the occurrence of losses in the event of the option being exercised.

Fixed assets in projects are valued depending upon their nature, with the following two types being considered:

- Tangible fixed assets: the remaining fixed asset belonging to the group entity undertaking the Project which do not fall within the parameters of the concession agreement.

- Intangible assets: assets assigned to companies under concession which, under IFRIC 12, are considered to be intangible. On this basis, there are a wide number of assets belonging to entities funded via Project Finance arrangements which may be classified as intangible assets within Project Fixed Assets.

Once the Project Finance has been cancelled or repaid, assets belonging to that entity are reclassified from Project Fixed Assets to tangible or intangible assets according to their nature on the consolidated balance sheet.

2.5. Intangible Assets.

a) Goodwill.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the subsidiary or associate acquired at completion. Goodwill in relation to the acquisition of subsidiaries is included within Intangible Assets, while goodwill relating to associates is included within investments in associates.

Goodwill is carried at cost less accumulated impairment losses (see Note 2.7). Goodwill is allocated to Cash Generating Units (CGU) for the purposes of impairment testing; with CGU's being units which are expected to benefit from the business combination which generated the Goodwill.

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

b) Computer Programs.

Program licences are capitalised as part of the cost base of the original program, being purchase costs and preparation/installation cost directly associated with the program. Such costs are depreciated over their estimated useful life, typically being five years. Development and maintenance costs are expensed to the income statement in the period in which they are incurred.

Costs which are directly related to the production of identifiable bespoke computer programs, and which are expected to generate income over and above their cost over a period greater than one year, are capitalised as intangible assets.

c) Research and Development Costs.

Research costs are generally recognised as an expense in the period in which they are incurred, analysing the cost between the various specific projects undertaken.

Development costs (relating to the design and testing of new and improved products) are recognised as an intangible asset when:

- It is likely the project will be successful (taking into account its technical and commercial viability).

- The costs of the project/product may be estimated in a reliable manner.

The capitalised costs are amortised once the product goes to market on a straight line basis over the period in which the product is expected to generate profits.

Any other development costs are recognised as an expense in the period in which they are incurred and are not recognised as an asset in later periods.

Amounts received as grants or subsidy loans to finance research and development are released to trading results on a percentage completion basis of the project which they part fund. Such monies are capitalised or expensed on the same basis as the project costs to which the funds relate.

d) Emission Rights.

This intangible asset refers to rights held by Group entities to emit greenhouse gasses. Such rights are valued at cost and are removed from the balance sheet and expensed to the income statement upon their use as defined by, and in accordance with, the national emissions assignment plan or, if unused after a given amount of time, upon the rights expiring.

Appropriate impairment tests are undertaken to establish whether the acquisition cost of the rights is greater than their fair value. If their fair value reduces, with the impairment being recognised in the financial statements, and their market value then subsequently recovers, it is also allowable to record the subsequent gain in the income statement, although the resultant carrying value may not be over and above the original cost of the rights.

Upon emitting greenhouse gases into the atmosphere, the Company provides for the tonnage of CO_2 emitted at the average purchase price per tonne of rights acquired. Any emissions over and above the value of rights purchased in a given period will give rise to a remaining provision valued at the cost of such rights as at that time.

2.6. Interest costs.

Interest costs incurred upon the construction of any qualifying asset are capitalised throughout the period required to complete and prepare the asset for its intended use (at Abengoa a qualifying asset is defined as an asset for which the production or preparation phase is greater than one year).

Costs incurred relating to non-recourse factoring, when the accounting treatment requires the asset which being factored to no longer be recognised on the balance sheet, are expensed as costs at the point in which the factoring transaction is completed with the financial entity.

Remaining interest expenses are expensed in the period in which they are incurred.

2.7. Impairment of non-financial assets.

At the close of each financial year, Abengoa reviews its non-current assets to identify any indications of impairment to the carrying book value. Additionally, at the end of each financial year, goodwill and other intangible assets which have not yet come into operation or have an indefinite useful life, are also reviewed to determine whether there has been any impairment to their carrying book value.

To establish if there has been any impairment to an asset's carrying value it is necessary to calculate the asset's recoverable amount. The recoverable amount is the greater of its market value less sales costs and value in use, being the current value of future cash flows generated by the asset. In the case that the asset does not generate cash flows independently to other assets, Abengoa calculates the recoverable amount of the cash generating unit to which the asset belongs. To calculate its value in use, the assumptions include a discount rate, growth rates and projected changes in both sales prices and costs. The discount rate is estimated by the directors, pre-tax, to reflect both changes in the value of money over time and the risks associated with the specific cash-generating unit. Growth rates and movements in prices and costs are projected based upon internal and industry projections and management experience.

In the event that the recoverable amount is less than the carrying value in the balance sheet, the corresponding impairment charge is made to "Impairment and Provisions" on the consolidated income statement. With the exception of Goodwill, impairment losses recognised in prior periods which are later deemed to have been recovered are charged as an income to the same income statement heading. However, in this event, the asset may only be re-valued up to the previous carrying amount of the asset prior to the original impairment. Goodwill impairment may not be reversed.

2.8. Financial Investments (short-term and long-term).

Financial investments are classified into the following categories, based primarily on the purpose for which they were acquired:

a) Financial assets at fair value with changes in the income statement;

b) Loans and receivables;

c) Financial assets held to maturity; and

d) Financial assets available for sale.

Management determines the classification of each financial asset upon initial recognition in the accounts, with their classification subsequently being reviewed at the close of each financial period.

a) Financial assets at fair value through profit and loss.

This category includes the financial assets acquired for trading and those recorded at fair value with changes in results at the beginning. A financial asset is classified in this category if it is acquired mainly for the purpose of sale in the short term or if it is so designated by management. Financial derivates are also classified as acquired for trading unless they are regarded as hedges. The assets of this category are classified as current assets, except if they are held for trading or they are expected to be realized in more than 12 months after the closing date of the accounts of each company; in that case they are classified as non-current assets.

This are accounted for at fair value, not including transaction costs. Subsequent changes in fair value are accounted for in the income statement for the period.

b) Loans and Accounts Receivable.

Loans and accounts receivable are considered to be non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included as current assets except in cases in which they mature more than 12 months from the balance sheet date.

In certain cases, and applying IFRIC Nº 12, there exist material assets under concession which are considered to be financial asset debtors (see Note 2.24.c).

These are initially recognised at fair value plus transaction costs, later depreciating the asset in accordance with the effective interest rate method. Interest calculated using the effective interest rate method is charged to the income statement under "Other Income".

c) Financial Assets held to Maturity.

This category includes those financial assets which are expected to be held to maturity and which and are not derivatives, with fixed or determinable payments.

These assets are initially recognised at fair value plus transaction costs, later recognising its repayment under the effective interest rate method. Interest expenses calculated under the effective interest rate method are charged to the income statement within "Other Income".

d) Financial Assets Available for Sale.

This category includes non-derivative financial assets which do not fall within any of the previously mentioned categories. For Abengoa, these primarily comprise shareholding investments in other entities which do not fall within the consolidation perimeter. They are classed as non-current assets, unless management anticipates the disposal of such investments within 12 months following the date of the balance sheet being reported.

Financial investments are held at fair value plus transaction costs. Subsequent changes in fair value are recognised as changes in net reserves, with the exception of changes in conversion rates of monetary assets, which are charged to the income statement. Dividends from financial assets available for sale are recorded as "Other Income" in the income statement at the point at which the right to receive the income is established.

When financial assets available for sale are sold or are impacted by a fall in value or impairment, such changes in their fair value are recorded in the income statement. To establish whether the assets have been impaired, it is necessary to consider whether the reduction in its fair value is significantly below cost and whether it will be for a prolonged period of time. The accumulated loss is the difference between the acquisition cost and the current fair value less any impairment losses. In general, impairment losses recognised in the income statement are not later reversed through the income statement.

Acquisitions and disposals of financial assets are recognised on the date of trading, that is to say, the date upon which there is a commitment made to purchase or sell the asset. The investments are written off when the right to received cash flows from the investment has matured or has been transferred and when the Group no longer enjoys largely all risks and rewards associated with owning the financial asset.

The fair value of listed financial assets is based upon current purchase prices. If the market for a given financial asset is not active (and for assets which are not listed), the fair value is established using valuation techniques such as considering recent free market transactions between parties, reviewing the value of instruments of a substantially similar nature which have recently been traded, analysing the discounted cash flow of such assets and option price fixing models, using to the greatest extent possible, information available in the market.

At each balance sheet close it is considered whether there is any objective evidence as to whether the value of any financial asset or any group of financial assets has been impaired.

2.9. Derivative financial instruments and hedging activities.

Derivatives are initially recognised at fair value on the date that the derivative contract is entered into, and are subsequently measured at fair value. The basis of recognising the resulting gain or loss depends upon whether the derivative is designed as a hedging instrument and, if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between the hedging instrument and the item being hedged as well as its risk management objectives and strategy for undertaking various transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value of or cash flows of the hedged items.

On this basis there are three types of derivative:

a) A fair value hedge of recognised assets and liabilities.

Changes in fair value are recorded in the income statement, together with any changes in the fair value of the asset or liability that is being hedged.

b) Cash flow hedge against anticipated transactions.

The effective portion of a change in the fair value of derivatives is recognised in equity, whilst the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Accumulated amounts in equity are transferred to the income statement in periods in which the hedged item impacts profit and loss. However, when the forecast transaction which is hedged results in the recognition of a non-financial asset or liability, the gains

and losses previously deferred in reserves are included in the initial measurement of the cost of the asset or liability.

When the instrument expires or is sold, or when the hedge instrument no longer meets the required criteria of a hedge, accumulated gains and losses recorded in reserves remain as such until the forecast transaction is ultimately recognised in the income statement. However, if it becomes unlikely that the forecast transaction will actually take place, the accumulated gains and losses in equity are recognised immediately in the income statement.

c) Net overseas investment hedging.

Currently there are no net overseas investment hedges in place.

The total fair value of hedging instruments are recorded as a non-current asset or liability when the hedged item is to mature in more than 12 months and as a current asset or liability if less than 12 months. Trading derivatives are classified as a current asset or liability.

Changes in the fair value of derivative instruments which do not qualify for hedge accounting are recognised immediately in the income statement.

Contracts held for the purposes of receiving or making payment of non-financial elements in accordance with expected purchases, sales or use of goods (own-use contracts) of the Group are not recognised as financial derivative instruments, but as executory contracts. In the event that such contracts include implicit derivatives, they are registered separately to the original contract, if the economic characteristic of the implicit derivative is not directly related to the economic characteristics of the original principle contract. The contracted options for the purchase or sale of non financial elements which may be cancelled through cash outflows are not considered to be “own-use contracts".

2.10. Fair Value Estimates.

The fair value of commercial instruments which are traded on active markets (such as officially listed derivatives, investments acquired for trading and those instruments available for sale) is determined by the market value as at the balance sheet date.

The fair value of financial instruments which are not listed and do not have a readily available market value, is determined through applying various valuation techniques and through assumptions based upon market conditions as of the balance sheet date. For long-term debt the market price of similar instruments is applied. For the remaining financial instruments other techniques are used such as calculating the present value of future estimated cash flows. The fair value of interest rate exchanges is calculated as the present value of future estimated cash flows. The fair value of exchange rate contracts to mature at a future date are valued based upon market values as at the balance sheet date for similar products which mature at the same time.

The nominal value of accounts receivable and payable, less estimated credit adjustments are assumed to be similar to their fair value due to the short-term nature of the items. The fair value of financial liabilities is estimated as the present value of contracted future cash outflows applying the current market interest rate applicable to the Group were it to obtain a similar financial instrument.

2.11. Inventory.

Stock is stated at the lower of cost or net realisable value. In general, cost is determined by using the first-in-first-out (FIFO) method. The cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and general manufacturing costs (assuming normal operating capacity). Interest costs are not included. The net realizable value is the estimated sales value in the normal course of business, less applicable variable selling costs.

Costs of inventories includes the transfer from reserves of gains and losses on qualifying cash flow hedging instruments relating to the purchase of raw materials, as is also the case for foreign exchange contracts.

2.12. Carbon emission credits (CER's).

Various Abengoa´s entities are involved in a number of externally run schemes to reduce CO2 emissions through participation in Clean Development Mechanisms (CDM) and Joint Action (JA) programs with those countries/parties which are purchasing Carbon Emission Credits (CER's) and Emission Reduction Credits (ERU's), respectively. CDMs are projects in countries which are not required to reduce emission levels, whilst JA's are aimed at developing countries which are required to reduce emissions.

Both projects are developed in two phases:

1. Development phase, which in turn has the following stages:

   - Signing an ERPA agreement (Emission Reduction Purchase Agreement) which incurs certain related costs.

   - PDD (Project Design Document) development.

   - Obtaining certification from a qualified third party regarding the project being developed and submitting the certification to the United Nations where it remains registered.

2. Annual verification of reductions in CO2 emissions from which the company receives Carbon Emission Credits (CEC), which are registered at the National Register of Emission Rights.

Furthermore, there are carbon fund holdings aimed at financing the acquisition of emissions from projects which contribute to a reduction in greenhouse gas emissions in developing countries through CDM's and JA's, as discussed above. Certain Abengoa companies have holdings in such carbon reduction funds which are managed by an external Fund Management team. The Fund directs the resources of the funds to purchasing Emission Reductions through MDL and AC projects.

The company with holdings in the fund incurs a number costs (ownership commissions, prepayments and purchases of CER's). From the start, the holding is recorded [on the balance sheet] based upon the original Carbon Emission Credit (CER) allocation agreement, however this amount will be allocated over the life of the fund. The price of the CER is fixed for each ERPA. Based upon its percentage holding, and on the fixed Price of the CER, it receives a number of CER's as obtained by the Fund from each project.

In both cases, both involvement in CDM and AJ projects and in the carbon funds, the CER is recorded as inventory by the company receiving the CER including, as an increase to book value, all costs incurred by the company in obtaining.

2.13. Biological Assets.

Abengoa recognises biological assets as tangible fixed assets, being sugar cane in production, from preparing the land to sowing the seedlings until the plant is ready for harvest and production. It is recognised at its fair value, being market value less estimated harvesting and transportation costs.

The agricultural products harvested from the biological assets, which in the case of Abengoa is cut sugar cane, is classified as inventory and is valued at the point of sale or at harvest based upon a reasonable estimated future sales value less expected sales costs.

The market value of biological assets and agricultural products typically used as a reference for the projected cane crop price in April is provided monthly by the Cane, Sugar and Alcohol Producers Board (Consecana).

Gains or losses arising as a result of changes in the fair value of such assets are recognised in the income statement.

According to the directors of the parent company, the assets are recorded at cost which is a reasonable approximation to its cost.

To obtain a fair valuation of the sugar cane, a number of assumptions and estimates have been made in relation to area of the farmed land, an estimated TRS (Total Recoverable Sugar contained within the cane) amount per ton to harvest the crop as well as the average amount of agricultural product growth in the various areas which are farmed.

2.14. Debtors and other trade accounts receivable.

Trade receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest rate method less a provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due as per the original terms of the receivables.

The amount of the provision is the difference between the asset carrying amount and the present value of estimated future cash flows discounted at the effective interest rate.

When a trade receivable is uncollectable, it is written off against the bad debt provision. The subsequent recovery of debts which were previously written off is credited against "selling and marketing costs" in the income statement.

Trade debtors and other accounts receivable which have been factored with financial entities are only removed from the Company's accounting records and excluded from assets on the balance if all the conditions as required by IAS 39 have been met (See Note 9).

2.15. Cash and cash equivalents.

Cash and cash equivalents include cash in hand, cash in bank and other short-term investments which are highly liquid in nature with an original term of three months or less.

On the balance sheet, bank overdrafts are classified as borrowing within short-term liabilities.

2.16. Parent company shares.

The parent company shares are classified as net equity.

Additional costs directly attributable to issuing new shares are shown as a reduction, net of taxes, to the monies obtained from the issue. Any amounts received from the sale of own shares, net of costs, are included within reserves attributable to shareholders of the parent company.

2.17. Grants.

Non-refundable capital grants are recognised at fair value when it is considered that there is a reasonable chance of the grant being collected and that the necessary qualifying conditions as agreed with the entity providing the grant will be adequately fulfilled.

Operating grants are deferred onto the balance sheet and are recognised in the income statement over the life of the costs to which the grant provides financial support.

Grants provided in relation to the acquisition of fixed assets are recorded as a reduction in the carrying value of the subsidised asset and are recognised in the profit and loss on a straight line basis over the estimated useful economic life of the subsidised asset.

2.18. Third-Party Borrowings.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds initially received (net of transaction costs incurred obtaining said proceeds) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Subsidised loans with no interest charge, granted for research and development projects, are not specifically covered by IFRS, making it possible to apply either IAS 20 or IAS 39. Abengoa considers such financial instruments as indicated in IAS 39.

Borrowings are classified as current liabilities unless an unconditional right exists to defer its repayment by at least 12 months following the balance sheet date.

2.19. Current and deferred taxes.

Tax amounts for the period comprise current and deferred taxes. Tax is recognised in the income statement, except to the extent that the tax relates to items recognised directly in reserves. In such a case, the tax cost/asset is also recorded directly in reserves.

The current income tax charge is calculated on the basis of relevant tax laws in force as of the date of the balance sheet in those countries in which the subsidiaries and associates operate and generate income which is subject to tax.

Deferred income tax is calculated, in accordance with the balance sheet liability method, based upon the temporary differences arising between the accounting treatment of assets and liabilities and the tax treatment assets and liabilities. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either the accounting or taxation profit and loss. Deferred income tax is determined using tax rates and regulations which are enacted or coming into force at the balance sheet date and, as such, are expected to apply and/or be in force at the time when the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences may be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is likely that the temporary difference will not reverse in the foreseeable future.

As of 1/01/07 a variation in the Spanish corporation tax regulation was introduced relating to the corporate tax rate payable. The taxable rate in 2007 was 32.5% but and as of 2008, has changed to 30%.

As a result of this change, all Spanish companies (with the exception of companies registered and domiciled in the Basque Country) are subject to, and have applied, a corporation tax rate of 30% in 2008. Those domiciled in the Basque Country are subject to a corporation tax rate of 28% in 2008.

2.20. Employee remuneration and benefits.

a) Share schemes.

Certain Group companies are participating in a series of share-based incentive schemes for directors and employees. Such programs are linked to the achievement of certain agreed upon management objectives for the following years. When there is not an active market for the shares of the scheme, the proportional personnel cost is based upon the price identified in the scheme. In the case where the share price exists, the cost recognises as the quoted element of the fair value of the financial asset at the date of being granted. In either case, the impact of these share schemes upon the accounts of Abengoa is not significant.

Additionally, Abengoa, S.A. has implemented the following described share purchase plan for the Directors of the Group, which was approved by the board of directors as well as by shareholders at an extraordinary shareholder meeting on 16 October 2005:

- Available to: Up to 122 Abengoa directors (Directors of business groups, directors of business units, technical and R&D management and those responsible for corporate services) covering all subsidiaries and business areas, existing and future, which voluntarily wish to participate in the plan. The Plan is not applicable to any member of the Abengoa main board. The remuneration plan is linked to the achievement of certain management objectives.

- Number of shares: Up to 3,200,000 Abengoa shares, making up 3.53% of the share capital of the company.

- Those who benefit from the plan have been granted access to a bank loan facility, guaranteed by Abengoa and free of personal liability, for the purchase of Abengoa shares already in issue at market value, in accordance with the Stock Exchange rules, for an amount of € 87 million (including costs, commissions and interest). The repayment date of the loan is 7 August 2011. The plan sets out certain requirements to be achieved such as individual annual objectives for each director, as well as their continuation as an employee of the Group [during the course of the scheme].

  Based on the specific conditions of the Plan, the operation is considered a transaction with payment in shares, settled in cash based on IFRS 2, by means of which the company acquires the services provided by the executives, incurring a liability for an amount based on the value of the shares.

  The fair value of the executive services received in exchange for the granting of the option is recognized as a personnel expense. The total amount charged to expenses during the accrual period is determined by reference to the fair value of a hypothetical option to sell ("put") granted by the company to the executive, excluding the effect of the accrual conditions that are not market conditions, and included in the hypotheses on the number of options that it is expected will become exercisable. In this regard, the number of options it is expected will become exercisable is considered in the calculation. At close of each financial year, the company revises the estimation of the number of options it is expected will become exercisable and recognizes the impact of this revision of the original estimates, where appropriate, in the income statement

  The fair value of options conceded during the year as calculated using the Black-Scholes valuation model was € 30,021 thousand (€ 13,455 in 2007). The key data required for the valuation model was share price, the estimated return per dividend, an expected option life of 5 years, an annual interest rate and share market volatility.

b) Bonus schemes.

On 24 July 2006 and 11 December 2006 the main board of directors approved an extraordinary variable pay scheme for directors (Plan Two), as proposed by the Remuneration Committee. This plan includes 190 beneficiaries at a cost of € 51,630 thousand over a five year period from 2007 to 2011 and requires the achievement, on an individual level, of objectives as set out in the Strategic Plan as well as the individual's continued ongoing service throughout the period of the plan.

In addition to that previously mentioned, and given that the acquisition of B.U.S. Group AB was completed only shortly following the establishment of the plan, on 22 October 2007 the main board of directors approved that the directors of B.U.S. Group AB (10 directors) will also enter the plan under the same conditions to a total amount of € 2,520 thousand.

The accounting treatment of this variable remuneration scheme is to recognise an annual cost in the income statement, being the creation of an accrual representing a percentage of completion of the objectives to be achieved [over the duration of the plan].

2.21. Provisions.

Provisions are made when:

- There is a current obligation, being legal or substance, as a result of past events;
- There is more likelihood than not that there will be a future outflow of resources to settle the obligation; and
- The amount may be reliably estimated.

Where there are a number of similar obligations, the likelihood that there will be a required settlement is determined by considering the class of obligations as a whole. The provision is recognised even if the likelihood of an outflow with respect to any one item included within the same class of items is small.

Provisions are measured at the present value of the expected expenditure required to settle the obligation, recognising any increases in the provision over time as an interest expense.

Contingencies reflect possible obligations to third parties and known obligations which are not recognised due to the low probability of a future transfer of economic resources being required so as to settle the obligation or, that the potential future value of such a settlement cannot be reliably estimated. Such contingencies are not recognised on the balance sheet unless they have been derived from an onerous commitment in the context of a business combination. The balances disclosed in the notes to the accounts reflect the best estimate of the potential exposure as of the date of the accounts.

2.22. Suppliers and Other Payables.

Trade payables are recognised initially at fair value and are subsequently valued at their amortised cost using the effective interest method.

Distributable income from advanced customer billing, as well as advances received from customers, are recognised as liabilities within “Other Liabilities”. This balance additionally includes grant income received which has yet to be charged to the income statement as of the balance sheet date.

2.23. Foreign currency denominated transactions.

a) Functional currency.

The components of the financial statements of each of the companies within the Group are valued and reported in the local currency as commonly used in that economic forum (the functional currency).

b) Transactions and balances.

Transactions denominated in overseas currencies are translated into the functional currency applying the exchange rate in force at the time of the transaction. Gains and losses which arise upon later settlement of such transactions and upon translating monetary assets and liabilities upon the balance sheet which are denominated in foreign currencies are recognised in the profit and loss account. The exception is if the gains or losses are deferred to reserves as a result of a gain or loss arising from a qualifying hedging instrument.

c) Translation of the financial statements of overseas entities within the Group.

The trading results and the balance sheet of all Group companies with a non-Euro (the Group reporting currency) denominated functional currency, are converted on the following basis:

1) All goods, rights and obligations are converted to the reporting currency using the exchange rate as at the closing date of the financial period, i.e. the balance sheet date of the companies within the Group.

2) The components of the income statement of each overseas entity are converted into the reporting currency using the average exchange rate of the period, calculated as the average exchange rates as of the close of the 12 monthly periods.

3) The difference between reserves, translated at historical rates, and net reserves resulting from the translation of the assets, rights and liabilities as per number "1)" above, is registered as a positive or negative adjustment, accordingly, to reserves under the heading "Exchange rate differences".

The translation of the results of those entities within the Group which are consolidated using the equity accounting method, applies the average exchange rate for the period, as calculated in point "c.2" above.

Adjustments to goodwill and to fair values that arise upon acquiring an overseas entity are treated as assets and liabilities of the overseas entity and are translated at the closing balance sheet exchange rate.

2.24. Revenue recognition.

a) Ordinary income.

Ordinary income comprises the fair value of consideration received for the sale of goods or services excluding any related charges resulting from the operations, before any discounts or returns and excluding sales between Group entities.

Ordinary income is made up of the following:

- Income from the sale of goods is recognised upon the Group delivering of the product to the customer, the customer accepting the goods and that it is reasonably likely that the related account receivable will be received from the customer.

- Income from the sale of services is recognised in the period in which the service is provided, based upon the contractually agreed rates and the percentage of completion of the service being provided.

- Income from interest is recognized by using the effective interest rate method. When a collectable account undergoes loss through impairment, the book amount is reduced to its recoverable value, discounting estimated future cash flows at the original effective interest rate of the instrument and the discount is recorded as a reduction in interest income. Income from interest on loans that has undergone loss impairment is recognized when the cash is collected or on the basis of the recovery of the cost when the conditions are guaranteed.

- Dividend income is recognised when the right to receive payment is established.

b) Construction contracts.

Costs incurred in relation to construction contracts are recognised at point in which they are incurred. When the eventual gain or loss of a construction project cannot be reliably estimated, revenues are only recognised up to the amount of the costs incurred to date, on the basis that such costs are anticipated to be recovered.

When the financial gain or loss of a construction project may be reliably estimated and it is likely that it will be profitable, income is recognised upon the contract throughout the period of the project. When it is probable that the costs of the project will be greater than the income, the full anticipated project loss is recognised immediately as a cost. To determine the appropriate amount of income to be recognised in any period, the percentage to completion method is applied. The percentage to completion method considers, at the balance sheet date, the actual costs incurred as a percentage of total anticipated costs for the entire contract. Costs incurred in the period which relate to future project activities are not included when establishing the percentage of completion. Prepayments and certain other assets are recognised as stock, depending upon their specific nature.

Invoices emitted yet to be received and customer retention payments are recorded within debtors and other trade receivables.

Amounts to be owed by the customer for work in progress for which the costs incurred plus the associated gains recognised (less recognised losses) are greater than the level of invoices emitted to date are recognised as an asset.

In contrast, amounts outstanding from customers for work in progress for which the billing to date is greater than the level of costs incurred plus recognised gains (less losses recognised), are shown as a liability.

c) Concession contracts.

Integrated Products (see Note 2.4) are long-term projects awarded to and undertaken by Abengoa's entities (in conjunction with other companies or on an exclusive basis) typically over a term of 20 to 30 years. Such projects typically include both the construction phase of certain infrastructures as well as the provision of future associated maintenance services throughout the concession period.

Revenues are obtained during the concessional period via an annual charge payable by the body which granted the concession which, in certain cases, is adjusted for inflation. It is therefore not necessary to create any sinking funds. Typically the annual charge is updated based upon the official pricing index of the country and in the currency in which the cannon is denominated, with fluctuation in local currency being assessed against a currency basket.

In general, such projects are accounted for as per IFRIC Nº 12 Service Concession Agreements with assets constructed being treated as Intangible Assets (Concessions) as per the following criteria:

1) Total construction costs, including associated financing costs, are registered as a tangible asset. Profits attributable to the construction phase are recognised on a grade of completion basis, based upon amounts which never exceed the amounts as per the associated Project Finance contracts.

2) Upon completing the construction phase of the concession and entering the service phase, the construction costs are moved from tangible to intangible assets.

3) The intangible asset is amortised on a straight line basis over the period of the concession.

4) The charges to the Income Statement during the period of the concession are as follows:

- Ordinary income: The annual updated concession fee income is recognised each in period.

- Operating costs: operating and maintenance costs and general overheads and administrative costs are charged to the income statement in accordance with the nature of the cost incurred (amount due) in each period. Fixed assets are amortised as per point 3) above.

- Financial costs: Financing costs and exchange rate differences arising from debt repayable which is denominated in foreign currencies are charged to the income statement.

5) At the end of the period, each project is reviewed to determine whether it is necessary to recognise any impairment to its value due to the non-recuperation of (historical and projected) costs.

However, in those cases where it is the responsibility of the party which granted the concession to make good the payment of the operator's expenses and retain substantially all the risks associated with the concession requirements, the asset arising from the construction of phase of the project is reported as a long-term debtor. In this case, the long-term debtor is gradually reduced during the life of the contract by matching against it the annual fees received from the customer.

2.25. Rental contracts.

The leasing of fixed assets in which a group company is the lessee and substantially conserves all the risks and advantages resulting from the ownership of the assets is classified as financial leasing.

Finance leases are recognised upon entering into the contract at the lower of the fair value of the leased asset and the present value of the minimum leasing payment throughout the contract term. Each lease payment is analysed between debt and financing costs, in a way which establishes a constant rate of interest upon the outstanding debt at any time. The amounts to be paid throughout the lease term, net of financing charges, are recognised as long-term and short-term creditors, as appropriate. The implicit interest cost element of the

rental payments is charged to the income statement throughout the period of the leasing agreement applied the implicit interest rate constantly throughout the contract to the remaining creditor on the balance sheet. Fixed assets capitalised through finance lease agreements are depreciated over the lower of the lease agreement term period or the anticipated useful economic life of the asset.

For leasing agreements undertaken by the Group in which the entity entering into the agreement does not substantially take on the risks and rewards of ownership are recorded as operating leases. Payments made under operating leases are charged to the income statement (net of any incentives received from the lessor) on a linear basis over the term of the contract.

2.26. Non-current assets (or disposal groups) held for sale.

Non-current assets (or disposal groups) are classified as assets held for sale if the book carrying value is anticipated to be recovered through their sale and that it is considerably more likely that they will be sold than continue to be used in the Group's normal course of activity. As such, these assets are no longer depreciated. They are recognised at the lower of the book carrying value or fair value (sales value less costs incurred to dispose of the asset).

2.27. Dividend distribution.

Dividends paid to the shareholders of the parent company of the Group are recognised as a liability in the period in which the dividend payment is approved by the shareholders of the company.

2.28. Financial information by segment.

Information upon the business segments of the Group are presented on the same basis as internal information as provided to key decision-makers within the Group. Key decision-makers are identified as being those responsible for assigning resources and evaluating the performance of the various Business Segments, the Strategy Committee. The Strategy Committee is made up of The Executive Chairman, the Executive Vice-Chairman, the Directors of the Business Units, the Director of Organization, Quality and Budgets, the Technical Secretary, the Human Resources director, the Corporate Strategy and Development director, the Finance Director, the director of Investor Relations, the Director of International Institution Relations, the Sustainability Director and the Secretary General.

The Strategy Committee analyses the business on a product and geographical basis. On the product level, management has identified 4 strategic business units: Solar, Bioenergy, Environmental Services and Industrial Engineering and Construction.

Geographically, the 5 regions analysed for reporting and management purposes are Spain (home market), the US and Canada, the European Union, Central and South America and Other (the remaining overseas markets).

For detailed information on the operating segments and by geographical market, see Note 37 of this report.

2.29. Electric activities.

Law 54/1997 of 27 November, of the Spanish Electricity Sector, and its subsequent legal developments, regulate the various activities in relation to the supply of electricity: generation, transportation, distribution, sales and inter-community and international exchanges, as well as the economical and technical management of the Spanish electrical power grid. This area of activity also includes own-use generation and other special electricity generation cases which are also covered by this law.

Royal Decree 437/1998, of 20 March 1998, which approved the adapted GAAP for entities within the electricity sector, set out certain information requirements to be included within the financial statements, which are also applicable to the Consolidated Financial Statements of groups which include one or more activities which fall under the influence of these laws.

Appendices IV and IX list those entities within the Consolidation Perimeter of the Group which operated in the electricity sector in 2008 and 2007, respectively.

2.30. Environmental assets.

Equipment, installations and systems used in relation to the elimination, reduction or control of detrimental factors to the environment. Such assets are recognised in the accounting records on a similar basis to other fixed assets of a similar nature.

Note 38 include further information on Environmental matters.

2.31. Redundancy costs.

Redundancy payments are made to employers in the event that the company terminates their employment contract prior to the normal age of retirement or when the employee voluntarily accepts redundancy under the terms offered by the employer. The Group recognises such redundancy costs when it is demonstrably committed to undertake to terminate the terms of employment in accordance with a detailed approved plan, without the possibility of withdrawing from the action to be taken.

2.32 Non-current Assets Held for sale and Interrupted Business Activities.

The Group classifies as non-current tangible assets for sale those assets, tangible and intangible subject to disposal (groups of assets to be disposed directly with their related liabilities) for which, as at the balance sheet closing date their sale has either been initiated or the sale of which is anticipated within the coming twelve months.

The Group considers as discontinued assets those business lines which have been sold or have been otherwise disposed off or those that meet the conditions so as to be treated as assets for sale, including, as appropriate, those assets which together with the business line form a part of the same business plan. Similarly, those assets acquired specifically for the purposes of resale are also considered to be discontinued assets.

These assets or groups subject to disposal are valued at the lower of their net book value or the estimated sales proceeds less costs required to effect the sale, and are no longer depreciated as of the point of classifying such assets as non-current assets held for sale.

Non-current assets held for sale and the components of groups subject to disposal classified as for sale are presented in the Consolidated Balance Sheet on the following basis: Assets are

grouped within the single line “Assets held for sale and interrupted business activities” with liabilities also grouped within one line "Liabilities held for sale and interrupted business activities"

The results after tax of discontinued operations are presented in a single line within the Consolidated Income Statement under the heading “Results for the year from "Interrupted activities net of tax".

Note 3.- Accounting Estimates and Opinions.

The preparation of financial statements under IFRS requires certain assumptions and estimations to be made which have an impact on the recognition of assets and liabilities on the balance sheet and incomes and costs within the income statement, as well as information regarding the existence of contingencies. As such, for the preparation of Abengoa's 2007 and 2008 Consolidated Financial Statements it has occasionally been necessary for Management of the Group and its consolidated entities to make certain estimates – which were subsequently approved by the directors – so as to be able to quantify certain assets, liabilities, incomes and costs and other commitments. Basically, such estimates relate to:

- Impairment losses on certain assets (see Note 2).
- The useful economic life of tangible and intangible assets (See Notes 2, 4, 5 and 6).
- The amount of certain provisions (see Note 18).
- Valuation of goodwill (see Note 4).
- The fair value of biological assets (see Note 2.13)
- The fair value of non-listed assets (see Note 10).
- The fair value of assets and liabilities for purchase price allocations (see Note 4).
- Tax Income (see Note 20).
- The recoverable value of deferred income tax assets (see Note 20).
- Losses on financial assets held for sale (see Note 10)

All assumptions and estimates are based upon circumstances and expectations as of the close of the financial period. The most realistic assessment is considered in relation to the global economic situation of the sectors and regions where the Group operates, taking into account the anticipated future development of the businesses. The estimates made may change in the event of changes in matters which impact upon the valuations made. In such cases, the assumptions and the accounting values of assets and liabilities are adjusted.

As of the date of preparing these Consolidated Financial Statements, no relevant changes are anticipated in the estimations made and, as such, no significant changes in the value of such assets and liabilities as at 31 December 2008 are expected.

Despite such estimates being made based upon the use of the best available facts and information as of the date of each accounting close, it is possible that events may occur in the future which require Management to amend the estimates (either at higher or lower) in the following financial periods; which will be done, in accordance with IAS 8, in a prospective way recognising the change in the accounting estimate within the Consolidated Income and Loss Statement.

Note 4.- Intangible Assets.

4.1. The following table sets out the movement in the main classes of intangible fixed assets between 2008 and 2007, analysed between those which are generated internally and other intangible assets:

Cost	Goodwill Fund	Development Assets	Others	Total
Balances as of 31 December 2006	595,519	15,204	26,929	637,652
Increases	62,449	10,769	11,154	84,372
Decreases	(3,665)	-	(8,284)	(11,949)
Other Movements and Transfer to Discontinued Operations	460,085	-	80,830	540,915
Balances as of 31 December 2007	**1,114,388**	**25,973**	**110,629**	**1,250,990**
Increases	7,252	15,631	19,160	42,043
Decreases	(26,037)	-	(25,178)	(51,215)
Other Movements	(127,945)	-	(45,155)	(173,100)
Total Cost as of 31 December 2008	**967,658**	**41,604**	**59,456**	**1,068,718**

Accumulated Depreciation	Goodwill Fund	Development Assets	Others	Total
Balances as of 31 December 2006	-	-	(14,316)	(14,316)
Increases (changes)	-	-	(5,411)	(5,411)
Decreases	-	-		-
Other Movements and Transfer to Discontinued Operations	-	-	(4,241)	(4,241)
Total Amort. as of 31 December 2007	**-**	**-**	**(23,968)**	**(23,968)**
Increases (changes)	-	-	(28,721)	(28,721)
Decreases	-	-	23,339	23,339
Other Movements	-	-	17,523	17,523
Total Amort. as of 31 December 2008	**-**	**-**	**(11,827)**	**(11,827)**
Net Balances at 31 December 2008	**967,658**	**41,604**	**47,629**	**1,056,891**

"Other Movements" amounts generally reflect the transfer of assets in progress, changes in the consolidation perimeter, various reclassifications, exchange rate movements, and the transfer of assets held for sale relating to Information Technology business unit (see Note 14).

The most significant variation relates to other intangible assets which have been fully amortised and an increase in the amortisation of similar assets relating to Bioenergy and Solar activities.

These amounts relate only to Intangible Assets which do not relate to Project companies, an analysis of which is included in Note 6 on Intangible Assets in Projects.

4.2. Assets under development.

In 2008 financial year within "Assets under development" are registered amounts invested in two projects: the "Design and Development of Two Pilot plants for the production of Bioethanol from Cellulose Biomass" (€ 20 M) and a "Development Project to improve the Productivity of the Thermosolar Plants" (€ 21 M).

In addition to these projects, in 2008 additional development projects were underway, also classified as intangible development assets, for € 51.846 thousand (See Note 6).

In addition, Abengoa has made significant R&D investment efforts which, in accordance with IFRS criteria, have been expensed directly to the Income Statement in the year. The R&D cost (including amortisation and costs) in 2008 was some € 83,976 thousand.

The following table summarises the total investments made in R&D in 2008:

	Assets as of 31.12.07	Investment during the Fiscal Year	Other movements	Assets as of 31.12.08
Development Assets (Note 4.1)	25,973	15,631	-	41,604
Development Assets (Note 6.1)	56,517	-	(4,672)	51,845
Depreciation and Spending on Research in the 2008 fiscal year	-	68,345	-	-
Total Investment in R&D&i in 2008 fiscal year	**82,490**	**83,976**	**(4,672)**	**93,449**

Of the Amortisation and Investment costs in 2008, the amount of € 24 M is attributed to activities of the Information Technology business group, with the balance relating to all other entities of Abengoa being € 45 M (€ 21 M 2007).

4.3. Goodwill.

The table below shows the breakdown of Consolidation Goodwill by subsidiaries as of 31 December 2008 and 2007:

Goodwill Fund	Balance as of 31.12.08	Balance as of 31.12.07
From companies consolidated on a Full / line by line basis		
AB Bioenergy France, S.A.	1,510	1,510
Abener Engineering & Construction Services, LLC	13,201	12,860
Abener Ghenova Ingeniería, S.L.	998	-
Abengoa Bioenergía Sao Paulo	355,117	427,264
Abengoa Bioenergy Corp.	31,978	30,233
Asa Bioenergy of Nebraska, LLC	3,924	3,709
B.U.S. Group AB	263,442	263,442
Befesa Aluminio Catalán	19,901	-
Befesa Aluminio Valladolid, S.A.	422	423
Befesa Aluminios Bilbao, S.L.	18,230	18,230
Befesa Argentina, S.A.	514	514
Befesa Gestión de PCB, S.A	180	180
Befesa Gestión de Residuos Industriales, S.L.	47,508	47,508
Befesa Medio Ambiente, S.A.	176,848	176,320
Befesa Zinc Amorebieta, S.A.	4,460	4,460
Befesa Zinc Aser, S.A.	4,268	4,268
Befesa Zinc Sondika, S.A.	1,228	1,228
Beijing Blue Shield High & New Tech Co., Ltd	-	2,101
Caseta Technologies, Inc	-	6,555
Construcciones Metálicas Mexicanas, S.A. de C.V.	453	136
Construcciones y Depuraciones, S.A.	3,006	3,006
Energoprojekt-Gliwice, S.A.	2,901	2,606
Geida Skikda, S.L.	-	1,087
Geida Tlemcen, S.L.	3,270	-
Limpiezas Industriales Robotizadas, S.A.	2,156	-
Maexbic	-	1,681
Matchmind Holding, S.L.	-	64,621
Miner & Miner Consulting Engineers, Inc	-	6,493
Telvent Canadá Ltd	-	19,228
Telvent Farradyne, Inc	-	13,417
Telvent USA, Inc.	-	1,308
NRS Consulting Engineers, Inc.	4,611	-
Tratamiento y Concentración de Líquidos (Tracel)	3,317	-
Tinacria Spzoo	3,748	-
Waterbuild, Ltd.	467	-
Total	**967,658**	**1,114,388**

The most significant movements in 2008 related to Goodwill arising from the acquisition in 2007 of the Dedini Agro Group (currently known as Abengoa Bioenergía Sao Paulo) resulting primarily from exchange rate variations, depreciation of the Brazilian Real to the amount of approximately € 96M (see Note 24) and goodwill adjustments made during the 12 months following to the date of acquisition, so as to complete the initial accounting of the transaction, after adjustments to valuations of certain contingent assets and liabilities which existed at the time.

As indicated in Note 2.7, Abengoa undertakes year-end procedures to identify potential goodwill impairment.

The recoverable amount is the greater of its market value less related sales costs and its value in use, being the present value of estimated future cash flows.

To calculate the value in use of the major goodwill balances, the following assumptions were made:

- Projected financial cash flows of the entity basis on the financial protections of the own company, calculating a residual value based upon of the final year projected cash flow, but only on the basis that the cash flow of that final year fairly represents a normal flow for the business, applying a constant growth rate which in any case will be greater than that estimated for the market in which the entity operates.

- In main cases, the financial structuring of the entity is in some way linked to the global Group structure, a discount rate is utilised to calculate the present value of future cash flows based upon the weighted average cost of capital for that type of asset, with any necessary further adjustments if applies depending on the additional risk associated to some kind of activities.

- In any case, a further sensitivity analysis is performed, especially in relation to the discount rate and the residual growth rate used, with the objective to ensure that possible changes in the rates used do not impact on the possible recovery of the goodwill's recorded carrying value.

In applying these valuation criteria, the discount rates used to perform the impairment tests were between 6% and 10%.

With regards to the remaining Goodwill amounts, as of the close of the period, the recoverable amount was estimated for Cash Generating Units (CGU) in accordance with Note 2.7 with there being no needed to recognise any impairment to such assets.

Included within this financial year movements is the addition and latest transfer of Goodwill from the DTN acquisition which was purchased for € 310 M (see Note 14).

Note 5.- Tangible Fixed Assets.

5.1. The table below shows the movement in tangible fixed assets between 2008 and 2007 by main fixed asset categories:

Cost	Land and Buildings	Technical Installations and Machinery	Advances and Fixed Assets in Progress	Other Fixed Assets	Total
Balances as of 31 December 2006	217,223	590,228	45,342	143,281	996,074
Increases	36,503	30,958	67,769	14,156	149,386
Decreases	(4,890)	(5,300)	(7,908)	(2,358)	(20,456)
Other movements	24,066	113,772	16,980	80,979	235,797
Balances as of 31 December 2007	**272,902**	**729,658**	**122,183**	**236,058**	**1,360,801**
Increases	55,405	46,023	59,368	2,350	163,146
Decreases	(15,889)	(2,945)	(1,231)	(1,245)	(21,310)
Other movements and Transfer to Discontinued operations	3,098	(37,806)	62,010	(22,724)	4,578
Balances as of 31 December 2008	**315,516**	**734,930**	**242,330**	**214,439**	**1,507,215**

Accumulated Depreciation	Land and Buildings	Technical Installations and Machinery	Advances and Fixed Assets in Progress	Other Fixed Assets	Total
Balances as of 31 December 2006	(23,978)	(253,946)	-	(78,405)	(356,329)
Increases (changes)	(2,792)	(29,860)	-	(8,191)	(40,843)
Decreases	-	3,043	-	835	3,878
Other movements	(8,465)	(56,780)	-	(31,401)	(96,646)
Balances as of 31 December 2007	**(35,235)**	**(337,543)**	**-**	**(117,162)**	**(489,940)**
Increases (changes)	(6,399)	(70,292)	-	(7,520)	(84,211)
Decreases	-	1,456	-	3,264	4,720
Other movements and Transfer to Discontinued operations	9,344	62,936	-	24,998	97,278
Balances as of 31 December 2008	**(32,290)**	**(343,443)**	**-**	**(96,420)**	**(472,153)**
Net balances as of 31 December 2008	**283,226**	**391,487**	**242,330**	**118,019**	**1,035,062**

"Other Movements" amounts generally reflect the transfer of assets in progress, changes in the consolidation perimeter, various reclassifications, exchange rate movements, and the transfer of assets held for sale relating to Information Technology (see Note 14)

The most significant movements during 2008 primarily relate to an increase in the level of investment made in Solar and Bioenergy activities (bioethanol projects in USA and Holland and Solar projects in USA).

Additionally, the increase in amortisation during 2008 was driven primarily by Bioenergy assets reflecting the first full year of amortisation as a result of the assets coming into operation at the end of the last fiscal year.

These amounts relate only to assets not included within Project companies, an analysis of which is included in Note 6 on Project Assets.

In January 2008, transfer of the ownership of an estate site, a subsidiary of Befesa Desulfuración, S.A. was completed for € 44.9 M. On the other hand, the dismantling and decontamination costs have been evaluated and registered for a provision of 3 M €. As of that date the Group performed an analysis on the recovery of its production assets taking into account the time frame until the transfer of the estate site. This analysis resulted in a total of € 12 M in accruals against tangible assets, under the heading "Amortisation and Provisions" within the 2008 Consolidated Income Statement.

5.2. Fixed assets not in use for operating activities as of the close of the period are not significant.

5.3. The companies' policy is to contract all insurance policies deemed necessary to ensure all fixed assets are suitably covered from potential risks.

5.4. The amount of capitalised interest in 2008 was € 24,116 thousand

5.5. Within the commitment of the Urban Cooperation Agreements between Gerencia de Urbanismo de Sevilla, Iniciativas de Bienes Inmuebles, S.A. (IBISA) and Abengoa, S.A. dated 1 March 2004, the Group company, Centro Tecnológico Palmas Altas, S.A. (CTPA) acquired at the end of 2005 an estate site belonging to IBISA for € 31 M. During 2007 the estate site was sold by Abengoa to an independent third party. On 21 December 2005, CTPA undertook a swap with the City of Seville which required the acquisition of 80.94% ownership of a plot of an estate in Palmas Altas, for the purposes of installing on that estate a Technological Centre in exchange for the estate development exploitation for 14,480.76 square meters of the aforementioned land site under its property. The valuation of the assets exchanged is € 17,940 thousand. As a consequence of this valuation, a capital gain of € 8,738 thousand (excluding the impact of tax) has been recognised on the estate site exchanged, being the transaction conveniently registered through of its incorporation in the Mercantile Register during 2008.

The entity CTPA, as a result of the commitments undertaken by IBISA and Abengoa S.A. in the aforementioned Urban Cooperation Agreement, will proceed to completing construction on the Technological Centre within the minimum period of three years following the date upon which the definitive construction licence was granted, expected around mid 2009

Note 6.- Fixed Assets in Projects (Project Finance).

As indicated in Note 2.4 of these Notes to the Financial Statements, within the Consolidation Perimeter are several companies which engage in the development of integrated products including the design, construction, financing, operation and maintenance of owned projects as well as some concession projects.

This note provides a breakdown of the fixed assets within such projects as well as further relevant and related information upon such assets (excluding non-recourse financing applicable to such projects as disclosed in Note 15 of these Notes to the Financial Statements).

6.1. The following table shows the movements of such intangible assets between 2008 and 2007:

Other Assets	Balance as of 31.12.07	Increases	Decreases	Other movements and Transfer to Discontinued operations	Balances as of 31.12.08
Intangible Assets	911,602	19,324	(1,549)	22,508	951,885
Accumulated Depreciation	(50,338)	(32,135)	-	16,291	(66,182)
Net Intangible Asset balances	**861,264**	**(12,811)**	**(1,549)**	**38,799**	**885,703**

Intangible Assets	Balances as of 31.12.06	Increases	Decreases	Other movements	Balances as of 31.12.07
Intangible Assets	803,423	414	(1,805)	109,570	911,602
Accumulated Depreciation	(23,863)	(23,864)	-	(2,611)	(50,338)
Net Intangible Asset balances	**779,560**	**(23,450)**	**(1,805)**	**106,959**	**861,264**

“Other Movements” amounts generally reflect the transfer of assets in progress, changes in the consolidation perimeter, various reclassifications, exchange rate movements, and the transfer of assets held for sale relating to Information Technology (see Note 14). The most significant movement during the year relates to the ATE III start-up in Brazil being transferred from material assets in progress to the amount of € 201 M and the impact of the depreciation of the Brazilian Real compared to the Euro (see Note 24).

The most significant intangible assets amount relates to concession projects in relation to power transmission lines located primarily in Brazil (see Notes 6.3 and 15.2).

Additionally, intangible assets also includes the reversed amount to “Development of high performance Solar thermoelectric technology plants” which as of 31 December 2008 was € 52 M (for further information upon projects in development, see Note 4.2).

The most significant variation during 2008 relates to the depreciation of the Brazilian Real compared to the Euro (see Note 24).

Interest expenses capitalised in 2008 totaled € 4,801 thousand.

6.2. The table below shows a breakdown of the movement in tangible assets in projects between 2007 and 2008:

Accumulated Depreciation	Land and Buildings	Technical Installations and Machinery	Advances and Fixed Assets in Progress	Other Fixed Assets	Total
Balances as of 31 December 2006	(9,596)	(50,117)	-	(8,840)	(68,553)
Increases (changes)	(1,438)	(10,385)	-	(5,032)	(16,855)
Decreases	-	-	-	-	-
Other movements and Transfer to Discontinued operations	(2,782)	(37,180)	-	6,443	(33,519)
Total as of 31 December 2007	**(13,816)**	**(97,682)**	**-**	**(7,429)**	**(118,927)**
Increases (changes)	(2,584)	(19,374)	-	(1,309)	(23,267)
Decreases	-	-	-	-	-
Other movements and Transfer to Discontinued operations	(2,931)	(25,502)	-	(4,093)	(32,526)
Total as of 31 December 2008	**(19,331)**	**(142,558)**	**-**	**(12,831)**	**(174,720)**
Net balances at 31 December 2008	**114,587**	**303,291**	**829,969**	**116,223**	**1,364,070**

Amounts relating to "Other Movements and Transfers for Sale" in 2008 largely reflect changes in the consolidation perimeter, various reclassifications, exchange rate movements and assets transferred for sale in relation to the Information Technology business units (see Note 14).

Additionally, 2008 movements largely reflect Bioenergy investment efforts in Illinois and Indiana, solar projects, and the reclassification of projects under concession which were in progress in prior periods which have since been categorised as intangible assets reflecting the completed status of the assets.

Interest expenses capitalised in 2008 totaled € 32,292 thousand.

6.3. Abengoa participates in various projects in the following sectors, all of which are set up under the model of a concession: electricity transmission, desalination, solar thermal energy as well as other infrastructures being developed in Spain, Brazil, Algeria, Chile, India and Peru.

Abengoa considers that the implicit capital gain in 2008, once subtracted from the present value of future cash flows, the book value, and outstanding commitments, does not differ significantly from the 347 M€ valued in collaboration with independent experts at the end of 2007. This valuation was performed based upon the discounted future cash flow method using a discount rate which takes into consideration the country, the nature of the business activity and the specific characteristics of each project.

For these purposes, only projects in operation or those with close long-term financing on which construction has begun have been taken into consideration.

Note 7.- Investments in Associate Companies.

7.1. The table below shows investments held in associate companies in 2008:

Company	Balances as of 31.12.07	Year and Allocation	Other movements	Balances as of 31.12.08
Agua y Gestión de Servicios Ambientales, S.A.	8,701	1,024	-	9,725
Cogeneración del Sur, S.A.	(298)	347	-	49
Cogeneración Motril, S.A.	3,993	1,590	-	5,583
Ecología Canaria, S.A. (Ecansa)	1,009	210	60	1,279
Expansion Transmissao de Energía Eléctrica, Ltda.	10,770	3,317	(4,573)	9,514
ABG Servicios Medioambientales, S.A.	1,051	-	70	1,121
Chennai Water Desalination Limited	3,036	-	4,050	7,086
Geida Tlemcen, S.L.	3,271	-	(3,271)	-
Hospital El Tajo	1,727	-	(152)	1,575
Expansion Transmissao Itumbiara Marimbondo, Ltda.	7,043	1,615	(2,655)	6,003
Inversiones Eléctricas Transam Chile Limitada	6,337	(2)	154	6,489
Redesur	4,834	398	(1,882)	3,350
Otras sociedades	(1,329)	888	(1,290)	(1,731)
Total	**50,145**	**9,387**	**(9,489)**	**50,043**

7.2. The table below shows investments held in associates in 2007 were:

Company	Balances as of 31.12.07	Year and Allocation	Other movements	Balances as of 31.12.08
Agua y Gestión de Servicios Ambientales, S.A.	7,790	726	185	8,701
Cogeneración del Sur, S.A.	11	(311)	2	(298)
Cogeneración Motril, S.A.	4,142	108	(257)	3,993
Deydesa 2000, S.L.	7,776	-	(7,776)	-
Ecología Canaria, S.A. (Ecansa)	875	136	(2)	1,009
Expansion Transmissao de Energía Eléctrica, Ltda.	10,619	3,795	(3,644)	10,770
ABG Servicios Medioambientales, S.A.	-	-	1,051	1,051
Chennai Water Desalination Limited	-	-	3,036	3,036
Geida Tlemcen, S.L.	-	-	3,271	3,271
Hospital El Tajo	-	-	1,727	1,727
Expansion Transmissao Itumbiara Marimbondo, Ltda.	6,310	1,775	(1,042)	7,043
Intersplav	2,876	(2,741)	(135)	-
Inversiones Eléctricas Transam Chile Limitada	5,099	26	1,212	6,337
Redesur	-	468	4,366	4,834
Tenedora de Acciones de Red Eléctrica del Sur, S.A.	7,043	-	(7,043)	-
Other companies	59	261	(1,649)	(1,329)
Total	**52,600**	**4,243**	**(6,698)**	**50,145**

The most significant movement relates to the impact of a depreciation of the Brazilian Real upon businesses within the industrial engineering and construction group (primarily power transmission lines in Latin America).

The amounts of subsidiaries related to entities located outside Spain was € 32,442 thousand (€ 33,962 thousand in 2007).

Note 8.- Inventories.

8.1. Inventories as of 31 December 2008 and 2007 was made up of the following:

Concept	Balances as of 31.12.08	Balances as of 31.12.07
Goods for resale	20,914	30,404
Raw Materials and Other supplies	80,617	64,187
Work in progress and semi-finished products	3,034	1,821
Project in Progress	50,479	42,614
Finished Products	91,606	81,908
Agricultural Products	13,975	-
Advanced Payments	55,468	21,517
Total	**316,093**	**242,451**

Inventory amounts for entities located outside Spain were € 159,224 thousand (€ 124,197 thousand in 2007).

As of 31 December 2008, inventories corresponding to sharings in Clean Development Mechanisms (CDM) and Joint Action (JA) from which Carbon Emission Credits (CEC) and Emission Reducing Units (ERU) are obtained total € 3,243 thousand (€ 2,404 thousand in 2007).

8.2. There are no restrictions regarding the availability of stock for use by the Group, with the exception of guarantees provided for construction projects in the normal course of business which are being released as the various contractual milestones of the project are achieved.

Note 9.- Financial Risk Management and Information on Financial Instruments.

9.1. Financial risk.

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

The risk management model attempts to minimise the potential adverse impact of such risks upon the financial profitability of the Group. Risk is managed by the Group's corporate finance department, which is responsible for identifying and evaluating financial risks in conjunction with the Business Units operations, and quantifying such risks by project, region and company.

Internal written risk management policies exist for the overall management of risk, as well as for specific areas of risk such as foreign exchange, credit risk, interest rate risks, liquidity risk, and for the use of hedging instruments and derivatives and for the investment of surplus cash in hand.

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

The accounting policies regarding financial instruments are applied to the following:

a) Market risk.

The Group activities fundamentally expose it to financial risk from foreign exchange, interest rates and changes in the prices of assets and commodities materials purchased (principally zinc, aluminium, grain, ethanol, sugar and gas). To cover such exposures, Abengoa uses options and swaps for exchange rate and interest rate contracts and futures contracts for the aforementioned mentioned products. The Group does not use derivatives for speculative purposes.

- Foreign Exchange rate risks arise when the commercial transactions to be settled in the future, for which the assets and liabilities are not denominated in the functional currency of the entity.

  To control foreign exchange risk, the Group purchases future currency sale/purchases options. Such contracts provide cover over the fair value of the future cash flows.

  Approximately 95% of projected transactions which are not denominated in the functional currency of the Company are very likely highly transactions in regards to hedging account.

  The main exchange rate exposure to the Group relates to the US Dollar, the Euro and the Brazilian Real.

  Details of the financial hedging instruments and foreign currency payments as of 31 December 2008 are included in Note 11 of these Notes to the Financial Statements. The amount which is not covered is not significant.

  A detail of the financial derivative instruments of financial debt in overseas currency as of 31 December 2008 is set out in Note 11 of these Notes to the Financial Statements.

The following tables shows the level of debt denominated in a currency which is not the denominated functional currency which is not covered by financial exchange rate hedging instruments, as well as the impact of a 10% movement in the exchange rate of the currencies:

Currency	Non-Cover Total debt	Sensitivity + 10 %
Dollar (USA)	114,569	11,457
Euro	126,231	12,623
Other	-	-
Total	**240,800**	**24,080**

- Interest rate risk arises from financial liabilities which have variable interest rates. To control the interest rate risk, the Group primarily uses interest rate swaps and interest rate options (caps) which in exchange for a fee offer protection against a rise in interest rates.

  A detail of the financial derivative instruments relating to interest rates as of 31 December 2008 is provided in Note 11 of these Notes to the Financial Statements.

  The following is a detail of financial debt with variable interest rates which are not covered by such interest rate hedges as well as the impact of a 50 basis point change in market interest rates:

Debt	Non-Cover Total Debt	Sensitivity + 50 b.p.
Solar	27,645	138
Bioenergy	12,000	60
Enviromental Services	90,872	454
Industrial Engineering and Construction	886,770	4,434
Corporate Activity	586,375	2,932
Total	**1,603,662**	**8,018**

- The risk of a change in commodities prices arises through both the sale of products of the Group as well as in terms of purchasing commodities for production processes. In general, the Group uses future purchase contracts and options as listed on open markets, as well as OTC (over-the-counter) contracts with financial entities, to mitigate the risk of fluctuations in market prices.

  A detail of the financial derivative instruments for commodities prices as of 31 December 2008 are detailed in Note 11 of these Notes to the Financial Statements.

  The sensitivity upon reserves of a 10% change in the fair value of these instruments would be approximately € 7 M.

In addition, and independently to these transactions, during 2008 the company has started to buy and sell on the grain and ethanol markets, fully in accordance with management policy regarding trading transactions. These operations reflect the implementation of a strategy (approved by Purchasing Group Management) for the purchase and sale of futures and swap contracts in grain and ethanol, over which daily control and communications is exercised, as per the procedures set out in the aforementioned Transaction Policies. To mitigate the risk, the company establishes certain limits "stop loss" for each strategy taking into account the market in which they are going to operate, the financial instruments purchased, and the defined risks of the operation.

These operations are valued in the income statement on a monthly "mark to market" basis. During 2008, Abengoa has registered gains of € 8,306 thousand, of which € 9,573 thousand relates to gains on liquid operations and € 1,267 thousand are potential losses based upon open contracts valued at the year end.

b) Credit risk.

The main financial credit risk exposure is the failure of the third party to comply with their obligations within the transaction, being trade debtors and other accounts receivable, current financial investments and cash.

With regards to the majority of accounts receivable, they relate to clients operating in a range of industries and countries with contract which require ongoing payments as the development project advances, upon the rendering of services or upon completion and delivering of the project. It is normal practice that the company reserves the right to suspend the project if there is a notable breach in the terms of the contract, in particular the non-payment of amounts owed.

Additionally, prior to this stage, the company relies upon the written confirmation of a first level for the purchase, without recourse, of accounts receivable (Factoring). In these arrangements, the company pays a fee to the bank to assume the credit risk as well as interest charges for the financing component. The company assumes in all cases that the accounts receivable are valid.

In this regard, derecognising of factored amounts receivable is taken only when all the requirements of IAS 39 are met to take of the assets of the balance sheet. That is to say, it is considered whether or not the risks and rewards inherent in the ownership of the financial asset have been transferred, including a comparison of the risk to the company before and after the transfer, considering the amounts and timing of net cash payments to be received. Once the risk to the grantor company is eliminated or is considered to be substantially reduced it is considered that the financial asset in fact has been transferred.

In general, for Abengoa, the greatest risk to such assets is the risk of not collecting a trade account receivable. This is because, a) it may be a significant value in the development of a works or in the provision of services; b) it is not within the control of the company. However, the risk of customers being unable to make a payment in such contracts is considered to be low, and typically relate to problems characterised as technical matters, it's say relate to the own risk of the service rendered, which are within the control of the company. In either case, and to cover those contracts in which a risk could theoretically be identified, as a financial asset risk, the possibility of a delay in customer payment without the customer sighting trading causes, Abengoa states that, not only should it cover the risk of insolvency (or bankruptcy) right but also the fact or noted insolvency (as a result of a decision by the customer's treasury own management without resulting in "a general moratorium"). As such, and if the individual evaluation, as

performed for each contract, concludes that the related risk to the contract has been passed to the financial entity, the account receivable is removed from the balance sheet at the time of passing the risks to the financial entity, as per IAS 39.20.

As indicated, it is Abengoa's policy to transfer the credit risk associated with customers and other accounts receivable through the use of non-recourse factoring. As such, with regards to considering risks inherent within debtors and other accounts receivable on the balance sheet, amounts should potentially be excluded relating to works completed awaiting certification for which Factoring contracts are in place, as well as amounts which could be factored which are outstanding to be submitted to the financial entity providing the Factoring and also those debtors included which are covered by an insurance policy. As such, under this policy, Abengoa minimises its exposure to credit risk.

A debtors ageing analysis as of 31 December 2008 is included within Note 12 of these Notes to the Financial Statements. The same Note also includes an analysis of movements in debtor provisions over the year.

c) Liquidity risk.

The liquidity and financing policy of Abengoa has the objective of assuring that the company maintains sufficient funds available so as to meet its financial obligations as they fall due. Abengoa uses as its main sources of financing:

- Non-recourse Project financing, which typically is used to finance any significant investment (see Notes 2.4 and 15). The repayment profile of each project is established on the basis of projected cash generation of the entity in question, with a considerable range varying depending upon the visibility of future cash flows of each company or project. This ensures that sufficient financing is available with terms of repayment which mitigate to a significant extent the liquidity risk.

- Corporate Finance, used to finance the activities of the remaining companies which are not financed under the aforementioned financing model. This means of financing is managed through Abengoa S.A., which pools cash held by the rest of the companies so as to be able to re-distribute funds following the needs of the Group (see Notes 2.18 and 16).

  To ensure there are sufficient funds available for the repayment of debt with respect to its capacity to generate cash, Abengoa has put in place the following criteria and actions:

  1) Maintaining sufficient leverage headroom by not exceeding a given Net Debt/EBITDA ratio limit. The maximum headroom as per the financing contracts in 2008 and 2007 was 3.25 and 3.5, respectively. Net debt is calculated as all third party borrowings less cash and cash equivalents excluding the debt of operations financed without recourse. The denominator of the ratio is derived as the EBITDA of the entities which do not utilise non-recourse project finance.

     The ratio as at the close of 2008 and 2007 was about 2.0 and 1.2, respectively.

     Furthermore, Abengoa has an internal objective of maintaining this ratio below 3.0 over the medium term so as to gain an additional level of additional range increasing its protection against liquidity risk.

  2) Each year a financial plan is prepared and approved by the Board of Directors which encompasses all financing requirements and the way by which those will be

covered. The plan is prepared in close collaboration with the Corporate Finance Department and various Business Units.

3) Ensuring the ability to meet financial obligations in the coming months. In this regard, in 2007 Abengoa Corporate Finance completed through operations with a total value of € 859,000 thousand (see Note 16): the agreement of two bilateral loans for € 150,000 thousand and € 109,000 thousand with the Official Credit Institute (ICO) and the Investment European Bank (BEI), respectively as well as obtaining a credit line to the amount of € 600,000 thousand, which was successfully syndicated in the second half of the year to 22 financial entities.

In accordance with the above, there is sufficient diversification in the sources of finance, so as to avoid liquidity risk.

Management reviews the Group's liquidity reserves (made up of the availability of credit (Note 16) and cash or cash equivalents (Note 13) in comparison to the anticipated cash flows.

The Group utilises factoring without recourse lines, contracted to finance normal business activities for € 1,700 M available as at the end of the financial period € 1,000 M. Besides, the Group has working capital overdraft facilities, from which € 14,200 thousand available from a total of € 176,500 thousand.

An analysis of financial liabilities of the Group shown by period until due, being the remaining time between the balance sheet date and the date of maturity of the various debt instruments, is included within the following table:

Current and Non Current	Memory Notes
Financial Debt	Note 15 Non-recourse financing and Note 16 Non recourse financing
Lease-Back	Note 16 Third-party Loans
Finance Lease	Note 16 Third-party Loans
Borrowings and Other Loans	Note 16 Third-party Loans
Derivatives and hedging instruments	Note 11 Financial derivatives and hedging instruments

d) Capital risk.

The Group manages its investments in capital to ensure that its subsidiaries are secure in terms of their continued activity from the point of view of their equity statement through maximising the return to the shareholders by optimising the structuring of the equity and third party debt financing on the entities balance sheets.

Capital management is undertaken by the Group strategy, whose focus is to increase the value of the business in the long term for both shareholders and investors, as well as for employees and customers. The objective is the attainment on an ongoing and sustained basis of the Group's results through organic growth. To achieve these objectives, it is necessary to strike the correct balance between, on one hand, control over the financial risks of the businesses, and on the other, financial flexibility required to achieve those objectives.

9.2. Information on financial instruments.

The financial instruments of the Group are primarily deposits, debtors and amounts receivable, derivatives and loans. Financial instruments analysed by balance sheet category are as follows:

Category	Notes	Loans and receivable accounts / to pay	Assets / Liabilities at fair value	Hedging Instruments	Investments held for sale	Held for sale	Total as of 31.12.08
Financing Assets held for sale	10	-	-	-	-	119,639	119,639
Assets at fair value	-	-	-	-	-	-	-
Hedging Instruments	11	-	16,054	158,520	-	-	174,574
Receivable financing accounts	12	673,852	-	-	-	-	673,852
Clients and other receivable accounts	12	1,343,305	-	-	-	-	1,343,305
Cash and cash equivalents	13	1,333,748	-	-	-	-	1,333,748
Total Financial Assets		**3,350,905**	**16,054**	**158,520**	**-**	**119,639**	**3,645,118**
Non-recourse Financing	15	2,132,727	-	-	-	-	2,132,727
Third-party loans	16	2,688,291	-	-	-	-	2,688,291
Suppliers and other payable accounts	17	2,868,376	-	-	-	-	2,868,376
Derived financial instruments	11	-	71,714	135,187	-	-	206,901
Total financial liabilities		**7,689,394**	**71,714**	**135,187**	**-**	**-**	**7,896,295**

Category	Notes	Loans and receivable accounts / to pay	Assets / Liabilities at fair value	Hedging Instruments	Investments held for sale	Held for sale	Total as of 31.12.07
Financing Assets held for sale	10	-	-	-	-	118,310	118,310
Assets at fair value	-	-	-	-	-	-	-
Hedging Instruments	11	-	-	124,782	-	-	124,782
Receivable financing accounts	12	529,229	-	-	-	-	529,229
Clients and other receivable accounts	12	1,420,860	-	-	-	-	1,420,860
Cash and cash equivalents	13	1,697,889	-	-	-	-	1,697,889
Total Financial Assets		**3,647,978**		**124,782**	**-**	**118,310**	**3,891,070**
Non-recourse Financing	15	2,849,684	-	-	-	-	2,849,684
Third-party loans	16	1,689,163	-	-	-	-	1,689,163
Suppliers and other payable accounts	17	2,319,449	-	-	-	-	2,319,449
Derived financial instruments	11	-	-	14,456	-	-	14,456
Total financial liabilities		**6,858,296**		**14,456**	**-**	**-**	**6,872,752**

The fair value of the instruments accounted with the amortisation cost method does not differ significantly to the booked value of the instruments exposed.

Note 10.- Financial Assets Available for Sale.

10.1. The following table shows a breakdown of financial assets available for sale during 2008 and 2007:

Financial Assets Available for Sale	Balances as of 31.12.08
At 31 December 2006	80,292
Entries	48,121
Gain/Losses transferred to Net ownership equity	(10,103)
At 31 December 2007	**118,310**
Entries	26,017
Gain/Losses transferred to Net ownership equity	(3,195)
Discharges / Exchange differences	(20,826)
Assets held for sale	(667)
At 31 December 2008	**119,639**
Minus: Non-current part	74,356
Current Part	45,283

During 2008 and 2007 there was no impairment to the value of financial assets available for sale.

10.2. The following table shows those entities which, in accordance with the standards in force, were not within the Consolidation Perimeter during 2008 and 2007 (see Note 2.2) and for which the shareholding in that company, both direct and indirect of the parent company, is between 5% and 20%. The net book value of these holdings is € 16,599 thousand.

Non-current Financial Assests	2008 % Share	2007 % Share
Banda 26, S.A.	12.00	12.00
Dyadic Investment	10.00	10.00
Jeffco Partnership	5.00	5.00
Nextell Communication Solutions, S.A.	10.00	10.00
Norpost, S.A.	10.00	10.00
02 Diesel	13.00	13.00
Soc. Con. Canal Navarra	10.00	10.00
Soc. Coop. Provincial del Campo	10.00	-
Sociedad Valoración Biomasa	6.00	9.00
Suraval	10.00	10.00
S21 SEC Gestión	15.00	15.00
Viryanet, Ltd.	15.10	15.10
Zoar Eólica	5.00	-

Current Financial Assests	2008 % Share	2007 % Share
BC International Corp.	9.90	9.90
Chekin	14.28	14.28
Comeesa	6.08	6.08
Mediación Bursátil, S.V.B., S.A.	8.00	8.00

10.3. All communications necessary have been made to the entities in which the Group has a holding of over 10%, as required under Article 86 of the Amended Text of Law of Anonymous Companies.

10.4. There are no events or circumstances known which impact the portfolio of such investments, such as litigations, trade restrictions, etc.

10.5. There are no agreements in place regarding the sale or purchase of these investments which for the purposes of the Group consolidated annual accounts could be considered as material.

10.6. The value of interest amounts accrued and not paid is not significant.

10.7. There are no fix yield securities in arrears. The average profitability rate of fix yield securities is in line with the market.

10.8. Abengoa, S.A. has a 3% holding in Xfera, S.A. recorded at a cost of € 33,275 thousand which is held in the Group under the ownership of Telvent Investments, S.A. (company owned 100% by Abengoa, S.A.). Additionally the shareholders of Xfera have granted this entity with various participative loans which will result in a total payment to Telvent of € 15,210 thousand (€ 10,720 thousand in 2007) being 3% of the total balance of the amount loaned by the shareholders.

To value the holding, as in prior periods, once Xfera's activies are commenced, under the trade name of Yoigo, the main reference points to value the holding were the projected future generation of cash (based upon the company's business plan) and an adequate discount rate for the sector in which the company operates.

On an isolated basis, this valuation model supports the investment net book reflecting of the stock holding as of 31 December 2008 as no active listed market price exists.

As a result of the purchase of its holding in Xfera, Telvent GIT, S.A. from the start the company was required to provide guarantees to the Spanish Administration regarding compliance of the investment, commercialisation, employment and development of the red acquired by Xfera Móviles, S.A. together with other guarantees as mentioned in relation to the Radio-electronic Spectrum Rate which in relation to the Group, the guaranteed amount is € 12,085 thousand

10.9. The Group applies IAS 39 to determine whether a financial asset available for sale has suffered any impairment to its carrying value. This process requires notable levels of estimation and judgment. To assess for impairment, the Group evaluates, amongst other factors, for how long and to what extent with the value of the investment be below its cost; considering the financial health and outlook for the business in the short term of the entity, including factors such as the performance of the industry and sector, changes in technology and operating cash flows and financing.

Note 11.- Derivative and Hedging Financial Instruments.

11.1. The fair value of financial instruments and hedging instruments held as of 31 December 2008 and 2007 was as follows:

	31.12.08		31.12.07	
Concept	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Swap/Cap interest contract – cash flow hedge	49,050	96,936	64,491	-
Swap/Cap interest contract – cash flow at fair value	1,609	13,149	-	-
Forward contract of foreign currency – cash flow hedge	1,426	10,468	19,963	2,729
Forward contract of foreign currency – fair value hedge	14,445	58,565	-	-
Forward contract of foreign inventories – cash flow hedge	108,044	27,783	40,328	11,727
Forward contract of foreign inventories – fair value hedge	-	-	-	-
Total	**174,574**	**206,901**	**124,782**	**14,456**
Non-current part	99,798	141,040	695	9,769
Current part	74,776	65,861	124,087	4,687

The fair value transferred to the income statement in 2008 of financial derivative instruments classed as hedging instruments was € 65,954 thousand (see Note 23).

11.2. Foreign exchange hedging instruments.

The following table shows a detail of the notional of the financial instruments as at the end of 2007 and 2008 relating to amounts receivable and outstanding in foreign currencies:

	Cover of Charges		Cover of Payments	
Exchange Rates	**2008**	**2007**	**2008**	**2007**
Bath (Thailand)	-	-	-	-
Dinar (Jordan)	-	609	-	-
Dirhams (United Arab Emirates)	-	514	-	-
Dirhams (Morocco)	2,416	2,416	-	-
Dollar (Canada)	-	-	-	1,210
Dollar (USA)	199,996	27,431	35,435	345,771
Euro	-	73,652	5,477	5,814
Franc (Switzerland)	-	-	2,406	2,159
Pound Sterling (United Kingdom)	7,024	-	2,495	19
Qatari (Qatar)	-	5,287	-	-
Real (Brazil)	-	-	-	-
Yen (Japan)	-	234	-	-
Yuan (China)	-	-	-	1,548
Total	**209,436**	**110,143**	**45,813**	**356,521**

At the close of 2008, the fair value of foreign exchange financial derivative instruments recognised directly within the income statement, as they do not comply in all matters with IAS 39 so as to be treated as a hedging instrument, was - € 53,576 thousand (see Note 33).

The following table shows the due dates of the covered notional by foreign exchange rate financial hedging instruments as at the end of 2008:

Notional	1 year	1 to 2 years	More than 2 years	Subsequent
Collections	95,629	113,163	644	-
Payments	45,813	-	-	-
Total	**141,442**	**113,163**	**644**	**-**

With the objective of minimising the Exchange rate risk regarding a loan held by Abengoa Brasil Sao Paulo for $ 50,000 thousand, the Group has a structured a cross-currency interest rate swap which fixes the exchange rate of the principle amount changing the interest rate of the loan into US$ at a reference rate of Brazilian Real plus the exchange rate movement between the US$ and the and the Brazilian Reals when over certain levels. As at the end of 2008, this financial instrument has not been deemed to be a hedging instrument for accounting purposes as it does not meet all the requirements of IAS 39. As such, the amount recognised in the profit and loss account in relation to the value of this instrument was a loss of € 53,367 thousand.

11.3. Interest rate hedges.

As referred to in Note 9 of these annual accounts, the general hedging policy for interest rate is to purchase future call options for a fixed fee through which the company can ensure a fixed maximum interest rate cost. Additionally, in certain circumstances, the company also uses interest rate swaps with variable to fixed interest rates.

As a result, the various hedging instruments and terms of such instruments, reflecting the characteristics and nature of the debt which carries the interest charge with the instruments are hedging, are somewhat diverse:

a) Loans with financial entities; between 75% and 100% of the notional, with loan terms up to 2017 with average interest rates guaranteed between 3.58% and 4.75%.

b) Non-recourse financing;

b.1) Non-recourse financing in Euros; between 70% and 100% of the notional, including loan terms until 2030 with average interest rates guaranteed of between 3.75% and 5.25%.

b.2) Non-recourse financing in US Dollars; between 50% and 100% of the notional, including loan terms until 2023 with average interest rates guaranteed of between 4.50% and 8%.

The table below shows a detail of the repayment schedule of the notional debt amounts covered by financial derivative instruments:

Notionals	2009	2010	2011	2012	2013
Swap	600,351	1,693,595	1,629,926	1,635,392	1,546,559
Cap	2,754,159	1,747,256	1,571,727	1,270,923	954,657
Total	**3,354,510**	**3,440,851**	**3,201,653**	**2,906,315**	**2,501,216**

At the close of 2008, the fair value of interest rate derivatives charged directly to the income statement, as a result of not fulfilling all the requirements of IAS 39 to be deemed a hedging instrument, was a loss of € 14,696 thousand (see Note 32)

Additionally, a series of interest rate Swaps and Caps were liquidated in June and July, the notional cover of which was approximately € 1,000 M with interest rates covered of between 3% and 4.75% with terms of 5 years at a market value of € 36,177 thousand. Together, these operations generated a positive cash balance upon liquidation of the same amount. These contracts had been designated to hedge cash flows as a result of respective test of effectiveness expired. As such, applying IAS 39, when the hedge is considered to be interrupted and when the transaction being covered continues to be probable, the adjustments made to the cover within reserves until the most recent date in which the cover was effective, will remain in reverses. This amount will be taken to the income statement to the extent that the hedged instrument impacts the income statement. In this case, the income statement was impacted by the financial costs of the loan being covered. Abengoa has opted, on the basis of the aforementioned, to charge to results the benefits generated and charged to reserves, following the "swaplet" method. "Swaplet" refers to each calculation period of interest rate swaps. This method is based upon the principle that the balance registered in reserves will be equivalent to the sum of the current values of the cash flows of each "swaplet" (that's to say, the difference between the fixed and forward rate calculated for each "swaplet" as at the final date upon which the cover was effective, discounted to that date).

The balance calculated for each "swaplet" is registered within the income statement in the corresponding period of each "swaplet". The net gain transferred from reserves to the income statement in the year was € 4,474 thousand pending transfer to results in the following periods to the amount of € 31,703 thousand.

11.4. Inventory purchase price hedging.

As indicated in Note 2.9 of these Abengoa accounts, the various activities of Abengoa through its various business groups (Bioenergy, Environmental services and Industrial engineering and construction) expose the group to various risks regarding the fair value of assets and raw material prices, primarily being zinc, aluminium, grain, ethanol and gas. To hedge such risks, Abengoa uses futures contracts for both assets and purchases.

The following table shows the amounts covered and the maturities for the financial instruments of commodities for the closing period 2008 and 2007

2008	Ethanol (Gallons)	Gas (MWh)	Grain (Bushels)	Zinc (Tons)	Aluminum (Tons)
Year 2009	6,300,000	3,703,862	58,518,215	60,866	31,150
Subsequent	-	1,525,000	8,120,000	130,918	3,480
Total	**6,300,000**	**5,228,862**	**66,638,215**	**191,784**	**34,630**

2007	Ethanol (Gallons)	Gas (MWh)	Grain (Bushels)	Zinc (Tons)	Aluminum (Tons)
Year 2008	42,720,000	3,167,228	50,779,827	63,160	6,105
Subsequent	3,300,000	577,349	21,540,000	232,900	3,100
Total	**46,020,000**	**3,744,577**	**72,319,827**	**296,060**	**9,205**

Derivatives held for trading are classified as a non-current asset or non-current liability. The hedging derivative fair value is classified as a non-current asset or non-current liability if the maturity date hold of the amount covered is more than 12 months and as a current asset or current liability if the maturity is less than 12 months

At the end of 2008, the derivatives financial instruments fair value of commodities prices directly recorded in the Income Statement for not meeting all the requirements specified by IAS 39 for designing as a hedging instrument has been € -1.267 thousand.

Note 12.- Clients and Other Receivable Accounts.

12.1 The breakdown of Other Receivable Accounts at 31 December 2008 and 2007, is as follows:

Concepts	Balances as of 31.12.08	Balances as of 31.12.07
Clients for sales	515,892	555,540
Clients, project excecuted pending to certify	402,410	590,246
Bad Debt provisions	(11,027)	(25,707)
Civil Service	304,546	190,960
Other Debtors	131,484	109,821
Total	**1,343,305**	**1,420,860**

The market value of these assets does not vary significantly to the carrying book value.

12.2 The following table shows the maturity detail of the receivables accounts:

Maturity	2008
Up to 3 months	411,265
Between 3 and 6 months	48,536
Over 6 months	56,091
Total	**515,892**

12.3 The company has non-recourse factoring lines for a sum of approximately € 1.700 M (€ 1.500 M in 2007) of which approximately € 700 M were factored at the close of the 2008 financial year (€ 488 M in 2007) and removed pursuant to the provisions of IAS 39.

The attributed amount in this financial year to these factoring lines has increased to € 27,750 M (€ 22,830 M in 2007).

In addition, there are live factoring covers in euros for between 70% of the amount, with maturity in 2010 and with guaranteed rates of 4.75%.

12.4 The following table shows a detail of the financial amounts receivable as of 31 December 2008 and 2007:

Item	Balances as of 31.12.08	Balances as of 31.12.07
Credits	118,213	97,646
Deposits	289,634	359,554
Down payments and Deposits	240,442	66,290
Other future accounts receivable	25,563	5,739
Total	**673,852**	**529,229**
Non-current part	132,208	118,791
Current Part	541,644	410,438

The market value of these assets is not substantially different to their book value.

12.5 The credit recovery rate of account receivable outstanding to be received, and which have not been impaired, may be considered in the following categorisation:

Clients and other receivable accounts	2008
Clients and other receivable accounts factorizable without recourse by the bank	361,044
Clients and other receivable accounts factorizable with recourse by the bank	4,148
Clients and other receivable accounts covered by credit insurance	10,599
Clients and other receivable accounts without categorization	140,101
Total clients and other receivable accounts	**515,892**

12.6 The attributed movement in the provision for impairment in the amounts receivable is the following:

Item	2008
Initial Balance	(23,839)
Provision for value impairment of chargeable accounts	(1,551)
Chargeable accounts paid off for being non-collectable	714
Reversion of unused amounts	17,855
Other movements	(4,207)
Final Balance	**(11,028)**

Note 13.- Cash and Cash Equivalents.

As of 31 December 2008 cash and cash equivalents totaled € 1,333,748 thousand (€ 1,697,889 thousand in 2007), being cash and balances in credit to the Group which are liquid, are held in current accounts and are immediately available for withdrawal from banks and credit institutions.

The following breakdown shows the main currencies in which cash and cash equivalent balances are denominated:

Currency	31.12.2008		31.12.2007	
	Resident Companies	Non Resident Companies	Resident Companies	Non Resident Companies
Euro	637,957	112,124	1,095,082	138,379
US Dollar	145,488	119,538	52,985	186,576
Canadian Dollar	-	-	-	3,564
Swiss Franc	15,984	93	-	142
Pound Sterling	85	296	67	57
Argentinian Peso	-	2,506	472	724
Chilean Peso	-	3,378	-	3,786
Mexican Peso	-	2,048	160	4,476
Brazilian Real	-	266,045	-	182,609
Others	1,095	27,111	6,441	22,369
Total	**800,609**	**533,139**	**1,155,207**	**542,682**

The balance of cash and cash equivalents of entities with non-recourse financing (see Note 15) was € 276,273 thousand (€ 477,438 thousand in 2007).

Note 14.- Non-Current Assets and Liabilities Held for Sale (Discontinued Operations).

On 19 November 2008, Abengoa S.A. notified by a relevant event to the Stock Exchange Commission (CNMV) the start of the disposal process of its holding in Telvent GIT, S.A. following interest shown by certain entities.

As of the end of 2008 Abengoa indirectly holds 63.87% (62.20% in 2007) of the share capital of Telvent GIT, S.A., a company listed in the US on the Nasdaq exchange and the lead company of the Information Technology business unit of Abengoa. Its key parameters are presented later within this note.

As a consequence of these actions and the contacts made with said parties, since that time they are completing certain analyses and conversations regarding the potential transfer of the shares, albeit an event yet to occur as of the end of 2008.

To the extent that the operation remains still in a review phase, we note that the sales price for Abengoa of its shares in Telvent GIT, S.A. and its subsidiaries has yet to be defined as at the end of 2008 and is a point of discussion between the parties involved. Upon arriving at an agreement with any of the interested parties interested in its acquisition, the amounts will be required to be announced at that time. However, in any event, the transaction will not generate losses for the company.

It is important to point out that the eventual sale of Telvent GIT S.A. does not assume the transfer by Abengoa of all its share holdings and activities associated with the Information Technology business unit which are undertaken through other entities, and will retain part owner ship of these in its name

Additionally, upon completing the transaction, Abengoa will be released of any financial or technical guarantees granted to any of the entities within the transaction in the Information Technology business unit, which will be passed on to be assumed by the final buyer.

Finally, in compliance with the requirements of the various clauses syndicate loan agreements held by Abengoa S,A. (see Note 16), the necessary majority of the financial entities providing said loans have authorised that the sale process of interests in Telvent GIT, S.A, by Telvent Corporation S.L. and Siema AG, be commenced, on the condition that the proceeds from the sale are not re-invested in the acquisition of shares, the payment of dividends or the repayment of bank debts separate to the syndicate loan in question.

Given that the activities of the Information Technology segment are significant to the Group, this activity will be considered as a discontinued activity and, as such, reported as so as per IFRS 5.
In accordance with this standard, the assets and liabilities of the Information Technology business segment which are to be sold, are treated as discontinued assets, and as such within the 2008 consolidated Annual Accounts of Abengoa its assets and liabilities and results after tax are grouped within one line within the consolidated assets, liabilities and profit and loss account, respectively. Similarly, within the comparative consolidated results of 2007, as included within the 2008 Abengoa Consolidated Financial Statements, the same assets and liabilities and results have been reclassified as it is discontinued at that time as well.

Additionally, for the purposes of increasing the comparability and understanding of the financial information, the following shows a consolidated pro-forma balance sheet as at 31 December 2007 showing the assets and liabilities of the Information Technology sector as included within Assets held for sale, on a consistent basis to the 2008 balance sheet.

In our opinion, the presentation of the comparative figures of the balance sheet, as described above, is of greater use to the reader of these Accounts and, as such, this criteria has been maintained throughout the various further financial analyses as presented in the Annual Abengoa report for 2008 (Activity Report and the Social Corporate Responsibility Report) as well as in the Summary Annual Report.

Consolidated Balance Sheet of Abengoa at December 31, 2008 and 2007

- Figures in thousands of euros -

Assets		31/12/2008	31/12/2007
A. Non-Current Assets			
	Goodwill	967,658	998,984
	Other intangible assets	101,060	107,297
	Provisions and depreciation	(11,827)	(15,341)
I.	**Intangible Assets**	**1,056,891**	**1,090,940**
	Tangible Fixed Assets	1,507,215	1,270,044
	Provisions and depreciation	(472,153)	(449,049)
II.	**Tangible Fixed Assets**	**1,035,062**	**820,995**
	Intangible assets	951,885	911,602
	Provisions and depreciation	(66,182)	(50,338)
	Tangible fixed assets	1,538,790	895,802
	Provisions and depreciation	(174,720)	(118,927)
III.	**Fixed Assets in Projects**	**2,249,773**	**1,638,139**
	Investments in associate companies	50,043	50,145
	Financial assets available for sale	74,356	55,911
	Financial accounts receivables	132,208	102,964
	Derivative financial instruments	99,798	695
	Deferred tax assets	409,299	169,047
IV.	**Financial Investments**	**765,704**	**378,762**
Total Non-Current Assets		**5,107,430**	**3,928,836**
B. Assets held for sale		**1,032,333**	**658,705**
C. / Current Assets			
I.	**Inventories**	**316,093**	**220,081**
	Trade receivables for sales and services	919,351	839,735
	Credits and other receivables	423,954	247,932
II.	**Clients and Other Receivable Accounts**	**1,343,305**	**1,087,667**
	Financial assets available for sale	45,283	61,732
	Financial accounts receivables	541,644	372,723
	Derivative financial instruments	74,776	121,493
III.	**Financial Investments**	**661,703**	**555,948**
IV.	**Cash and Cash Equivalents**	**1,333,748**	**1,658,919**
Total Current Assets		**3,654,849**	**3,522,615**
Total Assets		**9,794,612**	**8,110,156**

Consolidated Balance Sheet of Abengoa at December 31, 2008 and 2007

- Figures in thousands of euros -

Shareholders´ Equity and Liabilities	31/12/2008	31/12/2007
A. Capital and Reserves		
I. Share Capital	22,617	22,617
II. Parent Company Reserves	228,534	237,389
III. Other Reserves	2,100	24,361
At fully or proportionally consolidated companies	(249,631)	13,199
At companies consolidated by the equity method	(483)	2,195
IV. Translation Differences	(250,114)	15,394
V. Retained Earnings	403,652	317,227
B. Minority Interest	220,698	180,502
Total Equity	627,487	797,490
C. Non-Current Liabilities		
I. Long-Term Non-Recourse Financing (Project Financing)	1,883,443	1,186,002
Bank loans	2,262,877	2,335,758
Obligations and other loans	161,034	214,739
Obligations under financial leasing	10,084	9,840
II. Loans and Borrowing	2,433,995	2,560,337
III. Provisions for Other Liabilities and Expenses	184,649	124,150
IV. Derivative Financial Instruments	141,040	9,769
V. Deferred Taxes Liabilities	123,432	131,405
VI. Employee Benefits	8,446	5,432
Total Non-Current Liabilities	4,775,005	4,017,095
D. Liabilities held for sale	756,811	479,728
E. Current Liabilities		
I. Short-Term Non-Recourse Financing (Project Financing)	249,284	486,178
Bank loans	218,949	164,272
Obligations and other loans	29,209	11,172
Obligations under financial leasing	6,138	6,440
II. Loans and Borrowing	254,296	181,884
III. Suppliers and Other Trade Accounts Payables	2,868,376	2,000,396
IV. Current Tax Liabilities	183,148	134,151
V. Derivative Financial Instruments	65,861	1,966
VI. Provisions for Other Liabilities and Expenses	14,344	11,268
Total Current Liabilities	3,635,309	2,815,843
Total Shareholders´ Equity and Liabilities	9,794,612	8,110,156

As of 31 December 2008 and 2007, the assets and liabilities upon the consolidated balance sheet in relation to the business of the Information Technology segment are as follows:

Concept	Balance as of 31.12.08	Balance as of 31.12.07
Asset		
Tangible Assets	80,477	49,866
Intangible Assets	413,678	136,082
Financial Investments	49,616	37,725
Current Assets	488,562	435,032
Total Assets	**1,032,333**	**658,705**
Liabilities		
Net Ownership Equity	379,366	221,989
Non-current Liabilities	301,600	92,991
Current Liabilities	455,211	386,737
Total Liabilities	**1,136,177**	**701,717**

During October 2008, the company Telvent Export S.L., a company owned by Telvent GIT S.A., agreed the acquisition of 100% of DTN Holding Company Inc., a company dedicated to providing business-critical information in the areas of agriculture, energy and transport, amongst others.

The acquisition was completed in October 2008 for US Dollars 445 M (approximately € 310 M). As such, the reference date has been taken to be 28 October 2008 for the determination of Goodwill for its inclusion with the consolidation perimeter.

In compliance with that set out in IFRS 3 upon business combinations, the Directors are currently undertaking a purchase price allocation exercise.

As of 31 December 2008, the difference between the purchase price and the net value of the asset and liabilities acquired has been fully allocated to goodwill.

As of 31 December 2008 and 2007, a detail of the income statement of the Information Technology business segment is as follows:

Item	Total as of 31.12.08	Total as of 31.12.07
Net Turnover	654,663	558,709
Operating Expenses	(505,001)	(451,909)
Other operating Income and Expenses	(82,950)	(53,817)
I. Operating Profit	66,712	52,983
II. Financial Profit	(20,077)	(12,815)
III. Associated Profit	(143)	-
IV. Consolidated Pre-tax profit	46,492	40,168
V. Consolidated After-tax Profit	38,927	35,960
VI. Profit attributed to discontinued operations net of taxes	-	-
VII. Profit attributed to the Parent Company	**26,412**	**22,277**

Finally, the impact of the Information Technology segment upon the consolidated cash flow statement of Abengoa in 2008 and 2007 is as follows:

Concept	Total al 31.12.08	Total al 31.12.07
I. Profit after taxes	38,927	35,960
II. Cash flow generated by regular operations	13,449	8,970
III. Variation in Net current assets	4,082	(19,936)
A. Cash flow from operation activities	**56,458**	**24,994**
I. Investments	(161,220)	(52,820)
II. Disinvestments	26,085	-
B. Cash flows generated by Investments	**(135,135)**	**(52,820)**
Income from borrowings	(24,451)	(20,021)
Refund from borrowings	140,723	65,820
Dividens paid	(11,182)	(8,774)
Other financial activities	(467)	6,926
C. Cash flow from financing activities	**104,623**	**43,951**
Decrease/Increase in cash, cash equivalents and bank overdrafts	25,946	16,125
Cash and cash equivalent at the beginning of the financial year	38,970	22,845
Cash in banks at the end of the financial year	**64,916**	**38,970**

Note 15.- Non-recourse Financing.

As indicated in Note 2.4 of these accounts, within the Consolidation Perimeter there are certain entities for which, in general, the main commercial purpose is the long term development of integrated products which are financed through non-recourse project finance.

This note to these accounts seeks to provide further detail upon such non-recourse financing as well as any other relevant and related information upon these financing arrangements (excluding details of fixed assets financed through such project finance, which is set out in Note 6 to these annual accounts).

15.1. The balances, and movement between the periods, at the close of 2008 and 2007 of project finance are set out in the table below:

Non recourse financing applied to projects	Balance as of 31.12.06	Increases	Decreases	Other movements	Balances as of 31.12.07
Long Term	796,068	214,504	(68,892)	244,322	1,186,002
Short Term	457,802	54,769	(33,484)	24,074	503,161
Total Recourse financing	**1,253,870**	**269,273**	**(102,376)**	**268,396**	**1,689,163**

Non recourse financing applied to projects	Balances as of 31.12.07	Increases	Decreases	Other movements	Transfer to Discontinued Operations	Balance as of 31.12.08
Long Term	1,186,002	148,550	(134,281)	823,672	(140,500)	1,883,443
Short Term	503,161	22,598	(232,531)	(15,152)	(28,792)	249,284
Total Non recourse financing	**1,689,163**	**171,148**	**(366,812)**	**808,520**	**(169,292)**	**2,132,727**

"Other movements" in general reflects entities entering into the Consolidation Perimeter for the first time and exchange rate gains and losses, primarily being a strengthening of the Brazilian Real against the Euro.

Transfers held for sale includes liabilities in relation to the Information Technology business unit (see Note 14).

Within the assets on the balance sheet (heading "financial amounts receivable" of current assets) there are reserve accounts to service debt to the amount of € 20 M relating to project finance.

The fair value of non-recourse financing is in line with the book value, as the impact of discounting is not significant.

As a result of the current market conditions within which the subsidiary Befesa Reciclaje de Residuos de Aluminio, S.A. is operating, and taking into account certain contractual clauses, refinancing negotiations have commenced to align the arrangement with conditions in the market. Debt available as of 31 December 2008 was € 39 M.

15.2. Projects as at the end of 2008 which are financed by non-recourse project finance are:

Project	Activity	Country	Status (*)	% Abengoa
Engineering and Industrial Construction:				
Abengoa Trasnmisión Norte, S.A. (ATN)	Transmission	Peru	(C)	100.00
ATE II Transmissora de Energía, S.A.	Transmission	Brazil	(O)	100.00
ATE III Transmissora de Energía, S.A.	Transmission	Brazil	(O)	100.00
ATE IV Sao Mateus Transmisora de Energía, S.A.	Transmission	Brazil	(C)	100.00
ATE Transmissora de Energía, S.A.	Transmission	Brazil	(O)	100.00
ATE V Londrina Transmisora de Energía, S.A.	Transmission	Brazil	(C)	100.00
ATE VI Campos Novo Transmisora de Energía, S.A.	Transmission	Brazil	(C)	100.00
ATE VII Foz do Iguazu Transmisora de Energía, S.A.	Transmission	Brazil	(C)	100.00
Manaus Transmissora de Energía, S.A.	Transmission	Brazil	(O)	50.50
Centro Industrial y Logístico Torrecuéllar, S.A.	Construction	Spain	(O)	100.00
Centro Tecnológico Palmas Altas, S.A.	Construction	Spain	(C)	100.00
Cogeneración Villaricos, S.A.	Cogeneration	Spain	(O)	99.22
Enernova Ayamonte, S.A.	Cogeneration	Spain	(O)	91.00
Inapreu, S.A.	Construction	Spain	(C)	50.00
NTE Nordeste Transmissora de Energía, S.A.	Transmission	Brazil	(O)	50.01
Puerto Real Cogeneración, S.A.	Cogeneration	Spain	(O)	99.10
STE Sul Transmissora de Energía, S.A.	Transmission	Brazil	(C)	50.10
Teyma Forestal, S.A.	Transmission	Chile	(O)	99.00
Teyma Forestal, S.A.	Transmission	Uruguay	(O)	100.00
Bioenergy:				
Abengoa Bioenergy France, S.A.	Ethanol	France	(C)	64.00
Abengoa Bioenergy of Illinois, Llc	Ethanol	USA	(C)	100.00
Abengoa Bioenergy of Indiana, Llc	Ethanol	USA	(C)	100.00
Environmental Services:				
Befesa Agua S.A.U. y Acciona Agua S.A.U. UTE	Desalation	Spain	(O)	100.00
Befesa Reciclaje de Residuos de Aluminio, S.L.	Recycling of aluminium wastes	Spain	(C)	60.25
Befesa Zinc, S.L.	Recycling of Zinc wastes	Spain	(O)	100.00
Chennai Water Desalination ,Ltd	Desalation	India	(C)	25.00
Geida Skikda, S.A.	Desalation	Algeria	(C)	67.00
Geida Tlenclem, S.L.	Desalation	Algeria	(C)	25.00
Tenes Lilmiyah Spa	Desalation	Algeria	(C)	51.00
Solar:				
Copero Solar Huerta, S.A.(H1-H8)	Solar Generation Energy	Spain	(O)	100.00
Copero Solar Huerta, S.A.(H9-H10)	Solar Generation Energy	Spain	(O)	100.00
Fotovoltaica Solar Sevilla, S.A.	Solar Generation Energy	Spain	(O)	80.00
GO-Orijinella, S.L.	Solar Generation Energy	Spain	(O)	100.00
GP Egeria Densam, S.L.	Solar Generation Energy	Spain	(O)	100.00
Rioglass Solar, S.A.	Solar Generation Energy	Spain	(O)	25.52
Sanlúcar Solar, S.A.	Solar Generation Energy	Spain	(C)	100.00
Solar Power Plant One	Solar Generation Energy	Algeria	(C)	66.00
Solar Processes, S.A.	Solar Generation Energy	Spain	(O)	100.00
Solnova Electricidad, S.A.	Solar Generation Energy	Spain	(C)	100.00
Solnova Electricidad, S.A. 3	Solar Generation Energy	Spain	(C)	100.00
Solnova Electricidad, S.A. 4	Solar Generation Energy	Spain	(C)	100.00
Stellata World, S.L.	Solar Generation Energy	Spain	(C)	100.00

(*) Operative (O); Construction (C)

15.3. Non-recourse financing projects completed, or financing cancelled in 2008 were:

Project	Location	Amount Given	Amount Provided
50 Mw CSP Trough Plant Solnova Electricidad 3	Seville	227	144
50 Mw CSP Trough Plant Solnova Electricidad 4	Seville	217	89
Lines of Electrical Transmission ATE III	Brazil	157	147
Adquisition Alcasa (Aluminio Catalan) by Befesa Medioambiente	Spain	120	40
Three fotovoltaics Plants of a total 10 Mw	Seville	72	68
Total		**793**	**488**

15.4. The repayment schedule of non-recourse Project financing is forecast, as at the date of this report, is as follows, and is in accordance with the projected "cash-flows" of the related projects.

2009	2010	2011	2012	2013	Following years
249,284	621,793	81,759	85,999	86,700	1,007,192

Included within those amounts repayable in 2009 are balances relating to operations financed with bridging loans, which will be repaid upon being granted non-recourse long terms Project financing.

Non-recourse project finance applied to projects also includes Non-recourse Finance in Process. This relates to certain operations which are financed in a similar manner to non-recourse projects, generally by financial entities, and which are earmarked to be future development projects which typically will eventually be financed with non-recourse project finance. Receiving finance in process is in effect similar to receiving traditional customer prepayments during various early phases of construction or of a project; Non-Recourse Finance in Process varies slightly from traditional prepayments however in that it is not received from customers but from a financial entity. Such funding typically relates to financing transitional phases of a project (typically periods of less than 2 years) during the launch and construction phase of goods/projects which once completed and ready for operation become financed under the non-recourse project finance model (See Note 2.4).

15.5. These aforementioned transitory cash operations remain in this note until the final non-recourse project financing has been definitely formalized.

However, if during the transitory period there is a risk of non-compliance with the debt repayment Schedule necessary for the formalisation of the Project Finance (or the construction which ultimately will requires financing), they are re-classified to elsewhere on the balance sheet depending upon the nature of the arrangement, typically being Debt with Financial Entities.

The table below shows details of the projects in progress as of 31 December 2008 (€ thousands):

Concept	ATE IV	ATE V	ATE VI	ATE VII	Manaus
Project starting date	April 2007	April 2007	April 2007	May 2007	October 2008
Expected ending date	April 2009	April 2009	April 2009	April 2009	October 2011
Amount of the contract	48,657	39,434	36,197	22,912	364,336
Execution at 31.12.08	37,750	30,046	27,780	13,079	-
Financing starting date	April 2007	April 2007	April 2007	May 2007	November 2008
Financing ending date	April 2009	April 2009	April 2009	April 2009	November 2010
Amount used	38,393	32,346	32,999	21,392	123,680
Long Term expected financing starting date	May 2009	May 2009	May 2009	May 2009	June 2010
Long Term Financing Lenght	Until 15 years	Until 15 years	Until 15 years	Until 15 years	Until 14 years
Long Term Total financing amount	33,295	27,555	28,700	16,455	163,876

Note 16.- Loans and Borrowings.

16.1. A detail of loans and borrowings as of 31 December 2008 and 2007 is as follows:

Non current	Balances as of 31.12.08	Balances as of 31.12.07
Loans with financial entities	2,262,877	2,346,277
Obligations and others loans	161,034	263,592
Liabilities for finance lease	10,084	33,248
Non-current Total	**2,433,995**	**2,643,117**

Current	Balances as of 31.12.08	Balances as of 31.12.07
Loans with financial entities	218,949	182,374
Obligations and others loans	29,209	11,515
Liabilities for finance lease	6,138	12,678
Total current	**254,296**	**206,567**

Total loans/borrowings	**2,688,291**	**2,849,684**

16.2. Loans and borrowings denominated in foreign currencies: Of the total amount of debts with financial entities, both short term and long term, € 160,751 thousand is denominated in foreign currency (€ 381,828 thousand in 2007), all of which relates to entities based outside of Spain. The most significant foreign currency debt financial entities are the following:

	31.12.08 Companies		31.12.07 Companies	
Currency	**Non-residents**	**Resident**	**Non-residents**	**Resident**
Dirhams (Morocco)	4,225	-	3,283	-
Dollar (Canada)	-	-	40,653	-
Dollar (USA)	113,109	-	1,386	-
Peso (Argentinian)	30	-	2,168	-
Peso (Chilean)	10,163	-	4,178	-
Peso (Mexican)	1,942	-	3,818	-
Peso (Uruguay)	-	-	1,060	-
Real (Brazilian)	31,282	-	323,718	-
Sol (Peru)	-	-	315	-
Yuan (China)	-	-	1,249	-
Total	**160,751**	**-**	**381,828**	**-**

As in the prior year and with the purpose of minimising the impact interest rate volatility on these debts, certain hedging contracts have been entered into by the Group (see Note 11).

16.3. The following is a detail of loans with financial entities:

Loan Detail	Granted Year	Granted Amount	Expiry
Sindicated Loan 2005	2.005	600	July 2012
Sindicated Loan 2006	2.006	600	July 2012
Sindicated Loan 2007	2.007	600	July 2011
Loan with Official Credit Institute	2.007	150	July 2017
Loan with the European Investment Bank	2.007	109	August 2014
Other Loans	Various	423	Various
Total		**2,482**	

The long term syndicated financing loans are raised for the purposes of financing investments and general financing requirements of the company, the first two of which are structured as lines of credit available to the Group, with the third being a multi-currency credit line. These loans are syndicated and financed by over 50 financial entities. The necessary individual guarantees have been provided by certain entities of the Industrial and Engineering Construction, Environmental Services and Bioenergy Business Groups.

The bilateral loans with the Official Credit Institute (ICO) and with Investment European Bank (BEI) are directed at financing specific investment programs, more notably overseas programs, and R&D programs.

Additionally, Abengoa, S.A. has available a total of € 176,500 thousand of short term borrowing facilities, of which € 162,300 thousand available as at the end of the period. These credit lines are primarily for financing short term working capital requirements of the Group, and are managed together with Group's cash pooling arrangement (see Note 9 upon financial risk management).

The fair value of non-current third party loans is in line with the book value recorded, as the impact of discounting is not significant.

16.4. The debt repayment calendar as at the end of 2008 is set out in the following table:

	2009	2010	2011	2012	2013	Following years
Sindicated Loan	-	266,667	866,667	666,666	-	-
Financing EIB	-	-	-	-	-	109,000
FinancinG ICO	-	-	-	-	30,000	120,000
Other Loans	218,949	119,950	7,892	2,319	4,025	69,690
Total	**218,949**	**386,617**	**874,559**	**668,985**	**34,025**	**298,690**

The exposure to the Group to movements in interest rates and the dates at which prices are revised is detailed in Note 11 upon the management of financial risks. The fair value of the current third party loans is equal their book value, as the impact of discounting is not significant. The fair value is based upon discounted cash flows, applying a discount rate being that of the third-party loan (see Note 11.3).

16.5. The balance of interest accrued which has yet to fall due is € 3,967 thousand as of 2008 (€ 3,304 thousand in 2007) which is included within “Short term debt with financial entities”.

16.6. Real estate pledged against mortgages as of 31 December 2008 are not significant.

16.7. The average interest rates associated with the debt facilities reflects normal levels in each of the regions and areas in which the facility was agreed.

16.8. Commitments and other loans.

“Commitments and Other Loans” includes Sale and Lease back arrangements entered into by a subsidiary of Abengoa Bioenergy Corporation. These were:

- The Sale and Lease back of York’s facilities. The initial balance was for US$ 56.8 M agreed with General Electric Capital Corporation (48.72%), and the Bank of America Leasing Corporation and Merrill Lynch Leasing (51.28%). The outstanding debt at the end of 2008 was US$ 31.5 M.

- Sale and Lease back of de Colwich’s facilities for $ 27.7 M, arranged with the Bank of America Leasing Corporation (26.30%) and Merrill Lynch Leasing (73.70%). The debt outstanding at the end of 2008 was $ 19.1 M.

- Sale and Lease back of Portales’s facilities for $ 27 M arranged with GATX Financial Corporation. The outstanding debt at the end of 2008 was $ 21.0 M.

In accordance with the accounting treatment adopted, despite complying with the mathematical requirements of comparable standards and as well as criteria in relation to negotiations with the financial entities and despite having transferred 100% of the assets at these facilities, the assets in question remain within fixed assets on the consolidated balance sheet at their net book value.

Although, for operating purposes, the operation was undertaken through the ABC subsidiary, from a consolidated Group perspective the transactions imply the transfer of the asset and a commitment to make regular payments over a set period of time. In this sense, Abengoa is committed to future rental payments over five years (York), seven years (Colwich) and eight years (Portales) so as to continue operations within these premises, which represents an average annual charge of approximately $ 10 M (€ 7.2 M), as well as ensuring the maintenance of the plants in good operational condition and remaining as the plant operator should the purchase option not be exercised.

The entity has the option, albeit not obliged to exercise the option, to repurchase the facilities during a fixed period or at the end of the term at market price. If ABC or the Abengoa Group decides not to exercise the option, the Group is obliged to comply with a solution by the lessor in which the latter is able to dispose of or transfer the assets to third parties or another form of management.

The board are of the view that not treating these arrangements as financing leases represents a true and fair reflection of the substance of the arrangement and the financial position of the consolidated Group, taking into account the corporate strategy, the driving reasons behind the arrangements with the financial entities and, in particular, that there is no commitment to exercise the re-purchase option. In fact, the conditions of the transaction suggest there is in fact reasonable doubt as to whether such an option would in fact be exercises.

16.9. Additionally within "Commitments and Other Loans" are long and short term amounts payable to official entities (the Ministry of Industry and Energy, amongst others) relating to the repayment of loans and grants, without interest, provided for R&D projects. As of the end of 2008 such balances amounted to € 10,263 thousand (€ 16,052 thousand in 2007).

16.10. Finance lease creditors as at the close of 2008 and 2007 were:

Finance Lease	Balances as of 31.12.08	Balances as of 31.12.07
Present Values paid made for finance lease	16,222	45,926
Liabilities: minimum payments for finance lease		
- Between 1 to 5 years	19,232	49,758
- More than 5 years	1,370	1,374
Net value in books		
- Technical Installations and Machinery	11,433	36,815
- Other tangible assets	8,324	4,118

Note 17.- Suppliers and Other Trade Accounts Payable.

17.1. "Suppliers and Other Trade Accounts Payable" as of the close of 2008 and 2007 are shown in the following table:

Concept	Balances as of 31.12.08	Balances as of 31.12.07
Commercial suppliers	1,880,631	1,547,789
Creditors for services	304,506	306,997
Future Account receivable	301,293	190,146
Borrowings in short term	28,985	35,869
Other payable accounts	352,961	238,648
Total	**2,868,376**	**2,319,449**

The table above includes amounts payable of € 382 M as of 31 December 2008 (€ 157 M as at 2007) being "Confirming without recourse" relating to various such agreements entered into with a number of financial entities in which the Group receives "confirming" services thereby bringing forward the timing of cash receipts from receivables.

The fair value of "Suppliers and Other Amounts Payable" is in line with their book value, as the impact of discounting is not significant.

17.2. A detail of supplier ageing is provided in the following table:

Maturity	2008
Until 3 months	520,809
Between 3 and 6 months	989,099
Over 6 months	370,723
	1,880,631

Note 18.- Provisions and Contingencies.

18.1. Provisions for Other Liabilities and Expenses.

The following table shows the movement of the heading "Provisions for Other Liabilities and Expenses" between 2007 and 2008:

Concept	Amount as of 31.12.07	Increases	Decreases	Other Movements and transfer held for sale	Amount as of 31.12.08
Provision for others liabilities and expenses	125,415	58,059	(15,318)	16,493	184,649

Concept	Amount as of 31.12.06	Increases	Decreases	Other Movements	Amount as of 31.12.07
Provision for others liabilities and expenses	58,434	48,725	(5,075)	23,331	125,415

With regards to liabilities transferred for sale, see Note 14.

As at the end of 2008 the net operating profits includes an amount of € -58 M relating to a necessary provision to cover specific risks regarding business trends outside of the Spanish territories, primarily relating to Industrial Engineering and Construction activities, mainly in Brazil. During the period provisions were utilised to the amount of € 15 M (which were provided for in prior period) as suggested by IAS 37 as their nature was considered to be a remote contingent liabilities or because the risk for which they were created has materialised.

In addition to the previous paragraph, provisions of € -65 M were made within financial results reflecting the negative valuation of financial derivative instruments relating to interest rate, foreign exchange and commodities hedges which do not meet all the requirements of IAS 39 so as to be able to treat them as hedging contracts (see Note 11 on these Notes of Financial Statements).

18.2. Provisions and Contingencies.

As at the end of 2008 Abengoa and its Group of companies are involved in certain claims and litigations both against and in their favour. Such matters are a normal part of its business activities and the technical and economic claims represent those which parties of a given contract may typically invoke. The most significant of such claims is currently abroad, and relates to a contract to repower electrical power stations. For various reasons, at right time the contract has been claimed by the Group company as they adjudged it impossible to comply with the contract. This view arose due to the failure of the customer to obtain, in time and nature, the necessary administrative licences and permissions so as to be able to complete the project.

As a result, the Group company mentioned above has reclaimed certain substantial economic amounts. However, these amounts are not recognised in these Financial Statements or those of prior periods, due to their nature as contingent assets. The claims were made in 2003 by the Group company including concepts such as intangible losses and indirect damages far

over and above the value of the original contract (of approximately 200 M dollars). The Directors of Abengoa hope that this litigation will resolve itself within a reasonable time frame and as such do not believe it to be necessary to recognise a liability in the financial accounts.

This view has been corroborated by the legal advisors to the Group, especially due to the damage limitation clauses included within the contract, which exclude indirect damage claims and a cap direct damages claims.

Note 19.- Third-Party Guarantees and Commitments.

As of the end of 2008 the overall value of guarantees granted from to third parties was € 1,174,067 thousand (€ 1,135,390 thousand in 2007), relating to guarantees to customers, financial entities, public bodies and other third parties.

There are also other guarantees provided by other Group companies regards to the financing of the diverse operations with financial entities (excluding the Syndicated loan with Abengoa, S.A. as commented on in Note 16) to the amount of € 1,673,934 thousand (€ 1,297,648 thousand in 2007), with € 1,084,767 thousand (€ 904,366 thousand in 2007) relating to operations outside of Spain, being both overseas entities as well as Spanish entities with overseas operations.

Further to this, as at the close of the period, the balance of guarantees received from third parties relating to interrupted activities of the Information Technology business unit were € 134,174 thousand € (€ 96,711 thousand in 2007), whilst those granted by Abengoa the entities within this business segment to third parties was € 182,554 thousand (€ 23,120 thousand in 2007).

Note 20.- Tax Situation.

20.1. Application of rules and tax groups in 2008.

Abengoa, S.A. and 262 further Group companies (see Appendix V of these accounts) are taxed in 2008 under the Special number 2/97 Regime for Groups of companies.

Telvent GIT, S.A. and 13 other companies (See Appendix V of these accounts) paid tax in 2008 under “Companies taxed under the Special Regimen for Company Groups” number 231/05.

Similarly, Proyectos de Inversiones Medioambientales, S.L. and 11 further companies (see Appendix V of these accounts) are taxed in 2008 under the special regime 4/01B of the Basque country for groups of companies.

The remaining Spanish and overseas companies that make up the Group are subject to corporation tax under the general tax regime.

With regards to the tax regime under the legislation of the Basque Country, applicable to Befesa Medio Ambiente, S.A. and its subsidiaries, in January 2005 the Supreme Court ruled that laws within the regional corporate tax legislation were null and void. The local authorities have announced their decision to challenge this ruling, although as at the date of these accounts, these appeals have not been released.

In order to calculate the taxable earnings of the consolidated tax Group and the individual entities which are within the consolidation perimeter, the accounting profit is adjusted to take into account the timing and permanent differences which may exist, giving rise to deferred tax assets and liabilities. Typically, deferred tax assets and liabilities arise as a result of making the valuations and accounting criteria and principles of the individual entities consistent with those of the consolidated Group, being those of the parent company.

The corporation tax payable, under the general regime or the special consolidated group regime, is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the territory and/or country in which the entity is domiciled. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation. Certain entities taxed under special regimes may receive given tax breaks and deductions due to the nature of their main commercial activity.

20.2. Deferred Tax Assets.

With exportation as an integral element of its business, Abengoa, S.A. and various subsidiaries in Spain (belonging to the Industrial Engineering and Construction, Environmental Services, Bioenergy, Information Technologies and Solar business group) have decided, in 2008, to reinitiate the application for tax benefits included in Article 37 of the Export Deductions (DAEX) of the Spanish Company Tax Law (LIS), for 2008 as well as previous periods that have not reached their expire date.

Despite the Export Activities Deduction (DAEX), for years, as a consideration with regards to investment decisions in certain projects, the Group, within the framework of tax position, did not consider it convenient to apply for such tax deductions (as done in 2001 and 2002), due to complications regarding the legal-taxation interpretations of the necessary requirements to be maintained so as to retain the rights described within said Article 37 of the LIS. For this

reason, in certain cases, the Group chose to opt for alternative tax incentives for which the right to claim was not in question.

In 2008, however, Abengoa has decided to proceed with the DAEX deduction, having met all the conditions and requirements for its application. In 2008 various resolutions have been released by the Central Economic Administrative Tribunal (TEAC) which have supported the right to the deductions of other groups of companies which operate within similar circumstances to Abengoa, which differ to the initial interpretation by the Tax Office. As such, an exhaustive analysis has been undertaken of the supporting documentation for the application for this deduction, for both the 2008 taxable period, as well as prior periods that have not reached their expire date, for which the Group has submitted the complementary corporation tax returns.

Abengoa has re-estimated the probability of recuperating these tax incentives. As a consequence of this, the Group has included a deduction in its return to the amount of € 231 M (being both prior periods in which it was not applied for and the current period). However, due to tax planning requirements and taking into account the limit for the application of 10 years, as set out in the law, these fiscal benefits have still not been used through their reduction in quota of the Corporation Tax.

Considering the difficulty of the financial planning in the medium and long term in the present economic complex environment, as well as the complexity of its corresponding tax planning, the Group considers that, at this moment, and once taken into account the rest of the deductions and the applicable limits by the LIS, the recuperation of the tax credits could be probable to compensate in the amount of € 127 M, being this income recognised in the income statements of the current year results.

Regarding the accounting treatment of these reduction, both paragraph 4 of IAS 12 (which considers the accounting treatment corporate tax), as well as IAS 20 (which considers the accounting treatment of official grants in paragraph 2.b) exclude from their scope the accounting treatment of investment tax credits. In this sense, IAS 20.19 indicates the possibility that there exists the concept of a grant en certain tax packages with certain characteristics of an “investment tax credits” and recognises that on occasions it is complex to distinguish if the underlying components of an economic transaction are grants and what are their characteristics are.

The lack of specific guidance in either IAS 12 or IAS 20, regarding investment tax credits, makes it necessary for the Group to analyse on a case by case basis, the existing conditions so as to determine the appropriate accounting treatment in each event. From this analysis, the Group is of the view that there are cases in which the deduction is directly related to an investment in an asset, taking into account the concept of governmental assistance of the tax policy, thereby strengthening its character as a grant for accounting purposes. In this way, this treatment, considered as a grant, more reliably reflects the underlying economic attributes of the transaction. In such cases in which it is concluded, through an individual project by project basis, that the DAEX is a contributing factor in making the decision, of the investment, the Group registers the income in accordance with IAS 20, recognising such income as Other Operating Income (€ 68 M). On the other hand, in those cases in which the aforementioned requirements are not met, the Group has considered that with regards to Art. 37 LIS it remains under IAS 12 (€ 59 M) and is registered as a tax on profits earned.

The movements in assets and liabilities between 2008 and 2007 due to deferred taxes were as follows:

Assets for diferred taxes	Amount
As of 31 December 2006	228,919
Increase / Decrease due to income statement	13,131
Increase / Decrease due to equity	(49,264)
Other movements	(2,318)
As of 31 December 2007	**190,468**
Increase / Decrease due to income statement	217,274
Increase / Decrease due to equity	54,745
Other movements	(31,767)
Transfer ot assets held for sale	(21,421)
As of 31 December 2008	**409,299**

Liabilities for diferred taxes	Amount
As of 31 December 2006	86,372
Increase / Decrease due to income statement	16,234
Increase / Decrease due to equity	2,735
Other movements	33,839
As of 31 December 2007	**139,180**
Increase / Decrease due to income statement	23,746
Increase / Decrease due to equity	42,717
Other movements	(74,436)
Transfer ot assets held for sale	(7,775)
As of 31 December 2008	**123,432**

With regards to assets held for sale, see Note 14.

The movements in deferred assets which were charged directly to reserves in 2008 and 2007 related entirely to interest payment and raw material hedging instrument contracts entered into by the Group.

The balances shown in Other Movements relate to deferred tax asset and liability movements arising from changes in the consolidation perimeter.

Deferred tax balances related primarily to tax credits to be utilised at a future date as well as other items arising from consolidation adjustments. This balance includes deferred tax assets relating to exporting activities undertaken by the Group as per the legislation in force, amounting to € 127 M.

Deferred tax liabilities relate entirely to consolidation adjustments and the application of IFRS, primarily being revaluations as per IFRS 1.

20.3. Tax on profit.

A detail of the tax on profit in 2008 is as follows:

Concept	Amount al 31.12.08
Current Tax	5,842
Deferred Tax	109,351
Total	**115,193**

Tax on the Group's earnings differs to the theoretical amount that would have been obtained by using the average weighted tax rate applicable to the consolidated profits of the Group. The difference arising between these two calculations in 2008 is set out in the following table:

Concept	Amount al 31.12.08
Profit Before Taxes	11,657
Non deductible expenses and inadmissible earnings	(9,814)
Compensation of negative Tax Beases	-
Adjusted book results	**1,843**
Taxes calculated at the taxes rates for each country	55
Unllocated tax credits and deductions	5,787
Tax Expenses	**5,842**

Of the various reasons for such differences which arise, the following are of note:

- Tax deductions arising from R&D activities: Investment in R&D by the Group in the last two years has been over € 140 M. The majority of these projects have been recognised as qualifying R&D projects within the "Motivated Report" by the Spanish Ministry for Industry. The accounting criteria utilised for the accounting recognition of R&D was that as per IAS 12 recognising it within the tax upon earnings line when all such conditions are met as per the standard regarding general deductions.

- Tax deductions arising from exportation activities: The internationalisation of Abengoa, through the investment in overseas entities with the clear purpose of increasing its exported activities of goods and services, has resulted in a significant amount of tax deductions for exporting activity. The accounting criteria followed with regards to exportation activities is as discussed in Note 20.2.

- Abengoa profits originating from outside of Spain: 65.4% of 2008 Abengoa revenues were generated from outside of Spain where typically the corporation tax rates will differ to those in Spain. Also in 2008, Abengoa generated gains from exports and the undertaking of projects outside of Spain, which have profits from specific tax regimes.

- Spanish corporation tax under the special consolidation tax system: Since 1997 the majority of companies in which Abengoa has a holding in Spain pay tax on a consolidated basis, thereby enabling, amongst other factors, the offsetting of losses of certain subsidiaries, obtaining greater tax deductions for investments in R&D&i and other activities, the deferral of tax payable on gains made by transaction between the fiscal Group which, in certain cases, can result in a net neutral tax position.

Note 21.- Share Capital.

As of 31 December 2008 the share capital of the company was € 22,617,420, made up of 90,469,680 ordinary shares of one class all with equal voting and economical rights, of 0.25 Euros nominal value allocated and paid up.

All shares are accounted for, and are listed on the stock exchanges of Madrid, Barcelona and the Network Stock Exchange System (Sistema de Interconexión Bursátil SIB) (a continuous stock market) since 29 November 1996.

In accordance with notifications received by the company and in compliance with reporting requirements to communicate percentage shareholdings and in accordance with information received from related parties, shareholders with a significant holding as at 31 December 2008 are:

Shareholders	% Share
Inversión Corporativa IC, S.A. (*)	50.00
Finarpisa, S.A. (*)	6.04

(*) Inversión Corporativa Group.

The Abengoa, S.A. Ordinary Shareholder Meeting of 16 April 2008, authorised the Board of Directors to:

1.- Increase the share capital, one or more times, up to € 11,308,710 Euros, being 50% more than the shares at the time of authorisation, during a period of 5 years.

2.- Extend an agreement upon the payment of convertible notes or not, on shares up to € 261,585 thousand over a maximum period of 5 years from 26 April 2009.

3.- Agree the emission of other titles which recognise or create a debt or application of capital, within the applicable legal limits of each case.

4.- Indirectly acquire own shares, within legal limits, at a price of between € 0.03 and € 120.20 per share within a period of up to 18 months.

The Extraordinary Shareholders Meeting for Abengoa dated 16 October 2005 gave permission to the Board of Directors to approve and enter into a Share Purchase Plan for the Executives of the Group (from here on in "the Plan"). These included directors of the Business Groups, directors of business units, key R&D and Technical managers those responsible for corporate services. The plan is open to all those executives across all subsidiaries and business groups, present or future, who wish to voluntarily join the scheme, excluding the Board of Directors of Abengoa. Those participating will have access to a bank loan so as to fund the purchase of Abengoa shares at market price, complying with article 81.2 of the Anonymous Company Law. The loan, in aggregate is up to € 87 M with a 5 year term to maturity. The number of Abengoa shares which may be purchased is up to 3,200,000, accounting for 3.53% of the total share capital of the company. The Plan was implemented as of February 2006.

Note 22.- Parent Company Reserves.

22.1. The following table shows the amounts and the movements of the Parent Company Reserves in 2008 and 2007:

Concept	Amount as of 31.12.07	Distribution Results. 2007	Other Movements	Amount as of 31.12.08
Share premium	110,009	-	-	110,009
Revalorization reserves	3,679	-	-	3,679
Other reserves of the parent company:				
- Reserves	118,502	37,958	(46,221)	110,239
- Capital Reserves	5,199	-	(592)	4,607
Total Other Reserves	**237,389**	**37,958**	**(46,813)**	**228,534**

Concept	Amount al 31.12.06	Distribution Results. 2006	Other Movements	Amount as of 31.12.07
Share premium	110,009	-	-	110,009
Revalorization reserves	3,679	-	-	3,679
Other reserves of the parent company:				-
- Reserves	108,466	10,035	1	118,502
- Capital Reserves	4,523	-	676	5,199
Total Other Reserves	**226,677**	**10,035**	**677**	**237,389**

22.2. The legal reserve, of some € 4,607 thousand, has been created in accordance with Article 214 of the Anonymous Company Law, which states that in all cases, an amount of at least 10% of the earnings of the period will be allocated to this reserve until at least 20% of the share capital is achieved and maintained. The legal reserve may not be distributed and if used to compensate for losses in the event that there are no other reserves available to do so, it should be replenished from future profits.

22.3. The Revaluation Reserve encompasses the net effect of updating balances for revaluations in accordance with the Royal Decree Law 7/1996; the balance is unavailable for distribution until it has been deemed available by the Spanish Tax Administration. Such approval is only within the first 3 years following the revaluation being performed. However, the revaluation reserve was created as at 31 December 1996, with such a window for approval therefore closing on 31 December 1999. Once the 3 years has passed, or approval has been granted, the balance of the account may be used to offset accounting losses, to increase share capital or, ten years following its creation in the accounts, into reserves freely available for distribution.

22.4 On 19 November 2007, the company agreed a contract with Santander Investment Bolsa, S.V. for the purposes of, without interfering in the normal trends of the market and strictly in compliance with the stock exchange rules, to finance the purchase of own shares. Although the contract is not in accordance with CNMV statement (circular CNMV 3/2007) of 19 December, Abengoa has voluntarily complied with the information requirements as set out in the statement (Circular 3/2007). The operations carried out under the Liquidity Contract were reported on a quarterly basis to the “Comisión Nacional del Mercado de Valores” as well as being included on the Abengoa´s website.

As of 31 December 2008 the balance of own shares held was 2,194,948 (relating to the Liquidity Contract).

Regarding the operations undertaken during the year, the number of own shares acquired through the Liquidity Contract was 20,599,054 and the number of own shares sold was 18,404,106, with a net accounting result, recognised in the reserves of the parent company of € 17,350.9 thousand.

22.5 The proposed distribution of 2008 results and other reserves of the parent company as to be presented at the General Shareholders Meeting, as well as that approved for 2007, is set out in the following table:

Bases of distribution	Amount as of 31.12.08	Amount as of 31.12.07
Profit of the year	55,700	53,338

Distribution	Amount as of 31.12.08	Amount as of 31.12.07
Volunteer Reserves	39,415	37,958
To dividens	16,285	15,380
Total	**55,700**	**53,338**

Note 23.- Other Reserves.

Other Reserves includes the impact upon reserves of the valuation of derivatives instruments, investments available for sale and the Stock Options Scheme at the end of the financial year.

The following table shows the balances and movements of other reserves by concept for and between 2008 and 2007:

Concept	Reserves Cover Op.	Reserves Inv.Held for sale	Stock Options Scheme	Total
Balance as of 31December 2007	28,715	(2,807)	(1,547)	24,361
- Profit for the reasonable value of the financial year	99,518	(3,195)	(13,367)	82,956
- Transfer to profit and loss	(64,448)	(1,506)	-	(65,954)
- Taxes over the fair values	(29,944)	959	4,058	(24,927)
- Other Movements	(17,834)	2,169	1,329	(14,336)
Balance as of 31 December 2008	**16,007**	**(4,380)**	**(9,527)**	**2,100**

Concept	Reserves Cover Op.	Reserves Inv.Held for sale	Stock Options Scheme	Total
Balance as of 31December 2007	(82,268)	811	1,741	(79,716)
- Profit for the reasonable value of the financial year	108,369	(3,893)	(4,209)	100,267
- Transfer to profit and loss	37,866	(276)	921	38,511
- Taxes over the fair values	(35,252)	551	-	(34,701)
- Other Movements	-	-	-	-
Balance as of 31 December 2008	**28,715**	**(2,807)**	**(1,547)**	**24,361**

For further information upon derivative activities please see Note 11.

Note 24.- Translation Differences.

24.1. The amount of the translation differences of the companies in the Group and associate companies at the end of the 2008 and 2007 financial years is as follows:

Concept	Amount as of 31.12.08	Amount as of 31.12.07
Translation Exchange		
- Group	(249,631)	13,199
- Associated	(483)	2,195
Total	**(250,114)**	**15,394**

24.2. The details of the differences in conversion by consolidated company by Global / Proportional Integration and companies integrated by the Equity Method at the close of the 2008 and 2007 financial years is as follows:

Companies	Total as of 31.12.08	Total as of 31.12.07
Abencasa-Abengoa Comer. y Administraçao, S.A.	575	(1,319)
Abener Engineering & Construction Services, LLC	(302)	(1,129)
Abener Energia El Sauz, S.A. de C.V.	(637)	-
Abengoa Bioenergía Sao Paulo	(93,969)	(4,401)
Abengoa Bioenergy Corporation	(23,516)	(27,451)
Abengoa Bioenergy Maple, LLC	(3,788)	-
Abengoa Bioenergy New Technologies, Inc	(863)	(415)
Abengoa Bioenergy of Illinois, LLC	4,683	-
Abengoa Bioenergy of Indiana, LLC	3,365	-
Abengoa Bioenergy Operations, LLC	(3,427)	960
Abengoa Bioenergy UK Limited	(8,517)	-
Abengoa Bioenergy US Holding, Inc	-	5,482
Abengoa Bionergy Trading US, LLC	403	-
Abengoa Brasil, Ltda.	8,257	12,846
Abengoa Chile, S.A.	903	2,275
Abengoa Concessoes Brasil Holding	(30,153)	-
Abengoa México, S.A. de C.V.	(1,430)	-
Abengoa Perú, S.A.	(340)	-
Abengoa Solar Inc.	(7,114)	-
Abenor, S.A.	1,156	1,156
Aguas de Skikda	364	-
Asa Bioenergy Holding, AG	(537)	1,015
Asa Bioenergy of Nebraska, LLC	(6,097)	(8,302)
Asa E.& E.H., AG	6,294	4,669
Asa Investment AG	(761)	1,124
ATE II Transmissora de Energia, S.A.	(28,304)	11,278
ATE III Transm. Energía, S.A.	(22,459)	-
ATE Transsmisora de Energía, S.A.	(9,831)	12,149
Bargoa, S.A.	(446)	(1,334)
Befesa Argentina, S.A.	(1,342)	(1,334)
Befesa Chile Gest. Amb. Limitada	(657)	-
Befesa México, S.A. de C.V.	(400)	-
Befesa Salt Slag Ltd.	(591)	(614)
Befesa Scandust AB	(1,156)	(305)
BUS Group AG	1,274	469
C.D. Puerto San Carlos, S.A. de C.V.	(387)	(385)
Caseta Technologies	-	(537)
Construcciones Metálicas Mexicanas, S.A. de C.V. (Comemsa)	(1,682)	(875)
Energoprojekt-Gliwice S.A.	-	505
Enicar Chile, S.A.	(4,001)	(4,000)
Huepil de Electricidad, S.L.	(333)	(333)
Miner & Miner Consulting Engineering, Inc.	-	(2,231)
Mundiland, S.A.	1,846	1,806
NicsaMXP, S.A. de CV	(392)	-
NTE - Nordeste Transmissora de Energía, S.A.	1,204	8,410
Solar Power Plant One (SPP1)	1,333	(1,017)
STE-Sul Transmissora de Energia, Ltda.	-	4,002
Telvent Brasil, S.A.	-	1,201
Telvent Canada Ltd	-	2,549
Telvent Factory Holding, AG	-	(336)
Telvent Farradyne Inc	-	(3,778)
Telvent Traffic North America	-	1,519
Telvent USA Inc	-	(1,168)
Teyma Abengoa, S.A.	1,571	1,531
Teyma Uruguay Holding	513	1,425
Teyma Uruguay, S.A.	(2,051)	(1,038)
Related companies interrupted activity	(19,173)	-
Other Negative < 300 thousand of €	(11,370)	(4,440)
Other Positive < 300 thousand of €	2,654	3,570
Total	**(249,631)**	**13,199**

Societies M.P.	Amount as of 31.12.08	Amount as of 31.12.07
Expansion Transmissào de Energia Eletrica, Ltda.	(57)	2,553
Expansion Transmissao Itumbiara Marimbondo, Ltda.	297	1,881
Redesur	(2,360)	(2,569)
Other Positives < 300 thousands of €	2,392	419
Others Negatives < 300 thousands of €	(755)	(89)
Total	**(483)**	**2,195**

The attributed amount in this financial year has decreased in € 265,508 thousands (decrease in € 22,672 thousands in 2007), due fundamentally to the depreciation of the Brazilian real.

Note 25.- Retained Earnings.

25.1. The amount and movement of the accounts that form part of the Retained Earnings heading during the 2008 and 2007 financial years are as follows:

Concept	Amount as of 31.12.07	Result Dist. 2007	Results 2008	Other Movements	Amount as of 31.12.08
Reserves in Consolidated societies GI / PI	192,813	62,822	-	3,161	258,796
Reserves in Societies in equivalence	4,011	4,243	-	(3,800)	4,454
Dividends and Reserves parent company	-	53,338	-	(53,338)	-
Total Reserves	**196,824**	**120,403**	**-**	**(53,977)**	**263,250**
Consolidated result of the financial year	135,819	(135,819)	165,777	-	165,777
Profit attributable to minority interest	(15,416)	15,416	(25,375)	-	(25,375)
Profit attributable to the Parent Company	**120,403**	**(120,403)**	**140,402**	**-**	**140,402**
Total Accumulated Profits	**317,227**	**-**	**140,402**	**(53,977)**	**403,652**

Concept	Amount as of 31.12.07	Result Dist. 2007	Results 2008	Other Movements	Amount as of 31.12.08
Reserves in Consolidated societies GI / PI	122,421	68,297	-	2,095	192,813
Reserves in Societies in equivalence	5,045	7,532	-	(8,566)	4,011
Dividends and Reserves parent company	-	24,510	-	(24,510)	0
Total Reserves	**127,466**	**100,339**	**-**	**(30,981)**	**196,824**
Consolidated result of the financial year	121,503	(121,503)	135,819	-	135,819
Profit attributable to minority interest	(21,164)	21,164	(15,416)	-	(15,416)
Profit attributable to the Parent Company	**100,339**	**(100,339)**	**120,403**	**-**	**120,403**
Total Accumulated Profits	**227,805**	**-**	**120,403**	**(30,981)**	**317,227**

25.2. The Reserves in Companies Consolidated by global/proportional consolidation and by the equity method are as follows:

	Balances as of 31.12.08		Balances as of 31.12.07	
	GI / PI	MP	GI / PI	MP
Solar	1,186	222	520	-
Bioenergy	46,452	-	36,997	-
Enviromental Services	91,614	3,737	81,329	2,801
Engeneering and Industrial Construction	86,805	1,338	69,132	1,417
Corporative Activity and derivatives of the consolidation process	32,739	(843)	4,835	(207)
Total	**258,796**	**4,454**	**192,813**	**4,011**

Note 26.- Minority Interests.

Minority Interests represent the proportion of Net Reserves of Group entities which are fully consolidated but which are attributable to investors other than the Group which have a minority holding in the company.

26.1. Minority interests in 2008 were:

Company	Balances as of 31.12.07	Other Movements	Attributed Profit. 08	Balances as of 31.12.08
Abener Engineering and Construction Services, LLC	(565)	279	1,898	1,612
Abengoa Bioenergía, S.A.	4,120	(240)	3,208	7,088
AB Bioenergy France, S.A.	12,085	-	(3,170)	8,916
Abengoa Perú, S.A.	4	(2)	(1)	1
Abentey Brasil	-	(39)	172	133
Abengoa Servicios S.A. de C.V.	6	(3)	(1)	2
Alugreen	-	(1,808)	(408)	(2,216)
Aprovechamientos Energéticos Furesa, S.A.	(110)	-	(15)	(125)
Arbelux S.A.	353	36	(39)	351
Abengoa México, S.A. de C.V.	1,607	(128)	43	1,523
Befesa Medio Ambiente, S.A.	3,874	(30)	44	3,888
Befesa Agua	-	(343)	343	-
Befesa Aluminio Bilbao	-	3,279	1,196	4,475
Befesa Aluminio Catalán	-	(1,636)	22	(1,614)
Befesa Aluminio Valladolid	-	315	709	1,024
Befesa Argentina, S.A.	(62)	(7)	4	(66)
Befesa Desulfuración, S.A.	5,396	1	3,162	8,559
Befesa Escorias Salinas, S.A.	8	1,546	381	1,935
Befesa Plásticos, S.L.	243	-	3	245
Befesa Reciclaje de Aluminio	-	29,695	(615)	29,080
Befesa Salt Slag	-	(6,726)	(327)	(7,053)
Bioetanol Galicia, S.A.	2,698	(334)	86	2,451
Construcciones Metálicas Mexicanas, S.A. de C.V. (Comemsa)	55	(33)	53	75
Copero Solar Uno-Diez	-	409	(70)	339
Cogeneración Villaricos, S.A.	4	(6)	(1)	(3)
Ecocarburantes Españoles, S.A.	1,596	(227)	115	1,484
Energoprojekt-Gliwice, S.A.	13	-	(8)	5
Enernova Ayamonte, S.A.	(807)	(108)	(10)	(925)
Fotovoltaica Solar Sevilla, S.A.	254	1	57	311
Galian 2002, S.L.	49	(59)	-	(10)
Geida Skikda, S.L.	2,257	3,572	(440)	5,389
Iniciativas Hidroeléctricas, S.A.	1,026	12	(5)	1,034
NRS Consulting Engineers	-	222	(27)	195
NTE, Nordeste Transmissora de Energía, S.A.	37,459	(14,787)	6,408	29,081
Puerto Real Cogeneración, S.A.	(81)	(11)	(8)	(100)
Procesos Ecológicos Vilches, S.A.	(1,647)	(86)	347	(1,386)
Procesos Ecológicos, S.A. (Proecsa)	643	-	(28)	614
Redesur	-	(6)	-	(6)
Residuos Ind. de la Madera de Córdoba, S.A.(Rimacor)	277	-	65	342
Rioglass Solar	-	1,631	1,445	3,076
Sanlúcar Solar	18	(4)	22	35
Servicios Auxiliares de Administración, S.A. de C.V.	(160)	2	(14)	(172)
SET Sureste Peninsular, S.A. de C.V.	1,622	(1,622)	-	-
Sniace Cogeneración, S.A.	-	564	(564)	-
Sol 3G	13,216	1,213	-	14,429
Solar Power Plant One (SPP1)	19,644	(5,784)	1,891	15,752
STE - Sul Transmissora de Energía, Ltda.	-	1	(2)	-
Tarefix, S.A.	-	17	326	343
Global Engineering Sevices LLC	(3)	(10)	3	(11)
Teyma Forestal (antes Pandelco)	-	(343)	391	48
Teyma Gestión Contratos Construcción	281	(247)	255	289
Teyma Internacional, S.A.	(69)	17	104	52
Teyma Uruguay, S.A.	-	345	6	351
Teyma Uruguay ZF, S.A.	94	(77)	(15)	3
Transportadora Cuyana, S.A.	1	(1)	-	-
Company	Balances as of 31.12.07	Other Movements	Attributed Profit. 08	Balances as of 31.12.08

Waterbuild	-	168	(291)	(123)
Befesa Group	4,718	5,385	1,616	11,720
Bioenergy Group	1,031	(862)	(2,956)	(2,787)
Societies related to discontinued operations	79,426	5,667	13,164	98,257
Elimination IAS	(10,072)	(3,988)	(3,151)	(17,211)
Total	**180,502**	**14,822**	**25,375**	**220,698**

26.2. Minority interests in 2007 were:

Company	Balances as of 31.12.06	Other Movements	Attributed Profit. 07	Balances as of 31.12.07
Abener Engineering and Construction Services, LLC	-	138	(703)	(565)
Abengoa Bioenergía, S.A.	3,687	(3)	435	4,119
AB Bioenergy France, S.A.	13,044	(68)	(891)	12,085
Abengoa Perú, S.A.	(2)	8	(2)	4
Abengoa Servicios S.A. de C.V.	1	(1)	6	6
Aprovechamientos Energéticos Furesa, S.A.	13	(104)	(20)	(111)
Arbelux S.A.	-	353	-	353
Abengoa México, S.A. de C.V.	1,430	(59)	237	1,608
Befesa Medio Ambiente, S.A.	3,042	(90)	922	3,874
Befesa Argentina, S.A.	49	(115)	5	(61)
Befesa Desulfuración, S.A.	5,235	(33)	194	5,396
Befesa Escorias Salinas, S.A.	7	-	-	7
Befesa Plásticos, S.L.	239	-	4	243
Befesa Zinc Amorebieta, S.A.	3,815	(3,815)	-	0
Befesa Zinc Sondika, S.A.	2,126	(2,126)	-	0
Bioetanol Galicia, S.A.	2,802	(113)	10	2,699
Construcciones Metálicas Mexicanas, S.A. de C.V. (Comemsa)	139	(126)	41	54
Cogeneración Villaricos, S.A.	44	(35)	(5)	4
Ecocarburantes Españoles, S.A.	1,394	(73)	275	1,596
Energoprojekt-Gliwice, S.A.	8	1	4	13
Enernova Ayamonte, S.A.	(32)	(670)	(104)	(806)
Europea de Construcciones Metálicas, S.A.	3,076	(3,076)	-	0
Gestión Integral de Proyectos e Ingeniería, S.A. de C.V.	-	-	-	0
Fotovoltaica Solar Sevilla, S.A.	205	(1)	49	253
Galian 2002, S.L.	-	50	(1)	49
Geida Skikda, S.L.	-	2,324	(67)	2,257
Iniciativas Hidroeléctricas, S.A.	1,056	-	(30)	1,026
Matchmind Holding, S.L.	-	3,476	305	3,781
NTE, Nordeste Transmissora de Energía, S.A.	31,253	(799)	7,005	37,459
Pandelco, S.A.	(30)	14	12	(4)
Puerto Real Cogeneración, S.A.	(23)	(45)	(14)	(82)
Procesos Ecológicos Vilches, S.A.	1,070	(3,012)	296	(1,646)
Procesos Ecológicos, S.A. (Proecsa)	642	-	1	643
Residuos Ind. de la Madera de Córdoba, S.A.(Rimacor)	229	-	47	276
Servicios Auxiliares de Administración, S.A. de C.V.	7	(1)	13	19
SET Sureste Peninsular, S.A. de C.V.	(157)	4	(7)	(160)
Sniace Cogeneración, S.A.	1,761	(34)	(105)	1,622
Solar Power Plant One (SPP1)	-	13,216	-	13,216
STE - Sul Transmissora de Energía, Ltda.	15,204	1,487	2,954	19,645
Beijing Blue Shield HGlh & New Tech. Co., Ltd	476	(475)	(142)	(141)
Telvent GIT, S.A.	52,022	(1,262)	9,363	60,123
Teyma Internacional, S.A.	-	7	275	282
Teyma Uruguay, S.A.	311	(311)	(70)	(70)
Teyma Uruguay ZF, S.A.	134	(137)	97	94
Transportadora Cuyana, S.A.	-	1	-	1
Befesa Consolidated	562	3,369	787	4,718
Bioenergy Consolidated	1,333	(772)	470	1,031
Telvent Consolidated	12,624	1,231	1,809	15,664
Elimination IAS	(7,775)	5,742	(8,039)	(10,072)
Total	**151,021**	**14,065**	**15,416**	**180,502**

Other Movements reflects changes in shareholding of the various entities with minority shareholdings and exchange rate movements impacting entities based outside of Spain.

26.3. The table below details the Companies and Entities external to the Group which have a shareholding of equal to or greater than 10% of a subsidiary of the parent company which is within the perimeter of consolidation:

Participation in Company	Partner	% Share
AB Bioenergy France, S.A.	OCEOL	36.00
Abener-Dragados Industrial-México, S.A. de C.V.	Dragados Industrial, S.A.	50.00
Befesa Desulfuración, S.A.	Fertiberia	10.00
Befesa Zinc Amorebieta, S.A.	Personas físicas	49.00
Befesa Zinc Sondika, S.A.	Personas físicas	49.00
Beijing Blue Shield HGlh & New Tech. Co., Ltd.	Shenzhen Airport Co. Ltd, China Motor	20.00
Biocarburantes de Castilla y León, S.A.	Ebro Puleva, S.A.	50.00
Bioener Energía, S.A.	Ente Vasco de la Energía	50.00
Bioetanol Galicia, S.A.	SodGla Galicia, Sociedad Capital Riesgo, S.A.	10.00
D.E. Arico, S.A.	Hidráulica Maspalomas, S.A. y Soc. Inv. Maspalomas, S.A.	33.35
Donsplav	Scarp	49.00
European Tank Clean Company	Sodi	49.97
Explotaciones Varias, S.A.	Layar Castilla, S.A.	50.00
Fotovoltaica Solar Sevilla, S.A.	IDAE	20.00
Inapreu, S.A.	Preufet, S.A.	50.00
Iniciativas Hidroeléctricas, S.A.	Suma de Energías, S.L.	45.00
Líneas Baja California Sur, S.A. de C.V.	Elecnor, S.A.	50.00
Nordeste Transmissora de Energía, S.A. (NTE)	Dragados Industrial, S.A.	49.99
Procesos Ecológicos, S.A. (Proecsa)	Global Plasma Environment, S.A.	49.99
Recytech	Metaleurope	50.00
Residuos Ind. de la Madera de Córdoba,S.A. (Rimacor)	Aytos. Montoro, Lucena, Villa del Río y Corporaciones	30.08
Residuos Sólidos Urbanos de Ceuta, S.L. (Resurce)	Esys Montenay España, S.A.	50.00
Sniace Cogeneración, S.A.	Bosques 2000, S.L.	10.00
Solar Power Planta One (SPP1)	NEAL	34.00
Soluciones Ambientales del Norte Limitada	Gescam	10.00
STE – Sul Transmissora de Energía, Ltda.	Controles y Montajes	49.90
Telvent GIT, S.A.	CEDE & Co.	32.17

Note 27.- Gross Cash Flows from Operating Activities.

IFRS's, as applied by Abengoa since the 2005 financial period, and specifically the interpretation Nº 12 of the International Financial Reporting Interpretations Committee (IFRIC) on service concession arrangements, which states, among other matters, that the construction contracts associated with this type of activities should be treated in accordance with IAS 11 (see Notes 2.24 b and c).

In addition to the service concession arrangements, the company undertakes a series of projects based on the integrated product (see Notes 2.4 and 6), which have a series of characteristics, which makes them comparable to service concession arrangements, these projects are outside of the scope of interpretation Nº 12 of the IFRIC, which refers exclusively to service concession arrangements. Such projects are financed through the Non-Recourse Project Finance model, in which a company of the Group undertakes the construction of the asset under a contract with agreed prices and timetables, which is analysed by an independent expert who reviews the contractual terms and the amount of the construction contract, verifying that they are carried out in market conditions.

Consequently, the results obtained in these operations cannot be recognized as accrued result until the assets are amortised or the transfer to third parties is effected. As such, neither profits nor operating cash flows from operating activities obtained in the construction of this type of asset are recognised within the financial statements.

Without prejudice to international guidelines, and for the purpose of offering the users of Abengoa's financial statements a fair view of the results and cash flows from operating activities, the Consolidated Cash Flows Statement as presented in these Financial Statements, includes the line Gross Cash Flow from Operating Activities which fairly reflects the cash flow generated from the operating activities, and whose details in financial years 2008 and 2007 were as follows:

Concept	Balances as of 31.12.08	Balances as of 31.12.07
Consolidated after tax-income	126,850	135,819
Taxes	(115,193)	14,273
Depreciation and debits for loss of value	163,157	97,405
Financial results	293,850	140,489
Share in profit/loss of associated companies	(9,387)	(4,243)
Work done for fixed assets	86,041	68,624
Gross cash flows from Operating activities from Business Units	**545,318**	**452,367**

The heading of work carried out for Fixed Assets reflects the balance of the net result to the construction contracts not subject to IFRIC 12 and the reversion of the amortization of the results attributable to such construction contracts which had previously been considered as an increase in the value of the asset.

Note 28.- Income from Continuing and Discontinuing Operations.

In accordance with IFRS 5, the Company has shown as a separate line within the income statement and the cash flow statement, the impact of the Information Technology business which has been treated as discontinuing.

The underlying purpose of IFRS 5 is to separately identify those results and cash flows of those activities which qualify as discontinuing, so as making it possible for the user of the accounts to adequately evaluate their impact upon the financial statements and in particular of any future projected period which they may prepare, in a way that doesn’t require adjusting the individual items within the income statement nor the grouping results of those activities in the determination of their assets and liabilities, or the tax implications of such matters

As such, to the extent which the operating results are significant with regards to determining the financial covenants of the entities corporate financing (see Note 9.1c), in this note are shown the size of the impact of the entity in its entirety, including those of activities qualified as discontinued up to the moment at which control is transferred, as set out in the following table:

Concept	2008	2007
Profit of the continued operations	296,120	233,355
Profit of the discontinued operations	66,712	52,983
Total Profit	**362,832**	**286,338**

Note 29.- Other Operating Income.

Other Operating Income in the Income Statement includes subsidised income and all other income not captured within other income lines. The following table shows a breakdown of other operating income:

Concept	Balnces as of 31.12.08	Balances as of 31.12.07
Income from various services	162,431	124,392
Self work made for the tangible assets	780,922	199,674
Official capital grants	71,614	6,840
Others	16,490	1,618
Total	**1,031,457**	**332,524**

As indicated in Note 20.2, Grants in 2008 includes income in relation to export activity deductions as an when it is considered appropriate to apply IAS 20 upon Grants (see Note 20).

Note 30.- Staff Costs.

The following table shows a breakdown of employee expenses in 2008 and 2007:

Concept	Balances as of 31.12.08	Balances as of 31.12.07
Wages and salaries	300,418	259,917
Welfare charges	119,955	74,934
Stock plans	23,145	16,445
Total	**443,518**	**351,296**

The amount relating to Share Plans in Note 2.20 of these Accounts increased to € 16,667 thousand.

Note 31.- Other Operating Expenses.

The table below shows a detail of other operating expenses in 2008 and 2007:

Concept	Amount as of 31.12.08	Amount as of 31.12.07
Renting and canon	48,721	45,816
Reparing and conservation	54,291	39,886
Independing professional services	89,801	81,625
Transport	30,988	21,319
Supplies	82,942	66,125
Other external services	117,345	111,404
Taxes	43,400	38,098
Other expenses	54,365	35,079
Total	**521,853**	**439,352**

Note 32.- Financial Income and Expenses.

The following table sets out a detail of Financial Income and Costs in 2008 and 2007:

Financial Incomes	Amount as of 31.12.08	Amount as of 31.12.07
Interest debts incomes	30,864	22,630
Profit of financial assets at fair values	-	-
Profits swap/cap: cash flow cover	-	-
Profit swap/cap: cover at fair value	-	-
Total	**30,864**	**22,630**

Financial Expenses	Amount as of 31.12.08	Amount as of 31.12.07
Interest expenses		
Loans with financial entities	(208,505)	(128,956)
- Other debts	(38,098)	(33,400)
Loss from financial assets at reasonable values.	-	-
Losses swap/cap: cash flow cover	(14,696)	(2,351)
Losses swap/cap: cover at fair value	-	-
Total	**(261,299)**	**(164,707)**

Net Financial Expenses	**(230,435)**	**(142,077)**

Most significant Financial Income and Expenses as at 31 December 2008 corresponds to interest income from financial investment interests expenses from debt (corporate debt and non-resource debt linked to projects) and decrease in fair value from interest rate hedge of final statement (see Note 11.3).

Note 33.- Net Exchange Differences.

The following table sets out the Exchange Rate Differences in 2008 and 2007:

Financial Incomes	Amount as of 31.12.08	Amount as of 31.12.07
Profit in foreign exchange transactions	52,258	50,344
Profit in swap/cap contracts: cover of cash flow	-	1,711
Profit in swap/cap: covers at fair values	-	-
Total	**52,258**	**52,055**

Financial Expenses	Amount as of 31.12.08	Amount as of 31.12.07
Losses in foreign exchange transactions	(58,176)	(29,517)
Losses in swap/cap contracts: cover of cash flow	(53,576)	(2,579)
Losses in swap/cap: covers at fair values	-	-
Total	**(111,752)**	**(32,096)**

Exchange Net differences	(59,494)	19,959

The significant balances within Financial Income and Costs as at the close of 2008 relate to returns on financial investments, debt financing interest costs (corporate debt and non-recourse Project financing) and fair value losses on interest rate financial derivative instruments (see Note 11.2) and too exchange differences losses due to decrease on the Brazilian real exchange rate.

Note 34.- Other Net Financial Income and Expenses.

The following table sets out the “Net Other Financial Income and Expenses” in 2008 and 2007:

Other Financial Incomes	Amount as of 31.12.08	Amount al 31.12.07
Profits from the sale of financial investments	4	4,525
Income on shareholdings	2,872	4,741
Other financial income	68,806	53,374
Profits inventory contracts: Cash flow hedge	-	-
Profits inventory contracts: Fair value hedge	-	-
Total	**71,682**	**62,640**

Other Financial Expenses	Amount al 31.12.08	Amount al 31.12.07
Expenses from the sale of financial investments	(1,273)	(1,364)
Other financial expenses	(74,330)	(66,832)
Expenses inventory contracts: Cash flow hedge	-	-
Expenses inventory contracts: Fair value hedge	-	-
Total	**(75,603)**	**(68,196)**

Other Net financial income/expenses	(3,921)	(5,556)

The significant balances within Other Income / Financial Expenses as at the close of 2008 primarily relate to the cancellation of interest rate and foreign exchange financial derivative instruments (most notably the Brazilian Real).

Note 35.- Earnings per Share.

The basic earnings per share ratio is calculated by dividing the earnings of the Company attributable to the shareholders by the average number of shares in circulation during the period.

Concept	Balances as of 31.12.08	Balances as of 31.12.07
Profit of continued operations	113,990	98,126
Profit of discontinued operations	26,412	22,277
Average number of ordinary shares in circulation (thousand)	**90,470**	**90,470**
Gain per share of continued operations (€ per share)	1.26	1.08
Gain per share of discontinued operations (€ per share)	0.29	0.25
Earnings per share for the year's result (€ per share)	**1.55**	**1.33**

There are no diluting factors which modify the basic earnings per share ratio.

Note 36.- Dividends per Share.

Dividends paid in July 2008 and July 2007 were € 15,380 thousand (0.17 € per share) and € 14.475 thousand (0.16 € per share) respectively. In the Ordinary Shareholder Meeting in April 2009 a dividend will be proposed of € 0.18 for 2008, which will equate to a total dividend payment of € 16,285 thousand. These consolidated accounts do not reflect this proposed dividend.

Note 37.- Financial Information by Segment.

37.1. Information by business segment.

The information by Business Segment is analysed between the four Business Groups which Abengoa operates (see Note 1.2). These segments are.

- Solar.
- Bioenergy.
- Environmental Services.
- Industrial Engineering and Construction.

Note: The Information Technology segment has been treated as a discontinued business as set out in Note 14 of these accounts.

a) The following table includes a detail of the income statement by Business Segment for the periods ending 31 December 2008 and 2007:

Concept	Solar	Bio.	Environ. Services	Ind. Engin. & Const.	Corp. Activ and Adjust.	Total al 31.12.08
Net Turnover	64,984	830,090	873,448	2,040,623	(694,606)	3,114,539
Operating Expenses	(141,327)	(784,529)	(673,875)	(1,685,975)	(72,539)	(3,358,245)
Other operating Income and Expenses	64,495	(8,887)	(84,621)	(172,161)	741,000	539,826
I. Operating Profit	(11,848)	36,674	114,952	182,487	(26,145)	296,120
II. Financial Profit	(15,138)	(102,047)	(32,662)	(112,083)	(31,920)	(293,850)
III. Associted Profit	240	-	1,234	8,153	(240)	9,387
IV. Consolidated Pre-tax Profit	(26,746)	(65,373)	83,524	78,557	(58,305)	11,657
V. Consolidated After-Tax Profit	(9,534)	12,109	62,744	103,000	(41,469)	126,850
VI. Profit atributed to discontinued operations net of taxes	-	-	-	-	-	38,927
VII. Profit attributed to the parent company	**(8,741)**	**14,748**	**58,708**	**91,249**	**(15,562)**	**140,402**

Concept	Solar	Bio.	Environ. Services	Ind. Engin. & Const.	Corp. Activ and Adjust.	Total al 31.12.07
Net Turnover	17,729	613,732	769,670	1,485,358	(230,733)	2,655,756
Operating Expenses	(55,653)	(532,723)	(568,169)	(1,190,974)	4,951	(2,342,568)
Other operating Income and Expenses	30,656	(42,735)	(104,296)	(131,856)	168,398	(79,833)
I. Operating Profit	(7,268)	38,274	97,205	162,528	(57,384)	233,355
II. Financial Profit	(8,418)	(20,063)	(31,695)	(47,686)	(19,812)	(127,674)
III. Associted Profit	222,000	-	(1,879)	6,122	(222,000)	4,243
IV. Consolidated Pre-tax Profit	(15,464)	18,211	63,631	120,964	(77,418)	109,924
V. Consolidated After-Tax Profit	(3,475)	21,538	48,014	81,610	(47,828)	99,859
VI. Profit atributed to discontinued operations net of taxes	-	-	-	-	-	35,960
VII. Profit attributed to the parent company	**(3,451)**	**21,147**	**46,393**	**71,735**	**(15,421)**	**120,403**

For informative purposes only, the net results figure for 2008 increases up to € 3,769 M when the Information Technology business unit (Telvent) is not considered as a discontinued business.

b) The following table shows a detail of assets and liabilities of the group by business segment as at 31 December 2008 and 2007:

Concept	Solar	Bio.	Environ. Services	Ind. Engin & Const.	Corp. Activ. and Adjust.	Balances as of 31.12.08
Assets						
Tangible Fixed Assets	679,104	1,250,262	353,219	369,293	(252,746)	2,399,132
Intangible assets	51,062	459,251	392,981	836,765	202,535	1,942,594
Financial Investments	80,533	178,954	211,300	190,333	104,584	765,704
Current Assets	404,030	737,999	523,348	2,317,029	(327,557)	3,654,849
Assets held for sale	-	-	-	-	-	1,032,333
Total Assets	**1,214,729**	**2,626,466**	**1,480,848**	**3,713,420**	**(273,184)**	**9,794,612**
Liabilities						
Net Ownership equity	(32,405)	63,840	434,588	207,543	(46,079)	627,487
Non current liabilities	649,588	1,781,585	460,305	878,510	1,005,017	4,775,005
Current liabilities	597,546	781,041	585,955	2,627,367	(956,600)	3,635,309
Liabilities held for sale	-	-	-	-	-	756,811
Total Liabilities	**1,214,729**	**2,626,466**	**1,480,848**	**3,713,420**	**2,338**	**9,794,612**

Concept	Solar	Bio.	Environ. Services	Inf. Tech.	Ing. Const. Ind.	Activ. Corp. andAjustes	Balance as of 31.12.07
Assets							
Tangible Fixed Assets	200,583	831,703	325,903	52,787	326,492	(89,732)	1,647,736
Intangible assets	53,945	535,960	361,023	137,086	813,456	186,816	2,088,286
Financial Investments	30,020	59,091	103,326	94,108	133,058	(3,116)	416,487
Current Assets	218,810	747,470	394,588	483,868	1,659,838	453,073	3,957,647
Total Assets	**503,358**	**2,174,224**	**1,184,840**	**767,849**	**2,932,844**	**547,041**	**8,110,156**
Liabilities							
Net ownership equity	(1,520)	175,737	266,811	190,754	303,405	(137,697)	797,490
Non current Liabilities	254,587	1,226,574	399,217	95,920	553,091	1,580,697	4,110,086
Current Liabilities	250,291	771,913	518,812	481,175	2,076,348	(895,959)	3,202,580
Total Liabilities	**503,358**	**2,174,224**	**1,184,840**	**767,849**	**2,932,844**	**547,041**	**8,110,156**

For informative purposes only, the net results figure for 2007 increases to € 3,214 M when the Information Technology business unit (Telvent) is not considered as a discontinued business.

The underlying basis of preparation of the Income Statement by Business Segment is as follows:

1. The data is grouped together for each of the business segments on the same basis as used for the sub-consolidation under each segments' holding company.

2. The Corporate Activity and Adjustments column includes those income statement items and assets and liabilities arising in the normal course of business, but which are not allocated to other segments. These are predominantly items which are reported on the parent company balance sheet or are adjustments arising upon consolidation, which primarily relate to the elimination of intercompany transactions.

3. The Group additionally has auxiliary activities which do not fall within the main business segments, such as portfolio held companies and companies undertaking agricultural activities, and information technology activities, although these activities account for less than 5% and are insufficient so as to warrant a further business segment. As such, these activities are grouped together within the most appropriate Business Segment column (Bioenergy and Corporate Activity).

c) The following table provides a detail of Net Debt by Business Segment as of 31 December 2008 and 2007:

Concept	Solar	Bio.	Environ. Services	Ind. Engin. & Const.	Activ. Corp. and Adjust.	Total 2008
Long term Loans with credit entities	109,576	1,346,794	156,554	153,585	715,317	2,481,826
Long term Financing with non-recourse	580,887	203,962	382,262	922,596	43,020	2,132,727
Financial investments	(239,951)	(106,887)	(84,917)	(1,037,375)	807,427	(661,703)
Cash and cash equivalents	(24,315)	(336,018)	(98,954)	(334,401)	(540,060)	(1,333,748)
Total Net Debt	**426,197**	**1,107,851**	**354,945**	**(295,595)**	**1,025,704**	**2,619,102**
Long and short term Financing with non-recourse	(580,887)	(203,962)	(382,262)	(922,596)	(43,020)	(2,132,727)
Total Net Debt (excluding the Financing N/R)	**(154,690)**	**903,889**	**(27,317)**	**(1,218,191)**	**982,684**	**486,375**

Concept	Solar	Bio.	Environ. Services	Inf. Tech.	Ind. Engin. & Const.	Activ. Corp. and Adjust.	Total 2007
Long term loans with credit entities	130,691	1,053,385	353,960	113,781	659,953	216,881	2,528,651
Long term financing with non-recourse	234,628	167,408	369,157	16,983	749,168	151,819	1,689,163
Financial investments	(91,625)	(101,455)	(73,827)	(76,957)	(686,192)	433,609	(596,447)
Cash and cash equivalents	(62,536)	(323,115)	(53,986)	(39,744)	(189,039)	(1,029,469)	(1,697,889)
Total Net Debt	**211,158**	**796,223**	**595,304**	**14,063**	**533,890**	**(227,160)**	**1,923,478**
Long and short termFinancing with non-recourse.	(234,628)	(167,408)	(369,157)	(16,983)	(749,168)	(151,819)	(1,689,163)
Total Net Debt (excluding the Financing N/R)	**(23,470)**	**628,815**	**226,147**	**(2,920)**	**(215,278)**	**(378,979)**	**234,315**

The underlying basis of preparation of Net Debt by Business Segment is as follows:

1. The data is grouped together for each of the business segments on the same basis as used for the sub-consolidation under each segments' holding company. .

2. The Corporate Activity and Adjustments column includes those items and assets and liabilities arising in the normal course of business, but which are not allocated to other segments. These are predominantly items which are reported on the parent company balance sheet or adjustments arising upon consolidation, which primarily relate to the elimination of intercompany transactions.

3. The Syndicated Debt as provided to Abengoa S.A. for the amount of € 2,059 M has been distributed among the business segments reflecting that the main purpose of the loan is to finance the investments and projects of companies which are expanding their operations.

4. In calculating Net Debt, financial investments should and have been included as a reduction to net debt on the basis that they are highly liquid in nature (see Note 2.8).

d) The following table presents the Group's net revenues and operating cash flows by business segmentfor for the years ending 31 December 2008 and 2007:

Concept	Solar	Bio.	Environ. Services	Ind. Engin. & Const.	Corp. Act. and Adjust.	Total as of 31.12.08
Net Income	64,984	830,090	873,448	2,040,623	(694,606)	3,114,539
Gross cash flows from Operating Activities (Note 27)	40,614	111,579	157,761	224,824	10,540	545,318

Concept	Solar	Bio.	Environ. Services	Ind. Engin. & Const.	Corp. Act. and Adjust.	Total as of 31.12.08
Net Income	17,729	613,732	769,670	1,485,358	(230,733)	2,655,756
Gross cash flows from Operating Activities (Note 27)	9,529	79,809	123,791	203,979	(25,578)	391,530

The underlying basis of preparation of Revenues and Operating Cash Flow by Business Segment is as follows:

1. The data is grouped together for each of the business segments on the same basis as used for the sub-consolidation under each segments' holding company. .

2. The Corporate Activity and Adjustments column includes both net revenues and cash flows which are not allocated to the main business segments, such as those adjustments arising upon consolidation.

3. The column "Corporate Activity and Adjustments" includes those adjustments arising upon consolidation which relate to operations undertaken between the business segments relating to Solar Bioenergy fixed assets.

e) The following table shows a detail by Business Segment of assets at cost, amortisation and depreciation as well as costs which have not given rise to a cash outflow

Information by Segments	Solar	Bio.	Environ. Services	Ind. Engin. & Const.	Corp. Activ. and Adjust.	Total as of 31.12.08
Cost Assets	504,115	381,180	121,646	76,010	(200,072)	882,879
Expenses of Depreciation and Depreciation	21,092	54,031	42,809	42,337	2,888	163,157
Expenses without cash flow	(17,213)	(38,659)	37,856	3,450	5,869	(8,697)

Information by Segments	Solar	Bio.	Environ. Services	Ind. Engin. & Const.	Corp. Activ. and Adjust.	Total as of 31.12.07
Cost Assets	154,935	1,076,915	158,639	279,840	(359,649)	1,310,680
Expenses of Depreciation and Depreciation	17,378	16,047	26,586	41,453	(11,913)	89,551
Expenses without cash flow	(11,989)	8,187	24,123	51,300	7,800	79,421

37.2. Information by Geographical Region.

a) The following table shows analysis of revenues by geographical region for the year ending 31 December 2008 and 2007:

Geographic area	Balances as of 31.12.08	%	Balances as of 31.12.07	%
Internal Market	**1,075,756**	**34.5**	**1,007,654**	**37.9**
- USA and Canada	348,277	11.2	325,756	12.3
- European Union	499,170	16.0	520,849	19.6
- Latin America	787,841	25.3	561,310	21.1
- Other countires	403,495	13.0	240,187	9.1
Foreign Market	**2,038,783**	**65.5**	**1,648,102**	**62.1**
Total	**3,114,539**	**100**	**2,655,756**	**100**

b) The following table shows analysis of the net book value of fixed assets (Intangible and Tangible) by geographical region (Intangible and material) as at 31 December 2008 and 2007:

Geographic region	Balances as of 31.12.08	Balances as of 31.12.07
Internal Market	**935,149**	**606,898**
- USA and Canada	487,547	275,416
- European Union	579,228	359,344
- Latin America	1,239,439	1,292,756
- Other Countries	266,665	87,220
Foreign Market	**2,572,879**	**2,014,736**
Discontinued Activities	(133,960)	-
Total	**3,374,068**	**2,621,634**

Note 38.- Other Information.

38.1. Average number of Employees.

The average number of employees during 2008 and 2007 by category was:

Categories	Average 2008		% Total	Average 2007		% Total
	Women	Men		Women	Men	
Senior Manager	65	515	2.5	49	526	3.3
Middle Manager	290	1,553	7.9	159	1,347	8.7
Engineers and Uni. Gradiuates	1,230	3,422	20.0	747	2,386	18.2
Skilled and Semi-Skilled	1,209	1,827	13.1	967	1,411	13.8
Laborers	709	12,414	56.5	579	9,074	56.0
Total	**3,503**	**19,731**	**100**	**2,501**	**14,744**	**100**

Regarding location, 40% of employees are based in Spain with 60% being based overseas.

In calculating these figures, all entities have been considered which fall within the perimeter of consolidation, being all subsidiaries which are fully consolidated or associates which are consolidated using the equity method.

38.2. Related Party Entities.

The account held by Abengoa with Inversión Corporativa I.C., S.A., as at the end of 2008 and 2007 has a nil balance.

Dividends distributed to related party entities during 2008 amounted to € 8,619 thousand (€ 8,112 thousand in 2007).

In addition to the purchase of land as commented upon in Note 5.5, the following operations were undertaken in 2008 and 2007 with parties which own a significant shareholding (as detailed below):

- Granting of rights to construct assets upon third party land by Iniciativas de Bienes Rústicos, S. A. (a subsidiary of Inversión Corporativa, I.C., S.A., a significant shareholder in Abengoa) to Abengoa Solar New Technologies S. A. (a subsidiary of Abengoa). The rights were granted by virtue of a public deed dated 23 July 2008, granting the right for an initial period of 30 years, on a 12.33 hectare plot, for a total charge over the entire period of € 345 thousand. The proposed use of the site is for the purposes of an experimental investigative project combining various different solar technologies.

- Granting of rights to construct assets upon third party land by Iniciativas de Bienes Rústicos, S. A. (a subsidiary of Inversión Corporativa, I.C., S.A., a significant shareholder in Abengoa), to Egeria Densam, S. L. (a subsidiary of Abengoa). The rights were granted by virtue of a public deed dated 13 June 2008, for an initial period of 30 years, on a 14.43 hectare plot, for a total charge spanning the entire period of € 463 thousand. The use of the site will be for the development of a 1.89MW photovoltaic plant.

- Granting of rights to construct assets upon third party land by Iniciativas de Bienes Rústicos, S. A. (a subsidiary of Inversión Corporativa, I.C., S.A., a significant shareholder in Abengoa) to Solnova Electricidad Cuatro, S. A. (a subsidiary of Abengoa). The rights were granted by virtue of a public deed dated 28 July 2008, for an initial period of 30 years, on a 27.38 hectare site, for a total charge spanning the entire period of € 767 thousand. The use of the site will be the development of a 50 MW thermo-solar plant applying cylindrical parabolic collector technology.

- Granting of rights to construct assets upon third party land by Iniciativas de Bienes Rústicos, S. A. (a subsidiary of Inversión Corporativa, I.C., S.A., a significant shareholder in Abengoa) Solnova Electricidad Uno, S.A. (subsidiary of Abengoa). The rights were granted by virtue of a public deed dated 6 October 2008, for an initial period of 30 years, on a 0.41 hectare site, for a total charge spanning the entire period of € 11 thousand. The site is to be used for the installation of an electrical substation.

- Granting of rights to construct assets upon third party land by Explotaciones Casaquemada, S.A. (a subsidiary of Inversión Corporativa, I.C., S.A., a significant shareholder of Abengoa) to Solar Processes, S.A. (an Abengoa subsidiary). The rights were granted by virtue of a public deed dated 7 February 2007, for an initial period of 30 years, on an 81.96 hectare site, for a total charge spanning the entire period of € 1,803.1 thousand. The site is to be use for the development of a 20 MW thermo solar plant.

- Granting of rights to construct assets upon third party land by Iniciativas de Bienes Rústicos, S.A. (a subsidiary of Inversión Corporativa, I.C., S.A., a significant shareholder in Abengoa) to Solnova Electricidad, S.A. (a subsidiary of Abengoa). The rights were granted by virtue of a public deed dated 3 December 2007, for an initial period of 30 years on a 115 hectare site, for a total charge spanning the entire period of € 3,220 thousand. The site is to be used for the construction and operation of a 50 MW thermo-solar plant applying cylindrical parabolic collector technology.

As indicated in Note 21, Inversión Corporativa is the main shareholder in Abengoa, and issues its own separate Consolidated Financial Statements.

These operations were subject to verification by the Abengoa Audit Committee and the considerations agreed were determined by independent experts.

38.3. Employee Remuneration and other Benefits.

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

Salary and allowances payments made to the main board of Abengoa S.A. in 2008 were € 9,049,000 thousand being fixed and variable salaries and expenses, as well as € 200,407 of other concepts.

Details of individual salaries and benefits in 2008 of the Board of Directors are as follows (in thousands of Euros):

Name	Daily expenses for Attendance and Other Remun. as officer	Compensation as member of Board Committee	Compensation as Officer of other Group Companies	Compensation for Sr. Mgtmt. – Executive Officer duties	Total
Felipe Benjumea Llorente	93	-	-	3,407	3,500
Javier Benjumea Llorente	78	-	-	672	750
Miguel A. Jiménez-Velasco Mazario	-	-	-	204	204
José Luis Aya Abaurre	110	55	-	-	165
José Joaquín Abaurre Llorente	110	55	-	-	165
José B. Terceiro Lomba	-	-	21	-	21
Aplicaciones Digitales, S.L.	200	-	-	2,756	2,956
Carlos Sebastián Gascón	166	83	26	-	275
Daniel Villalba Vilá	166	138	26	-	330
Mercedes Gracia Díez	110	55	-	-	165
Miguel Martín Fernández	99	55	-	-	154
Alicia Velarde Valiente	92	33	-	-	125
Maria Teresa Benjumea Llorente	78	-	24	-	102
Ignacio Solís Guardiola	78	-	-	-	78
Fernando Solís Martínez-Campos	78	-	-	-	78
Carlos Sundheim Losada	78	-	-	-	78
	1,536	**474**	**97**	**7,039**	**9,146**

Note (1): Represented by Mr. José B Terceiro Lomba

Additionally, in 2008 overall remuneration to top level management of the Company (senior management which in turn are not executive directors) increased, including both fixed and variable components, to € 5,757,000.

No advanced payments or credits are granted to members of the main board, nor are any guarantees or obligations granted in their favour.

As at the end of the period there existed € 1,973 thousand of pension obligations.

38.4. Since 19 July 2003 when Law 26/2003 came into force which modified Law 24/1988, of 28 July, of "Mercado de Valores", and the Amended Text of the Anonymous Company Law, for the purposes of increasing the transparency of companies, no members of the board have held, except for that described, shareholdings in companies which undertaken activities of the same, similar or complimentary nature to the objectives of the Parent company. Likewise, nor have they undertaken any activities of their own account or through third parties which are similar or complimentary to the corporate objectives of Abengoa, S.A. Neither in 2008 nor 2007 there were no entities which were susceptible to horizontal consolidation as per Art. 42 of the Commercial Code.

The following is a detail of those directors which are members of other listed entities:

NIF	Name	Entity	Postion
35203147	José B. Terceiro Lomba	Telvent GIT	Member of the Board
35203147	José B. Terceiro Lomba	Iberia	Member of the Board and of the Executive Commission
35203147	José B. Terceiro Lomba	Grupo Prisa	Member of the Board and of the Executive Commission
28526035	FelPle Benjumea Llorente	Iberia	Member of the board

In accordance with the registering of significant holding in the Company, and as required by the "Internal Rules and Regulations for Conduct involving Stock Exchange matters", the percentage holdings of the directors in the Company as at 31.12.08 are:

	% Direct	% Indirect	% Total
Felipe Benjumea Llorente	-	0.889	0.889
José Joaquín Abaurre Llorente	0.002	-	0.002
Aplicaciones DGIitales, S.L.	1.039	-	1.039
José Luis Aya Abaurre	0.061	-	0.061
Javier Benjumea Llorente	0.002	-	0.002
Mª Teresa Benjumea Llorente	0.013	-	0.013
Mercedes Gracia Díez	0.0005	-	0.0005
Miguel A. Jiménez-Velasco Mazarío	0.029	-	0.029
Miguel Martín Fernández	0.001	-	0.001
Carlos Sebastián Gascón	0.0135	0.0135	0.027
Ignacio Solís Guardiola	0.016	-	0.016
Fernando Solís Martínez-Campos	0.056	0.036	0.092
Carlos Sundheim Losada	0.051	-	0.051
Alicia Velarde Valiente	0.0004	-	0.0004
Daniel Villalba Vilá	0.014	-	0.014
Total	**1.2984**	**0.9385**	**2.2369**

38.5. Audit Fees.

During 2008 fees of € 4,936 thousand were paid (€ 4,538 thousand in 2007) for audit related work including the year end audit of the financial accounts and of internal controls SOX, as well as a regular review of internally generated management information and the audit requirements under US GAAP relating to the listed company in the USA. Of this amount, € 2,143 thousand related to PricewaterhouseCoopers, the lead auditors of the Group (€ 1,625 thousand in 2007).

Additionally, in 2008 amounts were paid to audit firms to the amount of € 3,187 thousand for other services. This work was primarily advisory and verification work in relation to corporate acquisitions and transactions, of which € 1,423 thousand was for services provided by the Group's main auditor.

In 2007 amounts were paid to audit firms to the amount of € 1,050 thousand for other services, also primarily advisory and verification work in relation to corporate acquisitions and transactions, of which, € 938 thousand was for services from the Group's main auditor.

38.6. Environmental Information.

The underlying principles of Abengoa's environmental policy are to comply with the legal requirements in force at any given time, the prevention and minimisation of factors which are detrimental to the environment, such as a reduction in the use of energy and natural resources and continuous improvement in environmental related behaviours.

To fulfil this commitment for sustainable use of energy and natural resources, Abengoa has explicitly stated within the Management Rules and Guidelines for the entire Group (Normas de Obligado Cumplimiento "NOC"), the requirement to implement and certify environmental management systems under the international standard ISO 14001.

As a result, as at the end of 2008, the companies already with ISO 14001 certificated environmental management systems, as a percentage of revenues, made up some 83.36%.

The distribution of companies with certified environmental management systems by Business Group is as follows:

Business Group	Societies Certified with ISO 14001 (% over sales)
Solar	46.37%
Information Technology	84.21%
Industrial Engineering and Construction	85.35%
Enviromental Services	82.74%
Bionenergy	88.12%

Abengoa understands that its traditional engineering business is a useful and important means through which it is possible to contribute to a more sustainable and environment. This philosophy is applied throughout all companies within the Group. In this way the Group applies technological and innovative solutions for sustainable development through solar energy, biomass, waste, IT and engineering.

Climate change and the emission of greenhouse gases

Climate change, an undisputed scientific fact, is being caused by human activity. As such, the Kioto Protocol set out a target to reduce by 5%, by 2012, the emissions of greenhouse gasses (GHG) which developed countries emitted in1990.

The emission of GHG is a function of the industrial activity of a country. As such, those countries with a greater level of industrialisation are those with the greatest level of GHG. To reduce such emissions, without effecting PIB, it is necessary, amongst other factors, to develop clean industrial technologies, substitute the use of fossil energy fuel for renewable sources, and to change people's consumer habits. This is a challenge, not only for governments but also for companies and individuals. Agenda 21 of the UN set out a framework for action to meet the targets of the 21st century, through the integration of development and the environment.

The role of companies in the struggle against climate change may be summarised as the management of clean production and the promotion of responsible pledges, and to implement various actions:

- Know-how Management of own emissions: stocktaking and balancing such emissions, tracking different and new 'inputs'.
- A plan to reduce and minimise emissions, raw material 'inputs' expended, and solid and liquid wastes, all through effective and considered planning.
- Emission labelling of products.
- Analysis of the lifecycles of products and businesses, with evaluations for potential improvements.
- Innovation.
- Align new businesses with sustainable development.
- On a voluntary basis, the company can become carbon neutral, purchasing carbon funds to compensate for their emissions.

In accordance with the above, Abengoa has put in progress an inventory of its greenhouse gasses, so as to have a deep knowledge of its own GHG across each activity of the company, direct and indirect; evaluate its position, and identify areas for improvement. Additionally, enables the ticketing of Abengoa's products and services, identifying the GHG associated with each product or service, and to assess its suppliers in terms of their own GHG in relation to the products and services supplied to Abengoa.

38.7. Post-Balance Sheet Events.

Following the closing date of the balance sheet, no significant events have occurred which significantly impact the results and state of affairs of the Group as presented in the Annual Financial statements prepared by the Company as at that date, or which should be noted due to their particular significance or relevance to the Group.