

FCC Ámbito, S.A.

Financial Statements for the year
ended 31 December 2018 and
Directors' Report, together with
Independent Auditor's Report

*Translation of a report originally issued in Spanish
based on our work performed in accordance with the
audit regulations in force in Spain. In the event of a
discrepancy, the Spanish-language version prevails.*

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Sole Shareholder of FCC Ámbito, S.A. (Sole-Shareholder Company)

Opinion

We have audited the financial statements of FCC Ámbito, S.A. (Sole-Shareholder Company) (the Company), which comprise the balance sheet as at 31 December 2018, and the profit and loss account, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2018, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Recognition of revenue from services rendered but not yet billed

Description

As described in Note 1 to the accompanying financial statements, the Company engages mainly in waste management, land decontamination and the management of recyclable materials (mainly glass, paper and cardboard).

Revenue from the rendering of services arising from these activities is recognised by reference to the stage of completion of the transaction at the reporting date, provided the outcome of the transaction can be estimated reliably (see Note 4.i).

This revenue recognition method was one of the most significant matters in our audit, as it requires Company management to make estimates relating mainly to the recognition for accounting purposes of the amounts to be billed for services performed which should be recognised in the operating cut-off as revenue for the year.

Procedures applied in the audit

Our audit procedures included, among others, substantive procedures focused on the revenue recognition process. In this connection, we performed tests of details on a selective basis to validate the reasonableness of the amounts recognised, such as obtaining the agreements or documentation that support the amounts recognised or, where applicable, obtaining evidence of subsequent billings for services performed. Furthermore, we performed analytical tests in relation to the assessment of the reasonableness of the sales recognised in the year with respect to the actual figures for the previous year and the information from internal sources furnished by the Company.

Lastly, we focused our work on reviewing the disclosures made by the Company in relation to this matter (see Notes 4.i and 10 to the accompanying financial statements).

Other Information: Directors' Report

The other information comprises only the directors' report for 2018, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the applicable audit regulations, consists of evaluating and reporting on whether the directors' report is consistent with the financial statements, based on our knowledge of the entity obtained in the audit of those financial statements and excluding any information other than that obtained as evidence during the audit. Also, our responsibility consists of evaluating and reporting on whether the content and presentation of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, the information in the directors' report is consistent with that contained in the financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on page 4 below, forms part of our auditor's report.

DELOITTE, S.L.
Registered in R.O.A.C. under no. S0692

Raquel Martínez Armendáriz
Registered in R.O.A.C. under no. 20755

6 May 2019

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the entity's directors, we determine those risks that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.

Annual Accounts and Management Report 31

December 2018

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Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.
Balance Sheet at 31 December 2018
Expressed in Euros

ASSETS	NOTES to the REPORT	2018	2017
A) NON-CURRENT ASSETS		46,287,297.84	47,836,498.63
I. Intangible assets.	5	16,320,051.44	18,651,774.77
4. Goodwill.		16,317,821.33	18,648,938.67
5. Software.		2,230.11	2,836.10
6. Other intangible assets.		-	-
II. Property, Plant and Equipment.	6	22,207,044.51	21,053,213.28
1. Land and buildings.		12,621,245.08	12,449,272.80
2. Technical facilities, machinery, tools, furniture and other property, plant and equipment.		9,585,799.43	6,447,311.45
3. Advances and PP&E under construction.		-	2,156,629.03
III. Investment property.		-	-
IV. Long-term investments in group companies and associates.		3,857,230.17	4,455,400.12
1. Equity instruments.	8.a.1	2,757,390.69	3,052,317.58
2. Loans to companies.	8.a.2	1,099,839.48	1,403,082.54
V. Long-term financial investments.	8	232,785.71	248,107.71
1. Equity instruments.		37,781.75	37,781.75
3. Debt securities.		6,864.82	6,864.62
5. Other financial assets.		188,139.14	203,461.14
VI. Deferred tax assets.	15	3,670,186.01	3,428,002.75
B) CURRENT ASSETS		26,969,280.16	25,748,632.41
I. Non-current assets held for sale.		-	-
II. Inventory.	9	1,594,210.97	1,696,865.09
2. Raw materials and other supplies.		1,311,220.35	1,256,110.63
4. Finished goods.		187,475.42	238,959.31
5. By-products, waste and recovered materials.		84,369.24	190,649.19
6. Advances to suppliers.		11,145.96	11,145.96
III. Commercial debtors and other receivables.		21,592,495.26	18,672,580.74
1. Trade receivables for sales and services.	10	18,288,019.21	16,467,077.21
2. Trade receivables from Group companies and associates.	18.b	1,774,127.03	1,512,790.68
3. Sundry receivables.	6	1,347,287.30	438,647.53
4. Personnel.		5,180.22	-
5. Current tax assets.	15	-	11,310.85
6. Other receivables from the public authorities.	15	177,881.50	242,754.49
IV. Short-term investments in group companies and associates.		3,270,310.09	4,904,783.14
2. Loans to companies.	8.a.3	3,270,310.09	4,754,783.14
5. Other financial assets.	8.a.4	-	150,000.00
V. Short-term financial investments.	8	170,485.30	133,692.45
2. Loans to companies.		99.11	99.12
3. Debt securities.		1,304.28	1,304.28
5. Other financial assets.		169,081.91	132,289.05
VI. Current accrued expenses and deferred income.		89,202.68	96,439.99
VII. Cash and cash equivalents.	11	248,575.86	244,271.00
1. Treasury.		248,575.86	244,271.00
TOTAL ASSETS (A + B)		73,252,578.00	73,585,131.04

The accompanying notes 1 to 22 and annexes I to III constitute an integral part of the balance sheet at 31 December 2018.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.
Balance Sheet at 31 December 2018
Expressed in Euros

EQUITY AND LIABILITIES		NOTES to the REPORT	2018	2017
A)	EQUITY	12	2,923,339.30	3,303,214.32
	A-1) Shareholders' equity.		2,923,339.30	3,303,214.32
	I. Capital.		1,089,162.00	1,089,162.00
	1. Issued capital.		1,089,162.00	1,089,162.00
	III. Reserves.		49,314,016.27	49,169,627.45
	1. Legal and bylaw reserves.		240,404.84	240,404.64
	2. Other reserves.		49,073,611.43	48,929,222.61
	IV. (Shares and equity interests).		-	-
	V. Prior year's profits/(losses).		(46,955,575.12)	(44,601,308.90)
	2. (Prior year's losses).		(46,955,575.12)	(44,601,308.90)
	VII. Profit/(loss) for the year.		(524,263.85)	(2,354,266.23)
	A-3) Grants, donations and legacies received.		-	-
B)	NON-CURRENT LIABILITIES		47,235,299.67	47 048 012.25
	I. Long-term provisions.	13	1,723,692.78	1,394,530.90
	4. Other provisions.		1,723,692.78	1,394,530.90
	II. Long-term payables.	14	111,395.10	157,907.59
	5. Other financial liabilities.		111,395.10	157,907.59
	III. Long-term payables with group companies and associates.	14	44,646,110.16	44,646,110.16
	IV. Deferred tax liabilities.	15	754,101.63	849,463.60
	V. Long-term accrued expenses and deferred income.		-	-
C)	CURRENT LIABILITIES		23,093.939.03	23 233 904.47
	I. Liabilities related to non-current assets held for sale.		-	-
	II. Short-term provisions.	13	525,700.02	508,291.74
	III. Short-term payables.	14	389,657.63	132,764.12
	5. Other financial liabilities.		389,657.63	132,764.12
	IV. Short-term payables with group companies and associates.	14	5,763,989.96	6,748,884.39
	V. Commercial creditors and other payables.		16,414,591.42	15,843,964.22
	1. Suppliers.		7,957,807.40	7,768,758.39
	2. Suppliers, group companies and associates.	18.b	1,848,119.31	1,793,231.38
	3. Sundry accounts payable.		5,105,430.19	4,741,957.49
	4. Personal (remuneration payable).		494,718.14	497,956.48
	5. Current tax liabilities.		5.42	-
	6. Other payables to public authorities.	15	943,081.47	970,538.96
	7. Customer advances.	10	65,429.49	71,521.52
	VI. Current accrued expenses and deferred income.		-	-
TOTAL EQUITY AND LIABILITIES (A + B + C)			73,252,578.00	73,585,131.04

The accompanying notes 1 to 22 and annexes I to III constitute an integral part of the balance sheet at 31 December 2018.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.
Profit and Loss Account for the year ended 31 December 2018
Expressed in Euros

	NOTES to the REPORT	2018	2017
A) CONTINUING OPERATIONS			
1. Revenue		56,292,647.55	51,893,661.27
a) Sales.	17	55,417,566.11	50,890,445.83
c) From equity interests in equity instruments - group companies and associates	17 and 18	682,714.36	750,709.23
d) From marketable securities and other financial instruments - group companies and associates	17 and 18	192,367.08	252,506.21
2. Changes in inventories of finished goods and work in progress.		(157,763.84)	(20,956.62)
3. Self-constructed assets.		16,097.38	515.00
4. Supplies.		(20,468,362.23)	(19,272,879.24)
a) Cost of merchandise sold.	17	(5,280,902.24)	(5,781,121.92)
b) Raw materials and other consumables used.	17	(3,304,429.33)	(2,982,810.49)
c) Work by other companies.		(11,883,030.66)	(10,528,946.83)
5. Other operating income.		2,346,496.49	1,658,106.77
a) Non-core and other operating income.		2,346,496.49	1,556,106.77
6. Staff costs.		(13,714,935.54)	(12,944,976.63)
a) Wages, salaries and similar.		(10,283,753.98)	(9,720,990.66)
b) Employee welfare costs.	17	(3,431,181.56)	(3,223,985.97)
7. Other operating expenses.		(17,545,490.77)	(15,043,636.46)
a) External services.		(16,841,600.15)	(15,145,335.94)
b) Taxes other than income tax.		(594,548.23)	(785,945.61)
c) Losses, impairment and change in provisions on trade receivables.	17	(118,373.18)	(111,711.06)
d) Other operating expenses.		9,030.79	(543.83)
8. Amortisation and depreciation.	5 and 6	(4,323,476.43)	(5,258,106.12)
9. Non-financial and other capital grants taken to income		-	-
10. Provision surpluses.		5,624.70	56,136.85
11. Impairment and profits/(losses) on disposal of non-current assets		30,270.00	(397,381.17)
a) Impairment and losses.	5 and 6	-	89,390.02
b) Profits/(losses) on disposals and others.		30,270.00	(486,771.19)
11. Other profits/(losses)	8.a.3	4,319.25	1,439,993.35
13. Impairment and profits/(losses) on disposal of group financial instruments		-	-
A.1) OPERATING PROFIT/(LOSS)		2,485,426.56	1,010,676.00
13. Financial revenue.		1.73	2,835.86
b) From marketable securities and other financial instruments.		1.73	2,835.86
b2) From third parties.		1.73	2,835.86
14. Financial expenses.		(1,384,407.00)	(2,131,331.09)
a) On payables to group companies and associates.	18.a	(1,374,982.24)	(2,098,527.49)
b) On payables to third parties.		(1,623.53)	(3,160.48)
c) Interest cost relating to provisions.		(7,801.23)	(29,643.12)
15. Change in fair value of financial instruments.		-	-
16. Exchange differences.		-	-
17. Impairment and profits/(losses) on disposal of financial instruments.		(951,816.69)	(1,063,201.10)
a) Impairment and losses.	8	(951,816.69)	(1,063,201.10)
A.2) FINANCIAL PROFIT/(LOSS)		(2,336,221.96)	(3,191,696.33)
A.3) PROFIT/(LOSS) BEFORE TAX		149,204.60	(2,161,120.33)
18. Income tax.	15	(673,468.45)	(173,145.90)
A.4) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		(524,263.85)	(2,354,266.23)
B. INTERRUPTED OPERATIONS			
19. Profit/(loss) for the year from interrupted operations net tax			
A.5) PROFIT/(LOSS) FOR THE YEAR		(524,263.85)	(2,354,266.23)

The accompanying Notes 1 to 22 and Annexes I to III constitute an integral part of the Profit and Loss Account for 2018.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.

Statement of total changes in Equity for the year ended 31 December 2018

A) Income statement recognised for the year ended 31 December 2018

Expressed in Euros

	NOTES to the REPORT	2018	2017
A) Profit per income statement		(524,263.85)	(2,354,266.23)
Income and expense recognised directly in equity.			
I. By assessment of financial instruments.		-	-
II. Cash flow hedges.		-	-
III. Grants, donations and legacies received.		-	-
IV. Actuarial gains and losses and other adjustments.		-	-
V. Tax effect.		-	-
B) Total income and expenses recognised directly in equity		-	-
Transfers to profit or loss			
VI. By assessment of financial instruments.		-	-
VII. Cash flow hedges.		-	-
VIII. Grants, donations and legacies received		-	-
IX. Tax effect and others.		-	-
C) Total transfers to the income statement.		-	-
TOTAL RECOGNISED INCOME/EXPENSES		(524,263.85)	(2,354,266.23)

The accompanying notes 1 to 22 and annexes I to III constitute an integral part of the 2018 balance sheet.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.

Statement of total changes in Equity for the year ended 31 December 2018

b) Statement of total changes in Equity for the year ended 31 December 2018

Expressed in Euros

	Capital	Reserves	Prior years' profits/(losses)	Years' profits/(losses)	TOTAL
	Issued				
A. ENDING BALANCE FOR 2016	1,089,162.00	49,169,627.45	(39,149,310.23)	(5,451,998.66)	5,657,480.56
I. Criteria adjustments 2016.					
II. Adjustments due to errors 2016.					
B. ADJUSTED BALANCE, START OF 2017.	1,089,162.00	49,169,627.45	(39,149,310.23)	(5,461,998.66)	6,657,480.56
I. Total recognised income/(expense).				(2,354,266.23)	(2,354,266.23)
II. Transactions with shareholders or owners.					
III. Other changes in equity			(5,451,998.66)	5,451,998.66	
C. ENDING BALANCE FOR 2017	1,089,162.00	49,169,627.45	(44,601,308.89)	(2,354,266.23)	3,303,214.33
I. Criteria adjustments 2017.					
II. Adjustments due to errors 2017.					
D. ADJUSTED BALANCE, START OF 2018.	1,089,162.00	49,169,627.45	(44,601,308.89)	(2,354,266.23)	3,303,214.33
I. Total recognised income/(expense).				(524,263.85)	(524,263.85)
II. Transactions with shareholders or owners.		144,388.82			144,388.82
6. Increase (reduction) in equity resulting from a business combination (See Note 1)		144,388.82			144,388.82
III. Other changes in equity			(2,354,266.23)	2,354,266.23	
E. FINAL BALANCE FOR 2018.	1,089,162.00	49,314,016.27	(46,955,575.12)	(524,263.85)	2,923,339.30

The accompanying notes 1 to 22 and annexes I to III constitute an integral part of the statement of changes in equity for 2018.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.
Cash flow statement for 2016
Expressed in Euros

	NOTES to the REPORT	2018	2017
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit for the year before tax		149,204.60	(2,181,120.33)
2. Adjustments to profit.		5,850,139.26	7,951,017.71
a) Amortisation and depreciation.	5 and 6	4,323,476.43	5,258,106.12
b) Impairment loss allowances.		959,871.01	1,087,759.15
c) Change in provisions.		87,737.99	(6,898.54)
e) Gains from derecognitions and non-current asset disposals.		(30,270.00)	486,771.19
g) Financial revenue.		(875,083.17)	(1,006,051.30)
h) Financial expenses.		1,384,407.00	2,131,331.09
3. Changes in working capital.		(2,159,056.72)	(616,932.87)
a) Inventory.		112,273.88	(200,880.71)
b) Trade and other receivables.		(2,459,624.46)	1,708,884.87
c) Other current assets.		9,390.55	31,847.76
d) Trade and other payables.		27,869.67	(2,174,239.99)
e) Other current liabilities.		151,033.64	17,455.20
4. Other cash flows from operating activities.		(1,130,580.81)	(1,885,802.09)
a) Payment of interests.		(1,793,250.56)	(2,100,892.53)
b) Dividends received.		832,714.36	619,171.42
c) Interest received.		44,632.51	71,777.68
d) Collections/(Payment) for income tax		(202,214.98)	1,142,066.76
e) Other		(12,462.14)	(1,617,925.42)
5. Cash flows from operating activities		2,709,706.33	3,267,162.42
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments due to investments		(2,620,605.07)	(3,046,803.78)
a) Group companies and associates	8	(1,743.70)	(50,017.91)
b) Intangible assets.		(395.96)	(1,451.05)
c) Property, plant and equipment.	6	(2,537,341.46)	(2,909,060.97)
e) Other financial assets.		(81,123.95)	(86,273.85)
7. Proceeds from disposals.		1,070,589.17	324,177.10
a) Group companies and associates		977,323.37	49,473.66
b) Intangible assets.		-	6.67
c) Property, plant and equipment.	6	30,270.00	37,914.47
e) Other financial assets.		59,653.10	236,788.97
g) Other assets.		3,342.70	(6.67)
8. Cash flows used in investing activities.		(1,550,015.90)	(2,722,626.68)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Proceeds from and payments for equity instruments		-	-
10. Proceeds and (payments) from financial liabilities.		(1,420,981.75)	(530,514.92)
a) Issue		-	(21.99)
4. Other payables.		-	(21.99)
b) Payment and redemption of		(1,420,981.75)	(530,492.93)
1. Debt instruments and other marketable securities.		0.00	-
3. Payables to Group companies and associates.		(1,374,929.79)	(484,897.21)
4. Other payables.		(46,051.96)	(45,595.72)
11. Dividends paid and payments on other equity instruments.		-	-
12. Cash flows from financing activities		(1,420,981.75)	(530,514.92)
D) Effect of variations in exchange rates		-	-
E) Net increase/decrease in cash or cash equivalents		(261,291.32)	14,020.82
Cash and cash equivalents at beginning of period		244,271.00	230,250.18
Cash resulting from acquisition of business unit		265,596.18	-
Cash and cash equivalents at end of period		248,575.86	244,271.00

The accompanying notes 1 to 22 and annexes I to III constitute an integral part of the 2018 cash flow statement.

2018 financial statement

1. COMPANY ACTIVITY

FCC Ambito, S.A.U. (hereinafter the Company or Ambito) is a company incorporated in Spain, in accordance with the Capital Companies Law, for an indefinite period on 27 January 1984, with its registered office at Federico Salmón Street, No. 13 in Madrid.

It's corporate purpose, according to its Articles of Association and subsequent extension dated 30 September 1996, is summarised in the following points:

- The direct or indirect provision of collection, transport and disposal services for chemical waste or contaminants, both solid and liquid, whatever their nature.
- Disposal of industrial waste, whatever its nature.
- The management, contracting, construction, maintenance or use of plants for the regeneration, neutralisation, transformation or disposal of industrial waste of any nature, or for the recovery of chemical or polluting waste.
- The management, contracting, construction, maintenance or use of industrial waste landfills.
- The realisation of all types of projects, studies and technical reports in the field of regeneration, neutralisation, transformation or disposal of industrial waste in general and the recovery of chemical waste or pollutants of an industrial nature.
- Buying, selling or exchanging any intermediate or end raw material or industrial product for consideration or free of charge, and providing services of any nature related to social activities.
- The use of any type of patents and licenses, both national and foreign, and the development of engineering in relation to any type of processes or licenses that are related to the regeneration, neutralisation, transformation or disposal of industrial waste in general and to the recovery of chemical waste or contaminants.
- The construction and execution of all kinds of public or private works.
- The design, research, development, construction, use, maintenance and sale of plants and facilities for the treatment and purification of all kinds of water.
- Electrical, electronic and telecommunication installation and assembly services, as well as the design, research, development and sale of products related to said services.
- The conduct of environmental audits and studies of contaminated soils, including risk analysis. Engineering and sanitation of contaminated soils and areas.

Ambito currently has 16 main operating centres distributed across Spain, where it carries out its main activities: waste management, soil decontamination and recovery materials management (mainly glass,

paper and cardboard). To carry out these activities, it also has a large fleet of vehicles and auxiliary elements.

Corporate operations

On 26 July 2018, the sole partner of Compañía Control de Residuos, S.L.U. and FCC Ambito, S.A.U. decided to approve the merger by absorption of Compañía Control de Residuos, S.L.U. (absorbed company) by FCC Ambito, S.A.U. (Absorbing company).

Said merger, issued in public in deed number 1,865 dated 26 July 2018 and witnessed by the notary of Madrid, Valerio Pérez de Madrid Carreras, was registered in the Mercantile Registry of Madrid on 9 August 2018.

The corporate purpose of the absorbed company was to operate a retail business of scrap iron, steel, copper, brass, aluminium and other metals from machines, vehicles and other waste materials; the sale and purchase of non-metal elements from the demolition or scrapping of ships and automobiles; wholesale or retail trade of any type of recoverable products, such as paper, used newspapers, glass waste and miscellaneous waste; the rental or sale of containers, compactors, cages, presses, pallets, vats, buckets, drums, cisterns, for any metal or non-metal product, to deposit said products and waste or that serves to transport it to its final destination, recovery station or discharge into authorised landfills or dumps; the transport of all types of materials or merchandise, excavation products, demolition, debris, waste of any kind, scrap and any other, by mechanical means by road, rail, sea or air, in trucks, containers or any other means, as well as their rental, the handling of such materials, their classification, regeneration, discharging, stacking and spreading; formation of normal or controlled discharges, fences for enclosures, supplies for sale and rental from machinery to tools used in all types of construction work, industries and services that have some relationship with the corporate purpose, both known and new that may arise; the sale of aggregates and other construction materials, environmental technical advice of any kind, environment-related projects and studies, engineering, assembly, laboratory analysis of any product; environmental impact assessment, recognition of contaminated soils, waste management, treatment plants, water quality and pollution, recycling and waste sorting plants, cleaning of industries of all kinds of buildings, facilities, by any mechanical or manual means, cleaning of sewage and similar, washing of containers, buildings, industrial and commercial facilities; transfer stations for any type of rubbish and debris.

As a result of the merger, the absorbed company was dissolved and extinguished with the Company being subrogated in all rights and obligations of the absorbed company.

The merger was carried out in accordance with the tax regime established in chapter VII of title VII of Law 27/2014 of 27 November on Corporation Tax. In compliance with the provisions of current legislation, the formal obligations set forth in this report are detailed below.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

- Years in which the transmitting entity, Compañía Control de Residuos, S.L.U. (Sole Proprietorship), acquired the assets transferred in this business combination and which are subject to amortisation:

<u>Item</u>	<u>Year of acquisition</u>	<u>Cost</u>	<u>Accumulated Amortisation</u>	<u>Carrying Amount</u>
Buildings	2004	344,692.77	(142,878.34)	201,814.43

- Both the transferring entity and the Company belong to the same tax consolidation group as Fomento Construcciones y Contratas, S.A., so there are no tax benefits transferred from the extinguished company to the Company.
- The absorbed company's Merger Balance at 31 December 2017 is attached to Annex II of these Annual Accounts, which was approved by its Sole Partner.

For accounting purposes, the operations carried out by said absorbed company are considered to be carried out by the absorbing company as of 1 January 2018, in accordance with the provisions of the merger project and in accordance with Royal Decree 1159/2010, of 17 September, which approves the rules for the Formulation of the Consolidated Financial Statements (NOFCAC) and modifies the General Accounting Plan, as it is a transaction between Group companies carried out through a business merger.

The main aspects followed in the merger processes have been:

- The assets and liabilities of the absorbed company, after removing the balances between the absorbed company and the absorber company, has been recorded in the absorbing company, maintaining the accounting values of the consolidated financial statements of the FCC Group at 1 January 2018 by virtue of the provisions of standard 21 Recognition and Measurement of the General Accounting Plan.
- The reciprocal operations between the different companies involved in the process until the time of the integration have been deleted from the attached Profit and Loss Account.
- Finally, as a result of the removal of the value of the investment in Compañía Control de Residuos, S.L.U. and its net worth, a Merger Reserve of 144,388.82 euros has been registered in FCC Ambito, S.A.U.

Net turnover and profit attributable to the combination in 2018 amounted to approximately 1,318 thousand euros and 53 thousand euros, respectively. Since the combination was made at the beginning of 2018, the aforementioned net turnover and profit have been incorporated into the Company's Profit and Loss Account.

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It should also be noted that in 2007, the company absorbed Aecosol, S.L.U., Azuser, S.L.U., Gestiones Medioambiental del Sur, S.L.U., Hidrcen, S.L.U., Innovación y Gestión Medioambiental, S.A.U., Recitermia, S.A.U., Ipodec/Riscop, S.A.U. and Técnicas de Descontaminación, S.A.U. In 2008, it absorbed Papeles Vela, S.A.U. In 2012, Gonzalo Mateo, S.A.U. and Cristales Molidos, S.L. In 2012, it also absorbed Ekonor SAU through a merger.

Information regarding these mergers was collected in the 2007, 2008 and 2012 financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

a) *Regulatory framework for financial information applicable to the entity and faithful image-*

Financial reporting standards framework applicable to the Company

These financial statements have been authorised for issue by the directors responsible for them, in accordance with the financial reporting regulatory framework applicable to the Company, as set out in:

- The Spanish Commercial Code and other commercial legislation.
- General Accounting Plan approved by Royal Decree 1514/2007 and its current sectoral adaptations.
- The mandatory rules approved by the Spanish Institute of Accounting and Auditing in order to implement the General Accounting Plan and its supplementary rules.
- All other applicable Spanish accounting legislation.

Fair presentation

The annual accounts have been prepared from the accounting records of the Company, in order to show the faithful image of the equity, the financial situation and the results of the Company, as well as the veracity of the cash flows incorporated into the Statement of cash flows. These financial statements were prepared by the Company's directors for approval at the General Shareholders' Meeting and are expected to be approved without any modification. The 2017 financial statements were approved by the shareholders at the Annual General Meeting held on 28 June 2018.

The balance sheets, income statements and cash flow statements of the joint ventures in which the Company participates were incorporated by the proportional consolidation method, based on the percentage of ownership in each of them.

The joint ventures were included once adjustments were made to unify the accounting period and the valuation methods, together with the reconciliations and reclassifications required and the appropriate eliminations, both of the asset and liability balances and of the reciprocal income and expenses. In the Notes to the financial statements, the amounts corresponding thereto were broken down when they were of significance.

The joint ventures in which FCC Ambito S.A.U. has participated in 2018 and 2017, as well as the holding in the results are the following:

	2018	2017
Designation	Holding %	Holding %
Plan Residuos JV	47.50%	47.50%
Vilomara JV	33.33%	33.33%
Servicios Marpol JV	100.00%	100.00%
Ebre Flix JV	47.00%	47.00%
Bailin 2 JV	60.00%	60.00%
Vilomara II JV	33.33%	33.33%
Naftil JV	100.00%	100.00%
BZ-2 Zona Franca JV	Liquidated 2018	50.00%
Lagunas de Arganda JV	50.00%	50.00%
Suelos Muelle APB JV	50.00%	50.00%

The main figures provided by the joint ventures are detailed in Note 4.n

The FCC Ambito S.A.U. financial statements were prepared by the Directors, taking into account all the mandatory accounting principles and standards that have a significant effect on said financial statements, with there being no accounting principle that was mandatory and no longer applies, and no non-mandatory accounting principles had to be applied.

In application of article 43 of the Commercial Code, the Company is not obliged to prepare consolidated financial statements since it is dependent on Fomento de Construcciones y Contratas, S.A., a company that prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Board of 19 July 2002. The 2018 consolidated financial accounts of the FCC Group will be formulated by the FCC Directors, and will be submitted for approval at the Ordinary Shareholders Meeting and upon their subsequent submission to the Companies Register of Barcelona. A copy of the 2017 FCC Group Consolidated Financial Statements, as well as those from previous years, is available on the Group's corporate website.

Although the Company does not prepare consolidated financial statements, it should be noted that their preparation would not have a significant impact compared to these financial statements.

b) Critical aspects of valuation and estimation of uncertainties-

In preparing the attached financial statements, the Company's directors used estimates to measure certain of the assets, liabilities, income, expenses and commitments recorded within them. These estimates essentially relate to the following:

- Assessment of potential losses due to the impairment of certain assets (see Note 4.c).
- The useful life of property, plant and equipment and intangible assets (Notes 4 a and 4 b).
- The valuation of goodwill (see Note 5).
- The fair value of certain financial assets including Group companies (see Note 4 e).
- The calculation of provisions (see Note 4.j, 13 and 16).
- The recoverability of deferred tax assets (See Note 15).
- The Company's taxable income to be reported to the tax authorities in the future, which has served as the basis for recognising the various income tax-related balances in these financial statements (see Note 15).
- The estimation of liquidity, credit and market risk. (Note 8 c).
- The resolution of disputes and claims in progress (Notes 13 and 16).

Although these estimates were made on the basis of the best information available at 31 December 2018, future events may make it necessary to change these estimates (upwards or downwards) in subsequent reporting periods. Any changes in accounting estimates are recognised prospectively.

c) Grouping of items-

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together in order to facilitate comprehension. However, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

d) Comparison of information -

The information contained in these notes to the financial statements for 2017 is presented for purposes of comparison with the information for 2018.

Although, as indicated above, this year included the merger by absorption of the fully owned subsidiary Compañía Control de Residuos, S.L.U., effective 1 January 2018, the reduced relative size of the absorbed company does not imply significant distortions for interannual comparability.

e) Changes in accounting criteria and error corrections-

In 2018, there were no significant changes in the accounting policies and standards applied by the Company with respect to those applied in 2017.

No significant errors in the preparation of the accompanying financial statements were detected that required the figures disclosed in the 2017 financial statements to be restated.

3. APPLICATION OF RESULTS

The proposed distribution of results that the Board of Directors submits to the General Shareholders' Meeting for approval, as well as the distribution agreed in the previous year, are as follows:

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

	2018	2017
Distribution basis		
Balance of the income statement	(524,263.85)	(2,354,266.23)
Total	(524,263.85)	(2,354,266.23)
Application		
Prior years' losses	(524,263.85)	(2,354,266.23)
Total	(524,263.85)	(2,354,266.23)

4. **RECOGNITION AND MEASUREMENT**

The main accounting and measurement standards used by the Company in preparing its financial statements for 2018, in accordance with the Spanish General Chart of Accounts, were as follows:

a) Intangible assets

Intangible assets are recognised at their acquisition price or production cost, and subsequently at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill shows the difference that arose in 2012 as a result of the Company's merger by absorption with various subsidiaries (Note 5). In accordance with the provisions of RD 602/2016, goodwill has been amortised since 2016, with the maximum period of ten years established in the Royal Decree being used as the useful life.

The Company recognises the costs incurred in the acquisition and development of computer programmes as software. Maintenance costs are recognised in the income statement for the period in which they are incurred.

The Company's intangible assets are amortised linearly based on their estimated useful life, according to the following details:

	Years of estimated useful life
Concessions.	5 - 10
Patents, licenses, brands and similar.	5 - 10
Goodwill.	10
Software.	3
Other intangible assets.	7

b) Property, plant and equipment

Items of property, plant and equipment are recognised at acquisition or production cost when the Company has performed in-house work on its non-current assets, and are subsequently carried net of accumulated depreciation and any impairment losses.

Upkeep and maintenance costs relating to property, plant and equipment are taken to the income statement in the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For non-current assets that necessarily take a period of more than twelve months to become ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets became ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

Work done by the Company to build its own assets is recognised at the cumulative cost arising from the sum of external and internal costs, determined with respect to the in-house consumption of input materials, direct labour and manufacturing overheads calculated using absorption rates similar to those applied to measure the value of inventories.

The Company depreciates its property, plant and equipment on a straight-line basis, using annual rates based on the years of estimated useful life of the assets, as follows:

	Years of estimated useful life
Buildings.	33
Technical facilities, machinery, tools, furniture and other property, plant and equipment.	4 - 16

The investment made in waste dumps is amortised based on the effective use ratio with respect to their maximum capacity. This same criterion is followed for sealing expenses and post-clause tasks

that, in accordance with the provisions of the regulations in force, are considered to have a higher value than the property, plant and equipment.

c) Impairment of intangible assets and property, plant and equipment

The Company's intangible assets and property, plant and equipment are in their entirety of defined useful life and are subject to impairment loss tests provided that an event or change in the circumstances indicates that the book value may not be recoverable. In this case, whenever there are indications of impairment, the Company estimates, by means of an impairment test, the possible existence of impairment losses that reduce the recoverable value of these assets to an amount lower than their carrying amount.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. For the purpose of assessing impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

The procedure implemented by the Company's Management to carry out this test is as follows:

- Recoverable values are calculated for each cash generating unit.
- The management prepares an annual business plan for each cash generating unit by activity and renews it for five years, considering the following main components:
 - Projections of results
 - Investment and working capital projections

Other variables that influence the calculation of recoverable value are:

- The discount rate to be applied, understood as the weighted average of the cost of capital, the main variables influencing its calculation being the cost of the liabilities and the specific risks of the assets.
- The zero rate of cash flow growth used to produce cash flow projections beyond the period covered by budgets or forecasts.

Projections are prepared on the basis of past experience and on the basis of the best available estimates, which are consistent with external information.

The business plans prepared in this way are reviewed and finally approved by the pertinent management bodies.

When an impairment loss of the intangible assets and property, plant and equipment subsequently reverses (which is not permitted for goodwill), the book value of the asset or cash-generating unit is increased by the revised estimate of its recoverable amount so that the increased book value does not exceed the book value that would have been determined had no impairment loss been recognised in prior years. Said reversal of an impairment loss is recognised as income.

d) Leases

Leases are classified as finance leases whenever their terms imply that substantially all the risks and rewards incidental to ownership of the leased asset have been transferred. Other lease arrangements are classified as operating leases.

At 31 December 2018, there are no financial leasing operations in which the Company acts as lessor or lessee.

In relation to operating leases, if the Company acts as a lessee, the expenses derived from the operating lease agreements are charged to the profit and loss account in the year in which they accrue.

If the Company acts as the lessor, the income and expenses arising from the operating lease agreements are recognised in the income statement for the year in which they are accrued. Also, the acquisition cost of the leased asset is presented in the balance sheet in accordance with its nature, increased by the amount of the directly allocable contract costs, which are recognised as an expense over the term of the contract, using the same method as for the recognition of lease income.

Any payment received or made on entering into an operating lease is considered as revenue received in advance or a prepayment and taken to the income statement over the lease term in accordance with the pattern of economic benefits transferred or received.

e) Financial instruments

e.1) Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

- Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which did not arise from the ordinary course of business but are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- Financial assets held for trading: assets acquired for the purpose of sale in the short term or that form part of a portfolio for which there is evidence of a recent pattern of transactions having that same purpose. This category also includes financial derivatives that are not financial guarantee contracts or have been designated as hedging instruments.
- Investments in Group companies, associates and jointly controlled entities: Group companies are considered to be those over which the Company has control, while associates are those in which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.

Initial recognition

Financial assets, except for investments in Group, associated and multigroup companies (which are recognised at cost), are initially recognised at the fair value of the consideration provided plus directly attributable transaction costs.

Subsequent measurement

- Loans and receivables are valued at amortised cost. Notwithstanding the foregoing, credits for commercial operations with maturities not exceeding one year are valued, both at the time of initial recognition and subsequently, at their nominal value provided that the effect of not updating the flows is not significant.
- Financial assets held for trading are measured at fair value through profit and loss in the statement of profit or loss.
- Investments in Group companies, associates and jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. The impairment loss is measured as the difference between the carrying amount and the recoverable amount. The

recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. The investee's equity is taken into consideration, corrected for any unrealised gains at the measurement date (including any goodwill), unless better evidence of the recoverable amount of the investment is available.

At least at each reporting date, the Company tests its financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the income statement.

In particular, with regard to valuation adjustments relating to trade and other receivables, the Company calculates the corresponding impairment allowances, if any, based on specific analyses of the insolvency risk in each receivable.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of definitive asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk does not grant any type of guarantee or assume any other type of risk, and sales of financial assets under repos at fair value.

In contrast, the Company does not derecognise financial assets and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which it retains substantially all the risks and rewards of ownership, such as the discounting of bills, factoring with recourse, and sales of financial assets with repo agreements at a fixed price or at a sales price plus interest.

e.2) Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, while not having commercial substance, cannot be classed as derivative financial instruments.

Debts and payables are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs. These financial liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them are extinguished.

e.3) Equity instruments

The share capital is represented by ordinary shares.

An equity instrument represents a residual interest in the Company's equity, after deducting all of its liabilities.

Equity instruments issued by the Company are recognised in equity at the amount received, net of issue costs.

f) Inventory

Inventory is valued at purchase price, production cost or net realisable value, whichever is the lowest, and calculated according to the FIFO method. (first in / first out). Trade discounts, rebates, other similar items and interest included in the nominal amount of the payables are deducted in determining the acquisition cost.

Production cost includes the costs of direct materials and, where applicable, direct labour costs and manufacturing overheads incurred.

Net realisable value represents the estimated selling price less all estimated costs of completion and the costs to be incurred in the marketing, sale and distribution of the product.

The Company posts impairment allowances, recognising an expense in the income statement when the purchase price or production cost of inventories exceeds the net realisable value.

g) Foreign currency transactions

The Company's functional currency is the euro. Consequently, transactions in other currencies are considered to be denominated in foreign currency and are translated at the exchange rates prevailing at the transaction date.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the closing exchange rate. Exchange gains or losses are recognised directly in the statement of profit or loss for the reporting period in which they occur.

h) Income tax

Income tax expense (tax revenue) comprises current tax expense (current tax revenue) and deferred tax expense (deferred tax revenue).

Current tax is the amount of taxes the Company pays as a result of income tax settlements for a period. Tax credits and other tax benefits, excluding tax withholdings and payments on account, and tax loss carryforwards effectively utilised in the current period, reduce the current income tax expense.

Deferred tax expense or income relates to the recognition and settlement of deferred tax assets and liabilities. These include temporary differences, measured at the amount expected to be payable or recoverable, between the carrying amounts of assets and liabilities and their tax bases, as well as unused tax losses and unused tax credits. These amounts are measured by applying to the corresponding temporary difference or tax asset the tax rate at which the asset is expected to be realised or the liability is expected to be settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit/(loss) nor taxable income/(tax loss).

Deferred tax assets are recognised to the extent that it is probable that the Company will have taxable profit available in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from items directly charged or credited to equity accounts are also recognised with a charge or credit, respectively, to equity.

At each year end recognised deferred tax assets are reassessed and all appropriate adjustments are made to the extent that there are any doubts regarding future recovery.

Unrecognised deferred tax assets are also reassessed at the end of each reporting period, and are recognised to the extent it is likely they will be recovered through future tax benefits.

The Company is part of the 18/89 tax consolidation group headed by FCC and pays Corporation Tax in accordance with the Special Tax Consolidation Regime, provided for in Article 55 et seq of Law 27/2014 of 27 November on Corporate Income Tax.

i) Revenue and expenses

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arise. These revenues are measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date provided the result of the transaction can be estimated reliably.

The difference between the amount of output and the amount billed up to the balance sheet date is recognised as "Completed output pending invoicing" under "Trade receivables for sales and services" or as "Work invoiced in advance" under "Trade and other accounts payable - Customer advances".

Interest received on financial assets is recognised using the effective interest method, while dividends are recognised when the shareholder's right to receive payment has been established. In any event, interest and dividends on financial assets accruing after the date of acquisition are recognised as revenue in the income statement.

Dividends and interest on loans issued to group companies and associates that are part of the ordinary activity of the Company are presented as part of the net turnover in subsections created for this purpose in the Profit and Loss Account.

In construction or similar works, the results are recognised in accordance with the criterion of the level of progress of the work, recognising the income corresponding to the value in sale price of the completed work, which is covered by a main contract signed with the property or approved amendments thereof. According to the previous policy, although there are significant amounts accrued at the end of the year to be claimed by the Ebre Flix joint venture, mainly from work performed and not provided for in the approved project, as well as significant deviations in the performance of waste treatment due to substantial differences in their physical-chemical characteristics with respect to their characterisation in the specifications, the recognition will not be made until the right to their perception is contractually recognised by the customer, or the acquiescence is obtained by a third party with legal capacity to force the parties to comply with its resolution. Consequently, no income has been recorded in relation to the claims described.

j) Provisions and contingencies

In preparing the financial statements, the Company's directors draw a distinction between:

- a) Provisions: creditor balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources will be required to settle the obligation, which is uncertain as to its amount and/or timing.
- b) Contingent liabilities: possible obligations arising from past events, the materialisation of which will be confirmed only by the occurrence or non-occurrence of one or more future events not within the control of the Company.

The financial statements include all the provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow is considered remote (Note 17).

Provisions are stated at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available regarding the event and its consequences, and recognising those adjustments that arise from the restatement of those provisions as a financial expense as they accrue.

The compensation to be received from a third party when the obligation is settled, provided that there is no doubt that such reimbursement will be received, is recorded as an asset, except in the case of a legal relationship for which part of the risk has been externalised, and by virtue of which the Company is not obliged to respond, in this situation, the compensation will be taken into account to estimate the amount for which, if any, the corresponding provision will appear.

k) Termination benefits

In accordance with current legislation, under certain conditions, the Company is obliged to pay compensation to employees whose employment relationship it terminates. Therefore, severance payments that are subject to reasonable quantification are recognised as an expense for the year in which the dismissal is made.

The accompanying financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

l) Capital assets of an environmental nature

The Company, as indicated in Note 1, is primarily engaged in the Services activity, which, by its very nature and development, pays special attention to environmental impact control. Likewise, the Company has fixed assets focused on the protection and defence of the environment and pays expenses that are necessary for said purpose under the scope of its actions.

The acquisition of these assets intended for environmental protection is recorded under "Property, Plant and Equipment" and "Intangible Assets" depending on the nature of the investment and is depreciated over the useful life of the asset. In addition, the Company records the expenses and provisions inherent in the commitments acquired in environmental matters in accordance with current accounting regulations.

The Company develops an environmental policy based not only on strict compliance with current legislation on matters of the improvement and defence of the environment, it also goes beyond the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities carried out.

The Company's Management considers that the contingencies related to the protection and improvement of the environment that it maintains at 31 December 2018 would not have a significant impact on the attached financial statements that incorporate provisions to cover the probable environmental risks that may arise.

Note 19 of this Report, dedicated to Information on the Environment, complements the statements made on environmental provisions.

m) Grants

The Company applies the following criteria when accounting for grants received:

m.1) Non-repayable grants:

They measured at the fair value of the amount or asset awarded, depending on whether they are monetary or non-monetary grants. They are then recognised as income over the same period and in the proportions in which depreciation on those subsidised assets is charged or, where appropriate, when the assets are disposed of or impaired, except for those received from equity holders or owners, which are recognised directly in shareholders' equity and are not considered to be income.

m.2) Operating grants:

These grants are taken to income when they are awarded, except if they are granted to finance operating losses in future periods, in which case they are recognised in those periods. Grants awarded to finance specific expenses are recognised as income when the financed expenses are accrued.

n) Jointly controlled operations

The Company accounts for its joint venture (JV) arrangements by recognising in its balance sheet its proportional share, based on its ownership interest, in the assets that it controls jointly and its proportional share of the liabilities for which it is jointly liable. Likewise, in the income statement, it recognises the part corresponding to the income generated and the expenses incurred by the jointly operated arrangement, and in the statement of changes in equity and in the cash flow statement, it also posts the proportional part of the amounts of the joint arrangement items corresponding to it.

The main equity items on the balance sheet and income statement included in the participation percentage of JVs for both years are shown below (in euros):

	2018	2017
Revenue	954,017.28	1,144,543.12
Operating income/(expense)	(491,828.02)	(660,226.46)
Non-current assets	584,359.21	85,562.14
Current assets	588,328.84	601,462.97
Non-current liabilities	-	-
Current liabilities	1,136,379.99	1,341,589.76

The details of the jointly executed contracts in which the Company participates is shown in Note 2.a.

o) Related party transactions

The Company carries out all transactions with related parties at arm's length. In addition, as transfer prices are adequately documented, the Company's directors consider that there are no significant risks that could give rise to material liabilities in the future.

p) Cash flow statement

The following terms are used in the statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents.
- Cash flows from operating activities: payments and collections of the Company's principal revenue-producing activities and other activities that are not investing or financing activities.
- Cash flows used in investing activities: payments and collections arising from acquisitions and disposals of non-current assets.
- Cash flows from financing activities: payments and collections from the placement and cancellation of financial liabilities, equity instruments or dividends.

5. INTANGIBLE ASSETS

The balances and movements of this heading from the attached balance sheet in 2018 and 2017 were as follows (in euros):

	Concessions	Goodwill	Software	Other intangible assets	Impairment	Depreciation
Balance at 31/12/2016	6,182.77	46,999,173.35	54,668.09	9,125,325.02	(23,688,000.00)	(10,633,083.80)
Receipts or endowments			1,451.06			(3,312,841.72)
Release, removals and transfers			(16,116.38)			16,116.38
Other						
Balance at 31/12/2017	5,182.77	46,999,173.35	39,902.77	9,125,326.02	(23,688,000.00)	(13,829,809.14)
Receipts or endowments			395.96			(2,332,119.29)
Release, removals and transfers						
Other						
Balance at 31/12/2018	6,182.77	46,999,173.35	40,298.73	9,125,326.02	(23,688,000.00)	(16,161,928.43)

Meanwhile, the composition of intangible assets and their corresponding accumulated depreciation at 31 December 2018 and 2017 is as follows (in euros):

	2018			2017		
	Cost	A. Accumulated and impairments	Net	Cost	A. Accumulated and impairments	Net
Concessions.	5,182.77	(5,182.77)	-	5,182.77	(5,182.77)	-
Goodwill.	46,999,173.35	(30,681,352.02)	16,317,821.33	46,999,173.35	(28,350,234.68)	18,648,938.67
Software.	40,298.73	(38,068.62)	2,230.11	39,902.77	(37,066.67)	2,836.10
Other intangible assets.	9,125,325.02	(9,125,325.02)	-	9,125,325.02	(9,125,325.02)	-
	56,169,979.87	(39,849,928.43)	16,320,051.44	56,169,583.91	(37,517,809.14)	18,651,774.77

In 2012, Ambito carried out a series of corporate operations with other companies belonging to the FCC group, proceeding with the simplified merger by absorption of its wholly owned subsidiaries Gonzalo Mateo, S.L.U. and Cristales Molidos, S.L.; the simplified merger by absorption of Ekonor, S.A.U. by Ambito (companies wholly owned by FCC Medio Ambiente, S.A.); and lastly the partial division of the paper recovery activity branch, with its en bloc transfer to Manipulación y Recuperación Marepa, S.A.U., also fully owned by FCC Medio Ambiente, S.A.U.

The Goodwill item at 31 December 2018 and 2017 includes the value of the Merger Goodwill arising from the aforementioned merger operations. Since 2016, in accordance with the provisions of RD 602/2016, Goodwill is amortised in a linear manner based on a useful life of 10 years. From all the endowment entries in the 2018 and 2017 amortisations, a total of 2,331,117.34 correspond to the endowment of the goodwill exercise.

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At year-end, none of the Company's intangible assets showed any indications of impairment. As the directors consider that the recoverable value of these assets is greater than their carrying amount, no provisions have been recorded for impairment losses.

The details of the fully amortised fixed assets at the end of 2018 and 2017 is as follows (in euros):

	2018	2017
Concessions.	5,182.77	5,182.77
Software.	35,755.98	35,755.98
Other intangible assets.	9,125,325.02	9,125,325.02
Total	9,166,263.77	9,166,263.77

At 31 December 2018 and 2017, the Company had no intangible assets located outside the national territory, and there were no assets subject to guarantees or commitments to acquire intangible assets.

6. PROPERTY, PLANT AND EQUIPMENT

The balances and movements of this heading from the attached balance sheet in 2018 and 2017 were as follows (in euros):

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	Land and buildings	Plant and other items of property, plant and equipment	Advances and PP&E under construction	Impairment	Depreciation
Balance at 31/12/2016	20,244,225.71	51,925,511.59	59,503.86	(1,218,085.02)	(50,515,794.03)
Receipts or endowments	8,000.00	773,267.18	2,157,144.03		(1,945,264.40)
Release, removals and transfers	(916,480.14)	(2,302,485.33)		89,390.02	2,694,279.81
Transfers		60.01886	(60,018.86)		
Balance at 31/12/2017	19,335,745.57	50,456,312.30	2,156,629.03	(1,128,695.00)	(49,766,778.62)
Receipts or endowments	281,063.45	1,720,301.15	587,373.62		(1,991,357.14)
Release, removals and transfers		(663,145.85)			663,145.85
Provision adjustment (note 13)		354,635.72			
Merger Incorporation (note 1)	344,692.77	179,226.67			(322,105.01)
Transfers		2,744,002.65	(2,744,002.65)		
Balance at 31/12/18	19,961,501.79	54,791,332.64	-	(1,128,695.00)	(51,417,094.92)

The additions in 2018 are mainly from the completion of the investment for the updating of the refrigeration treatment plant of the Planta de Neveras del Pont de Vilomara (Barcelona), the expansion of the Lemona landfill, separation machinery optics for the glass recycling line, and several lorries.

The additions in 2017 are mainly from the investment for the update of the refrigeration treatment plant of the Planta de Neveras del Pont de Vilomara (Barcelona) that became operational in the first quarter of 2018.

The removals in 2018 are mainly from the previous Planta de Neveras facilities that have been replaced, while those from 2017 are mainly from the removals recorded for the damages caused by a fire in the non-hazardous waste treatment plant of Sant Feliu in November of that year.

The damage to the Sant Feliu Plant resulted in a loss of 435,762.35 euros recorded in 2017 in the section "Results from disposals and others" under the heading "Impairment and result from disposals of fixed assets". Meanwhile, income from compensation has been recorded in the "Other operating income" section of the attached Profit and Loss Account for 1,673,000.00 euros (1,213,870.38 euros in 2018 and 459,129.62 euros in 2017), corresponding to the minimum compensation to be received from the insurance company and that does not imply the obligation to rebuild the plant. Said amount, less an advance payment received for 500,000 euros, is included in the "Sundry receivables" section of the Assets side of the attached Balance Sheet.

This year, assets were purchased from the investee Ekostone Aridos Siderúrgicos, S.L. for 198,949.80 euros, and no assets were purchased from related companies in 2017 for a relevant amount.

At year-end, none of the Company's PP&E showed any indications of impairment. As the directors consider that the recoverable value of these assets is greater than their carrying amount.

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The Company owns properties whose value, apart from the construction and land, at the end of 2018 and 2017 is as follows (in euros):

	2018	2017
Land	8,493,254.82	8,493,254.82
Buildings	11,468,246.97	10,842,490.75
	19,961,501.79	19,335,745.57

The detail of "Property, Plant and Equipment" and of the related accumulated depreciation at 31 December 2018 and 2017 is as follows (in euros):

	2018			2017		
	Cost	A. Accumulated and impairments	Net	Cost	A. Accumulated and impairments	Net
Land and buildings.	19,961,501.79	(7,340,256.71)	12,621,245.08	19,335,745.57	(6,886,472.77)	12,449,272.80
Plant and other items of property, plant and equipment	54,791,332.64	(45,205,533.21)	9,585,799.43	50,456,312.30	(44,009,000.85)	6,447,311.45
Advances and PP&E under construction.	-	-	-	2,156,629.03	-	2,156,629.03
	74,752,834.43	(52,545,789.92)	22,207,044.51	77,948,686.90	(50,895,473.62)	21,053,213.28

In 2018 and 2017, the Company did not capitalise financial expenses in property, plant and equipment.

All the items from the property, plant and equipment at year-end are used in the various production processes, however, part of said property, plant and equipment is fully amortised, in accordance with the following breakdown (in euros):

	2018	2017
Buildings.	1,793,993.87	1,465,553.52
Technical facilities, machinery, tools, furniture and other property, plant and equipment.	37,637,073.55	36,534,637.68
Total	39,431,067.42	38,000,191.20

The investment commitments held at 31 December 2018 correspond mainly to the reconstruction of the Sant Feliu Plant that the Company intends to undertake and for which it is obtaining the necessary

permits. Although not all the budgets are available at this time, it is estimated that the value of the investment to be made will amount to approximately 1.9 million euros.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At year-end, in the opinion of the directors, there was no deficit in hedges relating to these risks.

The Company does not hold investments in property, plant and equipment located abroad, or assets assigned as collateral, except for those specified. The Company has a mortgage in favour of the General Treasury of Social Security for a principal of 1,707,499.44 euros plus 512,249.84 euros for interest and expenses to meet the deferral of Social Security payments of four companies from the FCC Group. Deferred amounts were paid in full in 2017, with the cancellation pending.

7. LEASES

7.1) Financial leases

The Company had no current financial lease agreement at 31 December 2018 and 2017.4

7.2) Operating lease

At year-end, the Company had no significant payment obligations related to minimum operating lease instalments.

8. FINANCIAL ASSETS

The following page shows the breakdown of the financial assets at 31 December 2018 and 2017, expressed in euros, according to the classification established in the General Accounting Plan, distinguishing those held with Group and Associated companies from those held with third parties outside the Group.

The breakdown of the balances held with Group and Associated companies is shown later in this section.

Meanwhile, the category of "Loans and receivables" held with third parties at 31 December 2018 and 2017 mainly includes the amount of the long-term bonds and deposits, 188,139.14 euros (2017: 203,461.14 euros) and short-term, 169,081.91 euros (2017: 132,289.05 euros).

At the end of 2018 and 2017, the fair value of the loans to third parties is similar to that recorded in books, and in 2018 and 2017, the Company did not record corrections for impairment.

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Categories	Classes													
	Long-term financial instruments						Short-term financial instruments				Total			
	Shares and equity interests		Representative values of debt		Credits, derivatives, others		Debt securities		Credits, derivatives, others					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		
Assets at fair value through profit or loss - Other	37,781.75	37,781.75	-	-	-	-	-	-	-	-	-	-	37,781.75	37,781.75
Investments in Group companies and Associates	2,757,390.69	3,052,317.58	-	-	-	-	-	-	-	-	-	-	2,757,390.69	3,062,317.58
Loans and receivables - Held with group companies and associates - Held with third parties	-	-	1,106,704.30 1,099,839.48 6,864.82	1,409,947.36 1,403,082.54 6,864.82	188,139.14 - 788,139.14	203,451.14 - 203,461.14	3,270,310.09 3,270,310.09 -	4,754,783.14 4,754,783.14 -	170,485.30 - 170,485.30	285,600.45 15,000.00 133,492.45	4,735,638.83 4,370,149.57 365,489.25	5,651,884.09 6,307,665.68 344,018.41	7,630,811.27	9,741,983.42
	2,796,172.44	3,090,093.33	1,106,704.30	1,409,947.36	188,139.14	203,461.14	3,270,310.09	4,764,783.14	170,486.30	283,692.46	7,630,811.27	9,741,983.42		

a) Financial assets with Group companies and Associates.

a.1) Shares and equity interests.

The movement thereof in 2018 and 2017, expressed in euros, is as follows:

	Equity Instruments in Other Group Companies	Equity Instruments Other Associates	Impairment	TOTAL
Balance at 31/12/2016	3,656,501.40	3,548,801.82	(4,305,072.41)	2,900,230.81
Receipts or endowments	50,017.91			50,017.91
Derecognitions or reversals			102,068.86	102,068.86
Transfers				-
Balance at 31/12/2017	3,706,519.31	3,548,801.82	(4,203,003.55)	3,052,317.58
Receipts or endowments				
Derecognitions or reversals	(302,981.21)		8,054.32	(294,926.89)
Transfers				
Balance at 31/12/2018	3,403,538.10	3,548,801.82	(4,194,949.23)	2,757,390.69

Derecognitions for the year correspond to the cancellation of the shareholding in Compañía Control de Residuos, S.L.U., which, as indicated in note 1, was absorbed this year, while the entries for 2017 correspond to the acquisition of 36% of the shares in the same company, which became fully owned by FCC Ambito, S.A.U.

The detail of the long-term investments in group companies and associates at 31 December 2018 and 2017 is as follows (in euros):

	2018			2017		
	Cost	Accumulated impairment	Impairment for the year	Cost	Accumulated impairment	Impairment for the year
Equity instruments in Group companies	3,403,538.10	(2,943,170.64)	9,742.79	3,706,519.31	(2,952,913.43)	97,438.84
Equity instruments in associates	3,548,801.82	(1,251,778.59)	(1,688.47)	3,548,801.82	(1,250,090.12)	4,630.02
	6,952,339.92	(4,194,949.23)	8,054.32	7,255,321.13	(4,203,003.55)	102,068.86
	2,757,390.69			3,052,317.58		

The recognised impairments and reversals of impairment, calculated in accordance with Note 4.e, are presented under the heading "Impairment and profits/(losses) on disposal of financial instruments - Impairments and Losses" of the attached Profit and Loss Account, forming part of the Financial Profit/(Loss).

Annex I details the relevant information of the different group companies and associates, according to the unaudited balance sheets at 31 December 2018 and 2017. None of the companies are listed on the stock market.

a.2) Long-term debt securities.

The movement thereof in 2018 and 2017, expressed in euros, is as follows:

	Loans to companies	Non-current interest	Impairment	TOTAL
Balance at 31/12/2016	1,432,000.00	-	(99,775.87)	1,332,224.13
Receipts or endowments		10,945.25	(136,283.39)	(125,338.14)
Derecognitions or reversals				-
Transfers		196,196.55		196,196.55
Balance at 31/12/2017	1,432,000.00	207,141.80	(236,059.26)	1,403,082.54
Receipts or endowments		10,125.41	(313,368.47)	(303,243.06)
Derecognitions or reversals				-
Transfers				-
Balance at 31/12/2018	1,432,000.00	217,267.21	(549,427.73)	1,099,839.48

1,432,000.00 euros recorded as "Loans to companies" initially corresponded to a subordinated loan issued to the associate Betearte, S.L. within the obligations assumed by the shareholders in the context of a Project Finance operation subscribed by this entity with the Caja de Ahorros del Mediterráneo in 2008 and expiring on 9 August 2019.

On 16 March, the previous subordinated loan was turned into two different operations:

- A participatory loan for a total of 700,000.00 euros. This loan accrues a participatory interest established at 1% of the after-tax result obtained by the borrower. No interest was accrued in

2018. The expiry is set for the day following the expiry of the Project Finance contract signed by Betearte, S.L.

- A subordinated loan for a total of 732,000.00 euros. This loan accrues a market interest based on the Euribor plus a spread. The average rate for the year was 1.378% (2016: 1.378%). The maturity is set for the same day as for the participatory loan.

During the year there were impairments in relation to the loans granted to Betearte, S.L. for an amount of 313,368.47 euros (136,283.39 euros in 2017) that have been recorded under the heading "Impairment and profits/(losses) on disposal of financial instruments" from the attached 2018 profit and loss account for an amount equivalent to the negative own funds of the investee to the percentage of participation of the Company.

Although the maturity of the operations is short-term, and especially when there has been an early amortisation of the Project finance taken out by the investee on 6 February 2019, the Company continues to present it as long-term debt as it deems that the issued loans must be refinanced.

a.3) Short-term debt securities.

This heading mainly includes loans and other non-trade credits granted to Group companies and associates, among others, to meet certain occasional cash situations, as well as other transitory financial investments, valued at the lower of cost or market value, plus accrued interest at market rates.

The breakdown by item is as follows (in euros):

	2018	2017
Loans to Group companies	2,030,071.80	2,766,851.47
Loans to associates	2,558,082.85	2,798,082.85
Current loan interest	1,083,455.79	944,646.63
Provisions for impairment	(2,401,300.35)	(1,754,797.81)
	3,270,310.09	4,754,783.14

Impairments for the year amounting to 646,502.54 euros (2017: 1,028,986.57 euros), recorded under the heading "Impairment and profits/(losses) on disposal of financial instruments" of the attached 2018 profit and loss account.

The most significant balances within the Loans to group companies are the following (in euros):

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	2018	2017
Ekostone Aridos Siderúrgicos, S.L.	2,028,878.40	2,719,565.13
Other companies	1,193.40	47,286.34
	2,030,071.80	2,766,851.47

The balance with Ekostone Aridos Siderúrgicos, S.L. at 31 December 2018 consists of a participatory loan of 510,000.00 euros (executed on 13 May 2016) and 1,518,878.40 euros for a line of credit.

In accordance with a contract signed with Arcelormittal Guipúzcoa, S.L.U., Ekostone Aridos Siderúrgicos, S.L.U., a treatment plant was built for slag from the steel furnaces of said company located in Zumárraga, Olaberria and Bergara (Guipúzcoa). After the construction of the plant, several conflicts arose between the company and its client, which were finally resolved on 16 November 2017, when the parties reached a transactional agreement whereby the contract was terminated, Arcelor Mittal acquired certain assets from Ekostone Aridos Siderúrgicos, S.L. and a deadline was set for the rest of its assets to be removed from the land owned by Arcelor Mittal, in addition to Arcelor Mittal making a compensatory payment to Ekostone.

On 12 July 2018, the company was dissolved, and is currently in the process of liquidation, which is estimated to end in the first quarter of 2019. As a result of the liquidation process, FCC Ambito, S.A.U. will receive various material assets in the liquidation that it will then use or dispose of. The Company estimates that the value of the debt, net of the constituted provisions for impairment, does not exceed the fair value of the assets to be received.

As a result of the transactional agreement reached on 16 November 2017, the Company reverted certain current provisions that it still had recorded in 2017 for the amount of 1,510,000 euros, with this item being the bulk of the "Other profits/(losses)" of the attached 2017 profit and loss account

The most significant balances corresponding to associated companies are the following (in euros):

	2018	2017
Gestión y Valorización del Centro, S.L.	2,062,035.00	2,062,035.00
Aragonesa de Trata. Medioamb. XXI, S.A.	495,522.82	495,522.82
Other companies	525.03	525.03
	2,558,082.85	2,789,082.85

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These Loans accrue market interest rates, established on the basis of the three-month Euribor plus a spread, and are reviewed quarterly. Loans to associated companies correspond mainly to loans issued to companies to pay for the purchase of their facilities. In the case of Gestión y Valorización del Centro, S.L, this loan, which matures on 1April 2019, extendable for periods of one year, has accrued an average rate of 6.90% (2017: 6.90%), and in the case of Aragonesa de Tratamientos Medioambiental XXI, S.A. 0.1% (2017: 0,1%).

The breakdown of the credit interest by companies at 31 December 2018 and 2017 in euros is as follows:

	2018	2017
Ekostone Aridos Siderúrgicos, S.L.	219,951.92	230,036.13
Gestión y Valorización del Centro, S.L.	861,564.47	714,279.61
Aragonesa de Trata. Medioamb. XXI, S.A.	1,939.40	330.89
	1,083,455.79	944,646.63

The composition by companies and the movement by year of the provision for impairment is as follows:

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	Aragonesa Tratamientos Ambientales XXI, SA	Ekostone Aridos Siderúrgicos, SL	Total
Balance at 31/12/2016	528,262.00	197,549.24	725,811.24
Provisions		1,028,986.57	1,028,986.57
Applications			-
Others and Reclassifications			-
Balance at 31/12/2017	528,262.00	1,226,535.81	1,754,797.81
Provisions		646,502.54	646,502.54
Applications			-
Others and Reclassifications			-
Balance at 31/12/2018	528,262.00	1,873,038.35	2,401,300.35

In previous years, Aragonesa de Tratamientos Ambiental XXI, S.A, 33% owned by FCC Ambito, S.A.U. and currently inactive, built certain facilities that will not be operational, and are for sale. The realisation of the same will entail a loss with respect to the book value, which must be ultimately absorbed by its shareholders, which is why the loans that the Company issued to the investee as shown in the tables have been provisioned for above and considering that the provisions recorded will be sufficient to meet the aforementioned losses.

a.4) Loans, derivatives and others.

The balance at 31 December 2017 corresponded to dividends to be received from the company Pilagest, S.L., whose distribution had been agreed but which were pending collection at the end of said fiscal year.

b) Information on the nature and level of risk of financial instruments

The Company's financial risk management is centralised in the Financial Management of the FCC Group, which has the necessary mechanisms in place to control exposure to variations in interest rates and exchange rates, as well as to credit and liquidity risks. The main financial risks affecting the Company are as follows:

a) Credit risk:

The Group has no significant credit risk, with both cash placements and the contracting of derivatives with high solvency financial institutions being realised.

The bank balances are deposited in banks and financial institutions of recognised prestige.

The Company does not maintain credit insurance contracts that guarantee the credit risk of accounts receivable. Notwithstanding the foregoing, there is no significant concentration with respect to any of the clients with whom the Company works.

b) Liquidity risk:

This risk derives from temporary shortages between the funds generated by the Company's activities and the fund requirements to meet debt payments, working capital requirements, etc.

At 31 December 2018, the Company presents a positive working capital of 3,871,341.13 euros (2017: 2,514,727.94 euros), while a total of 5,763,989.96 euros (2017: 6,748,884.39 euros) of current liabilities are mainly due to financial debts with its sole shareholder, FCC Medio Ambiente, S.A. (see Note 14).

The Company, like others from the FCC Group, has signed a cash pooling agreement with its Sole Shareholder that affects its main operating current accounts, so the resulting daily balances in the current accounts, both positive and negative, are automatically transferred to, or from, a current account thereof, so the final daily balance of FCC Ambito is zero. Only current account balances are maintained in those financial entities in which there are payments that must be made in current accounts held therein, and for the amounts necessary to meet them.

The system guarantees the optimisation of the liquid resources of both the Company and the Group, and lessens the liquidity risk.

The above factors, added to the Company's ability to generate funds, mean that there is no significant liquidity risk.

c) Market risk:

c.1) Foreign exchange risk

The Company mostly operates domestically, and there are no significant transactions or balances in foreign currency, meaning that it is significantly exposed to the exchange rate risk for operations with foreign currencies.

c.2) Interest rate risk of cash flows and fair value

As the Company does not have significant remunerated assets, the revenues and cash flows from its operating activities are fairly immune to changes in market interest rates.

The Company's interest rate risk arises from long-term foreign resources, from the loans that it has taken out with the group's parent company and with its Sole Shareholder (see Note 14).

c) Estimated fair value

Fair value is the amount at which a financial instrument is exchanged between knowledgeable, willing parties in a transaction under normal market conditions.

None of the financial instruments owned by the Company are listed in active markets.

The fair value of financial instruments that are not listed in an active market is determined using valuation techniques. The Company mainly uses valuation techniques that use information from recent transactions made according to the existing market conditions for similar instruments and the discount of estimated cash flows.

It is assumed that the carrying value of trade receivables and payables approximates their fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

9. INVENTORY

The balance of "Raw materials and other supplies" corresponds mainly to other processed recovery materials (paper, cardboard, plastic, metals, etc.) that are available for sale or still pending processing.

The Company takes out insurance policies to cover the possible risks to which its inventory is subject. At year-end, in the opinion of the directors, there was no deficit in hedges relating to these risks.

10. TRADE RECEIVABLES FOR SALES AND SERVICES

The breakdown of this heading in the accompanying balance sheet essentially relates to the amounts receivable for the service activity performed by the Company (in euros).

	2018	2017
Output billed pending collection	15,675,903.77	14,857,492.23
Completed output pending billing	2,612,413.97	1,625,371.51
Customer doubtful receivables	441,341.18	308,660.09
Negative: Provision for Insolvencies	(441,639.71)	(324,446.62)
<i>Trade receivables for sales and services</i>	<i>18,288,019.21</i>	<i>16,467,077.21</i>
Customer advances	(10,115.60)	(10,511.60)
Completed output pending invoicing	(55,313.89)	(61,009.92)
<i>Customer advances</i>	<i>(65,429.49)</i>	<i>(71,521.52)</i>
Total Net Trade Receivables Balance	18.222.589,72	16,395,555.69

The total balance shown corresponds to the net balance of customers, less the "Customer advances" item from the liabilities of the attached balance sheet that, in accordance with accounting regulations, includes the amounts billed in advance for various concepts, regardless of whether or not they have been collected, plus deliveries paid upon reception, usually in cash.

Of the total net trade receivables balance, 215,133.07 euros (2017: 300,999.62 euros) correspond to balances from contracts jointly operated through joint ventures.

"Output billed pending collection" comprise the amount pending on interest-free loans received.

The heading "Completed output pending billing" includes the excess at year-end, between the recorded production for all work at 31 December 2018 and 2017 and the amount of the invoices issued for this work. At the same time, if the difference is negative, it is included under the heading "Completed output pending invoicing" in the liabilities side of the balance sheet.

The movement of the provision for bad debt is as follows (in euros):

Balance at 31/12/2016	760,007.27
Other concepts	0.22
Provision	160,486.62
Application	(596,047.49)
Balance at 31/12/17	324,446.62
Merger Incorporation (note 1)	24,652.30
Provision	189,895.28
Application	(97,354.49)
Balance at 31/12/18	441,639.71

11. CASH AND CASH EQUIVALENTS

There were no restrictions on the availability of cash balances at 31 December 2018.

12. EQUITY

a) Share Capital

The share capital is represented by 1,089,162 registered shares with a 1 euro nominal value each, 100% of its capital belonging to the FCC Group, with its sole shareholder being FCC Medio Ambiente, S.A.

All shares are fully subscribed and paid and carry the same rights for the shareholder.

The Company complies with the legal requirements of sole proprietorship, and there are no contracts, balances or transactions with the Sole Partner other than those indicated in Note 9.1

b) Reserves

The breakdown of the reserves at 31 December 2018 and 2017 were as follows (in euros):

	2018	2017
Legal Reserve	240,404.84	240,404.84
Goodwill Reserve	13,292,430.12	13,292,430.12
Other Reserves	35,781,181.31	35,636,792.49
	49,314,016.27	49,169,627.45

b.1) Legal Reserve

Under Art. 274 of the Spanish Corporate Enterprises Act, an amount equal to 10% of the profit for the year must be earmarked to the legal reserve until such reserve represents at least 20% of share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

As of 31 December 2018 and 2017, the legal reserve is fully funded.

b.2) Goodwill Reserve

Section 4 of article 273 of the Corporate Enterprises Act established the obligation to provide an unavailable reserve equivalent to the goodwill that appears in the asset side of the balance sheet, with a profit figure that represents at least five percent of the amount of said goodwill. If no profit is reported, or if the profit reported is insufficient, unrestricted reserves will be used for this purpose. This reserve was unavailable while the goodwill that resulted in its constitution appeared in the asset side of the balance sheet. The fourth final provision of Law 22/2015 of 20 July, on Auditing, repealed the aforementioned section, so 2015 was the last year to be subject to said obligation.

Meanwhile, the thirteenth final provision of said Law established that in the years beginning after 1 January 2016, the amount of said reserve would be reclassified to the company's voluntary reserves and available for the amount that exceeds the goodwill recorded in the asset side of the balance sheet, which was not done on 31 December 2018 or 31 December 2017.

b.3) *Other Reserves*

These are voluntary reserves that are freely available.

13. LONG AND SHORT-TERM PROVISIONS

a) **Long-term**

The breakdown by concepts of the movements in 2018 and 2017 in the long-term provisions is as follows (in euros):

	Landfill Provisions	Other provisions	Total
Balance at 31/12/2016	1,364,887.78	1,001.00	1,365,888.78
Endowments / Financial update Applications / Provisions	29,643.12	(1,001.00)	29,643.12 (1,001.00)
Balance at 31/12/2017	1,394,530.90	-	1,394,530.90
Endowments / Financial update Provision adjustment (note 6) Applications / Provisions	7,801.23 354,635.72 (54,424.77)	21 149.70	28,950.93 354,635.72 (54,424.77)
Balance at 31/12/2018	1,702,543.08	21,149.70	1,723,692.78

The balance that appears under the concept of "Landfill Provisions" corresponds to the provision of sealing and postclosure costs of the landfill that the company uses in Lemona (Biscay).

In accordance with current environmental legislation, once the landfill has been filled, the Company must close it and regenerate the area in which it is located. It must also maintain it for the next 30 years following this time.

In accordance with the provisions of the GAP, the estimated value of said provisions must be recorded as a higher value of the fixed assets and said fixed assets must be systematically amortised. The value is calculated according to a financial update process, considering the total capacity of the landfill, the estimated annual flow of deposits made in it (for the purpose of estimating its total useful life) and the costs to be incurred according to its topology affected by possible price increases depending on the expected time of use.

This year, and after expanding it, the provisions have been reassessed, based on the estimated closing and post-closing costs, the remaining capacity and the expected flow of waste deposits, interest rates in force and the CPI estimate for coming years. As a result of this calculation, the value of the provision recorded was increased by 354,635.72 euros, increasing the balance of property, plant and equipment (see Note 6).

b) Short-term

Below are the main concepts that make up the balances of short-term provisions at 31 December 2018 and 2017, with an explanation.

	2018	2017
Provision for closure of Ebre Flix JV	450,000.00	450,000.00
Provision for staff compensation	75,700.02	56,528.99
Other concepts	-	1,762.75
	525,700.02	508,291.74

Ekostone arbitration provision:

Regarding the project carried out by the Ebre Flix JV (47% owned by the Company) there were discrepancies in previous years regarding whether the work entrusted to it should or should not be considered completed, with the JV incurring certain extra costs as a result of the process. According to the provisions of the contract with the client of this project, an arbitration was requested that was resolved on 19 January 2019, taking into account the claims of the Ebre Flix JV, and establishing compensation of 0.8 million euros to the percentage of participation of the Company in the JV.

Also, in May 2018, the Ebre Flix joint venture and the project client reached an agreement for the termination of the contract they had signed, entrusting the client to the state company Tragsa to carry out additional work. Given that the agreement for the termination of the contract establishes that the JV may carry oversee the work carried out by Tragsa, a provision for 450 thousand euros is recorded to meet the estimate of the costs to be incurred in relation to said tasks.

Provision for staff compensation:

This provision, which is generated under the heading of "Personnel Expenses" of the attached Profit and Loss account, is intended to meet the accrual of staff remuneration set for meeting goals.

14. FINANCIAL LIABILITIES

Below is the breakdown of the financial liabilities at 31 December 2018 and 2017, expressed in euros, according to the classification established in the General Accounting Plan, distinguishing those held with Group and Associated companies from those held with third parties outside the Group.

Categories	Classes					
	Long-term financial instruments		Short-term financial instruments		Total	
	Debt securities		Debt securities			
	2018	2017	2018	2017	2018	2017
Payables	44,757,505.26	44,804,017.75	6,153,647.59	6,881,648.51	50,911,152.85	51,685,666.26
- Held with third parties	111,395.10	537,907.59	389,657.63	132,764.12	501,052.73	290,671.71
- Held with Group companies and Associates	44,646,110.16	44,646,110.16	5,763,989.96	6,748,884.39	50,410,100.12	51,394,994.55
	44,757,505.26	44,804,017.75	6,153,647.59	6,881,648.51	50,911,152.85	51,685,666.26

The following is the composition at 31 December 2018 and 2017 of those held with third parties, in euros:

	Long-term		Short-term	
	2018	2017	2018	2017
notes payable	-	-	199,327.47	38,198.63
Fixed assets	-	-	135,129.85	29,308.32
suppliers	111,395.10	157,907.59	55,200.31	65,257.17
Others				
	111,395.10	157,907.59	389,657.63	132,764.12

The breakdown of the balances held with Group companies and Associates is shown below.

Long-term

In 2014, Fomento de Construcciones y Contratas, S.A., signed a Framework Restructuring Agreement and a Financing Agreement that included the financial debt of FCC Ambito, S.A.U. and entailed the cancellation of the Company's existing debt with credit institutions at 26 June 2014 and its assumption regarding the Group's parent company.

In this regard, on 26 June 2014 a contract was signed between Fomento de Construcciones y Contratas, S.A., as lender, and FCC Ambito, S.A.U., as amended on 1 January 2015, in which it granted a loan of 44,646,110.16 euros thousand, classified under "Long-term payables to group and associated companies". The maturity of the aforementioned loan was marked as indefinite and the Lender may request full or partial repayment at any time.

The loan is presented in full for the long term, since it is not expected that its total or partial cancellation will be requested in the next twelve months.

The interest rate applicable to the Group's financing is referenced to the interest rate applied in the financing of the Group's parent company and increased in 2018 to 3.25% (2017: 4.13%)

Short-term

The breakdown of this heading at 31 December 2018 and 2017 was as follows (in euros):

	2018	2017
Borrowings with Group companies		
- FCC Medio Ambiente, SA	3,638,419.38	5,460,760.06
- Other companies	662,715.86	631,538.28
Debts due to tax effect group companies		
- Current year	780,387.81	656,586.05
- Previous years	682,466.91	-
	5,763,989.96	6,748,884.39

Financial debts with group companies include short-term loans that are remunerated at market prices, established on the basis of the three-month Euribor plus a spread, being reviewed quarterly. The average rate in 2017 was 3.25% (4.13% in 2016).

The amounts that appear within the Debts due to tax effect item correspond to the amount to be paid to Fomento de Construcciones y Contratas, S.A. under the consolidated tax declaration regime, net of withholdings and fractional payments (see Note 15.b), with the settlement of the previous year also being outstanding.

15. DEFERRED TAXES AND TAX REGIME

a) Balances with Public Administrations

The debit and credit balances with Public Administrations are detailed below:

Debt balances	2018		2017	
	Current	Non-Current	Current	Non-Current

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

Deferred tax assets		3,670,186.01		3,428,002.75
Current tax assets	-		11,310.85	
Other accounts receivable				
- V.A.T. to be recovered	126,616.48		192,848.70	
- Other concepts	51,265.02		49,905.79	
	177,881.50	3,670,186.01	254,065.34	3,428,002.75

The deferred tax assets heading consists of the following concepts:

Concepts	2018		2017	
	Bases	Payments	Bases	Payments
Negative results JV	705,572.43	176,393.11	997,252.80	249,313.20
Limitation 30% Amortisation	351,409.54	87,852.88	461,357.37	115,339.34
Financial Expense Limitation	1,291,220.13	322,805.83	1,291,220.12	322,805.03
Negative Tax Bases Previous Years	9,723,092.77	2,430,773.19	9,723,092.77	2,430,773.19
Deductions Pending Application	N/A	520,295.50	N/A	177,706.49
Other concepts	528,262.00	132,065.50	528,262.00	132,065.50
		3,670,186.01		3,428,002.75

Credit balances are as follows (in euros):

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

Credit balances	2018		2017	
	Current	Non-Current	Current	Non-Current
Deferred tax liabilities Other accounts payable		754,101.63		849,463.60
- Withholdings	135,927.61		132,560.78	
- VAT payable	361,006.18		415,600.98	
- Social Security Organisations	343,117.60		327,818.85	
- Other concepts	103,030.08		94,558.35	
	943,081.47	754,101.63	970,538.96	849,463.60

The deferred tax liabilities heading consists of the following concepts:

Concepts	2018		2017	
	Bases	Payments	Bases	Payments
Positive results JV	213,618.47	53,404.62	339,688.14	84,922.03
Assets at fair value - purchase dif.	740,454.30	185,113.58	747,649.71	186,912.43
Accelerated Amortisation	1,414,209.07	353,552.27	1,594,174.29	398,543.57
Other concepts	648,125.02	162,031.16	716,342.29	179,085.57
		754,101.63		849,463.60

The "Assets at fair value - purchase dif." concepts refers to the temporary differences at 31 December 2018 and 2017 generated by the incorporation of different items into the tangible and intangible assets for their consolidated values, which occurred in various merger by absorption processes.

The movement during the year in deferred tax assets and liabilities has been as follows (in euros):

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

	Deferred Tax Assets	Deferred Tax Liabilities
Balance at 31/12/2016	3,758,553.54	1,257,074.65
Movement for the year	(316,665.92)	(144,819.62)
Temporary allocation differences		(247,032.12)
Adjustments 1st half 2015 and others	(13,884.87)	(15,759.31)
Balance at 31/12/2017	3,428,002.75	849,463.60
Movement for the year	(102,144.06)	(74,141.47)
Allocation differences Temporary 1st half		(1,798.92)
2017 and others	344,327.32	(19,421.58)
Balance at 31/12/2017	3,670,186.01	754,101.63

On 8 June 2015, the Tax and Customs Control Office, dependent on the Spanish Tax Authority, issued "Communication of commencement of inspection and investigation actions" on corporate income tax of Tax Group 18/89 headed by Fomento de Construcciones y Contratas, S.A. (between 01/2010 to 12/2013), among other taxes that were subject to inspection. During the third quarter of 2018, the Tax Group headed by Fomento de Construcciones y Contratas, S.A. was issued a Corporate Tax Act, finalising the verification procedure of the aforementioned Tax Group 18/89. As a result of the aforementioned actions, the tax base of the Tax Group began to be quantified negatively in relation to 2013 and certain deductions made that year were considered as pending use. In this regard, in 2018, Fomento de Construcciones y Contratas, S.A. notified certain companies of the Tax Group 18/89, including the Company, of the amounts concluded as pending use that have been recognised in the balance sheet of the affected companies as deferred tax assets with payment to the financial debts with Group detailed in Note 14 and amounting to the amount activated by the Company for 381,694.84 euros that have been recognised in the table above in the "Adjustments 1st half of 2017 and Others". Of the other of the conclusions reached in the aforementioned fiscal inspection, no aspects to be reviewed for the Company have been revealed.

b) **Reconciliation of accounting profit and taxable profit**

FCC Ambito, S.A.U. pays tax in Spain, and is part of the Consolidated Tax Group 18/89 (FCC Group). Tax Groups are subject to certain additional rules for the purposes of their tax payments. When determining the cost per Tax, membership of the Tax Group has been taken into consideration, as well as the estimated effect of said additional regulations.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

The reconciliation of the accounting result with the corporate tax base and with the account payable related to this tax is presented below:

Reconciliation 2018:

Accounting profit/(loss) for the year			(524,263.85)
	<i>Increase</i>	<i>Decrease</i>	
Corporate Tax	673,468.45		673,468.45
Permanent differences	2,344,698.84	1,011,126.30	1,333,572.54
Temporary differences treated as permanent	1,005,421.40	9,742.79	995,678.61
Temporary differences			
- Arising in the year	705,572.43	213,618.47	491,953.96
- Arising in prior years	510,184.33	1,114,148.66	(603,964.33)
Tax base (taxable profit/(loss))			2,366,445.38
Full instalment			591,611.35
Instalment Deductions			-
Liquid Instalment			591,611.35
Withholdings and Accounts Payable			188,776.46
Other concepts			-
Corporate Income Tax Payable (Note 14)			780,387.81

Reconciliation 2017:

Accounting profit/(loss) for the year			(2,354,266.23)
	<i>Increase</i>	<i>Decrease</i>	
Corporate Tax	173,145.90		173,145.90
Permanent differences	2,337,756.30	750,709.23	1,587,047.07
Temporary differences treated as permanent	2,223,269.03	1,612,068.86	611,200.17
Temporary differences			
- Arising in the year	997,252.80	339,688.14	657,564.66
- Arising in prior years	918,966.60	2,263,916.47	(1,344,949.87)
Tax base (taxable profit/(loss))			(670,258.30)
Full instalment			(167,564.58)
Instalment Deductions			(15,795.16)
Liquid Instalment			(173,359.74)
Withholdings and Prepayments			829,945.79
Other concepts			-
Corporate Income Tax Payable (Note 14)			656,586.05

The increases from permanent differences in 2018 and 2017 are mainly due to the non-fiscally deductible depreciation of goodwill for 2,331,117 euros. The decreases basically correspond to exemptions for dividends and capital gains of resident entities.

The temporary differences treated as permanent correspond to concepts that, until 2014, were treated as temporary differences, and that from that year onwards were treated as permanent according to the requirements of the Tax Group, with a particular impact in 2018 on the impairments of portfolio and financial services recorded in the year amounting to 951,816.69 euros (portfolio and financial impairments amounting to 1,063,201.10 euros, non-deductible amortisation of certain intangible assets amounting to 988,128.00 euros and reversal of provisions for the amount of 1,510,000.00 euros in 2017).

The temporary differences for 2018 and 2017 are mainly due to the results obtained by the JVs, which as indicated previously in accordance with the provisions of Article 46 of Law 24/2014 are charged in the tax period following year-end.

c) Reconciliation of accounting profit to corporate income tax expense

The reconciliation between accounting profit and the corporate income tax expense is as follows (in euros):

	2018	2017
Profit/(Loss) Before Tax	149,204.60	(2,181,120.33)
Permanent differences	2,329,251.15	2,198,247.24
Adjusted accounting profit/(loss)	2,478,455.75	17,126.91
Accrued income tax, gross	619,613.94	4,281.73
Instalment deductions	-	(5,795.16)
Accrued income tax	619,613.94	(1,513.43)
Corporate Tax Adjustment Previous Year	55,653.43	421,691.45
Temporary difference adjustments	(1,798.92)	(247,032.12)
Corporate Income Tax Expenditure for the Year	673,468.45	173,145.90

The concept of "Adjustment of temporary differences" corresponds to the adjustment to profit/(loss) of the tax effect due to the amortisation of the assets at fair value as a result of acquisition differences, since said amortisation is part of the permanent differences in the reconciliation of the accounting and tax result.

d) Other tax information

On the date of preparing these financial statements, the Company has a total of 1,200,902.72 euros in deductions, mainly for expenses in R&D and investments destined to the protection of the environment, declared and not applied, that have not been recorded, forming part of deferred tax assets.

There are also negative tax bases declared but not activated at that date for a total amount of 5,819,796.10 euros, an amount that incorporates the estimate of the tax settlement considered at year-end.

e) Years open for inspection and tax audits

The Company has all the years not yet legally prescribed open for review by the tax authorities for the remaining taxes applicable to it. From the criteria that the tax authorities may adopt in interpreting the tax rules, the results of current inspections or those that may be carried out in the future for the years open for inspection could give rise to contingent tax liabilities and the amount of which cannot be objectively measured at present. However, the directors consider that the resulting liabilities would not have a material effect on the Company's equity.

16. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2017, FCC Ambito, S.A.U. and other companies wholly owned, directly or indirectly, by the Group's parent company, Fomento de Construcciones y Contratas, S.A., were held as joint and several guarantors of the outstanding debt of the syndicated financing contracted by Fomento de Construcciones y Contratas, S.A., to that date. Additionally, stakes in Gamasur Campo de Gibraltar, S.L. were pledged (See Note 8 a.1) and there was a pledge constituted on the shares of the Company owned by FCC Medio Ambiente, S.A., representative of all of its share capital in guarantee of said financing. On 28 September 2018, and in the context of the entry into force of the new financing contracted by Fomento de Construcciones y Contratas, certain guarantees were cancelled, including the pledge of the shares in Gamasur Campo de Gibraltar, S.L., although the Company continues to be the personal guarantor of the new financing contract that entered into force on that date with Fomento de Construcciones y Contratas, S.A., as an entity financed for a principal amount of 1.2 billion euros with a 5 year maturity.

At 31 December 2018, the Company had presented guarantees to third parties for an amount of 12,869,846.69 euros (2017: 14,428,774.83 euros), which mostly correspond to guarantees provided to public bodies and companies, to guarantee the successful completion of the contracts awarded. The Company Directors do not consider that significant losses can be revealed in relation to the guarantees provided that are not provided in these financial statements.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. The aforementioned resolution affects several companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies belonging to the FCC Group, among which is the Company. The Group filed an administrative appeal before the National Court. On 27 February 2018, the Administrative Disputes Chamber of the National Court annulled the resolution as it could not find a single and ongoing infraction. However, on 19 April 2018, the National Markets and Competition Commission notified of the opening of new disciplinary proceedings for the same events. The FCC Group thinks it is unlikely that there will be an outflow of appeals as a result of the new file.

In 2009, FCC Ambito sold certain lorries to Fanosa, S.L. at the same time that the aforementioned company signed a contract to provide it with transportation services. A significant part of the amount to be paid for the sale of the lorries had to be recovered by FCC Ambito withholding a percentage of the invoices payable to Fanosa, S.L. for the services provided. In June 2013, due to insurmountable impacts caused by the economic crisis, FCC Ambito informed Fanosa, S.L. of its willingness to terminate the contract and demanded the payment of the amount it understood to correspond to it in accordance with what was agreed. This claim was not satisfied by Fanosa. After many months of fruitless negotiations, in April 2016, FCC Ambito filed a lawsuit against Fanosa, S.L. for the outstanding amount, to which Fanosa, S.L. filed a counterclaim for 4.4 million euros, mainly alleging that the unilateral resolution is not legal due to contractual bad faith. The dispute is expected to go to court in 2019. Since the accounts receivable from Fanosa, S.L. were fully impaired in previous years, at 31 December 2018 and 2017, there are no assets with risk of default at FCC Ambito, S.A.U., and it is not expected that significant liabilities will arise as a result of the resolution of the dispute, so provisions for this concept have not been recorded in the attached balance sheet at 31 December 2018.

17. REVENUE AND EXPENSES

a) Revenue

The sales figure amount corresponds to the activity carried out according to its corporate purpose, performed entirely in Spain. A total of 954,017.28 euros (2017: 1,144,543.12 euros) correspond to contracts executed through joint ventures.

The headings "c) From participations in equity instruments - group companies and associates" and "d) From marketable securities and other financial instruments - group companies and associates" respectively collect the value of dividends and interest from loans to its investees, which are part of the company's ordinary bad debt.

A breakdown of the dividends received by the paying company can be found in Annex I of these financial statements.

b) Breakdown of the "Employee welfare costs" heading

	2018	2017
Social Security Company	3,319,908.92	3,111,927.01
Other Welfare Expenses	111,272.64	112,058.96
Total Heading	3,431,181.56	3,223,985.97

c) Breakdown of the "Cost of merchandise sold" heading

	2018	2017
Net purchases of merchandise	5,280,902.24	5,781,121.92
Change in merch. inventory	-	-
Total Heading	5,280,902.24	5,781,121.92

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

d) **Breakdown of the "Raw materials and other consumables used" heading**

	2018	2017
Purchases of Raw Materials and Other Supplies	3,249,339.61	2,736,100.78
Change in Raw Materials Inventories and Other Supplies	55,089.72	226,709.71
Total Heading	3,304,429.33	2,962,810.49

e) **Breakdown of the "Losses, impairment and change in provisions on trade receivables" heading**

	2018	2017
Losses of Uncollectible Trade Receivables	26,984.64	674,688.34
Provision for operating bad debt		
Customers	189,895.28	160,486.62
- Group companies and associates	610.50	-
Provision for operating bad debt Applied		
Customers	(97,354.49)	(596,047.49)
- Accounts receivable	-	(6,719.26)
- Group companies and associates	-	(118,460.14)
Change in Current Provisions	(1,762.75)	(2,236.99)
Total Heading	118,373.18	111,711.08

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Transactions with related parties

The breakdown of operations carried out with related parties during 2018 and 2017 is as follows (in euros):

Companies	2016					
	Trade receivables for sales and services	Other revenue	Financial expenses	Financial revenue	Trade receivables for sales and services	Dividends received
FCC, SA	439,051.59	14,423.00	1,153,353.47	-	1,326,598.45	-
FCC Medio Ambiente, SA	82,125.58	25,744.01	221,628.77	-	405,061.96	-
Integraciones Amb. De Cantabria, S.A.	6,092.00	550.76	-	-	1,082,314.50	-
Tratamientos y Recuperaciones Ind. SA	366,255.73	50,596.33	-	-	303,446.94	-
Gestió i Recuperado de Terrenys, SAU	-	-	-	-	361,475.86	-
Manipulación y Recuperación Marapa SAU	314,303.11	-	-	-	483,340.22	-
Gamasur Campo de Gibraltar SL	17,742.62	12,962.74	-	-	365,682.85	-
Gestión y Valorización del Centro, S.L.	132,710.29	380,960.00	-	181,833.16	519,352.51	-
Betearte SL	403,613.02	-	-	10,125.41	126,738.34	-
Other Group and Associates	951,828.34	264,402.46	-	408.51	1,118,058.23	682,714.36
TOTAL	2,713,722.28	749,639.30	1,374,982.24	192,367.08	6,092,069.86	682,714.36

Companies	2017					
	Trade receivables for sales and services	Other revenue	Financial expenses	Financial revenue	Trade receivables for sales and services	Dividends received
FCC, SA	343,398.26	12,091.23	1,783,556.73	-	1,065,117.54	-
FCC Medio Ambiente, SA	53,468.13	10,127.87	314,970.76	-	408,447.08	-
Integraciones Amb. De Cantabria, S.A.	13,598.94	445.91	-	-	905,917.76	-
Ekostone Áridos Siderúrgicos, S.L.	-	74,396.00	-	-	-	-
Gestió i Recuperado de Terrenys, SAU	-	441.65	-	53,074.80	553,541.65	*
Manipulación y Recuperación Marapa SAU	68,402.19	160,975.97	-	-	525,633.77	-
Gamasur Campo de Gibraltar SL	150,204.85	7,672.70	-	-	309,199.64	-
Gestión y Valorización del Centro, S.L.	40,499.62	388,022.71	-	188,077.65	581,546.12	-
Other Group and Associates	1,343,815.21	192,573.78	-	11,353.76	1,235,572.08	750,709.23
TOTAL	2,013,387.20	846,747.82	2,098,527.49	252,506.21	5,584,975.64	750,709.23

As indicated in Note 4.i, dividends and interest on loans to group companies and associates are presented as part of the amount of the net turnover in the Profit and Loss Account.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

b) Balances with related parties

The breakdown of the balances in balance sheet with related parties is as follows (in euros):

Concept	2018			2017		
	Group Companies	Associates	TOTAL	Group Companies	Associates	TOTAL
Short-term financial investments (Note 8.a.3)	3,113,527.59	156,782.50	3,270,310.09	3,711,498.10	1,193,285.04	4,904,783.14
Long-term financial investments (Note 8.a.1)	460,367.46	2,297,023.23	2,757,390.69	753,605.88	2,298,711.70	3,052,317.58
LT loans to companies (Note 8.a.2)	-	1,099,839.48	1,099,839.48	-	1,403,082.54	1,403,082.54
LT borrowings with group companies (Note 14)	44,646,110.16	-	44,646,110.16	44,646,110.16	-	44,646,110.16
ST borrowings with group companies (Note 14)	5,763,989.96	-	5,763,989.96	6,748,884.39	-	6,748,884.39
Commercial debtors	1,116,180.01	657,947.02	1,774,127.03	933,943.91	578,846.75	1,512,790.66
Commercial creditors	1,675,727.24	172,392.07	1,848,119.31	1,621,657.75	171,573.63	1,793,231.38

The breakdown of current debit and credit balances held with Group companies and associates is as follows (in euros):

Company	2018		2017	
	Debtor	Creditor	Debtor	Creditor
FCC S.A.	246,693.09	372,247.31	246,693.09	372,247.31
FCC Medio Ambiente, S.A.	28,743.59	109,666.43	28,743.59	109,666.43
Integraciones Amb. De Cantabria, S.A.	4,421.19	445,767.55	4,421.19	445,767.55
Ekostone Aridos Siderúrgicos, S.L.	201,140.02	45,287.55	140,029.55	60,290.95
Gestió i Recuperació de Terrenys, SAU	-	153,092.10	-	235,058.95
Manipulación y Recuperación Marapa, S.A.U.	208,673.80	68,511.16	156,333.86	156,101.52
Gamasur Campo de Gibraltar, S.A.	13,570.84	82,764.61	5,763.14	96,814.70
Gestión y Valorización del Centro, S.L.	414,134.29	99,632.01	426,593.84	145,111.92
Other	656,750.21	471,150.59	504,212.40	172,172.05
	1,774,127.03	1,848,119.31	1,512,790.66	1,793,231.38

c) Remuneration to the Board of Directors and Senior Management.

No remuneration, advances or loans or any other type of guarantee had been granted to the members of the Board of Directors, nor did the Company have any pension or life insurance commitments with respect to former and current members of the Board of Directors.

Senior Management duties are carried out by personnel of the parent company FCC, S.A. and are remunerated by said company. Likewise, Fomento de Construcciones y Contratas, S.A. has taken out a civil liability insurance policy that covers the directors and managers of the companies that form part of the Group, which includes FCC Ambito, S.A.U.

The parent company has a cost for management, administration and other service fees that incorporates the above concepts and is proportionally paid, by each of its subsidiaries. Those corresponding to FCC Ambito, S.A.U. form part of the heading "Purchases and Provision of Services" in the table detailed in point a) of this Note.

d) Breakdown of the conflicts of interest of members of the Board of Directors

At the end of 2018 neither the members of the Board of Directors of FCC Ambito, S.A.U. nor the persons related to them as defined in the Spanish Corporate Enterprises Act have informed the other members of the Board of Directors of any conflict situation.

19. INFORMATION ON THE ENVIRONMENT AND GREENHOUSE GAS EMISSION RIGHTS

As indicated in Note 1, the very nature of the activity carried out by the Company is aimed at the protection and conservation of the environment, not only for the production activity, but also for its development through the use of techniques and production systems aimed at reducing the environmental impact in accordance with the limits established by the regulations applicable in the field.

The development of the activity requires the use of material assets that are efficient in the protection and conservation of the environment. At 31 December 2018, their book value amounted to 13,713,789.69 euros (2017: 12,559,958.46 euros), net of an accumulated amortisation of 52,545,789.92 euros (2017: 50,895,473.62 euros).

The contingencies relating to the protection and improvement of the environment held by the Company at 31 December 2018 and 2017 are not significant amounts and management believes that they would not have a significant impact on the accompanying financial statements, which include risk and expense provisions to cater for general and extraordinary contingencies that might arise.

As indicated herein, FCC Ambito, S.A.U. forms part of the FCC Group that operates in various activities and, due to its characteristics, pays special attention to environmental impact control, whose aspects are widely developed in the document "Corporate Social Responsibility" that the Group publishes annually, among other channels on the website www.fcc.es, so it is advisable to refer the reader to such information as a better complement to this Note.

FCC Ambito, S.A.U. has assumed certain environmental commitments related to the operation of its facilities. In this sense, according to current legislation, the landfill must be sealed, maintained and monitored during the post-close period. These obligations of an environmental nature, in application of the provisions of the GAP, have been considered a greater value of property, plant and equipment, proceeding simultaneously to the creation of a provision, of a non-current nature given the expected term of enforceability, which is updated in accordance to a financial criterion (see Notes 6 and 13).

The Company has not been assigned any greenhouse gas emission allowances.

20. INFORMATION ON THE AVERAGE PERIOD OF PAYMENT TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY OF INFORMATION" OF LAW 15/2010. OF 5 JULY.

In relation to the Resolution of the Spanish Institute of Accounting and Auditing (ICAC) of 29 January 2016, issued in compliance with the Second Final Provision of Law 31/2014 of 3 December and amending the Third Additional Provision of Law 15/2010, of 5 July, which establishes measures to combat late payments in commercial operations, a table with information on the average period of payment to suppliers for commercial operations accrued since the effective date of the aforementioned Law 31/2014, that is, on 24 December 2014, is shown below:

	2018	2017
	Days	Days
Average period of payment to suppliers	78.73	86.97
Ratio of transactions paid	88.09	93.29
Ratio of transactions pending payment	37.31	58.77
	Amount (euros)	Amount (euros)
Total payments made	40,954,092.02	40,886,531.53
Total payments outstanding	9,495,665.60	9,400,143.38

21. OTHER INFORMATION

a) Personnel

The details of the average number of people employed during the year by the Company, distributed by categories, as well as personnel at year-end, distinguishing between men and women, is as follows:

	2018			2017		
	Annual Average	Personnel at year-end		Average Annual	Personnel at year-end	
		Men	Women.		Men	Women.
Executives and higher graduates	20.1	15.0	4.0	22.0	16.0	5.0
Technical specialists and middle graduates	76.7	46.0	29.0	72.5	48.0	29.0
Clerical and similar staff	54.6	17.0	38.0	51.6	12.0	40.3
Rest of employees	234.4	213.0	16.0	216.0	211.3	18.7
Total	385.8	291.0	87.0	362.0	287.3	93.0

The breakdown by categories of the annual average of personnel with disabilities equal to or greater than 33% is as follows

	2018	2017
	Average Annual	Average Annual
Executives and higher graduates	-	-
Technical specialists and middle graduates	-	1.0
Clerical and similar staff	2.0	1.0
Rest of employees	7.0	5.0
Total	9.0	7.0

b) Fees paid to auditors

Auditor fees for 2017 (Deloitte, SL) amount to 91,400.00 euros (2017: 91,400.00 euros).

Additionally, 10,800.00 euros have been billed for a limited review of the company's financial statements at 30 June 2018 and 2017, for the purpose of the mid-term review of the Group's parent company to which FCC Ambito, S.A.U. belongs. (2017: 10,800.00 euros)

c) Subsequent events

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

There have been no significant events after the closing date of the tax year that have not already been mentioned in these Financial Statements.

22. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

ANNEX I

Group Companies and Associates

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

GROUP COMPANIES - 2018

Name	Address	Activity	Holding	Book value		Dividends received	Capital	Reserves	Other equity entries	Profit/(loss)	
				Active	Stopped					Operation	Continuing Operations
Europea de Tratamiento de Residuos Industriales, SA	Madrid	Inactive	0.10%	60.10	-	-	60,101.21	17,736.58	-	(164.27)	1,807.85
Gamasur Gibraltar, S.L.	Los Barrios - Cádiz	Waste Treatment Plant	85.00%	3,301,418.00	(2,841,170.64)	-	233,041.26	237,607.83	(55,039.50)	328,765.14	137,911.79
Ekostone Aridos Siderúrgicos, SL	Algorta -Biscay	In liquidation	51.000%	102,000.00	(102,000.00)	-	200,000.00	2,008.30	(2,419,629.02)	(672,700.76)	(672,700.78)
Ecodeal, SA	Portugal	Waste Treatment Plant	0.001%	10.00	-	8.00	2,500,000.00	6,452,719.28	-	3,379,020.86	2,449,055.20)
Goldrib Solucoes Valoricao Residuos Lda.	Portugal	Non-Hazardous Waste Treatment	1.00%	50.00	-	2,630.00	5,000.00	18,868.14	-	155,015.23	118.98
				3,403,538.10	(2,943,170.64)	2,638.00					

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

GROUP COMPANIES - 2017

Name	Address	Activity	Holding	Book value		Dividends received	Capital	Reserves	Other equity entries	Profit/(loss)	
				Active	Stopped					Operation	Continuing Operations
Europea de Tratamiento de Residuos Industriales SA	Madrid	Inactive	0.10%	60.10	-	-	60,101.21	15,879.59	-	(606.45)	1,807.85
Compañía Control de Residuos, SL	Llanera - Asturias	CRT	100.00%	302,981.21			351,432.98	87,340.36	(56,037.96)	86,207.71	64,634.64
Gamasur Gibraltar, S.L.	Los Barrios - Cádiz	Waste Treatment Plant	85.00%	3,301,418.00	(2,850,913.43)	-	233,041.26	231,890.36	(102,726.32)	226,758.55	57,194.35
Ekostone Aridos Siderúrgicos, SL	Algorta -Biscay	Slag and steel waste treatment	51.000%	102,000.00	(102,000.00)	-	200,000.00	2,008.30	(589,359.75)	(1,722,781.37)	(1,830,269.27)
Ecodeal, SA	Portugal	Waste Treatment Plant	0.001%	10.00		-	2,500,000.00	6,706,429.47	-	2,422,697.32	1,746,289.81
Goldrib Solucoes Valorioao Residuos Lda.	Portugal	Non-Hazardous Waste Treatment	1.00%	50.00	-	-	5,000.00	1,246.20	-	355,489.65	280.62
				3,403,538.10	(2,943,170.64)	-					

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

ASSOCIATES - 2018

Name	Address	Activity	Holding	Book value		Dividends received	Capital	Reserves	Other equity entries	Profit/(loss)	
				Active	Stopped					Operation	Continuing Operations
Pilagest, SL	Pont Vilomara -Barcelona	In liquidation	50.00%	400,000.00	-	19,751.59	800,000.00	425,908.97	(150,000.00)	(1,928.93)	339,503.17
Recilec, SA	Aznalcoliar - Seville	Treatment Plant for Refrigerators, Lamps and Electronic Waste	37.50%	1,162,500.00	-	450,000.00	3,100,000.00	1,742,153.03	140,702.02	1,431,468.39	1,123,066.32
Gestión y valorización Integral del Centro S.L.	Madrid	CRT and hazardous waste treatment plant	50.00%	1,500.00	-	-	3,000.00	612,787.40	-	677,165.44	221,547.62
Sogecar, SA	Zamudio - Biscay	Waste Treatment Plant	30.00%	90,151.82	-	-	300,500.00	904,708.92	(326,409.12)	561,051.44	523,669.65
Betearte, SA	Mallabia - Biscay	Waste Landfill	33.33%	1,105,650.00	(1,105,650.00)	-	2,750,250.00	74,979.87	(3,531,748.12)	(807,465.32)	(941,929.79)
Aragonesa de Tratamientos Medioambientales XXI SA	Zaragoza	Inactive	33.00%	759,000.00	(146,128.59)	-	2,300,000.00		(437,697.32)		(5116.60)
Mediaciones Comerciales Ambientales, S.L.	Barcelona	Marketer of Services	50.00%	30,000.00	-	210,324.77	60,000.00	12,000.00	-	1,041,589.58	420,649.54
				3,548,801.82	(1,251,778.59)	680,076.36					

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

ASSOCIATES - 2017

Name	Address	Activity	Holding	Book value		Dividends received	Capital	Reserves	Other equity entries	Profit/(loss)	
				Active	Stopped					Operation	Continuing Operations
Pilagest, SL	Pont Vilomara - Barcelona	In liquidation	50.00%	400,000.00	-	19,751.59	800,000.00	425,908.97	(450,000.00)	(10,258.79)	339,503.17
Recilec, SA	Aznalcoliar - Seville	Treatment Plant for Refrigerators, Lamps and Electronic Waste	37.50%	1,162,500.00	-	450,000.00	3,100,000.00	2,118,952.39	147,402.09	1,134,949.05	823,200.64
Gestión y valorización Integral del Centro S.L.	Madrid	CRT and hazardous waste treatment plant	50.00%	1,500.00	-	-	3,000.00	441,536.40	-	703,473.19	171,251.00
Sogecar, SA	Zamudio - Biscay	Waste Treatment Plant	30.00%	90,151.82	-	-	300,500.00	904,708.92	(272,363.12)	(44,452.95)	(54,046.00)
Betearte, SA	Mallabia -Biscay	Waste Landfill	33.33%	1,105,650.00	(1,105,650.00)	-	2,750,250.00	74,979.87	(3,096,129.17)	(314,508.20)	(437,357.64)
Aragonesa de Tratamientos Medioambientales XXI SA	Zaragoza	Inactive	33.00%	759,000.00	(144,440.12)	-	2,300,000.00	-	(451,727.69)		(14,030.37)
Mediaciones Comerciales Ambientales, S.L.	Barcelona	Marketer of Services	50.00%	30,000.00		158,080.04	60,000.00	12,000.00	-	560,865.30	420,649.54
				3,548,801.82	(1,250,090.12)	750,709.23					

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

ANNEX II

Merger Balance Sheet Absorbed Company

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

Compañía Control de Residuos, S.L.U.
Abbreviated Accounts at 31 December 2017 and 2016
Expressed in Euros

ASSETS		2017	2017
A)	NON-CURRENT ASSETS	203,551.44	232,988.80
I.	Intangible assets.	-	-
II.	Property, Plant and Equipment.	201,814.43	212,155.21
III.	Investment property.	-	-
IV.	Long-term investments in group companies and associates.	-	-
V.	Long-term financial investments.	-	-
VI.	Deferred tax assets.	1,737.01	20,833.59
B)	CURRENT ASSETS	838,169.43	874,547.67
I.	Non-current assets held for sale.	-	-
II.	Inventory.	9,619.76	7,839.15
III.	Commercial debtors and other receivables.	560,800.25	597,255.63
	1. Trade receivables for sales and services.	560,800.25	595,585.46
	3. Other receivables	-	1,670.17
IV.	Short-term investments in group companies and associates.	-	-
V.	Short-term financial investments.	-	-
VI.	Accruals.	2,153.25	9,831.92
VII.	Cash and cash equivalents.	265,596.17	259,620.97
TOTAL ASSETS (A + B)		1,041,720.87	1,107,536.47

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

Compañía Control de Residuos, S.L.U.
Abbreviated Accounts at 31 December 2017 and 2016
Expressed in Euros

EQUITY AND LIABILITIES		2017	2016
A)	EQUITY	447,370.02	382,735.38
A-1)	Shareholders' equity.	447,370.02	382,735.38
I.	Capital.	351,432.98	351,432.98
	1. Issued capital.	351,432.98	351,432.98
II.	Share premium.	28,046.00	28,046.00
III.	Reserves.	59,294.36	56,156.86
IV.	(Shares and equity interests).	-	-
V.	Prior year's profits/(losses).	(56,037.96)	(84,275.46)
VI.	Other contributions from business partners.	-	-
VII.	Profit/(loss) for the year.	64,634.64	31,375.00
VIII.	(Interim dividend).	-	-
IX.	Other equity instruments.	-	-
A-2)	Valuation adjustments	-	-
A-3)	Grants, donations and legacies received.	-	-
B)	NON-CURRENT LIABILITIES	-	-
I.	Long-term provisions.	-	-
II.	Long-term payables.	-	-
III.	Long-term payables with group companies and associates.	-	-
IV.	Deferred tax liabilities.	-	-
V.	Long-term accrued expenses and deferred income.	-	-
C)	CURRENT LIABILITIES	594,350.85	72,801.09
I.	Liabilities related to non-current assets held for sale.	-	-
II.	Short-term provisions.	-	10,389.60
III.	Short-term payables.	-	-
	1. Bank borrowings.	-	-
	2. Finance lease payables.	-	-
	3. Other short-term payables.	-	-
IV.	Short-term payables with group companies and associates.	45,036.42	160,369.42
V.	Commercial creditors and other payables.	549,314.43	554,042.07
	1. Suppliers.	262,284.60	269,956.79
	2. Other payables	287,029.83	284,085.28
VI.	Current accrued expenses and deferred income.	-	-
TOTAL EQUITY AND LIABILITIES (A + B + C)		1,041,720.87	1,107,536.47

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

Compañía Control de Residuos, S.L.U.
Abbreviated Profit and Loss Account for the years ended 31 December 2017 and 2016
Expressed in Euros

	2017	2016
1. Revenue	1,395,721.11	1,487,642.30
2. Changes in inventories of finished goods and work in progress.	(7,398.65)	1,957.09
3. Self-constructed assets.		
4. Supplies.	(638,806.19)	(635,875.79)
5. Other operating income.	2,315.33	
6. Staff costs.	(107,098.41)	(101,231.30)
7. Other operating expenses.	(548,184.70)	(700,268.85)
8. Amortisation and depreciation.	(10,340.78)	(10,363.95)
9. Non-financial and other capital grants taken to income	-	-
10. Provision surpluses.	-	-
11. Impairment and profits/(losses) on disposal of non-current assets	-	-
A) Operating Profit/(Loss)	86,207.71	41,859.50
12. Financial revenue.	-	0.24
13. Financial expenses.	-	(26.40)
14. Change in fair value of financial instruments.	-	-
15. Exchange differences.	-	-
16. Impairment and profits/(losses) on disposal of financial instruments.	-	-
B) Financial Profit/(Loss)	-	(26.16)
C) Profit/(Loss) Before Tax	86,207.71	41,833.34
17. Income tax.	(21,573.07)	(10,458.34)
D) Profit/(loss) for the year	64,634.64	31,375.00

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FCC Ambito, S.A.U.

2018 Management Report

Performance of the Company in 2018

As recurrently shown year after year in the Management Report of FCC Ambito, S.A.U., the Company is mainly an auxiliary company in the industrial sector, regardless of the various complementary lines of activity available to it.

According to the National Institute of Statistics, the 2018 Industrial Production Index presented an increase of 0.3%, compared to 2017, while in 2017 it presented an increase of 3.0% with respect to 2016. At December 2018, the general index on the 2010 Basis presents a value of 92.9 compared to 90.3 a year earlier.

In this context, despite the fact that FCC Ambito, S.A.U. has continued to maintain, with exceptions, a stable portfolio of clients in a market where price is a determining factor (and it declined in recent years until the small rebound experienced in 2018), the sales figure has experienced an increase of 4.5 million euros, from 50.9 million to 55.4 million (2017: drop of 2.1).

This increase has been obtained despite the fact that there has been a 0.2 million decrease in the sales contributed by the joint ventures in which the company participates compared to 2017, mainly because the number and volume of specific jobs that are carried out through joint ventures, particularly soil decontamination work, has been lower this year.

In parallel, the activity carried out directly by the Company has shown a growth of 4.7 million euros. This comes from the combined effect of several factors. On the negative side, the decrease in 2018 of the marked decrease in the sale price of paper and cardboard due to the closure of Chinese borders for certain qualities of these materials, as well as the effect of the Sant Feliu plant being closed during the year, have meant a decrease of approximately 1.7 million euros compared to the previous year.

Looking at the positive effects, the following one-off interannual effects should be noted, such as the change of perimeter that the absorption of the subsidiary Compañía Control de Residuos, S.L.U. in 2018 implies, with an approximate increase of 1.43 million euros; the application during a full year of the contract with the Airbus consortium, not just for eight months, which represents an interannual difference of 0.4 million; the start-up of the Pont de Vilomara Refrigerator Plant, which was closed for reforms during most of the previous year, has meant a year-on-year variation of 0.9 million; and finally, the new start-up with Sigfito has meant an increase of 0.4 million. The difference until reaching total growth is due to a general improvement in all the operating centres.

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Looking ahead to 2019, all improvements are expected to be consolidated, and the performance of the turnover with recurring customers remains correlated with the performance of industrial activity.

The operating result for 2018 shows a clear improvement with respect to that obtained in 2017, for approximately 1.5 million. While it is true that a part of the improvement comes from a lower endowment to depreciation of almost 1 million, the operating result of the previous year was benefited by non-recurring items worth 1.4 million more than the current year.

As such, resources generated by operations (understood as the arithmetic sum of the year's profit/(loss) before taxes plus the adjustments to the profit/(loss) of those shown in the cash flow statement), also show an improvement, up to 6.0 million in 2018 compared to 5.8 million in 2016.

Analysing the other items that make up the Profit and Loss Account, it is clear that the sum of the Provisions plus Other operating expenses items, which amount to 38.0 and 35.6 million for 2018 and 2017 respectively, represent 68.60% and 69.40% of the sales figure for the year.

Meanwhile, despite presenting an increase of 0.8 million euros, personnel expenses now represent 24.75% compared to 25.44% of the sales figure. Although the average workforce for the year has increased from the previous year, the workforce at year-end is less than the previous year, despite the incorporation of four people from the absorbed subsidiary.

The reason for this apparent discrepancy between the average workforce and the workforce at year-end is in the new 2017 contract with the Airbus consortium. It started in April 2017, so the subrogated personnel were present both at the end of this year and the previous year, but for the purposes of the calculation it has meant increasing the average 2018 workforce due to their presence for four more months.

There is a significant decrease in the financial results section, generated by the improvement in the cost of financing companies from the FCC Group, thanks to the improvement of the rates applicable in the different renewals of corporate operations.

The main risks that affect the Company are the risk of hiring, execution and quality, in the scope of its activities, and investment, financial and human resources risks, as general business risks. To the extent that the Company is part of the FCC Group, there are risk policies aimed at limiting the impact of risks on the Company's financial statements and its normal course of business.

As regards financial risks, the main risk faced by the Company is interest rate risk. In view of the nature of our activities in which the management of working capital plays an essential role, it is widespread practice for the FCC Group to choose indexes that mostly accurately reflect the changes in inflation as a reference for our financial debt. Therefore, our company's policy is to endeavour to ensure that both its current financial assets which, to a large extent, provide natural hedging for our current financial liabilities, and the Group's

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debt, are tied to floating interest rates. In the event of long-term transactions and if required by the Group's financial structure, debt is tied to the fixed-interest rate and to a term which coincides with the maturity period of the transaction in question, all within the possibilities offered by the market.

Acquisition of Own Shares.

During the current year, no acquisition of own shares has been carried out.

Research and Development Activities.

In 2018, the Interreg SUDOE "KET4F-Gas - Reduction of the Environmental Impact of Fluorinated Gases in the Sudoe Space through Essential Facilitating Technologies" R&D+i project was initiated, funded by the European Regional Development Fund through the European Interreg Sudoe programme, and in which FCC Ambito participates as an associated entity. The objective of the project, which will last for three years, is to research alternatives that contribute to the reduction of greenhouse gas emissions, through the development and improvement of technologies for the recovery and replacement of fluorinated gases.

This year, the company returned to the CIEN (CDTI) call, participating in the BICISENDAS project led by FCC Construcción, S.A., whose objective is to achieve modular and sustainable bike lanes, providing solar energy as a source of lighting, introducing materials during manufacture from the recovery of waste that incorporate hydrocarbon decontamination capacity in urban runoff waters. After the positive resolution, the signing and start of the project is planned for March 2019, with a four year duration.

Use of financial instruments

There is no relevant additional information to that included in the financial statements regarding financial instruments.

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Significant events after closing.

No significant events have been found after year-end, if applicable, included in the corresponding Notes to the Financial Statement.

Information required by Law 31/2014

During the year, the Company maintains part of its payment commitments over and above the provisions of Law 3/2004 and Law 15/2010 on measures to combat late payments in commercial transactions. The Company has planned measures aimed at reducing this period for the next financial year, including the modification of the commercial agreements it has with external suppliers, where such adaptation is possible.

Statement of Non-Financial Information

The Company is included in the consolidated Statement of Non-Financial Information that is part of the Consolidated Management Report of Fomento de Construcciones y Contratas SA and Subsidiaries.

Said Statement of Non-Financial Information Statement has been prepared pursuant to the requirements set out in Law 11/2018, of 28 December, amending the Code of Commerce, the consolidated text of the Corporate Enterprises Act approved by the Royal Decree Legislative 1/2010, of 2 July and Law 22/2015, of 20 July, on Audits, in matters of non-financial information and diversity. The consolidated management report of Fomento de Construcciones y Contratas, S.A. and Subsidiaries are filed in the Barcelona Mercantile Register.