FCC Medio Ambiente, S.A.U.

Financial Statements for the year ended 31 December 2019 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 Medio Ambiente, S.A.U.,

Opinion

We have audited the financial statements of FCC Medio Ambiente, S.A.U. (the Company), which comprise the balance sheet as at 31 December 2019, and the statement of profit or loss, 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 2019, 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 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.

Revenue recognition at the reporting date

Description

The Company recognises a portion of its revenue as amounts to be billed for work performed in contracts where the level of satisfaction of the performance obligation exceeds the amount billed. As a result of the foregoing, a portion of the revenue from services provided in the months approaching the end of the reporting period has not yet been billed and is recognised by estimating the level of the work performed based on the provisions of the related contract and the actual billings for the other months of the year.

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 amounts to be billed for services performed that should be recognised in the cutoff as revenue for the year.

Procedures applied in the audit

Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process of recognising revenue at year-end, as well as tests to verify that the aforementioned controls operate effectively.

We also performed substantive tests of details on a selective basis to validate the reasonableness of the amounts recognised, such as obtaining the documentation that supports the amounts recognised or, where applicable, obtaining evidence of the subsequent billing and/or collection of those amounts.

Lastly, we checked that the disclosures made by the Company in Notes 4.i and 20 to the accompanying financial statements were in conformity with those required by the applicable regulations.

Other Information: Directors' Report

The other information comprises only the directors' report for 2019, 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 information contained in the directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the non-financial information statement, which consists solely of checking that the aforementioned information has been provided in the directors' report, or, as the case may be, that the directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the 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, as well as evaluating and reporting on whether the content and presentation of this section 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 above, we observed that the directors' report included a reference to the fact that the non-financial information described in section a) above was presented in the consolidated directors' report of the FCC Group to which the Company belongs, and that the other information in the directors' report was consistent with that contained in the financial statements for 2019 and its content and presentation were 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 forms part of our auditor's report.

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

Francisco Fernández
Registered in R.O.A.C. under no. 20.215

11 May 2020

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.

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BALANCE SHEET AT CLOSURE OF 2019

(in thousands of euros)

ASSETS		31/12/2019		31/12/2018
NON-CURRENT ASSETS		**728,204**		**193,814**
Intangible fixed and non-current assets (Notes 5 and 8)		**91,821**		**2,521**
Property, plant and equipment (Note 6)		**307,470**		**13,553**
Land and buildings	35,708		166	
Other intangible assets	271,762		13,387	
Long-term investments in Group and associated companies (Notes 10.a and 21.b)		**272,241**		**173,986**
Equity instruments	85,062		118,527	
Loans to companies	187,179		55,459	
Long-term financial investments (Note 9.a)		**16,058**		**106**
Deferred tax assets (Note 18)		**12,051**		**1,178**
Non-current financial assets (Note 8)		**28,563**		**2,470**
CURRENT ASSETS		**638,226**		**145,338**
Inventories		**6,456**		**45**
Trade receivables and other accounts receivable		**476,840**		**83,876**
Trade receivables for sales and services (Note 11)	416,284		62,799	
Clients, group companies and associates (Note 21.b)	39,795		19,064	
Receivables from the public administrations (Note 18)	7,973		1,623	
Other receivables	12,788		390	
Short-term investments in Group and Associated companies (Notes 10.b and 21.b)		**25,703**		**52,599**
Short-term financial investments (Note 9.b)		**7,553**		**1,026**
Current accrued expenses and deferred income		**2,433**		**15**
Cash and other cash equivalents		**119,241**		**7,777**
TOTAL ASSETS		**1,366,430**		**339,152**

Notes 1 to 24 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2019.

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EQUITY AND LIABILITIES		31/12/2019		31/12/2018
EQUITY (Note 13)		**723,298**		**142,907**
Shareholders' equity		**715,688**		**142,907**
Capital		**50,000**		**43,273**
Registered capital	50,000		43,273	
Share premium		**468,564**		–
Reserves		**99,634**		**84,316**
(Income Statement)		**97,490**		**15,318**
Valuation adjustments		**6,918**		–
Subsidies, donations or legacies		**692**		–
NON-CURRENT LIABILITIES		**254,912**		**138,577**
Long-term provisions (Note 14)		**65,347**		**881**
Non-current payables (Note 15)		**30,095**		**1**
Bank borrowings	25,134		–	
Other financial liabilities	4,961		1	
Long-term payables to Group companies and associates (Notes 10.c and 21.b)		**141,617**		**136,606**
Deferred tax liabilities (Note 18)		**14,407**		**1,089**
Long-Term Accrued Expenses And Deferred Income		**3,446**		–
CURRENT LIABILITIES		**388,220**		**57,668**
Short-term provisions (Note 14)		**2,123**		**586**
Current payables (Note 15)		**29,021**		**15,296**
Bank borrowings	12,745		14,597	
Other financial liabilities	16,276		699	
Short-term payables to Group companies and associates (Notes 10.d and 21.b)		**71,602**		**24,906**
Trade payables and other accounts payable		**285,474**		**16,880**
Suppliers	176,773		2,702	
Suppliers Group companies and associates (Note 21.b)	15,925		5,166	
Other accounts payables to public authorities (Note 18)	55,178		4,121	
Other payables	37,598		4,891	
TOTAL EQUITY AND LIABILITIES		**1,366,430**		**339,152**

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INCOME STATEMENTS CORRESPONDING TO THE BUSINESS YEAR ENDED 31 DECEMBER 2019

(in thousands of euros)

	31/12/2019	31/12/2018
CONTINUING OPERATIONS		
Revenue (Note 20)	**1,354,518**	**109,946**
Sales and Service Delivery	1,332,985	77,759
Income from interests in Group companies and associates (Notes 20 and 21.a)	14,802	25,883
Financial income from marketable securities and other financial instruments held with Group and Associated companies (Notes 20, 21.a)	6,731	6,304
Supplies	**(189,895)**	**(8,741)**
Other operating income	**44,639**	**9,606**
Staff expenses (Note 20)	**(848,204)**	**(50,132)**
Other operating expenses	**(160,827)**	**(20,265)**
Fixed asset amortisation and allocation of subsidies for non-financial (Notes 5, 6 and 13.e)	**(80,806)**	**(1,172)**
Provision surpluses (Note 14)	**11,235**	**116**
Impairment and profits/(losses) on disposal of non-current assets and others results	**1.340**	**(16,918)**
OPERATING PROFIT/(LOSS)	**132,000**	**22,440**
Financial income	**3,985**	–
Interests in equity instruments in third parties	3,741	–
From marketable securities and other financial instruments of third parties	244	–
Financial expenses	**(10,047)**	**(4,593)**
Payables to Group companies and associates (Note 21.a)	(4,927)	(4,586)
Third party debts	(4,230)	(7)
Restatement of provisions	(890)	–
Change in fair value of financial instruments	**21**	–
Exchange differences	**2,022**	**(323)**
Impairment and profits/(losses) on disposals of financial instruments (Note 10)	**(1,538)**	–
FINANCIAL PROFIT/(LOSS)	**(5,557)**	**(4,916)**
PROFIT/(LOSS) BEFORE TAX	**126,443**	**17,524**
INCOME TAX (Note 18)	**(28,953)**	**(2,206)**
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**97,490**	**15,318**
PROFIT/(LOSS) FOR THE YEAR	**97,490**	**15,318**

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STATEMENT OF CHANGES IN NET EQUITY FOR BUSINESS YEAR ENDED 31 DECEMBER 2019

A) ACKNOWLEDGED INCOME STATEMENT

(in thousands of euros)

	31/12/2019	31/12/2018
Statement of profit and loss	**97,490**	**15,318**
Income and expense recognised directly in equity		
Financial assets available for sale	101	-
Subsidies, donations or legacies	301	-
Tax effect	(101)	-
Income and expenses recognised directly in equity	**301**	**-**
Write-offs to profit and loss statement		
Subsidies, donations or legacies	(79)	-
Tax effect	20	-
Total transfers to the income statement	**(59)**	**-**
TOTAL RECOGNISED INCOME AND EXPENDITURE	**97,732**	**15,318**

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B) STATEMENT OF CHANGES IN EQUITY
(in thousands of euros)

	Capital stock (Note 13.a)	Share premium (Note 13.b)	Reserves (Note 13.c)	Profit/(loss) for the year	Valuation adjustments (Notes 12 and 13.d)	Subsidies (Note 13.e)	Equity
Equity as at 31 December 2017	**43,273**		**61,987**	**22,329**	**-**	**-**	**127,589**
Total recognised income and expenditure	**-**	**-**	**-**	**15,318**	**-**	**-**	**15,318**
Other changes in net equity	**-**	**-**	**22,329**	**(22,329)**	**-**	**-**	**-**
Equity as at 31 December 2018	**43,273**		**84,316**	**15,318**			**142,907**
Total recognised income and expenditure	**-**	**-**	**-**	**97,490**	**75**	**167**	**97,732**
Transactions with partners or owners	**6,727**	**468,564**	**-**	**-**	**-**	**-**	**475,291**
Capital increase (Notes 1 and 13)	6,727	468,564	-	-	-	-	475,291
Other changes in net equity	**-**	**-**	**15,318**	**(15,318)**	**6,843**	**525**	**7,368**
Equity as at 31 December 2019	**50,000**	**468,564**	**99,634**	**97,490**	**6,918**	**692**	**723,298**

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CASH FLOW STATEMENT FOR THE BUSINESS YEAR ENDING ON 31 DECEMBER 2019

(in thousands of euros)

	31/12/2019		31/12/2018	
Profit/(loss) for the year before tax		**126,443**		**17,524**
Adjustments to profit/(loss)		**63,954**		**3,413**
Fixed asset amortisation and allocation of subsidies for non-financial	80,806		1,170	
Valuation adjustments for impairment	2,361		28,407	
Changes in provisions (Note 14)	(1,897)		1,146	
Profit/(loss) from de-recognitions and non-current asset disposals	(1,340)		(44)	
Proceeds from de-recognitions and disposals of financial instruments	1,538		0	
Financial income	(25,518)		(32,187)	
Financial expenses	10,047		4,593	
Exchange differences	(2,022)		323	
Change in fair value of financial instruments	(21)			
Other income and expenses	-		5	
Changes in working capital		**38,416**		**(34,676)**
Trade and other receivables	11,931		(33,351)	
Trade and other payables	29,328		(1,308)	
Miscellaneous current assets and liabilities	(2,843)		(17)	
Other cash flows from operating activities		**(9,701)**		**19,900**
Interest paid	(7,404)		(5,276)	
Interest and dividend collections	25,275		29,144	
Collections/(Payment) for income tax	(25,454)		(3,826)	
Other collections and payments	(2,118)		(142)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**219,112**		**6,161**
Payments due to investments		**(228,350)**		**(9,389)**
Group companies and associates (Note 10)	(142,729)			
Intangible fixed and non-current asset and property, plant and equipment (Notes 5 and 6)	(81,597)		(9,249)	
Other financial assets	(4,024)		(140)	
Proceeds from disposals		**217,056**		**12,780**
Group companies and associates (Note 10)	181,744		10,625	
Intangible fixed and non-current asset and property, plant and equipment (Notes 5 and 6)	1,021		137	
Other financial assets	767		413	
Other assets	33,524		1,605	
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES		**(11,294)**		**3,391**
Proceeds and payments from equity instruments		**288**		**0**
Subsidies, donations or legacies	288			
Proceeds from (payments on) financial liabilities (note 15)		**(97,354)**		**(5,355)**
Issuance of:				
Bank borrowings	20,439		16,217	
Payables to group and associated companies	5,000			
Other payables	1,080		1,315	
Repayment and amortisation of:				
Bank borrowings	(100,163)		(1,666)	
Payables to group and associated companies	(20,786)		(16,955)	
Other payables	(2,924)		(4,266)	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		**(97,066)**		**(5,355)**
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS		**111,464**		**4,197**
Cash and cash equivalents at the start of the period		**7,777**		**3,580**
Cash and cash equivalents at the end of the period		**119,241**		**7,777**

Notes 1 to 24 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2019.

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NOTES TO THE FINANCIAL STATEMENTS AT 2019 YEAR-END

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1. COMPANY ACTIVITY

FCC Medio Ambiente, S.A.U is a company incorporated in Spain under the Spanish Limited Liability Companies Law (Ley de Sociedades de Capital). The company's corporate purpose, according to its articles of association is the activity of urban sanitation, engaging in services related to the collection and processing of solid waste and sanitation of public roads and drainage, the treatment of industrial waste, including both the construction and operation of plants, and energy recovery from waste.

Its registered office is at C/ Federico Salmon No. 13, Madrid.

On 7 December 2019, the Company registered its sole proprietorship status in the Mercantile Registry. Furthermore, the Company does not have any contracts with its Sole Shareholder in addition to those broken down in Note 21.

Segregation operation of the environment services activity branch

At its meeting on 8 May 2019, the Ordinary General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., resolved to approve the corporate reorganisation of the Group's environmental services activities and the allocation of core assets (spinoff) in this area to FCC Medio Ambiente, S.A.U. As a result, on 5 September 2019 the spinoff deed "Spinoff between Fomento de Construcciones y Contratas, S.A. (as the company divesting the assets) and FCC Medio Ambiente, S.A.U. (as the beneficiary company) through which the former allocated a portion of its assets, including:

- Collection, treatment and disposal of municipal solid wastes, cleaning of public roads, building maintenance, urban sanitation and maintenance of green spaces and beaches.
- Activities related to industrial waste management and treatment services performed directly in Spain by the company divesting the assets.
- Financial holdings in a number of commercial companies through which it performs these activities.

The above activities represent an autonomous and independent business unit transferred as a block by universal succession to the entity FCC Medio Ambiente, S.A.U., pursuant to the provisions of Articles 71, 73 and subsequent articles of Law 3/2009, of 3 April, on structural modifications of commercial companies. The beneficiary company therefore subrogates the position of Fomento de Construcciones y Contratas, S.A. in relation to all of the assets, rights, actions, obligations, holdings, responsibilities and charges relating to the spun off assets and liabilities by universal succession. The beneficiary company is also legally obliged to accept as part of its workforce all of the workers of the company divesting the assets (18,562 transferred employees) involved in the management of the spun off assets.

FCC Group undertook this operation to streamline its organisational structure by organising the entire environmental services business line under an independent entity to optimise commercial, business and financial risk management through greater specialisation and a sharper individual focus.

The spinoff balance sheet considered in this operation is that at 31 December 2018, the net value of the equity divested amounted to 475,291 thousand euros. Details of the spinoff, including the proportional integration of the spun off joint ventures, are as follows:

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ASSETS		
NON CURRENT ASSETS		**578,168**
Intangible fixed and non-current assets		**98,304**
Property, plant and equipment		**285,151**
Land and buildings	36,965	
Other intangible assets	248,186	
Long-term investments in Group companies and associates		**139,631**
Equity instruments	57,637	
Loans to companies	81,994	
Long-term financial investments		**21,072**
Deferred tax assets		**12,659**
Non-current commercial debtors		**21,351**
CURRENT ASSETS		**466,941**
Inventories		**7,078**
Trade receivables and other accounts receivable		**406,661**
Trade receivables for sales and services	363,546	
Trade receivables from Group companies and associates	27,036	
Accounts receivable from public authorities	6,142	
Other receivables	9,937	
Short-term investments in Group companies and associates		**11,183**
Short-term financial investments		**8,495**
Cash and other cash equivalents		**33,524**
TOTAL ASSETS (A)		**1,045,109**

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LIABILITIES		
NON-CURRENT LIABILITIES		**129,762**
Long-term provisions		**69,449**
Non-current payables		**30,056**
Bank borrowings	15,559	
Other financial liabilities	14,497	
Non-current payables to Group companies and associates		**11**
Deferred tax liabilities		**26,075**
Trade and other non-current accounts payable		**4,171**
CURRENT LIABILITIES		**432,689**
Short-term provisions		**1,517**
Current payables		**124,972**
Bank borrowings	98,312	
Other financial liabilities	26,660	
Current payables to Group companies and associates		**66,934**
Trade payables and other accounts payable		**239,266**
Suppliers	62,944	
Suppliers, Group companies and associates	5,568	
Other accounts payables to public authorities	47,126	
Other payables	123,628	
TOTAL LIABILITIES (B)		**562,451**
DIVESTED NET ASSETS (A-B)		**482,658**
Valuation adjustments and grants received		**7,367**
CAPITAL INCREASE IN BENEFICIARY COMPANY		**475,291**

The spinoff did not involve any exchange of securities and there is therefore no requirement to calculate a swap rate. For the purposes of Article 71 of the Structural Modifications act, there was no reduction in share capital of the company divesting the assets, with Fomento de Construcciones y Contratas, S.A. having received the shares resulting from the increase in share capital of the beneficiary company FCC Medio Ambiente, S.A.U., amounting to 6,727 thousand euros, and an issue premium of 468,564 thousand euros, in exchange for its divested equity.

This spinoff has accounting effect from 1 January 2019 and is subject to the special tax neutrality regime provided for in Chapter VII of Title VII of Act 27/2014 of 27 November 27 on Corporate Income Tax, under Article 76.3 of that Act. This spinoff was filed with the Mercantile Registry of Barcelona on 1 October 2019.

Subsequently, a corporate reorganisation was carried out by transferring financial holdings in various companies engaged in activities relating to industrial waste management and treatment services, carried out in Spain by FCC Servicios Medio Ambiente Holding, S.A.U., a company wholly owned by Fomento de Construcciones y Contratas, S.A. (Note 10).

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

These financial statements were prepared from the accounting records of FCC Medio Ambiente, S.A.U and of the joint ventures in which it is involved, pursuant to the Code of Commerce, Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law and the amendments introduced by Law 31/2014, of 3 December, and Royal Decree 1514/2007, which introduced the Spanish General Chart of Accounts, together with its amendment, incorporated by Royal Decree 602/2016, of 2 December. The accounting policies and standards contained in the regulatory amendments of Royal Decree 1159/2010, of 17 September, and sector plans, including Order EHA/3362/2010, enacting the accounting plan of public infrastructure concessionary companies, and all applicable obligatory standards, resolutions and recommendations of the Spanish Accounting and Audit Institute (ICAC) have also been included. Accordingly, these financial statements present a fair view the company's equity, financial position, results and cash flows in the corresponding year.

In particular, it should be noted that as a result of the publication in 2009 by the ICAC of a consultation relating to the accounting recognition of income from holding companies, "Income from investments in Group companies and associates" and "Finance income from marketable securities and other financial instruments of Group companies and associates" are recognised under "Revenue" in the accompanying income statement.

These financial statements, which have been prepared by the Company's Board of Directors, will be submitted for approval by Single Shareholder and it is believed that they will be approved without any modification. The 2018 financial statements were approved by the shareholders at the General Shareholders Meeting held on 28 June 2019.

The financial statements are expressed in thousands of euros.

<u>Joint ventures and similar entities</u>

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

The joint ventures were included through adjustments 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 revenue and expenses. In the notes to the financial statements, the corresponding amounts are broken down when they are significant.

The balance sheet and income statement include the balance sheet aggregates at the percentage of ownership in the joint ventures shown below:

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	2019	2018
Revenue	214,892	51,560
Operating profit/(loss)	13,862	4,072
Non-current assets	108,278	5,872
Current assets	122,255	6,833
Equity	9,744	4,061
Non-current liabilities	27,767	1,149
Current liabilities	193,022	7,495

The contribution of joint ventures was much higher than in the previous year due to the inclusion of a significant portion of them in the segregated environmental services activity of Fomento de Construcciones y Contratas, S.A. (Note 1).

The joint ventures and percentage holdings are listed in Appendix II.

Grouping of headings

Certain balance sheet, income statement and cash flow statement headings have been grouped together so that they may be more easily understood; in any event, all significant information is broken down separately in the corresponding notes to the financial statements.

Consolidated financial statements

The Company is exempted from the obligation to prepare consolidated financial statements pursuant to the applicable legislation, articles 43 of the Spanish Commercial Code and 7 of the Rules for the Preparation of the Consolidated Financial Statements of Royal Decree 1159/2010 of 17 September, since it is a subsidiary of the FCC Group, whose parent company is Fomento de Construcciones y Contratas, S.A., with registered office at c/ Balmes, 36, Barcelona 08007, Spain, and whose shares have been admitted for official trading on the four Spanish stock markets (Madrid, Barcelona, Bilbao and Valencia) through the Stock Exchange Interconnection System (Continuous Market). The consolidated financial statements and management report of Fomento de Construcciones y Contratas S.A. for 2018 were approved by the shareholders at the Annual General Meeting held on 8 Mayo 2019 and filed with the Barcelona Commercial Register.

The consolidation of the unaudited financial statements for 2019 of FCC Medio Ambiente S.A.U. and Subsidiaries prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) would present attributable consolidated equity, assets and attributable consolidated profit of 778,399 thousand euros, 1,403,367 thousand euros and 121,043 thousand euros, respectively (of 186,212 thousand euros, 684,294 thousand euros and 44,901 thousand euros, respectively, during 2018).

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Restatements

No restatements were made in the current financial statements.

Comparison of information

The spinoff detailed in Note 1 should be taken into account when comparison information. The corresponding notes in this report indicate the resulting changes, under the title "Spinoff of environmental activity".

3. DISTRIBUTION OF PROFIT

The proposed distribution of profits made by the Company's directors and to be submitted for approval by the Sole Shareholder is as follows (in thousands of euros):

	2019
Profit/(loss) for the year, before distribution (thousand of euros)	97,490
Distribution	
To the legal reserve	1,345
To voluntary reserves	96,145

4. RECOGNITION AND MEASUREMENT STANDARDS

The main recognition and measurement bases used by the company in the preparation of the 2019 financial statements, in accordance with the Spanish General Chart of Accounts, were as follows:

a) Intangible assets

a.1) Concession arrangements

Concession arrangements that meet the conditions detailed below are recognised pursuant to Order EHA/3362/2010, approving the rules for adapting the Spanish General Chart of Accounts to public infrastructure concessionary companies. In general, two clearly differentiated phases exist:

- In the first phase, the concessionaire renders construction or upgrade services, which are recognised in conformity with registration and measurement base no. 14 Income from sales and services of the Spanish General Chart of Accounts and the rules on the percentage of completion method, contained in measurement base no. 18 Sales, income from work performed and other

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income of the rules for the adaptation of the Spanish General Chart of Accounts to construction firms, with a balancing entry as an intangible or financial asset.

- The second phase consists of a series of services for the maintenance or operation of such infrastructure, which are recognised in line with registration and measurement base no. 14 Income from sales and services of the Spanish General Chart of Accounts.

An intangible asset is recognised when the demand risk is borne by the concessionaire and a financial asset is recognised when the demand risk is borne by the concession grantor, since the concessionaire has an unconditional contractual right to receive the proceeds of the construction or upgrade services. There may also be mixed arrangements in which demand risk is shared between the concessionaire and the grantor, although this is virtually non-existent at the company

For concessions classified as intangible assets, provisions for dismantling, removal or restoration and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the discounting of such provisions are recognised in profit or loss Provisions to replace and repair the infrastructure are systematically charged to profit or loss as the obligation is incurred.

The initial measurement of intangible assets also includes the borrowing costs attributable to infrastructure financing accrued during the construction phase and until the related infrastructure is put to use. From the date on which the infrastructure is in an operative state, the aforementioned expenses will be capitalised, provided that they comply with the regulatory requirements, when there is reasonable evidence that future income will enable the capitalised amount to be recovered.

These intangible assets are amortised in accordance with the demand for or use of the infrastructure, understood to be the performance and best estimate of the production units of each activity.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. Under the amortised cost method, the corresponding finance income is allocated to profit or loss as revenue, in accordance with the effective interest rate arising from the expected flow of receipts and payments from the concession. Finance costs arising from the financing of these assets are classified under “Finance costs” in the income statement. As mentioned previously, with regard to maintenance or operation services, income and costs are allocated to income in line with registration and measurement base no. 14 Income from sales and services of the Spanish General Chart of Accounts.

a.2) Other intangible assets

The remaining intangible assets, basically software applications, are recognised at their acquisition or production cost And, subsequently, at cost less any accumulated amortisation and any accumulated impairment losses. At year-end, no signs of losses in value were identified in any of the company’s intangible assets related with this heading.

Maintenance costs are recognised in the income statement for the period in which they are incurred.

Generally, intangible assets are amortised over their useful lives on a straight-line basis.

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b) Property, plant and equipment

Items of property, plant and equipment are measured initially 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. At year-end, no signs of significant losses in value were identified in any of the company's property, plant and equipment, and the recoverable amount of the assets was not lower than their carrying amount. 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 property, plant and equipment that necessarily takes a period of more than twelve months to get ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are 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 manufacturing of the assets.

The company's in-house work on property, plant and equipment is recorded at the accumulated cost resulting from external costs, in-house costs determined on the basis of the in-house consumption of materials, direct labour costs and general manufacturing overheads.

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 and other constructions	25 - 50
Technical installations and machinery	5 – 12
Other installations, tools and furniture	5 – 12
Other property, plant and equipment	4 – 10

However, some contracts may have terms shorter than the useful life of the related property, plant and equipment, in which case they are depreciated over the term of the contract.

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

All of the company's intangible assets and property, plant and equipment have a finite useful life and it therefore performs impairment tests to estimate the possible existence of losses that cause their recoverable amount to fall below their carrying amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. To calculate the recoverable amount of assets subject to impairment tests, the present value of the net cash flows originating from the associated cash-generating units (CGUs) is estimated, and a pre-tax discount rate is used to discount cash flows; this discount rate includes the current market assessments of the time value of money and the risks specific to each cash-generating unit.

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Where an impairment loss on the assets is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, up to the limit of the carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of an impairment loss is recognised as income in the income statement.

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the lessee. Other leases are classified as operating leases.

d.1) Finance leases

For finance leases in which the company acts as the lessee, the cost of leased assets is recognised in the balance sheet by the nature of the leased asset and, simultaneously, a liability is booked for the same amount. This amount will be the lower of the fair value of the leased asset and the present value at inception of the minimum amounts agreed, including the purchase option, when there are no reasonable doubts that the purchase option will be exercised. The calculation does not include contingent rent, service costs or taxes that can be passed on by the lessor. The total finance charge on the lease is taken to the income statement for the year in which it is incurred, using the effective interest rate method. Contingent instalments are recognised as an expense for the year in which they are incurred.

On expiry of the finance lease, the company exercises the purchase option and the lease arrangements do not impose any restrictions regarding the exercise of this option. The lease agreements do not contain any renewal agreements or review or escalation clauses.

Assets recognised under this type of arrangement are depreciated using the same methods applied to property, plant and equipment as a whole, taking their nature and useful lives into account.

The company did not have any finance leases in which it acts as the lessor.

d.2) Operating leases

When the company acts as lessee, it recognises the expenses from operating leases in profit or loss in the year in which they accrue.

When the company acts as lessor, revenue and expenses from operating leases are recognised in profit or loss in the year in which they accrue. The acquisition cost of the leased asset is presented in the balance sheet in accordance with the nature of the asset, increased by the amount of the investments arising from the directly attributable lease arrangements, which are expensed over the term of such arrangements, using the same method as applied for recognition of lease income.

Any collection or payment that may arise when an operating lease is concluded is treated as a collection or prepayment that is allocated to profit or loss over the leasing term as the benefits of the leased asset are transferred or received.

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e) Financial instruments

e.1) Financial assets

Classification

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

- Loans and receivables: Loans and receivables: financial assets arising on the sale of goods or the rendering of services in the course of the company's trade operations, or financial assets that are neither equity instruments nor derivatives, not arising on trade transactions, with fixed or determinable payments, and which are not traded in an active market.

- Investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the company as a result of a control relationship and associates are companies over which the company exercises significant influence. Jointly controlled entities include companies over which joint control is exercised with one or more partners through an agreement.

- Available-for-sale financial assets: debt securities and equity instruments of other companies that are not classified in any of the previous categories.

Initial recognition

Financial assets are initially recognised at the fair value of consideration given, plus the directly attributable transaction costs, except in the case of assets held for trading and investments in Group companies granting control, the costs of which are taken directly to the income statement.

Subsequent measurement

- Loans, receivables and investments held to maturity are measured at amortised cost.

- 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, consolidated where appropriate, corrected for any unrealised gains at the measurement date, including any goodwill, unless better evidence of the recoverable amount of the investment is available.

- Available-for-sale financial assets are measured at fair value. Fair value net gains and losses are recognised in equity until the asset is disposed of, at which point the cumulative gains or losses previously recognised in equity are taken to the income statement, or until it is determined that they have become impaired, in which case, once the pre-existing profit previously recognised in equity has been written off, such assets are taken to profit or loss.

At least at the end of each reporting period, the company books the related impairment loss allowances for financial assets that are not carried at fair value when there is objective evidence of impairment if this value is lower than its carrying amount, in which case, the impairment is recognised in the income

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statement. In particular, the company calculates impairment loss allowances for trade and other receivables by carrying out a case-by-case analysis of the insolvency risk of each account 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, as in the case of firm asset sales and the assignment of trade receivables in factoring arrangements, in which the company does not retain any credit or interest rate risk, or provide any type of guarantee or assume any other type of risk These transactions accrue interest on an arm's length basis, and the concessionaire assumes the insolvency and late payment risk of the debtor. Collection management continues to be carried out by FCC Medio Ambiente, S.A.U.

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.

Accounts payable are initially measured at the fair value of the consideration received. These financial liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

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

e.3) Equity instruments

An equity instrument represents a residual interest in the company's equity after deducting all of its liabilities from its assets, and the securities issued are recognised in equity at the amount received, after deducting the issue charges, net of taxes.

Own shares acquired by the company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the income statement.

e.4) Derivative financial instruments

The company uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed. Basically, these risks relate mainly to changes in interest rates. Among the various transactions, the company arranges financial instruments as hedges (Note 12).

For financial instruments to qualify for hedge accounting, they are initially designated as hedges and the hedge relationship is documented. The company also verifies the effectiveness of the hedge initially and on an on-going basis during the term of the hedge. A hedge is effective if it is expected, prospectively, that the changes in fair value or in the cash flows from the hedged item (attributable to the hedged risk)

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are almost entirely offset by those of the hedging instrument and that, retrospectively, the gains or losses on the hedge have fluctuated within a range of 80% to 125% of the gains or losses on the hedged item.

The company arranges cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised temporarily in equity and taken to profit or loss in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a financial asset or liability, in which case the amounts recognised in equity are included in the cost of the asset acquired or liability assumed.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer meets the criteria for hedge accounting. Any cumulative profit or loss corresponding to the hedging instrument recognised in equity at that time remains in equity until the forecast transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gains or losses recognised in equity are transferred to net profit or loss for the period.

Although certain derivative instruments cannot be classified as hedges, this is only for accounting purposes since for financial and management purposes all the derivatives arranged by the company have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives are not considered for the purposes of hedge accounting if they fail the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the risk of the instrument to be offset by changes in the fair value or in the cash flows of the derivative hedging instrument. When this is not the case, changes in the value of the instruments not catalogued as hedges are taken to the income statement.

Financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts are independent from the company and the entities financing it.

f) Inventories

Inventories are stated at the lower of acquisition or production cost or net realisable value. Trade discounts, rebates, other similar items and interest included in the nominal amount of the payables are deducted in determining the acquisition cost.

Assets awarded for the collection of receivables are measured at the amount at which the receivable corresponding to the asset received was recognised or at the lower of production cost or net realisable value.

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

The net realisable value represents the estimate of the costs that will be incurred in providing the service.

The Company performs the appropriate valuation adjustments, recording them as an expense in the profit and loss account when the net realisable value of the inventories is lower than their acquisition price.

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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. Any gains or losses are recognised directly in profit or loss for the year in which they arise.

h) Corporation tax

The expense for corporation tax is calculated on the basis of profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. The corresponding tax rate based on the applicable legislation is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge. Additionally, adjustments to deferred tax assets and liabilities due to changes in the prevailing tax rate are recognised as an corporation tax expense.

The temporary differences between accounting profit and taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed, without performing financial discounting at any time.

The company capitalises deferred tax assets corresponding to temporary differences and tax losses pending offset, except in cases in which reasonable doubts exist regarding their future recovery or such recovery extends over a period exceeding ten years.

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 arises. Revenue is measured at the fair value of the consideration received, less discounts and tax.

The company recognises as revenue from its contracts in each year the difference between output for the year (valued at the selling price of the services provided during the period, as set out in the principal contract and in the approved reviews, and other services for which, although not yet approved, there is reasonable certainty regarding their payment) and the costs incurred. Late payment interest is recognised as revenue when definitively approved or received.

The difference between the output amount and the amount billed until the reporting date is booked as "Output pending invoicing" under "Trade receivables for sales and services". In turn, amounts billed in advance for certain items are included under current liabilities as "Customer advances" under "Trade and other payables".

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Interest received on financial assets is recorded using the effective interest method and dividends when the shareholder's right to receive them is declared. In any case, interest and dividends on financial assets accrued subsequent to acquisition are recorded as income in the profit and loss account.

In keeping with the accounting principle of prudence, the company only recognises realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are booked as soon as they become known, through the posting of the appropriate provisions.

j) Provisions and contingencies

The company recognises provisions on the liability side of the accompanying balance sheet for present obligations arising from past events for which the company considers it probable that there will be an outflow of funds to settle them on maturity

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

Provisions are classified as current or non-current in the accompanying balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

Contingent liabilities resulting from possible obligations that might arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the company are not recognised in the financial statements, as the probability that such obligation will have to be met is remote.

k) Capital assets of an environmental nature

Environmental assets are assets that are used on a lasting basis in the Company's activities, the main purpose of which is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

The acquisition of these elements is recognised in “Property, plant and equipment” and “Intangible assets”, in line with the nature of the investment, depreciating or amortising them over their useful life or in line with the demand for or use of the infrastructure in the service concession arrangements. Likewise, the company recognises the expenses and provisions inherent to the environmental commitments acquired in line with prevailing accounting legislation.

The company implements an environmental policy based not only on strict compliance with prevailing legislation in the area of environmental improvement and defence, rather it goes beyond it, through the

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establishment of preventive planning and analysis and minimisation of the environmental impact of its activities.

The company's management considers that any contingencies related to environmental protection and improvement at 31 December 2019 would not have a significant impact on the accompanying financial statements, which include provisions to cover the probable environmental risks that might arise.

l) Grants

The Company records subsidies received according to the following criteria

l.1) Non-refundable subsidies

These are measured at the amount received or at the fair value of the asset awarded, depending on whether they are monetary or non-monetary. They are then recognised in profit or loss over the same period and in the proportions in which depreciation on those assets is charged or when, where appropriate, the assets are disposed of or impaired, except for those received from equity holders or owners, which are recognised directly in equity.

l.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 accrue.

m) Use of estimates

In the preparation of these financial statements, estimates were made by the company’s directors to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The recoverability of deferred tax assets (notes 4.h and 18).
- The recoverability of investments in Group companies and associates, and loans and accounts receivable with these (notes 4.e and 10).
- The measurement of possible impairment losses on certain assets (notes 4.c, 5 and 6).
- The useful life of property, plant and equipment and intangible assets (notes 4.a and 4.b).
- The calculation of certain provisions (notes 4.j and 14).
- The recognition of income pending invoicing (notes 4.i and 11)

Although these estimates were drawn up on the basis of the best information available as at 31 December 2019, future events may require adjustments in coming years, where appropriate to be made in advance.

n) Related-party transactions

In general, transactions between group companies are initially recognised at fair value. If the agreed price differs from its fair value, the difference is recorded on the basis of the economic reality of the transaction. Subsequent measure is carried out in accordance with the relevant standards.

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o) Cash flow statement

The following terms are used in the cash flow statement:

- Cash flows: inflows and outflows of cash and cash equivalents.
- Cash flows from operating activities: payments and collections from the company's principal revenue-producing activities and other activities that are not classified as 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 settlement of financial liabilities, equity instruments and dividends.

5. INTANGIBLE ASSETS

Changes in this heading in the accompanying balance sheet in 2019 and 2018 were as follows:

	Concession agreements	Concessions	Software	Other intangible assets	Accumulated amortisation	Impairment	Total
Balance at 31.12.17	**2,030**	**—**	**3**	**220**	**(2,253)**	**—**	**—**
Receipts or endowments	378	—	267	1,185	(69)	—	1,761
JVs incorporations	999	—	—	—	(239)	—	760
Balance at 31/12/18	**3,407**	**—**	**270**	**1,405**	**(2,561)**	**—**	**2,521**
"Divestment of environmental activities" (Note 1)	137,322	8,352	3,309	28,338	(79,017)		98,304
Receipts or endowments	168	—	196	1,035	(10,058)	—	(8,659)
Release, removals and transfers	(4,079)	—	(529)	(7,287)	11,733	—	(162)
Transfers	—	—	(203)	—	20	—	(183)
Balance at 31.12.19	**136,818**	**8,352**	**3,043**	**23,491**	**(79,883)**	**—**	**91,821**

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The most significant changes in the year were due to the incorporation of the assets from the branch of activity segregation (Note 1). In addition to these changes, noteworthy under "Concession Agreements" is the derecognition of the assets contributed by the Segriá JV that had been fully amortised.

The detail of intangible assets and of the related accumulated amortisation at 31 December 2019 and 2018 is as follows:

	Cost	Accumulated amortisation	Impairment	Net
2019				
Concession arrangements (Note 8)	136,818	(58,257)	—	78,561
Concessions	8,352	(4,816)	—	3,536
Software	3,043	(1,451)	—	1,592
Other intangible fixed and non-current assets	23,491	(15,359)	—	8,132
	171,704	**(79,883)**	**—**	**91,821**
2018				
Concession arrangements (Note 8)	3,407	(2,324)	—	1,083
Software	270	(11)	—	259
Other intangible fixed and non-current assets	1,405	(226)	—	1,179
	5,082	**(2,561)**	**—**	**2,521**

The "Concessions" heading, which relates mainly to businesses operated through joint ventures, which basically includes the amounts paid to obtain urban sanitation concessions. There are no significant changes from the previous year.

The balance for "Software applications" relates mainly to implementation, development and improvement costs for the corporate information system, and costs related to information technology infrastructure.

With regard to net intangible assets, 24,458 thousand euros (735 thousand euros at 31 December 2018) relate to assets arising from arrangements operated jointly through joint ventures.

At the closing date, all the intangible assets are used in the various production processes.

At 31 December 2019, the Company did not have any significant intangible assets located outside Spain, assets assigned as collateral or purchase commitments of a significant amount.

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6. PROPERTY, PLANT AND EQUIPMENT

Changes in this heading in the accompanying balance sheet in 2019 and 2018 were as follows:

		Other intangible assets				
	Land and buildings	Technical installations and other PP&E	Advances and PP&E under construction	Accumulated amortisation	Impairment	Total
Balance at 31.12.17	**4,529**	**40,867**	**—**	**(43,512)**	**—**	**1,884**
Receipts or endowments	—	10,437	—	(1,102)	—	9,335
Release, removals and transfers	—	(4,567)	—	4,474	—	(93)
JVs incorporations	—	3,608	—	(1,181)	—	2,427
Balance at 31/12/18	**4,529**	**50,345**	—	**(41,321)**	—	**13,553**
"Divestment of environmental activities" (Note 1)	81,351	908,620	7,816	(712,579)	(57)	285,151
Receipts or endowments	2,924	75,162	2,112	(70,820)	—	9,378
Release, removals and transfers	(11,362)	(134,957)	—	145,524	—	(795)
Transfers	308	251	(858)	482	—	183
Balance at 31.12.19	**77,750**	**899,421**	**9,070**	**(678,714)**	**(57)**	**307,470**

The most significant changes in the year were due to the incorporation of the assets from the branch of activity segregation (Note 1). In addition to this movement, the following changes should be noted:

- The most important additions in 2019 within property, plant and equipment related to assets associated with service arrangements operated by the company, essentially for vehicles and machinery used in street cleaning and waste collection contracts.

- The “Derecognition, disposals or reductions” heading basically includes derecognition of assets that had mostly been depreciated in full.

The detail of property, plant and equipment and of the related accumulated depreciation at 31 December 2019 and 2018 is as follows:

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	Cost	Accumulated amortisation	Impairment	Net
2019				
Land and buildings	77,750	(42,042)	—	35,708
Technical installations and other PP&E	899,421	(636,672)	(57)	262,692
Advances and PP&E under construction	9,070	—	—	9,070
	986,241	**(678,714)**	**(57)**	**307,470**
2018				
Land and buildings	4,529	(4,218)	—	311
Technical installations and other PP&E	50,345	(37,103)	—	13,242
	54,874	**(41,321)**	**—**	**13,553**

The company owns buildings, whose value separated from said buildings and the value of land, at year-end, was as follows:

	2019	2018
Land	8,084	144
Buildings	69,666	4,385
	77,750	**4,529**

With regard to net property, plant and equipment, 66,640 thousand euros (3,476 thousand euros at 31 December 2018) relate to assets arising from arrangements operated jointly through joint ventures.

In 2019 and 2018, the company had not capitalised any finance costs under “Property, plant and equipment”.

All property, plant and equipment at year-end are used in the Company's activities. However, a portion of this property, plant and equipment was fully depreciated, amounting to 390,465 thousand euros in 2019 (35,997 thousand euros in 2018), of which 24,642 thousand euros related to the "Buildings" heading (4,218 thousand euros at 31 December 2018). Fully depreciated property, plant and equipment relating to joint ventures amounted to 10,156 thousand euros in 2019. The amounts under the "Buildings" heading are not material, nor are they in 2018.

At year-end 2019, the company had entered into various finance lease arrangements relating to its property, plant and equipment (Note 7). It did not have any significant commitments to acquire property, plant and equipment.

Property, plant and equipment whose ownership has been restricted by the company basically relates to assets financed through finance leases.

The Company does not have any investments in property, plant and equipment located abroad at 2019 and 2018 year-end, nor any assets provided as security.

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The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At year-end, all items of property, plant and equipment had been fully insured against these risks.

7. LEASES

a) Finance leases

The Company has recognised leased assets in contracts that basically have a maximum duration of 5 years with generally post-payable instalments and, therefore, the present value does not differ significantly from their nominal value. Almost all of the assets leased are lorries and machinery for waste collection and cleaning services.

The characteristics of the finance lease contracts in effect at the closing date of 2019 and 2018 were as follows:

	2019	2018
Net carrying amount:	**33,374**	-
Accumulated amortisation	(13,832)	-
Cost of the assets	**47,206**	-
Financial expenses	2,260	-
Cost of capitalised assets	**49,466**	-
Installments paid in the financial year	12,708	-
Payments made in prior years	15,189	-
Lease payments outstanding, including the purchase option	**21,569**	-
Finance costs pending accrual	548	-
Present value of the lease instalments outstanding, including purchase option (Note 15)	**21,021**	-
Duration of contracts (years)	2 to 5	-
Value of purchase options	1,654	-

The finance lease arrangements entered into by the company do not include instalments whose amount must be determined based on future economic events or indexes; accordingly, no expenses were incurred in the year for the payment of contingent lease instalments.

b) Operating leases

The Company pays operating leases essentially for the rental of buildings and premises used as offices, warehouses, changing rooms and garages for the environmental services activity.

In 2019 these lease expenses amounted to 23,691 thousand euros (1,158 thousand euros at 31 December 2018), and no contingent expenses were incurred and no income was obtained from subleasing.

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At the end of the year, the Company had the following minimum lease payments with lessors in accordance with the current lease contracts in force, without taking into account the impact of shared expenses, future CPI increases or future updates of contractually agreed rents:

	2019	2018
Up to one year	9.534	421
Between one and five years	22.272	704
After five years	2.299	151
	34.105	**1.276**

8. SERVICE CONCESSION ARRANGEMENTS

The following table details all the company's assets held under service concession arrangements, classified by asset type:

	Intangible assets	Financial assets	Total
2019	78,561	28,563	107,124
2018	1,083	1,749	2,832

The following is a list of the most significant service concession contracts held by the Company:

a) Intangible Assets

- El Campello municipal urban wastes treatment plant (Environmental Services).

  Construction and operation of the Integral Municipal Solid Waste Treatment Centre in El Campello (Alicante). It was awarded to the Company in 2003 by the Plan Zonal XV Consortium of the Valencian Community, and the construction phase ended in November 2008, at which time the initially 20-year operating phase began and was subsequently extended to 21 years and 9 months. The net assets related to this contract amount to 29,762 thousand euros (32,333 thousand euros at 31 December 2018).

- Municipal solid waste treatment plant in the province of Granada (Environmental Services).

  Operation and improvements for the Management of the Public Service of Municipal Waste Treatment in the Province of Granada, awarded by the Provincial Council of Granada until 2040. The net assets related to this contract amount to 23,294 thousand euros (24,421 thousand euros at 31 December 2018).

Both assets are classified as intangible as invoicing is based on the metric tons processed and, therefore, the demand risk falls on the concessionaire.

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b) Financial assets

- Municipal solid wastes treatment plant in Manises (Valencia). (Environmental Services).

  Awarded by the Metropolitan Waste Treatment Entity to the JV Gestión Instalación III (34.99% owned by FCC Medio Ambiente, S.A.U.) for the construction and operation of the municipal urban wastes management system in certain areas in the province of Valencia. It was awarded in 2005 for an initial period of 20 years from the start up of the plant in December 2012. Due to an amendment to the contract, the aforementioned concession was transferred to a financial asset in 2013. The assets related to this contract amount to 22,870 thousand euros (31 December 2018: 24,051 thousand euros). The collection is obtained as a result of a fixed amount plus a variable amount per tonne treated, this second component being waste, and in addition the cost of construction services is substantially covered by a fixed payment, reasons that justify the whole of the concession being considered as a financial asset.

9. CURRENT AND NON-CURRENT FINANCIAL ASSETS

a) Long-term financial investments

The balance of “Non-current financial assets” at 2019 and 2018 year-end is as follows:

	Equity instruments	Loans to third parties	Other financial assets	Total
2019				
Loans and receivables	—	2,651	4,643	7,294
Available-for-sale assets	8,764	—	—	8,764
	8,764	**2,651**	**4,643**	**16,058**
2018				
Loans and receivables	—	—	106	106
	—	—	**106**	**106**

Loans and receivables

The breakdown, by maturity, of loans and receivables is as follows:

	2021	2022	2023	2024	2025 and beyond	Total
Loans and receivables	129	59	43	1,603	5,460	7,294

The most significant loans and receivables are guarantees and deposits for legal or contractual obligations in the course of the Company's activities.

Available-for-sale assets

The detail of the assets available for sale is as follows:

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	Effective ownership	Fair value
2019		
Vertederos de Residuos, S.A.	16.03%	8,764
		8,764

During 2019 the holding in Vertedero de Residuos, S.A. was transferred to the company FCC Medio Ambiente, S.A.U., due to the segregation of the environmental services activity (Note 1).

b) Short-term financial investments

The amount shown under this heading relates mainly to guarantees and deposits and to loans to public entities.

10. INVESTMENTS AND PAYABLES TO GROUP COMPANIES AND ASSOCIATES

a) Non-current investments in Group companies and associates

The detail of the non-current investments in group companies and associates at 31 December 2019 and 2018 is as follows:

	Cost	Accumulated impairment	Total
2019			
Equity instruments in Group companies	77,006	(20,741)	56,265
Equity instruments of associates	34,715	(5,918)	28,797
Loans to Group companies	187,179	—	187,179
Loans to associates	813	(813)	—
	299,713	**(27,472)**	**272,241**
2018			
Equity instruments in Group companies	164,924	(61,970)	102,954
Equity instruments of associates	15,633	(60)	15,573
Loans to Group companies	55,459	—	55,459
Loans to associates	—	—	—
	236,016	**(62,030)**	**173,986**

Details of changes in these headings is as follows:

	Equity instruments of Group companies	Equity instruments of associates	Loans to Group companies	Loans to associates	Impairment	Total
Balance at 31.12.17	**164,924**	**15,633**	**53,055**	—	**(45,148)**	**188,464**
Receipts or endowments	—	—	1,516	—	(16,882)	(15,366)
Disposals and reversals	—	—	(2,588)	—	—	(2,588)
Transfers	—	—	3,476	—	—	3,476
Balance at 31/12/18	**164,924**	**15,633**	**55,459**	—	**(62,030)**	**173,986**

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"Divestment of environmental activities" (Note 1)	61,991	19,954	81,967	842	(25,123)	139,631
Receipts or endowments	742	—	141,987	—	(2,361)	140,368
Disposals and reversals	(150,651)	(872)	(92,234)	(29)	62,042	(181,744)
Balance at 31.12.19	**77,006**	**34,715**	**187,179**	**813**	**(27,472)**	**272,241**

The corporate reorganisation, which is detailed below, was particularly significant for changes in equity instruments, loans to companies and impairment in 2019:

- Sale to FCC Servicios Medio Ambiente Holding, S.A.U. of 1,089,162 shares (100%) in FCC Ámbito, S.A.U for an amount of 55,829 thousand euros, generating a credit right.

- Sale to FCC Servicios Medio Ambiente Holding, S.A.U. of 60,102 shares (100%) in Internacional Services INC, S.A.U for an amount of 60 thousand euros, generating a credit right.

- Sale to FCC Ámbito, S.A.U. of 10,000 shares (100%) of Manipulación y Recuperación MAREPA, S.A.U. for 9,583 thousand euros, generating a credit right.

- Sale to FCC Ámbito, S.A.U. of 999 shares (99.99%) of Europea de Tratamientos de Residuos Industriales, S.A. for an amount of 60 thousand euros, generating a credit right.

- Assignment to FCC Servicios Medio Ambiente Holding, S.A.U. of the creditor position in the intragroup financing loan contracts of 44,646 thousand euros that the Company held with FCC Ámbito, S.A.U.

- Assignment to FCC Servicios Medio Ambiente Holding, S.A.U. of the creditor position in the sale contracts and assignment of 9,583 and 60 thousand euros that the Company held with FCC Ámbito, S.A.U.

- Assignment to FCC Ámbito, S.A.U. of a credit right amounting to 1,500 thousand euros on Manipulación y Recuperación MAREPA, S.A.U

- Sale to FCC Medio Ambiente Reino Unido, S.L.U. of: 9,300 shares (100%) of FCC Environment Services (UK) Limited; 100 shares (100%) of FCC Developments; assignment of the creditor position in the loan of 35,253 thousand pounds of principal that the Company held with FCC Developments together with the unpaid accrued interest for a total price of 42,343 thousand euros, generating a credit right in favour of the Company.

- Assignment to FCC Servicios Medio Ambiente Holding, S.A.U. of the creditor position under the sale contract of 42,343 thousand euros held by the Company with FCC Medio Ambiente Unido, S.L.U. The balance at the end of 2019, including interest and exchange rates, amounted to 46,885 thousand euros.

- Sale to FCC Ámbito, S.A.U. of 1,800 shares (80%) of Integraciones Ambientales de Cantabria, S.A. for an amount of 3,219 thousand euros, generating a credit right.

- Assignment to FCC Ámbito, S.A.U. of a credit right in the amount of 5,143 thousand euros on Integraciones Ambientales de Cantabria, S.A.

- Sale to FCC Ámbito, S.A.U. of 899 shares (75%) of Tratamiento y Recuperaciones Industriales, S.A. for 3,637 thousand euros, generating a credit right.

- Sale to FCC Ámbito, S.A.U. of 1,600 shares (80%) of Recuperacio de Pedreres, S.L. for an amount of 5,010 thousand euros, generating a credit right.

- Sale to FCC Ámbito, S.A.U. of 18,600 shares (60%) of Ecoactiva de Medio Ambiente, S.A. for an amount of 11,417 thousand euros, generating a credit right.

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Equity instruments of associates

The change in 2019 corresponds to the segregation of activity and a corporate reorganisation detailed below

- Sale to FCC Ámbito, S.A.U. of 4,500 shares (30%) of Aprochim, Getesarp, Rymoil, S.A. for an amount of 812 thousand euros, generating a credit right.

Long-term loans to Group companies

The most significant balances were as follows:

	2019	2018
Valoración y Tratamiento de Residuos, S.A.	10,996	10,264
Integraciones Ambientales de Cantabria, S.A.	-	5,781
FCC Environmental Developments LTD.	-	39,410
Sistemas y Vehículos de Alta Tecnología ,S.A.	5,899	-
Limpiezas Urbanas Mallorca	1,800	-
Geneus Canarias	4,234	-
Alfonso Benitez S.A.	2,202	-
Servicios de Levante,S.A.	2,800	-
Servicios Especiales de Limpieza,S.A	1,633	-
Gandía Serveis Urbans,S.A.	7,861	-
Sercovira,S.A.	1,657	-
Gipuzkoa Ingurumena BI, S.A	1,950	-
FCC Servicios Medio Ambiente Holding, S.A.U	112,462	-
FCC Ámbito Nacional	31,131	-
Rest	2,554	4
	187,179	**55,459**

The changes in 2019 relate mainly to the aforementioned corporate reorganisation involving the sale of investments and the assignment of trade receivables.

Impairment

In 2019 the change in this balance is due largely to the segregation (see Note 1) and the transactions arising from the corporate reorganisation of the environmental services business discussed at the beginning of this Note. We also provide details on other changes that have taken place during the current year:

- Impairment of the holding in Aparcamientos Concertados, S.A. amounting to 1,666 thousand euros. Since it is a concession that ends in 2019, the impairment was calculated as the difference between the value of this investment in the books of FCC Medio Ambiente, S.A.U. and its recoverable value, taking equity as the best evidence of this.

- Impairment of the holding in Serveis Municipals de Neteja de Girona, S.A. amounting to 743 thousand euros was calculated as the difference between the value of this investment in the books of FCC Medio Ambiente, S.A.U. and its recoverable value, taking equity as the best evidence of this.

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The most significant changes in 2018 were as follows:

- Impairment of the investment in Manipulación y Recuperación Marepa, S.A. amounting to 10,068 thousand euros as a result of the decrease in the present value of the expected cash flows. The assumptions used in the estimation encompass a time horizon of 5 years, with a growth rate equal to 0 in the calculation of perpetual income, and moderate growth in revenue (between 1.9 and 2.3%) as well as Ebitda margins that are between 2.6 and 3.9%. The discount rate used was 5.1%.

- Impairment of the investment in Recuperación de Pedreres, SL amounting to 3,805 thousand euros to adjust the value of the shareholding in Gestió y Recuperació de Terrenys, S.A. (wholly-owned subsidiary of Recuperación de Pedreres SL) as a result of the decrease in the present value of expected cash flows when expected to end its activity in 2024.

- Impairment of investment in Ecoactiva de Medio Ambiente, SAU amounting to 3,008 thousand euros as a result of the decrease in the present value of expected cash flows. The assumptions used in the estimate encompass a time horizon of five years, with a growth rate equal to 0 in the calculation of perpetual income and including the loss in 2019 of 22% of its revenue and Ebitda, with moderate growth of revenue in the other years (between 2.5 and 3.5%) as well as Ebitda margins of between 24 and 26%. The discount rate used was 5.1%.

b) Current investments in Group companies and associates

This section includes mainly the loans and other non-trade credits granted to Group companies and associates, among others, in line with certain specific cash situations, as well as other temporary financial assets, measured at the lower of cost or market value, increased by interest earned at a market rate. It also includes the balances generated by tax effects with the subsidiaries in the tax consolidation group.

The most significant balances in this regard were as follows:

	2019	2018
Fomento de Construcciones y Contratas, S.A.	7,488	4,640
FCC Ámbito, S.A.	2,477	5,105
Corporación Inmobiliaria Ibérica, S.A.	348	2,250
Asesoría Financiera y de Gestión, S.A.	-	26,235
FCC Environmental Developments LTD.	-	964
Servicios Especiales de Limpieza, S.A.	-	2,292
Limpieza e Higiene de Cartagena, S.A.	1,056	837
FCC Servicios Medio Ambiente Holding, S.A.U.	4,329	-
Recuperación de Pedreres, S.L.	-	1,546
Manipulación y Recuperación, Marepa S.A.	3	2,414
Valorización y tratamiento de residuos, S.A.	1,198	-
Sercovira, S.A	1,460	-
FCC Equal Andalucía , S.L.	2,726	-
Rest	4,618	6,316
	25,703	52,599

On 30 December 2019 a contract was signed for the provision of cash pooling services between FCC Servicios Medio Ambiente Holding, S.A.U. and FCC Medio Ambiente S.A.U as the first level company and

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Subsidiaries with 99% ownership included as second-level companies allowing the optimisation of cash surpluses and needs. The contract is open-ended and the initial interest rate applicable is 0.05% for debit balances and 2% for credit balances. The balance with FCC Servicios Medio Ambiente Holding, S.A.U. at December 2019 amounted to 4,329 thousand euros.

c) Non-current payables to Group companies and associates

In 2019 the Company's debt instruments held with Fomento de Construcciones y Contratas, S.A. were transferred to FCC Servicios Medio Ambiente Holding S.A.U., which therefore became the final debtor. This debt amounted to 136,606 thousand euros and matured indefinitely, with an applicable interest rate of 2.38% in 2019 (3.85% in 2018).

Also noteworthy is the loan received from Tirme S.A. for 5,000 thousand euros at a fixed rate of 1%, payable annually at the end of the year and automatically renewable without limitation.

d) Current payables to Group companies and associates

The debts with Group and associated companies include the loans received by the Company, including the cash pooling agreement, which are remunerated at market prices, and the debts for trading operations with these companies, and also include the balances generated by the tax effect with the subsidiaries of the consolidated tax group.

The most significant balances on the liabilities side of the accompanying balance sheet are as follows:

	2019	2018
Fomento de Construcciones y Contratas, S.A.	5,884	6,998
Alfonso Benítez, S.A	9,492	4,661
Ecoparque Mancomunidad del Este S.A.	14,165	-
Geneus Canarias	5,455	-
FCC Servicios Medio Ambiente Holding, S.A.U	8,225	-
Servicios de Levante,S.A.	3,010	3,133
FCC Medio Ambiente Holding, UK	8,846	-
Sistemas y Vehículos de Alta Tecnología ,S.A.	4,198	-
Rest	12,327	10,114
	71,602	**24,906**

The balance of 8,225 thousand euros with FCC Servicios Medio Ambiente Holding, S.A.U. relates to the balances generated by the tax effect with the consolidated tax group.

In 2019 the increase in this balance is due largely to the segregation (see Note 1) and the transactions arising from the corporate reorganisation of the environmental services business discussed at the beginning of this Note.

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11. TRADE RECEIVABLES FOR SALES AND SERVICES

The breakdown of this heading in the accompanying balance sheet includes the value of the company's sales and services..

	2019	2018
Outstanding Invoiced Production	230,407	50,079
Production not yet invoiced	185,877	12,720
Trade receivables for sales and services	416,284	62,799
Customer advances	(8,069)	(344)
Total net customer balance	**408,215**	**62,455**

The increase in the balance compared to the previous year is due almost entirety to the spinoff of environmental services activities (note 1).

The above amount corresponds to the net balance of trade receivables, net of the "Trade Advances" included under the heading "Other Payables" line item under liabilities in attached balance sheet, which includes, in accordance with accounting regulations, the amounts invoiced in advance for various items, whether or not they have been collected, and the prepayments received, normally in cash.

The balances of trade receivables are mainly with local governments and public bodies for the performance of urban sanitation activity. There are no differences between the carrying amounts and the fair values in trade receivables for sales and services.

The "Outstanding Invoiced Production" line item includes the amount of invoices issued to customers for services rendered and pending collection at the balance sheet date.

The "Production not yet invoices" heading includes the difference between the output recognised by the Company for each contract and the invoices sent to customers. This amount relates basically to the estimate of work carried out that has been invoiced monthly in arrears for 72,958 thousand euros and price revisions under the terms of the various contracts pending approval, which the Company considers likely to be accepted in order to bill in due time, and for services rendered that have not yet been billed, amounting to 72,861 thousand euros.

The Company has the capacity to finance itself in the event of working capital requirements by assigning trade receivables to financial institutions, without the possibility of recourse against FCC Medio Ambiente, S.A.U. in the event of non-payment. The amount deducted from the customer receivables balance at year-end was 150,341 thousand euros (6,399 thousand euros at 31 December 2018). These credit transfers are maintained with the entities Santander, Bankia, La Caixa, Sabadell and BBVA. These transactions accrue interest on an arm's length basis, and the concessionaire assumes the insolvency and late payment risk of the debtor.

Of the total net trade receivables balance, 83.072 thousand euros (16,897 thousand euros at 31 December 2018) relate to balances arising from arrangements operated jointly through joint ventures.

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Likewise, of the total uninvoiced amount, 19,871 thousand euros correspond to amounts arising from contracts operated jointly through JVs (6,155 thousand euros in 2018).

In addition, the Company's loans for commercial operations in default and not provisioned amounted to 148,462 thousand euros at 31 December 2019. It should be noted that these constitute the Company's total assets in default, since there are no significant financial loans in default. All those balances that are overdue and have not been paid by the counterparty are considered to be in default. However, it should be kept in mind that although certain assets are in default, there is no risk of default, as most are public customers where only delays in collection can occur, and they are entitled to claim the corresponding delay payment surcharges. In general, except in specific cases of debts to certain Spanish local authorities, there are no significant balances that are more than one year old and have not suffered impairment.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative assets and liabilities included in “Other financial liabilities” under “Non-current and current payables” in the accompanying balance sheet, and the impact on equity and the result thereof, are as follows:

	Fair value		Impact on Equity	Impact on profit or loss
	Assets	Liabilities (note 15)		
2019				
Hedging derivatives	-	1,083	(739)	75
	-	**1,083**	**(739)**	**75**
2018				
Hedging derivatives	-	-	-	-
	-	-	-	-

The main characteristics of the derivative are as follows:

Covered operation	Derived type	Amount contracted	Due date	Fair value		Impact on Equity	Impact on profit or loss
				Assets	Liabilities		
Other payables	IRS	12,766	02/04/2024	—	1,083	(739)	75
Total					**1,083**	**(739)**	**75**

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In addition, the maturity of the notional amount for the hedges contracted at year-end is detailed.

	Notional maturity				
	2020	2021	2022	2023	2024 and beyond
IRS (Other payables)	1,109	1,154	1,217	1,280	8,006

13. EQUITY

On 1 October 2019 the public deed for the segregation of activities of Fomento de Construcciones y Contratas, S.A. was registered at the Barcelona Mercantile Registry (note 1), through which the capital increase by 1,119,300 shares with a par value of 6.01 euros and a share premium of 418.62 euros was formalised. The transaction therefore entailed a capital increase of 6,727 thousand euros and an increase in the share premium of 468,564 thousand euros.

The following table shows the equity of FCC Medio Ambiente S.A.U. at 31 December 2019 and 2018:

	2019	2018
Capital	50,000	43,273
Share premium	468,564	-
Legal reserve	8,654	8,654
Other reserves	90,980	75,662
Profit/(loss) for the year	97,490	15,318
Total Shareholders' Equity	**715,688**	**142,907**

a) Capital

Following the capital increase already described, the capital of FCC Medio Ambiente S.A.U. is represented by 8,319,300 ordinary shares, represented by a book entry system, with a nominal value of 6.01 euros each.

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

In 2019 Fomento de Construcciones y Contratas, S.A. and Per Gestora, S.L. sold all the Company's shares (8,245,757 shares and 73,543 shares, respectively) to FCC Servicios Medio Ambiente Holding S.A. under a sale contract dated 25 October 2019, which became the Company's sole shareholder.

b) Share premium

The Spanish Limited Liability Companies Law, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

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c) Reserves

The detail of this heading in 2019 and 2018 is as follows:

	2019	2018
Legal reserve	8,654	8,654
Other reserves	90,981	75,662
	99,635	**84,316**

In accordance with the Spanish Limited Liability Companies Law, as amended, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the 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 is greater than 10% of the increased capital.

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.

d) Valuation adjustments

The detail, by item, of this heading was as follows:

	2019	2018
Available-for-sale financial assets (Note 9)	7,657	—
Hedging transactions (Note 12)	(739)	—
	6,918	—

e) Grants

Movements in non-repayable grants related to assets were as follows:

	Balance at the beginning of the year	Additions net of tax effect	Transfers to the income statement, net of tax effect	"Divestment of environmental activities" (Note 1)	Balance at the end of the year
2019 Financial Year	—	226	(59)	525	692
2018 Financial Year	—	—	—	—	—

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14. PROVISIONS

The changes in the year were as follows:

Long-term provisions

	Procedures related to infrastructure	Environmental Actions	Contractual and legal guarantees and obligations	Rest	Total
Balance at 31.12.17	—	—	**305**	—	**305**
Provisions	—	—	819	—	819
Applications	—	—	—	—	0
Reversals	—	—	(243)	—	(243)
Transfers	—	—	—	—	0
Balance at 31/12/18	—	—	**881**	—	**881**
"Divestment of environmental activities" (Note 1)	35,383	—	29,170	4,896	69,449
Provisions	1,570	394	5,232	397	7,593
Applications	(1,002)	(270)	(800)	(151)	(2,223)
Reversals	—	—	(10,842)	(57)	(10,899)
Transfers	2,049	2,471	546	(4,520)	546
Balance at 31.12.19	**38,000**	**2,595**	**24,187**	**565**	**65,347**

Short-term provisions

	Contractual and legal guarantees and obligations	Rest	Total
Balance at 31.12.17	**1,109**	—	**1,109**
Provisions	96	—	96
Applications	(618)	—	(618)
Reversals	(1)	—	(1)
Transfers	(43)	43	—
Balance at 31/12/18	**543**	**43**	**586**
"Divestment of environmental activities" (Note 1)	**263**	**1,254**	**1,517**
Provisions	796	1,054	1,850
Applications	—	(948)	(948)
Reversals	(131)	(205)	(336)
Transfers	(546)	—	(546)
Balance at 31.12.19	**925**	**1,198**	**2,123**

Provisions for procedures related to infrastructure

Within the scope of the service concession agreements, these provisions include the actions required to restore the infrastructure at the end of the concession period, dismantling, removal or rehabilitation of the infrastructure, replacements and major repairs, as well as actions to improve and expand capacity.

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Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred (note 4.a).

Provision for Environmental Procedures

These are provisions made for legal, contractual or implicit obligations or commitments acquired by the company, of an undetermined amount, to prevent or repair damage to the environment.

Provisions for guarantees and contractual and legal obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Other provisions

This heading includes the items not classified in the foregoing accounts, such as provisions to cover environmental risks and risks arising from its procedures as the insurer itself.

15. NON-CURRENT AND CURRENT PAYABLES

The balance of "Non-current payables" and "Current payables" was as follows:

	Long-term	Short-term
2019		
Bank borrowings	14,220	1,555
Finance lease payables (Note 7)	9,929	11,092
Derivatives (Note 12)	985	98
Other financial liabilities	4,961	16,276
	30,095	**29,021**
2018		
Debt instruments and other marketable securities	—	—
Bank borrowings	—	14,597
Finance lease payables (Note 7)	—	—
Derivatives (Note 12)	—	—
Other financial liabilities	1	699
	1	**15,296**

Details of "Non-current payables", by maturity, are as follows:

	Due date					
	2021	2022	2023	2024	2025 and beyond	Total
Bank borrowings	1,397	1,476	1,568	1,697	8,082	14,220
Finance lease payables	3,473	3,856	1,382	445	773	9,929
Derivatives	194	194	194	194	209	985
Other financial liabilities	343	340	340	1,452	2,486	4,961
	5,407	**5,866**	**3,484**	**3,788**	**11,550**	**30,095**

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a) Non-current bank borrowings

The balance of non-current payables recorded by the Company relates to contracts operated jointly through JVs, specifically the project financing of JV Gestión Instalación III.

The balance of 14,597 thousand euros in current bank borrowings in 2018 related to the contract for the assignment of trade receivables to the company associated with the FCC Group, Banco Inbursa, S.A. Full service bank, Grupo Financiero Inbursa, which was cancelled during the current year.

16. TRADE PAYABLES

In relation to the Spanish Accounting and Audit Institute (ICAC) Resolution dated 29 January 2016, enacted in compliance with the Second final provision of Law 31/2014, of 3 December, which amends the Third additional provision of Law 15/2010, of 5 July, stipulating measures to combat late payment in commercial transactions, the following table provides information on the average payment period to suppliers for commercial transactions arranged since the date of entry into force of Law 31/2014, i.e. 24 December 2014:

	2019	2018
	Days	Days
Average payment period to suppliers	80	69
Ratio of paid operations/transactions	77	80
Ratio of operations/transactions pending payment	90	41
	Amount	Amount
Total payments made	258,298	20,330
Total payments pending	83,905	7,831

17. INFORMATION ON THE NATURE AND RISK OF FINANCIAL INSTRUMENTS

The Company's financial risk management is channelled through FCC Group's Finance Department, which has the necessary mechanisms in place to control exposure to changes in interest rates and exchange rates, as well as to credit and cash flow risks.

In view of the company’s activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

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a) Capital risk

To manage capital, the main objective of the Company and FCC Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value.

The Company does not have significant credit risk by making cash placements. The bank balances are deposited in banks and financial institutions of recognised prestige and solvency. The loans to Group companies relate to the loans granted to FCC Group companies.

The Company does not maintain credit insurance contracts that guarantee the credit risk of accounts receivable. Without prejudice to the foregoing, it should be pointed out that the company's clients belong to the public sector and therefore do not present a risk of insolvency.

b) Interest rate risk

As the Company does not have significant interest-bearing 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 borrowings on the loans it has taken out (see Notes 10 and 15).

The Company's borrowings are issued at variable rates and, therefore, expose the Company to cash flow interest rate risk, although given that they concern Euribor, it is considered that this risk is not significant.

c) Solvency risk

The most suitable ratio for measuring solvency and debt repayment ability is Net debt/Ebitda.

In 2019, the company improved its solvency compared to 2018, as can be observed in the changes in net bank borrowings as shown in the following table:

	2019	2018
Bank borrowings	37,879	14,597
Financial payables to Group and associated companies	213,219	161,512
Other interest-bearing financial debt	21,237	700
Financial loans with Group and associated companies	(212,882)	(108,058)
Other current financial assets	7,553	1,026
Treasury and cash equivalents	(119,241)	(7,777)
	(52,235)	**62,000**

d) Liquidity risk

Liquidity risk arises from the possibility that the Company may not be able to avail of, or have access to, liquid funds for a sufficient amount and at a suitable cost to meet its payment obligations at all times.

This risk is caused by temporary mismatches between the funds generated by the activity and funds need to pay debts, working capital, etc. At the end of the year, the Company's working capital was positive,

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which, together with the Company's ability to generate funds, meant that there was no significant liquidity risk.

e) Concentration risk

The risk arising from the concentration of lending transactions with common characteristics is distributed as follows:

- Funding sources: in order to diversify this risk, the company and FCC Group work with a large number of Spanish and foreign financial entities to obtain funds.
- Markets/geography (domestic, foreign): the company basically operates in the Spanish market; accordingly, its debt is mainly concentrated in euros.
- Products: the company uses various financial products, such as loans, credit facilities, promissory notes, syndicated loans, assignments and discounting.

FCC Group’s strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

f) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client’s financial position could generate a payment risk with respect to the amounts owed.

The company and FCC Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

With respect to credit ratings, the company applies its best judgement to impair financial assets on which it expects to incur credit losses over their entire lives. The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

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18. DEFERRED TAXES AND TAX MATTERS

a) Balances with public authorities and deferred taxes

The detail of the balances of the public administrations heading on the asset and liability sides of the balance sheet is as follows:

Debt balances:	2019		2018	
	Current	Non-current	Current	Non-current
Deferred tax assets	-	**12,051**		**1,178**
Other receivables	**7,627**	-	**1,681**	-
- Tax refundable	*362*	-	*58*	-
- Value Added Tax receivable	*2,675*	-	*1,263*	-
- Other concepts	*4,936*	-	*302*	-
	7,973	**12,051**	**1,623**	**1,178**

Payables:	2019		2018	
	Current	Non-current	Current	Non-current
Deferred tax liabilities	-	**14,407**	-	**1,089**
Other payables	**55,178**	-	**4,121**	-
- Withholdings	*10368*	-	*1105*	-
- VAT and other indirect taxes	*14,347*	-	*1,326*	-
- Social Security concepts payable	*20,524*	-	*1,667*	-
- Other concepts	*9,939*	-	*23*	-
	55,178	**14,407**	**4,121**	**1,089**

Deferred tax assets have been recognised in the balance sheet because the Company's directors believe that, based on the best estimate of the Company's future results, it is probable these assets will be recovered.

The amount payable for Corporate Income Tax by Construcciones y Contratas, SA under the consolidated declaration regime, after deduction of payments on account and withholdings, amounts to 8,225 thousand euros as at 31 December 2019 (1,885 thousand euros as at 31 December 2018) being registered under the heading "Current payables to group companies and associates" as it forms part of FCC's consolidated tax group headed by Fomento de Construcciones y Contratas, S.A.

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b) Reconciliation of accounting profit to taxable profit

The reconciliation between accounting profit and the taxable income for income tax purposes is as follows in 2019:

Accounting profit/(loss) before tax for 2019			**126,443**
	Additions	**Reductions**	
Permanent differences	2,323	(18,967)	(16,644)
Temporary differences treated as permanent	5,928	-	5,928
Adjusted accounting profit/(loss)			**115,727**
Temporary differences			
-Arising in the year	13,778	(20,640)	(6,862)
-Arising in prior years	25,603	(18,263)	7,340
Tax base (taxable profit/(loss)			**116,205**

Permanent differences relate to non-deductible expenses and to the double taxation exemption for dividends received from companies in accordance with Article 21.2 of the Consolidated Corporate Income Tax Law. The increases mainly include changes in portfolio impairment and reversals of credit recorded during the year.

Temporary differences treated as permanent include mainly changes of provisions.

Temporary differences are basically due to the results of the JVs and their different accounting and tax treatment. In this regard, the temporary joint ventures in which the Company participates are subject to the fiscal transparency system and, therefore, allocate to their partner companies, in the year in which they are approved, the tax bases, withholdings and deductions.

The amount of withholdings and prepayments made in 2019 amounted to 20,826 thousand euros. Once the deductions and allowances have been taken into account, the net amount payable to the FCC Group for FCC Medio Ambiente's income tax is 8.225 thousand euros.

The detail and changes in deferred taxes in 2019 is as follows:

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Deferred income tax asset	Balance 31/12/2018	"Divestment of environmental activities" (Note 1)	Additions	Reductions	Balance 31/12/2019
From provisions	92	4,134	-	(1,936)	2,290
For depreciation and amortisation	22	3,568	-	(111)	3,479
For JVs difference	11	3,725	3,535	(2,395)	4,876
For other concepts	1,053	1,232	122	(1,001)	1,406
Total.....	**1,178**	**12,659**	**3,657**	**(5,443)**	**12,051**

Deferred income tax liability	Balance 31/12/2018	"Divestment of environmental activities" (Note 1)	Additions	Reductions	Balance 31/12/2019
For elements in finance finance leases	59	4,495	14	(70)	4,498
For depreciation and amortisation	-	3,705	-	-	3,705
For JVs difference	1,029	6,206	5,251	(6,437)	6,049
For other concepts	1	11,669	62	(11,577)	155
Total.....	**1,089**	**26,075**	**5,327**	**(18,084)**	**14,407**

The reconciliation between accounting profit and the taxable income for income tax purposes is as follows in 2018:

Accounting profit/(loss) before tax for 2018			**17,524**
	Additions	**Reductions**	
Permanent differences	16,883	(25,883)	(9,000)
Temporary differences treated as permanent	322	(26)	296
Adjusted accounting profit/(loss)			**8,820**
Temporary differences			
-Arising in the year	155	(4,181)	(4,026)
-Arising in prior years	3,250	(997)	2,253
Tax base (taxable profit/(loss)			**7,047**

Permanent differences relate to non-deductible expenses and the double tax exemption for dividends received from companies in accordance with the provisions of article 21.2 TRLIS. The increase mainly includes changes in the portfolio impairments and credit reversals recorded in the year

Temporary differences are basically due to the results of the JVs and their different accounting and tax treatment. In this regard, the temporary joint ventures in which the Company participates are subject to the fiscal transparency system and, therefore, allocate to their partner companies, in the year in which they are approved, the tax bases, withholdings and deductions.

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The amount of withholdings and prepayments made in 2018 amounted to 3,494 thousand euros. Once the deductions and allowances have been taken into account, the net amount payable to the FCC Group for FCC Medio Ambiente's income tax is 1.884 thousand euros.

The detail and changes in deferred taxes in 2018 is as follows:

Deferred income tax asset	Balance 31/12/2017	Additions	Reductions	Balance 31/12/2018
From provisions	261	23	(192)	92
For depreciation and amortisation	27	2	(7)	22
For JVs tax results next year	-	14	(3)	11
For other concepts	676	425	(48)	1,053
Total.....	**964**	**464**	**(250)**	**1,178**

Deferred income tax liability	Balance 31/12/2017	Additions	Reductions	Balance 31/12/2018
For elements in finance finance leases	45	14	-	59
For JVs tax results next year	809	1,030	(810)	1,029
For other concepts	1	-	-	1
Total.....	**855**	**1,044**	**(810)**	**1,089**

c) Reconciliation of accounting profit to the income tax expense

The reconciliation of accounting profit to the income tax expense was as follows:

	2,019	2,018
Adjusted accounting profit/(loss)	115,727	8,820
Income tax charge (25%)	28,932	2,205
Other adjustments	21	1
Income tax expense	**28,953**	**2,206**

d) Tax loss carryforwards and unused tax credits

At 2019 and 2018 year-end the Company has no prior years' tax losses pending offset or deductions pending application.

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e) Years open for review and tax audits

The Company has all the years not yet legally prescribed open for review by the tax authorities for the 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 Company's directors consider that the resulting liabilities would not have a material effect on the Company's equity.

In order to comply with the legal requirements regarding transfer prices, the Company has established the necessary procedures to justify them and it is considered that there are no significant risks from which contingent liabilities may arise.

19. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2019, FCC Medio Ambiente, S.A.U. had provided guarantees to public bodies and private customers, mainly to guarantee the proper performance of urban cleaning service contracts, amounting to 475,971 thousand euros (28,588 thousand euros in 2018). Also, at year-end, the company had provided securities and guarantees to third parties with regard to certain Group companies, totalling 153,720 thousand euros, mainly companies belonging to the Environmental Services division (5,465 thousand euros in 2018). The increase in 2019, which can be seen is due to the segregation of activity (note 1).

FCC Medio Ambiente, S.A.U., together with another FCC Group company, is listed as the personal guarantor of the bonds issued by FCC Servicios Medio Ambiente Holding, S.A. on 4 December 2019 for a total amount of 1,100,000 thousand euros.

On 15 January 2015, the Chamber of Competition of the National Commission on Markets and Competition issued a decision relating to file S/0429/12, for an alleged infringement of Article 1 of Law 15/2007 on the Defence of Competition, which affects FCC Medio Ambiente, S.A.U. and other FCC Group companies. At the end of January 2018, the FCC Group filed an administrative appeal before the National Court, alleging that there was no single and continuous infringement. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

The company’s stake in joint operations managed through joint ventures, joint ownership, participation accounts and other similar arrangements means that participants share joint and several liability for the activities performed.

However, the company's directors consider that the resulting liabilities would not have a material effect on the company's equity.

The company has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

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20. REVENUE AND EXPENSES

In addition to sales and services, revenue includes dividends and accrued interest arising from finance extended to investees (Note 2).

The operating income from sales recorded in the statement of income for 2019 and 2018 correspond almost entirely to urban cleaning activities.

The breakdown, by geographical market, of revenue and services provided from the Company's ordinary activity is as follows:

AUTONOMOUS COMMUNITY	Amount 2019	Percentage	Amount 2018	Percentage
Andalusia	130,371	9,78%	8,441	10.86%
Aragón	89,631	6,72%	2,768	3.56%
Asturias	29,402	2,21%	2	0.00%
Balearic Islands	19,457	1,46%	258	0.33%
Valencian C.	149,603	11,22%	2,910	3.74%
Canary Islands	73,354	5,50%	480	0.62%
Cantabria	3,440	0,26%	-	-
Castilla la Mancha	15,274	1,15%	1,156	1.49%
Castilla y León	66,074	4,96%	375	0.48%
Catalonia	342,203	25,67%	5,637	7.25%
Extremadura	23,331	1,75%	-	-
Galicia	44,706	3,35%	277	0.36%
La Rioja	12,590	0,94%	603	0.78%
Madrid	184,557	13,85%	33,406	42.96%
Murcia	16,691	1,25%	2,809	3.61%
Navarre	33,890	2,54%	2,979	3.83%
Basque Country	98,411	7,38%	15,658	20.14%
Total	**1,332,985**	**100%**	**77,759**	**100%**

The increase in 2019 shown in this and subsequent tables is due to the spinoff of activity (Note 1).

Dividends and accrued interest from financing granted to investees are as follows:

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	2019	2018
Income from interests in Group companies and associates	14,802	25,883
Financial income from marketable securities and other financial instruments in Group companies and associates	6,731	6,304
Total	**21,533**	**32,187**

The breakdown of income from shareholdings at the end of 2019 and 2018 is as follows:

	2019	2018
Alfonso Benítez S.A.	-	2.998
Aparcamientos Concertados, S.A.	123	-
Atlas Gestión Medioambiental, S.A.	1,224	898
Castellana de Servicios	-	2.999
Corporación inmobiliaria Ibérica, S.A.	-	3.000
Ebesa	966	-
Ecoactiva de Medio ambiente, S.A.	566	687
Ecobp, S.L.	234	-
Ecodeal - Gestao Integ.Resid.Indust.S.A.	1,833	1.073
Ecoserveis Urbans Figueres, S.L.	57	-
Egypt Environmental Services, S.A.E.	4	4
Emp.Mixta Limpieza Villa de Torrox, SA	59	-
FCC Environment Services (UK) Lted	3,177	4.534
Gandía Serveis Urbans, S.A.	523	-
Golrib, Sol. Residuos LDA	66	142
Ingeniería Urbana, S.A.	74	-
Limpieza e Higiene de Cartagena, S.A.	1,002	3.375
Servicios de Levante, S.A.	-	2.000
Servic.Especiales de Limpieza, S.A.	-	1.000
Tirme, S.A.	3,326	2.628
Tratam. Industr. de Residuos Solidos, S.A.	818	545
Tratamientos y Recuper. Industriales, S.A.	283	-
Vytrusa	467	-
	14.802	**25.883**

The "Staff expenses" heading at 31 December 2019 and 2018 comprises the following headings:

	2019	2018
Wages and salaries	618,800	36,812
Employee welfare costs	229,404	13,320
	848,204	**50,132**

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21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Transactions with related parties

Details of transactions with related parties in 2019 and 2018 are as follows:

	Group Companies	Joint ventures	Associates	Total
2019				
Provision of services	22,826	3,956	1,391	28,173
Dividends	8,278	3,198	3,326	14,802
Financial expenses	4,859	18	50	4,927
Financial income	6,731	—	—	6,731
2018				
Provision of services	803	45	201	1,049
Dividends	21,811	1,444	2,628	25,883
Financial expenses	4,586	—	—	4,586
Financial income	6,304	—	—	6,304

b) Balances with related parties

The detail of the balances with related parties at year-end was as follows:

	Group Companies	Joint ventures	Associates	Total
2019				
Current financial assets (Note 10)	25,210	493	244	25,703
Non-current financial assets (Note 10)	243,444	—	28,797	272,241
Current payables (Note 10)	71,163	439	—	71,602
Non-current payables (Note 10)	136,617	—	5,000	141,617
Trade receivables	33,903	3,583	2,309	39,795
Trade payables	15,805	52	68	15,925
2018				
Current financial assets (Note 10)	52,599	—	—	52,599
Non-current financial assets (Note 10)	158,414	—	15,572	173,986
Current payables (Note 10)	24,906	—	—	24,906
Non-current payables (Note 10)	136,606	—	—	136,606
Trade receivables	16,499	419	2,146	19,064
Trade payables	5,163	3	—	5,166

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The details of trade receivables from and trade payables to Group companies and associates are as follows:

	2,019		2,018	
Company	**Receivables**	**Payable**	**Receivables**	**Payable**
Tirme,S.A.	1,672	50	1,637	—
FCC Aqualia	186	12	10	—
FCC Ámbito	386	86	115	12
FCC, S.A.	2,007	10,847	127	4,591
FEDEMES, S.L.	49	764	27	—
Sistemas y Vehículos de Alta Tecnología, S.A.	236	490	—	208
ABSA - M.A.	526	21	45	—
Servicios Especiales de Limpieza, S.A.	790	241	43	21
Limpieza e Higiene de Cartagena, S.A.	12,910	49	15,084	—
Corporación Inmobiliaria Ibérica S.A.	—	155	—	44
Sercovira, S.A.	1,388	726	—	—
FCC Equal Cee, S.L.	26	172	—	—
FCC Equal Cee Andalucía	16	457	—	—
Azincourt Investment, S.L.	1,145	73	—	73
Gestió i Recuperació de Terrenys, S.A. Unipersonal	114	1,322	164	—
Gipuzkoa Ingurumena BI, S.A.	1,200	32	—	—
EBESA	632	—	—	—
Seurmasa	997	—	—	—
Sermunegisa	2,374	—	—	—
Cementos Portland Valderrivas,S.A	662	13	359	—
Emp.Mixta.Rincon de la Victoria, SA	1,017	—	—	—
Societat Municipal Medio Amb.Igualada	2,995	—	—	—
Rest	8,467	415	1,993	217
	39,795	**15,925**	**19,604**	**5,166**

c) Transactions and contracts with the Sole Shareholder

In 2019 transactions took place with the sole shareholder as a result of the corporate reorganisation (see Notes 1 and 10).

Also, the contracts in force at the current date with the Sole Shareholder have been explained in Note 10.

There have been no transactions with the Sole Shareholder other than those mentioned above.

d) Remuneration to the Board of Directors and Senior Management

The Senior Management functions are performed by the employees of FCC, S.A. who are remunerated. The premium for civil liability insurance is recorded at FCC, S.A. and it should be noted that this parent company passes on management, administration and other service fees, a cost which is borne proportionally by each of its subsidiaries. The cost charged to the Company in 2019 and 2018 in this connect is included under "Other operating expenses".

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During the financial year, no remuneration, salaries or allowances were accrued by members of the Board of Directors, and no pension or life insurance obligations were incurred with them and no advances had been given to them.

The Board of Directors is composed of three men.

e) Duty of loyalty

At the end of 2019 neither the members of the Company's Board of Directors 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.

22. INFORMATION ON THE ENVIRONMENT AND GREENHOUSE GAS EMISSION RIGHTS

As indicated in Note 1, the nature of the services provided by the Company is geared towards the protection and conservation of the environment, not just through the production activity itself: waste collection, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, wastewater treatment, etc., but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact in accordance with the limits established by regulations.

The development of the production activity described above requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment.

The contingencies relating to the protection and improvement of the environment held by the Company at 31 December 2019 and 2018 are not significant amounts and management believes that they would not have a significant impact on the accompanying financial statements, which include operating provisions to cater for general and extraordinary contingencies that might arise.

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

23. OTHER INFORMATION

a) Personnel

The average number of people employed by the company in 2019 and 2018 was as follows:

	2019	2018
Executives and higher graduates	107	5
Technical specialists and middle graduates	1,076	20
Administrative and related	350	25
Remaining employees	19,376	1,486
	20,909	**1,536**

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The increase in 2019 shown in this and subsequent tables is due to the spinoff of activity (note 1).

The average number of people employed by the Company with a certified disability greater than or equal to 33% of the years 2019 and 2018.

	2019	2018
Executives and higher graduates	1	-
Technical specialists and middle graduates	25	-
Administrative and related	13	1
Remaining employees	700	66
	739	**67**

The numbers of employees, directors and senior executives at the company at 31 December 2019 and 2018, broken down by gender, were as follows:

	Men	Women	Total
2019			
Executives and higher graduates	78	8	86
Technical specialists and middle graduates	1,194	278	1,472
Administrative and related	154	313	467
Remaining employees	19,277	6,138	25,415
	20,703	**6,737**	**27,440**

	Men	Women	Total
2018			
Executives and higher graduates	6	—	6
Technical specialists and middle graduates	28	7	35
Administrative and related	9	26	35
Remaining employees	1,903	582	2,485
	1,946	**615**	**2,561**

b) Remuneration to auditors

The fees incurred for auditing and other professional services provided to the company by the auditor, Deloitte, S.L. in 2019 and 2018 are as follows:

	2019		2018	
	Principle auditor	Total	Principle auditor	Total
Audit services	100	100	29	29
Other assurance services	-	-	-	-
Total audit and related services	**100**	**100**	**29**	**29**
Tax advisory services	-	-	-	-
Other services	5	5	-	-
Total professional services	**5**	**5**	-	-
TOTAL	**105**	**105**	**29**	**29**

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24. EVENTS AFTER THE REPORTING PERIOD

The COVID-19 coronavirus outbreak in China in January 2020 and its recent global expansion to a large number of countries, has resulted in the viral outbreak being classified as a pandemic by the World Health Organisation on 11 March.

Taking into account the complexity of the markets due to their globalisation and the absence, for the time being, of an effective medical treatment for the virus, the consequences for the Company's operations are uncertain and will largely depend on the growth and spread of the pandemic in the coming months, as well as on the capacity of all the economic agents affected to react and adapt.

Therefore, on the date that these financial statements were prepared, it was too early to carry out a detailed assessment or quantification of the possible impacts that COVID-19 will have on the Company, due to the uncertainty surrounding its consequences, in the short, medium and long term.

In this regard, although during the first quarter of 2020 there was no significant drop in the Company's activity, at the date of preparation of these statements it is not possible to evaluate precisely whether this situation will continue in the following quarters or to what extent it could develop in the future.

However, the Company's directors and management have made a preliminary analysis of the current situation based on the best information available. Given the considerations mentioned above, this information may be incomplete. From the results of this evaluation, the following aspects stand out:

- Liquidity risk: it is foreseeable that the general situation in the markets may lead to a general increase pressures on liquidity in the economy, as well as a contraction in the credit market. However, the Company's available cash position, together with the discount facility (see Note 11) and the maturity schedule of its lines of financing, provides the Company with a sufficient level of liquidity to enable it to cope with these pressures.

- Operational risk: the changing and unpredictable nature of events could lead to a risk of temporary interruption of the provision of the service. However, the main services provided by the company (waste collection and street cleaning) are considered as essential service activities and therefore the risk of operations in these activities is partly mitigated. In addition, the Company has established specific working groups and procedures aimed at monitoring and managing the development of its operations at all times, in order to minimise their impact on its operations.

- Risk of change in certain financial figures: The factors mentioned above, together with others specific to the business sector in which the Company operates, such as the reduction in the number of tonnes of municipal wastes collected or the restriction on cleaning of offices, schools and municipal offices may lead to a decrease in the amounts of relevant headings for the Company in the next financial statements. These headings include "Revenue", "Operating profit" or "Profit before/after tax", or its key indicators (Leverage ratio, Ebitda/financial expense ratio, etc.) although it is not possible at this time to reliably measure their impact, taking into account the conditions and restrictions already mentioned. In any case, it is not foreseeable that any of the above circumstances will have an impact on the fulfilment of the financial obligations

- Risk of valuation of balance sheet assets and liabilities: a change in the Company's future estimates for sales, production costs, financial costs, ability of clients to pay, etc. could have a negative impact on the book value for certain assets (commercial fund, non-current assets, tax credits, customers, etc.) as well as the need to register certain provisions or other types of liabilities. As soon as sufficient and reliable information is available, the appropriate analyses and calculations will be carried out to allow, if necessary, the re-assessment of the value of those assets and liabilities.

Finally, it should be noted that the Company's Directors and Management have established a Contingency Plan with the aim of limiting and minimising the impact generated by the coronavirus crisis on its activity, guaranteeing the maintenance of services with the highest quality standards and protecting employees, while also constantly monitoring the development of the situation in order to successfully deal with any possible impacts, whether financial and non-financial, that may occur.

25. EVENTS AFTER THE REPORTING PERIOD

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.

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MANAGEMENT REPORT

Performance of the Company in 2019

At the end of the year, the Company achieved a turnover of 1,332,985 thousand euros, basing its activity mainly on urban cleaning.

The following table shows the development of the Company in terms of sales, within revenue:

	2015	2016	2017	2018	2019
Sales in thousands of euros	78,887	75,045	69,128	77,759	1,332,985

The growth in revenue in 2019 is due mainly to the segregation of Fomento de Construcciones y Contratas, S.A. (as company divesting the assets) and FCC Medio Ambiente, S.A.U. (as beneficiary company)" (note 1). The contracts transferred in the segregation contributed 1,183,053 thousand euros in turnover in 2018, from contracts jointly operated through JVs 169,209 thousand euros.

FCC Group undertook this operation to streamline its organisational structure by organising the entire environmental services business line under an independent entity to optimise commercial, business and financial risk management through greater specialisation and a sharper individual focus.

The main risks to which the Company is exposed are contracting, execution and quality in the provision of urban sanitation, and urban and industrial cleaning services, and investment, financial and human resources risks, as well 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.

Disclosures 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 payment 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.

Financial Risk Management Policy

Foreign currency risk. The current positioning of FCC Medio Ambiente, S.A.U. in international markets means that exchange rate risk has a moderate effect. However, the FCC Group's policy is to reduce, as far as possible, the negative effect that this risk could have on its financial statements, both due to transactional and purely equity changes. In practice, the effect of the former is mitigated, provided that the volume of transactions warrants this, by entering into appropriate hedging instruments on the market. With regard to the latter, i.e. balance sheet transactions, the Company's policy, when the situation so requires and provided that the financial markets offer liquidity, instruments and terms, is to try to obtain coverage by arranging financing transactions in the same currency in which the asset is denominated.

Interest rate risk. In view of the nature of our activities, in which working capital management plays an essential role, our policy is to determine benchmarks for our financial debt that reflect changes in inflation with greater reliability. Therefore, our company's policy is to endeavour to ensure that both current financial assets, which to a large extent provide natural hedges for our current financial liabilities, and debt are tied to floating interest rates. In long-term transactions, where required by the Group's financial structure, debt is at fixed rates for a term that matches the maturity cycle of the transaction in question, all within the possibilities offered by the market.

Solvency risk. To mitigate liquidity risk, the Company is present at all times in different markets in a bid to obtain credit facilities and minimise the risk arising from the concentration of operations. It raises finance from various Spanish and international financial institutions and works with a wide range of financial products, such as credits, loans and discounts.

Environmental management policy

The very nature of the activity carried out by the Company is aimed at the protection and conservation of the environment, not only through productive activity but through: waste collection, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc., but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact in accordance with the limits established by the regulations on these matters.

The contingencies relating to the protection and improvement of the environment held by the Company at 31 December 2019 and 2018 are not significant amounts and management believes that they would not have a significant impact on the accompanying financial statements, which include operating provisions to cater for general and extraordinary contingencies that might arise.

Research and Development Activities

In the year there were no Research and Development activities.

Acquisition of Own Shares

No purchases of own shares were made during the year.

Use of Financial Instruments

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

Subsequent events at the end of the year

The COVID-19 coronavirus outbreak in China in January 2020 and its recent global expansion to a large number of countries, has resulted in the viral outbreak being classified as a pandemic by the World Health Organisation on 11 March.

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 25). In the event of a discrepancy, the Spanish-language version prevails.

Taking into account the complexity of the markets due to their globalisation and the absence, for the time being, of an effective medical treatment for the virus, the consequences for the Company's operations are uncertain and will largely depend on the growth and spread of the pandemic in the coming months, as well as on the capacity of all the economic agents affected to react and adapt.

Therefore, on the date that these financial statements were prepared, it was too early to carry out a detailed assessment or quantification of the possible impacts that COVID-19 will have on the Company, due to the uncertainty surrounding its consequences, in the short, medium and long term.

In this regard, although during the first quarter of 2020 there was no significant drop in the Company's activity, at the date of preparation of these statements it is not possible to evaluate precisely whether this situation will continue in the following quarters or to what extent it could develop in the future.

However, the Company's directors and management have made a preliminary analysis of the current situation based on the best information available. Given the considerations mentioned above, this information may be incomplete. From the results of this evaluation, the following aspects stand out:

- Liquidity risk: it is foreseeable that the general situation in the markets may lead to a general increase pressures on liquidity in the economy, as well as a contraction in the credit market. However, the Company's available cash position, together with the discount facility (see Note 11) and the maturity schedule of its lines of financing, provides the Company with a sufficient level of liquidity to enable it to cope with these pressures.

- Operational risk: the changing and unpredictable nature of events could lead to a risk of temporary interruption of the provision of the service. However, the main services provided by the company (waste collection and street cleaning) are considered as essential service activities and therefore the risk of operations in these activities is partly mitigated. In addition, the Company has established specific working groups and procedures aimed at monitoring and managing the development of its operations at all times, in order to minimise their impact on its operations.

- Risk of change in certain financial figures: The factors mentioned above, together with others specific to the business sector in which the Company operates, such as the reduction in the number of tonnes of municipal wastes collected or the restriction on cleaning of offices, schools and municipal offices may lead to a decrease in the amounts of relevant headings for the Company in the next financial statements. These headings include "Revenue", "Operating profit" or "Profit before/after tax", or its key indicators (Leverage ratio, Ebitda/financial expense ratio, etc.) although it is not possible at this time to reliably measure their impact, taking into account the conditions and restrictions already mentioned. In any case, it is not foreseeable that any of the above circumstances will have an impact on the fulfilment of the financial obligations

- Risk of valuation of balance sheet assets and liabilities: a change in the Company's future estimates for sales, production costs, financial costs, ability of clients to pay, etc. could have a negative impact on the book value for certain assets (commercial fund, non-current assets, tax credits, customers, etc.) as well as the need to register certain provisions or other types of liabilities. As soon as sufficient and reliable information is available, the appropriate analyses and calculations will be carried out to allow, if necessary, the re-assessment of the value of those assets and liabilities.

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Finally, it should be noted that the Company's Directors and Management have established a Contingency Plan with the aim of limiting and minimising the impact generated by the coronavirus crisis on its activity, guaranteeing the maintenance of services with the highest quality standards and protecting employees, while also constantly monitoring the development of the situation in order to successfully deal with any possible impacts, whether financial and non-financial, that may occur.

Forecast for the year 2020

The outlook for the year 2020 remains favourable, in terms of both growth of activity and results. Therefore, growth is expected from new contract wins and contributions to JVs created in 2019.

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.

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GROUP COMPANIES

ANNEX I

Company	Carrying amount		%Ownership	Dividend collections	Capital	Reservas	Other equity line items	Profit/(loss) for 2019	
	Asset	Impairment						Operating profit or loss	Ongoing Economic Activities
ALFONSO BENÍTEZ, S.A. Federico Salmón, 13-Madrid - Urban Sanitation-	374	-	dir. 99.95% indt. 0.05%	-	114	6,828	-	2,453	1,546
APARCAMIENTOS CONCERTADOS, S.A. Arquitecto Gaudí, 4 - Madrid - Car Parks-	2,500	(1,666)	100%	123	630	204	-	415	312
ARMIGESA, S-A. Pza. constitución, s/n - Armílla (Granada) -Urban Sanitation-	612	-	51%	-	1,200	323	-	265	199
BEOOTPAD D.O.O. BEOGRAD Belgrado-Serbia -Urban Sanitation-	5	(5)	100%	-	602 (RSD) (1)	(421) (RSD) (1)	-	(171) (RSD) (1)	(173) (RSD) (1)
CASTELLANA DE SERVICIOS, S.A. Federico Salmón, 13-Madrid -Urban Sanitation-	6	-	dir. 99.98% indt. 0.02%	-	300	835	-	529	381
COMPAÑÍA CATALANA DE SERVICIOS. S.A. Balmes, 36 - Barcelona -Urban Sanitation-	29	-	dir. 99.98% indt. 0.02%	-	300	1,426	-	1	1
CORPORACIÓN INMOBILIARIA IBÉRICA, S.A. Balmes, 36-Barcelona -Property rental -	6,442	-	100%	-	6,450	4,004	-	1,678	1,204
ECODEAL GESTAO INTEGRAL DE RESIDUOS INDUSTRIAIS, S.A. Eco-Parque do Relvao Pinhal do Duque -S Carregueira - Portugal -Waste treatment -	1,341	-	53.62%	1,833	2,500	5,483	-	4,505	3,261
ECOGENESIS, S.A. Municipalidad de Atenas - Grecia -Urban Sanitation-	61	(61)	51%	-	60	(68)	-	-	-
ECOPAKQUE MANCOMUNIDAD DEL ESTE. S.A. Federico Salmón, 13-Madrid -Waste treatment-	16,803	-	dir. 99.99% indt. 0.01%	-	16,805	20,050	-	7,648	6,399

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GROUP COMPANIES

ANNEX I/2

Company	Carrying amount		%Ownership	Dividend collections	Capital	Reserves	Other equity line items	Profit/(loss) for 2019	
	Asset	Impairment						Operating profit or loss	Ongoing Economic Activities
EGYPT ENVIRONMENTAL SERVICES, S.A E. El Cairo-Egipto -Urban Sanitation-	80	(27)	dir. 1% indt. 2%	4	36,400 (EGP) (2)	6,263 (EGP) (2)	-	17,719 (EGP) (2)	12,231 (EGP) (2)
EMPRESA COMARCAL DE SERVEIS MEDIAMBIENTALS DEL BAIX PENEDES, S.L. Pl. Centre, 3 - EL Vendrell (Tarragona) -Urban Sanitation-	200	-	66.60%	234	540	229	30	688	504
FCC ENVIRONMENT PORTUGAL, S.A. Lisboa-Portugal -Urban Sanitation-	641	-	100%	-	611	3,909	-	70	123
FCC EQUAL CEE ANDALUCIA, S.L. Avda Moliere, 36 - Edif. Cristal 9/1 P - Málaga -Social services-	3	-	100%	-	3	-	-	(40)	-
FCC EQUAL CEE COMUNIDAD VALENCIANA, S.L. Riu Magre, 6 - P.I. Patada del Cid - Quart de Poblet (Valencia) - Social services -	3	-	100%	-	3	36	-	157	117
FCC EQUAL CEE MURCIA, S.L. Luis Pasteur, 8 - Cartagena (Murcia) -Social services -	3	-	100%	-	3	-	-	-	-
FCC EQUAL CEE, S.L. Federico Salmón, 13-Madrid -Social services -	3	-	100%	-	3	264	-	95	72
GANDÍA SERVEIS URBANS, S.A. Llanterners, 6 - Gandía (Valencia) -Urban Sanitation-	78	-	95%	522	120	1,882	-	1,367	685
GENEUS CANARIAS Electricista, 2 - U.I. De Salinetas -Telde (Las Palmas GC) -Waste treatment -	1,762	-	100%	-	1,714	1,900	233	620	506
GIPUZKOAINGURUMENA BI. S.A. P.I. Zubiondo - Parc. AS - Hernani (Guipúicoa) -Urban Sanitation-	1,950	-	dir. 60% indt. 22%	-	3,250	-	(869)	359	(137)

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GROUP COMPANIES

ANNEX I/3

Company	Carrying amount		%Ownership	Dividend collections	Capital	Reserves	Other equity line items	Profit/(loss) for 2019	
	Asset	Impairment						Operating profit or loss	Ongoing Economic Activities
GOLRIB, SOL. RESIDUOS LDA Lisboa - Portugal -Waste treatment -	3	-	54%	66	5	15	0	451	349
JAJME FRANQUESA, S.A P.I. Zona Franca Sector B Calle D 49 - Barcelona - Urban Sanitation -	18,515	(18,515)	100%	-	150	(147)	-	166	116
LIMPIEZA E HIGIENE DE CARTAGENA, S.A Luis Pasteur, 6 - Cartagena (Murcia) - Urban Sanitation -	270	-	90%	1,002	301	60	-	1,853	1,417
LIMPIEZAS URBANAS MALLORCA, S.A Crta. Can Picafort, s/n - Santa Margálida (Baleares) - Urban Sanitation -	5,097	-	dir. 99.92% indt. 0.08%	-	308	6,386	-	299	194
SERCOVIRA, S.A Doctor Jiménez Rueda, 10 - Atarte (Granada) - Urban Sanitation -	1,334	(422)	60.00%	-	2,224	(609)	-	21	(20)
SERVEIS MUNICIPALS DE NETEJA DE GIRONA S.A Pl.Del Vi, 1- Girona - Urban Sanitation -	788	(45)	75.00%	-	60	(27)	-	(197)	(183)
SERVICIOS DE LEVANTE, S.A Camino Pía Museros, s/n - Castellón - Urban Sanitation -	63	-	dir. 99.98% indt. 0.02%	-	300	953	-	458	295
SERVICIOS ESPECIALES DE LIMPIEZA, S.A Federico Salmón, 13-Madrid - Urban Sanitation -	202	-	dir. 99.99% indt. 0.01%	-	114	2,761	-	1,296	943
SISTEMAS Y VEHÍCULOS DE ALTA TECNOLOGÍA, S.A Federico Salmón, 13 - Madrid -Marketing of high-tech equipment-	5,828	-	dir. 99.99% indt. 0.01%	-	180	10,502	-	1,728	1,216
SOCIETAT MUNICIPAL MEDIAMBIENTAL D'IGUALADA, S.L. Pl. del Ajuntament, 1 - Igualada (Barcelona) -Urban Sanitation-	870	-	65.91%	-	1,320	(54)	-	42	3

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GROUP COMPANIES

ANNEX I/4

Company	Carrying amount		%Ownership	Dividend collections	Capital	Reserves	Other equity line items	Profit/(loss) for 2019	
	Asset	Impairment						Operating profit or loss	Ongoing Economic Activities
VALORACION Y WASTE TREATMENT URBANOS, S.A. Riu Mipt, 6 - P.I. Patada del Cid - Quart de Poblé: (Valencia) -Urban Sanitation-	4,000	-	80%	468	5,000	2,751	-	1,887	1,884
VALORIZACION YWASTE TREATMENT, S.A. Federico Salmófl, 13-Madrid -Urban Sanitation-	7,140	-	dir. 99% indt. 1%	-	60	668	-	1,243	3,338
TOTAL	77,006	(20,741)		4,253					

(1) (RSD): Serbian Dinars
(2) (EGP): Egyptian Pounds

NOTE:

- During the business year, the company made the required notifications, pursuant to Art. 155 of the Consolidated Text of the Capital Companies Act, to the acquired companies where it directly or indirectly holds more than 10%.

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TEMPORARY JOINT VENTURES

ANNEX II

	%Ownership
AGARBI	60
AGARBI BI	60
AGARBI INTERIORES	20
AIZMENDI	60
AKEI	60
ALCANTARILLADO ALCOY	50
ALCANTARILLADO BURGOS	60
ALCANTARILLADO MELILLA	50
ALELLA	50
ALUMBRADO BAZA	100
ARTIGAS	20
BAIX EBRE-MONTSIÀ	60
BARBERÁ SERVEIS AMBIENTALS	100
BERANGO	20
BILKETA 2017	20
BIZKAIAKO HONDARTZAK	25
BOADILLA	50
CMG2 KUDEAKETA	60
CMG2 LANAK	60
CTR.DE L'ALT EMPORDA	45
CTR-VALLES	20
DONOSTIAKO GARBIKETA	70
ECO A CORUÑA	85
ECOGONDOMAR	70
ECOPARQUE CÁCERES	50
ECOURENSE	50
EFIC. ENERG. PTO ROSARIO	60
ELEMENTOS TEMÁTICOS	100
EMAKUNDE	20
ENVASES LIGEROS MALAGA	50
EPELEKO KONPOSTA	60
EPREMASA PROVINCIAL	55
ERETZA	70
ETXEBARRI	20
F.L.F.LA PLANA	47
FCC - HIJOS DE MORENO	50
FCC PERICA I	60
FCC-FCCMA ALCOY	100
FCC-MCC SANTIAGO DEL TEIDE	80
FCC-PALAFRUGELL	100
FCC-PERICA	60
FCCSA - GIRSA	80
FCCSA- LUMSA	50
FCC-SUFI MAJADAHONDA	50
FUENTES DE CÁDIZ	50

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TEMPORARY JOINT VENTURES

ANNEX II/2

	%Ownership
FUENTES LAS PALMAS	25
GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40
GESTIÓN SERV.DEP.CATARROJA	100
GIPUZKOAKO PORTUAK 2019	40
GOIERRI GARBIA	60
ICAT LOTE 7	50
ICAT LOTE 15	50
ICAT LOTE 20 Y 22	70
INTERIORES BILBAO II	30
INTERIORES ORDUÑA	20
JARD. UNIVERSITAT JAUME I	50
JARDINERAS 2019	60
JARDINES PROTECCIÓN ESPECIAL	50
JARDINES TELDE	100
JARDINS STA. COLOMA	100
JEREZ	70
JUNDIZ II	51
KIMAKETAK	50
KIMAKETAK BI	50
LA LLOMA DEL BIRLET	80
LEGIO VII	50
LEKEITIOKO MANTENIMENDUA	60
LEZO GARBIKETA 2018	55
LIMPIEZA Y RSU LEZO	55
LOGROÑO LIMPIO	50
LV ARRASATE	60
LV ORDUÑA	20
LV RSU VITORIA-GASTEIZ	60
LV ZUMAIA	60
LV ZUMARRAGA	60
MADRID ZONA 6	100
MANACOR	30
MANTENIMENT HABITATGE B1	100
MANTENIMENT REG CORNELLA	60
MELILLA	50
MNTO ED MOSSOS ESQUADRA	70
MNTO MEDITERRANEA FCC	50
MURO	20
MUSKIZ	20
OBRAS JARDINES	100
ONDA EXPLOTACION	33,334
PAMPLONA	80
PARLA	50

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TEMPORARY JOINT VENTURES

ANNEX II/3

	%Ownership
PASAIA	70
PASAIAKO PORTUA BI	55
PISCINA CUB. MUN. ALBATERA	100
PISCINA CUB.MUN.L'ELIANA	100
PISCINA CUBIERTA BENICARLO	100
PISCINA CUBIERTA CDAD.DEPORTE ALBORAYA	100
PISCINA CUBIERTA MANISES	100
PISCINA CUBIERTA PAIPORTA	90
PLANTA TR. FUERTEVENTURA	70
PLANTA TRATAM. VALLADOLID	90
PLATGES VINAROS	50
PLAYAS GIPUZKOA	55
PLAYAS GIPUZKOA III	55
PONIENTE ALMERIENSE	50
PUERTO DE PASAIA	55
RBU VILLA-REAL	47
RBU. ELS PORTS	50
REG CORNELLÀ	60
RESIDENCIA	50
RESIDUOS 3 ZONAS NAVARRA	60
RSU BILBAO II	20
RSU MÁLAGA	50
RSU SESTAO	60
RSU TOLOSALDEA	60
S.U. BENICASSIM	35
S.U. OROPESA DEL MAR	35
S.U.BILBAO	60
SAN FERNANDO	100
SANEJAMENT CELLERA DE TER	50
SANEJAMENT MANRESA	100
SEGRIA	100
SELEC. UROLA KOSTA II 2017	60
SELECTIVA LAS PALMAS	55
SELECTIVA SAN MARCOS II	63
SELECTIVA UROLA KOSTA	60
SELLADO VERTEDERO LOGROÑO	50
SOLARES CEUTA	50
STO. URBANO CASTELLÓN	65
SU MURO	20
TOLOSAKO GARBIKETA	40
TOLOSALDEA RSU 2018	60

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TEMPORARY JOINT VENTURES

ANNEX II/4

	%Ownership
TRANSP. Y ELIM. RSU	33,334
TRANSPORTE RSU	33,334
UROLA ERDIA	60
URRETXU GARBIKETA	60
URRETXU Y ZUMARRAGA	65
VALDEMORO	100
VALDEMORO 2	100
VERTEDERO GARDELEGUI III	70
VERTRESA	10
VIDRIO MELILLA	50
VINAROZ	50
ZARAGOZA DELICIAS	51
ZARAUZKO GARBIKETA	60
ZUMAIA	60
ZURITA II	50

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ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

ANNEX III

Company	Carrying amount		%Ownership	Dividend collections	Capital	Reserves	Other equity line items	Profit/(loss) for 2019	
	Asset	Impairment						Operating profit or loss	Ongoing Economic Activities
ATLAS GESTION MEDIOAMBIENTAL, S.A Víriato, 47 - Barcelona - Waste treatment -	11,945	-	50%	1,224	1,269	6,669	-	5,469	3,778
ECOPARC DEL BESOS, S.A. Rambla Catalunya, 91-93 - Barcelona - Urban Sanitation -	2,621	-	dta. 31% indt. 18%	966	7,710	2,714	8,957	6,416	3,799
ECOSERVEIS URBANS FIGUERES, S.L. Avda De les Alegries, s/n - Lloret de Mar (Girona) - Urban Sanitation -	301	-	50%	57	601	121	-	146	116
EMPRESA MIXTA DE ME0I0 AMBIENTE DE RINCON DE LA VICTORIA, S.A. Barriada de las Zorreras, s/n - Rincón de la Victoria (Málaga) - Urban Sanitation -	301	-	50%	-	601	79	-	(21)	(52)
EMPRESA MIXTA LIMPIEZA VILLA DE TORROX, S.A. Pl. de la Constitución, 1 - Torrox (Málaga) - Urban Sanitation -	300	-	50%	59	600	280	-	296	200
GESTIÓN INTEGRAL DE RESIDUOSSÓLIDOS, S.A. Profesor Beltrán Báguena, 4 - Valencia - Waste treatment -	10,781	(5,663)	49%	-	13,124	(2,934)	297	(25)	438
INGENIERÍA URBANA, S.A. Calle 1 esq. Calle 3-P.I. Pía de la Vallonga - Alicante - Urban Sanitation -	3,786	-	35%	74	6,010	6,037	-	243	129

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ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

ANNEX III/2

Company	Carrying amount		%Ownership	Dividend collections	Capital	Reserves	Other equity line items	Profit/(loss) for 2019	
	Asset	Impairment						Operating profit or loss	Ongoing Economic Activities
PALACIO EXPOSICIONES Y CONGRESOS DE GRANADA. S.A Paseo del Violón, s/n - Granada -Urban Sanitation-	255	(255)	50%	-	510	(4,122)	-	(65)	(89
SERVICIOS URBANOS DE MÁLAGA, S.A. Av. Camino de Santiago, 40 - Madrid -Urban Sanitation-	1,610	-	51%	-	3,156	587	-	(96)	63
TIRME, S.A. Crta. Sóller, Km 8,2 - Camino de Son Reus - Palma de Mallorca (Baleares) -Waste treatment -	1,529	-	20%	3,326	7,663	2,006	6,113	26,188	16,69
TRATAMIENTO INDUSTRIAL DE RESIDUOS SOLIOOS, S.A. Rambla de Cataluña, 91 - Barcelona -Waste treatment -	1,286	-	33,33%	818	1,127	3,696	-	1,396	2,69
TOTAL	34,715	(5,918)		6,523					