

02
annual
accounts
2018

2.1 Balance sheets at 31 december 2018 and 2017

Stated in thousand euros

ASSETS	Notes to the Report	31/12/2018	31/12/2017
NON-CURRENT ASSETS		388,405	388,461
Intangible assets	(Note 5)	23	2
Property, plant and equipment	(Note 6)	151,652	158,125
Land and buildings		45,161	46,096
Technical installations and other property, plant and equipment		104,505	107,887
Property, plant and equipment in progress and advances		1,986	4,142
Long-term investments in group and associate companies		217,219	214,209
Equity instruments	(Note 7.3)	110,922	102,030
Loans to companies	(Note 7.1.2)	106,297	112,179
Long-term financial investments	(Note 7.1.2)	2,998	3,288
Loans to third parties		2,443	2,731
Other financial assets		555	557
Deferred taxation assets	(Note 11)	16,513	12,837
CURRENT ASSETS		353,363	327,499
Non-current assets held for sale		200	200
Stocks	(Note 8)	70,110	47,751
Trade debtors and other accounts receivable		83,800	85,003
Customers for sales and services	(Note 7.1.2)	23,364	23,066
Customers - group and associate companies	(Note 7.1.2 y 17.1)	48,556	51,928
Sundry debtors	(Note 7.1.2)	5,423	6,505
Personnel	(Note 7.1.2)	39	37
Other receivables from Public Administration	(Nota 11)	6,418	3,467
Current investments in group and associate companies		176,694	176,406
Equity instruments	(Note 7.3)	-	8,268
Current liabilities with group and associate companies	(Note 7.1.2 y 17.1)	136,242	122,353
Other financial assets	(Note 7.1.2 y 17.1)	40,452	45,785
Current financial investments	(Note 7.1.2)	560	877
Loans to companies		44	62
Other financial assets		516	815
Current time adjustments		1,355	2,572
Cash and other equivalent liquid assets	(Note 7.1.1)	20,644	14,690
TOTAL ASSETS		741,768	715,960

The Company's Financial Statements, which form a single unit, consist of these Balance Sheets, the attached Profit and Loss Accounts, Statement of Changes in Equity, Cash Flow Statements and the attached Annual Report, which consists of 19 Notes.

Stated in thousand euros

EQUITY AND LIABILITIES	Note to the Report	31/12/2018	31/12/2017
EQUITY		271,421	298,547
Shareholders' funds	(Note 7.4)	269,681	299,223
Capital		54,452	54,452
Subscribed capital		54,452	54,452
Share issue premium		204	204
Reserves		270,892	283,026
Legal and statutory		20,147	20,147
Other Reserves		250,745	262,879
Negative results from prior years		(38,459)	(35,587)
Result for the year		(17,408)	(2,872)
Adjustments for value changes		(360)	(802)
Grants, donations and legacies received	(Note 15)	2,100	126
NON-CURRENT LIABILITIES		236,413	95,729
Long-term provisions	(Note 12)	41,533	41,675
Environmental actions		41,533	41,675
Long-term liabilities:		192,985	39,020
Amounts owing to credit institutions	(Note 7.2.1.a)	158,956	3,311
Creditors under finance leases	(Note 7.2.1.a)	56	382
Derivatives	(Note 7.2.2)	541	1,131
Other financial liabilities	(Note 7.2.1.b)	33,432	34,196
Long-term liabilities with group and associate companies	(Note 17.1)	-	13,727
Deferred taxation liabilities	(Note 11)	1,895	1,307
CURRENT LIABILITIES		233,934	321,684
Short-term provisions	(Note 12)	14,590	6,812
Current Liabilities:		25,464	154,954
Amounts owing to credit institutions	(Note 7.2.1.a)	17,590	145,617
Creditors under finance leases	(Note 7.2.1.a)	383	309
Other financial liabilities	(Note 7.2.1)	7,491	9,028
Current liabilities with group and associate companies	(Note 7.2.1 & 17.1)	32,846	30,222
Trade creditors and other accounts payable		156,624	127,393
Suppliers	(Note 7.2.1)	46,997	45,481
Suppliers - group and associate companies	(Note 7.2.1 & 17.1)	93,694	65,676
Sundry creditors	(Note 7.2.1)	13,809	14,569
Personnel (salaries outstanding)	(Note 7.2.1)	542	80
Other liabilities with Public Administrations	(Note 11)	1,582	1,587
Current time adjustments		4,410	2,303
TOTAL EQUITY AND LIABILITIES		741,768	715,960

The Company's Financial Statements, which form a single unit, consist of these Balance Sheets, the attached Profit and Loss Accounts, Statement of Changes in Equity, Cash Flow Statements and the attached Annual Report, which consists of 19 Notes.

2.2 Profit and loss accounts for the financial years 2018 and 2017

Stated in thousand euros

	Notes to the Report	2018	2017
Net turnover	(Note 19)	551,010	530,615
Net sales		551,010	530,615
Variation in stocks of finished products and work in progress		6,662	(2,242)
Company's own work capitalised		(93)	1,684
Supplies	(Note 13.a)	(377,132)	(349,268)
Consumption of merchandise		(100,571)	(105,288)
Consumption of raw materials and other consumables		(276,561)	(243,980)
Other operating revenues		10,626	8,704
Sundry income and other current income		1,685	2,689
Operating grants transferred to results for the year		8,941	6,015
Personnel expenses	(Note 13.b)	(50,495)	(49,486)
Salaries, wages and similar		(38,217)	(37,503)
Social charges		(12,278)	(11,983)
Other operating expenses		(130,045)	(123,843)
External services		(113,858)	(115,076)
Taxes		(2,102)	(2,306)
Other current operating expenses		(14,085)	(6,461)
Property, plant and equipment amortisation and depreciation	(Note 5 & 6)	(17,030)	(16,560)
Allocation of grants on non-financial fixed assets and others		299	95
Property, plant and equipment impairments and results on disposals		-	473
Results on disposals and others		-	473
Other results (Note 13.f)		(2,075)	(448)
OPERATING RESULT		(8,273)	(276)
Financial revenues	(Note 13.e)	13,094	11,366
Holdings in equity instruments in group and associate companies		4,099	2,550
Negotiable securities and financial instruments, group and associate companies		8,900	8,732
Revenues from negotiable securities and other third-party financial instruments		95	84
Financial expenses	(Note 13.e)	(16,338)	(10,783)
On amounts owing to group and associate companies		(2,896)	(1,163)
On amounts owing to third parties		(13,442)	(9,620)
Exchange differences	(Note 10)	12	722
Impairments and results on disposal of financial instruments		(7,564)	(1,073)
Impairment	(Note 7.3)	(7,167)	(1,073)
Losses		(397)	-
FINANCIAL RESULT		(10,796)	232
RESULT BEFORE TAX		(19,069)	(44)
Corporate income tax	(Note 11)	1,661	(2,828)
RESULT FOR THE YEAR FROM ONGOING OPERATIONS		(17,408)	(2,872)
RESULT FOR THE YEAR		(17,408)	(2,872)

The Company's Financial Statements, which form a single unit, consist of these Balance Sheets, the attached Profit and Loss Accounts, Statement of Changes in Equity, Cash Flow Statements and the attached Annual Report, which consists of 19 Notes.

2.3 Statement of changes in equity

a) Statement of recognised revenues and expenses for the financial years 2018 and 2017

Stated in thousand euros

	2018	2017
RESULT FROM THE PROFIT AND LOSS ACCOUNT	(17,408)	(2,872)
Revenues and expenses allocated directly to equity		
On cash flow hedging	(541)	(1,131)
Grants	10,877	5,714
Tax effect	(2,584)	(1,145)
TOTAL REVENUES AND EXPENSES ATTRIBUTED DIRECTLY TO EQUITY	7,752	3,438
Transfers to the profit and loss account		
On cash flow hedging	1,131	1,582
Grants	(8,245)	(5,810)
Tax effect	1,778	1,057
TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT	(5,336)	(3,171)
TOTAL RECOGNISED REVENUES AND EXPENSES	(14,992)	(2,605)

b) Statement of changes in equity for the financial years 2018 and 2017

Stated in thousand euros

	Subscribed share capital	Share issue premium	Reserves	Prior years' negative results	Result for the year	Adjustment for value changes	Grants	Total
BALANCE 01/01/2017	54,452	204	283,759	-	(35,587)	(1,140)	197	301,885
Total recognised revenues and expenses	-	-	-	-	(2,872)	338	(71)	(2,605)
Other variations in equity	-	-	(733)	(35,587)	35,587	-	-	(733)
Distribution of results (Note 3)	-	-	-	(35,587)	35,587	-	-	-
Other variations (Note 7.4)	-	-	(733)	-	-	-	-	(733)
BALANCE 31/12/2017	54,452	204	283,026	(35,587)	(2,872)	(802)	126	298,547
Adjustment for changes in accounting criteria (Note 2.e)	-	-	(2,134)	-	-	-	-	(2,134)
BALANCE 01/01/2018	54,452	204	280,892	(35,587)	(2,872)	(802)	126	296,413
Total recognised revenues and expenses	-	-	-	-	(17,408)	442	1,974	(14,992)
Operations with shareholders or owners	-	-	(10,000)	-	-	-	-	(10,000)
Distribution of results (Note 3)	-	-	(10,000)	-	-	-	-	(10,000)
Other variations in equity	-	-	-	(2,872)	2,872	-	-	-
Distribution of results (Note 3)	-	-	-	(2,872)	2,872	-	-	-
BALANCE 31/12/2018	54,452	204	270,892	(38,459)	(17,408)	(360)	2,100	271,421

The Company's Financial Statements, which form a single unit, consist of these Balance Sheets, the attached Profit and Loss Accounts, Statement of Changes in Equity, Cash Flow Statements and the attached Annual Report, which consists of 19 Notes.

2.4 Cash flow statements for the financial years 2018 and 2017

Stated in thousand euros

	2018	2017
CASH FLOWS FROM OPERATING EXPENSES		
Result for the year before tax	(19,069)	(44)
Adjustments to the result	33,510	16,508
Property, plant and equipment amortisation and depreciation	17,030	16,560
Valuation corrections for impairment	7,170	1,073
Allocation of grants	(299)	(5,810)
Results from property, plant and equipment withdrawals and disposals	394	(473)
Financial revenues	(13,094)	(11,366)
Financial expenses	16,338	10,783
Exchange differences	(169)	(722)
Other revenues and expenses	6,140	6,463
Changes in current capital	(13,020)	(2,829)
Stocks	(14,654)	364
Debtors and other receivables	(6,238)	7,786
Other current assets	(9,336)	(10,415)
Creditors and other accounts payable	20,301	3,261
Other current liabilities	(573)	(3,923)
Other non-current financial assets and liabilities	(2,520)	98
Other cash flows from operating activities	(13,559)	(3,994)
Interest payments	(15,613)	(10,783)
Dividend collection	1,778	2,550
Interest collection	276	4,420
Other payments (collections)	-	(181)
Cash flows from operating activities	(12,138)	9,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	(12,334)	(28,134)
Group and associate companies	(1,194)	(1,500)
Intangible assets	(22)	-
Property, plant and equipment	(10,556)	(26,433)
Other financial assets	(562)	(201)
Proceeds of divestments	458	23,073
Property, plant and equipment	-	686
Group and associate companies	-	22,300
Other financial assets	458	87
Cash flows from investing activities	(11,876)	(5,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections and payments for equity instruments	2,715	338
Grants, donations and legacies received	2,273	-
Adjustments for value changes	442	338
Collections and payments for financial liability instruments	27,100	(39,903)
Amounts owing to credit institutions	27,366	(50,866)
Amounts owing to group and associate companies	2,624	16,172
Other liabilities	(2,890)	(5,209)
Dividends paid	(16)	-
Cash flows from financing activities	29,799	(39,565)
Effect of exchange rate variations	169	722
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	5,954	(34,263)
Cash or cash equivalents at the beginning of the year	14,690	48,953
Cash or cash equivalents at the end of the year	20,644	14,690

The Company's Financial Statements, which form a single unit, consist of these Balance Sheets, the attached Profit and Loss Accounts, Statement of Changes in Equity, Cash Flow Statements and the attached Annual Report, which consists of 19 Notes.

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2.5 Report for the financial year 2018

Note 1. The company's incorporation, business and legal regime

a) Incorporation and Registered Office

Fertiberia, S.A. (hereinafter Fertiberia, the Company) is a commercial entity that arose from the merger by absorption of the companies Fertiberia, S.L. and La Industrial Química de Zaragoza, S.A. (Absorbed Companies) by Fesa Fertilizantes Españoles, S.A. (Absorbing Company) as per the merger deed dated 5 June 1997, registered in the Madrid Mercantile Register on 30 July 1997

The Company has its registered office in Madrid, Torre Espacio, Planta 48 – Paseo de la Castellana, 259 D. It was incorporated as a limited company for an indefinite period on 20 July 1996 under the name "Cros Fertiberia, S.A."; changed on 20 June 1972 to "Fosfórico Español, S.A." and on 23 January 1989 to "Fesa Fertilizantes Españoles, S.A.", finally adopting its current name of "Fertiberia, S.A." on 5 June 1997 following the merger process described above

b) Business activity

The Company's corporate purpose consists of the manufacture and sale of all classes of chemical products in general, acids, mainly sulphuric and phosphoric, fertilisers and any other products of use in agriculture, as well as all classes of products derived from the above, materials that are directly or indirectly necessary or suitable for their production, conservation and transformation and, in general, the sale of these, as well as any other activity related with the aforementioned corporate purpose.

c) Legal Regime

The Company is governed by its articles of association and by the current Capital Companies Act.

Note 2. Basis of presentation of the financial statements

a) True and fair view

The financial statements for the financial year 2018 have been obtained from the Company's accounting records and have been drawn up in accordance with current mercantile legislation and the regulations established in the General Accounting Plan as approved by Royal Decree 1514/2007 of 16 November, with the application of the amendments introduced by Royal Decree 1159/2010 and the Royal Decree 602/2016, so as to give a true and a fair view of the Company's net assets, financial situation and results, as well as of the veracity of the flows incorporated in the cash flow statements.

The financial statements have been obtained from the Company's accounting records, as modified in 1996 for the effects of the balance sheet revaluation carried out under the provisions of Royal Decree Law 7/1996 of 7 June and are presented in accordance with the mercantile and accounting legislation in force in Spain.

Given that the Company's financial statements are to be integrated into the consolidated financial statements of the Group headed by Grupo Villar Mir, S.A.U. (GVM) domiciled in Madrid, the company is not under the obligation to file consolidated financial statements. However, the Company has prepared Consolidated Financial Statements under IFRS since financial year 2009.

b) Accounting Principles Applied

The attached Financial Statements have been drawn up applying the accounting principles laid down in the Commercial Code and in the General Accounting Plan.

c) Comparative Information

In accordance with company law, the Board of Directors presents, for comparative purposes, for each of the Balance Sheet, Profit and Loss account, Statement of Changes in Equity and the Cash Flow Statement for 2018 and in addition those for the previous financial year.

d) Presentation of the Financial statements

In accordance with current legal regulations on accounting matters, the Financial Statements are stated in thousand euros.

e) Changes to accounting criteria

During 2018 financial year, the Company modified the recognition criteria for sales and costs of sales to bring them into line with the new rules on the recognition of revenues that will come into force in the coming years. The impact of changing these criteria has not been significant, resulting in lower sales of 1,781 thousand euros and a greater margin of 341 thousand euros in 2018, and a negative cumulative impact on the opening reserves for the 2018 financial year of 2,134 thousand euros.

f) Responsibility for the information and estimates made

The information contained in these financial statements is the responsibility of the Company's Board of Directors. Estimates have been used in these financial statements in order to evaluate some of the assets, liabilities, revenues, expenses and commitments that are recorded therein. Basically, these estimates refer to:

- The evaluation of impairment losses on certain fixed assets and financial instruments (see note 4.b and 4.c)
- The useful life of property, plant and equipment (see note 4.b)
- The calculation of provisions and contingencies (see note 4.j)
- The recoverability of deferred tax assets (see note 4.g)

Despite these estimates being made on the basis of the best information available at the date these financial statements were prepared, it is possible that future events might make it necessary to modify these in coming years.

g) Critical aspects of valuation and the estimation of uncertainty

On the date of preparing these financial statements, the Directors evaluated the Company's ability to continue with its operations and thus comply with the principle of going concern. In this respect, the Company operates in a sector with a markedly cyclical component globally, having been in a low phase of this cycle for the last three years, which has caused the Company to suffer losses in recent years. In this context, at the close of the 2017 financial year, the Company was not in compliance with the ratios established in the previous syndicated loan agreement, for which reason it reclassified the debt as short-term since, in accordance with the terms of said loan agreement, the banks could demand mandatory early repayment of the loan. However, as stated in Note 7.2.1.a, in 2018 the Company refinanced the syndicated loan it held with various banks, signing a new syndicated loan agreement for the sum of 73,900 thousand euros and another for the sum of 76,100 thousand euros with the Kartesia fund, maturing in 2023 and 2024 respectively, strengthening its financial situation for the coming years. The maturity of these loans in the long term is conditional on the Fertiberia Group maintaining certain ratios and meeting certain obligations laid down in the financing agreements both by the close of the 2018 financial year and as long as the agreement is in force (see note 7.2.1.a). To achieve this, the Company has prepared a strategic business plan for the period 2019-2023, based on an initiative that began several years ago to diversify towards increasingly distinctive products that generate higher margins, together with the application of efficiency measures in all areas of the Company's management (industrial, logistics, working capital, etc.). Furthermore, many indicators such as the ongoing reduction in installed capacity at a global level, the reduction of exports by China, the increase in demand from countries such as India and Brazil, the stabilisation of stocks of agricultural products, and the growth of commodities markets point to a clear recovery of the sector in which the Company operates. On the basis of this strategic plan, and after evaluating the different scenarios, in the Directors' opinion the Company should be able to achieve the strategic targets set and comply with the ratios and obligations established in the financing agreements for 2019. For this reason, the Directors believe that these financial statements should be prepared on the assumption that the Company is a going concern.

Note 3. Distribution of results

The distribution of the result obtained in the financial year 2018 and 2017 proposed by the Directors for submission to the Shareholders' General Meeting for its approval is as follows:

Thousand euros	2018	2017
Basis for Distribution:		
Profit (Loss) obtained in the year	(17,408)	(2,872)
	(17,408)	(2,872)
Distribution		
To prior year negative results	(17,408)	(2,872)
	(17,408)	(2,872)

Dividends

On 11 June 2018, the General Meeting of Shareholders of Fertiberia, S.A. passed a resolution to distribute a dividend of 10,000 thousand euros against voluntary reserves. The dividend payable to the majority shareholder, Grupo Villar Mir, S.A., for the sum of 9,983 thousand euros, was paid by offsetting debit balances that existed between the two companies under the credit agreement described in note 7.1.2. No resolution was passed to distribute dividends for the 2017 financial year.

Limitations on the distribution of dividends

Under the provisions of current legislation, dividends can only be distributed against the result for the year or freely available reserves if the value of equity is not or, as a consequence of the distribution, it's not lower than the share capital. For these purposes, profits directly assigned to equity may not be distributed

Dividends may not be distributed that reduce the amount of available reserves below the total of research and development costs that appear as an asset in the balance sheet.

Note 4. Valuation policies

The valuation policies used by the Company in drawing up its Financial Statements for the financial year 2018 are in accordance with those established by the General Accounting Plan and are as follows:

a) Intangible assets

This heading includes mainly:

- The cost of the right to use the installations for the transfer of water to the Puertollano Industrial Estate from the Jándula and Montoro reservoirs, undertaken by other companies and acquired by the Company and which was totally depreciated at 31 December 2018 (Note 5).

b) Property, plant and equipment

Property, plant and equipment are valued at cost price as revalued in accordance with Royal Decree Law 7/1996 of 7 June. Capital gains or net increases in the value resulting from revaluation operations are depreciated on a straight-line basis over the periods remaining for the completion of the useful life of the revalued assets.

Depreciation of property, plant and equipment is calculated on the straight-line basis in function of the estimated useful lives of the assets, and are the following:

	Years of useful life	Annual Percentage
Buildings	50	2%
Technical installations and machinery	15-25	4% - 6%
Spare parts for fixed assets	15-25	4% - 6%
Other installations	10-20	5% - 10%
Other property, plant and equipment	10-15	6% - 10%

Upkeep and maintenance costs that do not constitute an improvement to items of property, plant and equipment or extend their useful life, are carried to results in the year in which they are incurred.

The equivalent amount for the estimated costs of large repairs, is derecognised differently to that for the remaining corresponding items, over the period up until the next large repair. When the large repairs are carried out, the cost is recognised in the accounting value of the fixed asset as a substitution, at the same time derecognising any amount associated with the previously recorded repairs, which might remain in the carrying value of the aforementioned fixed asset. The net carrying value assimilated with large repairs and included under the Technical Installations and Machinery headings amounts to 11,280 thousand euros (12,357 thousand euros in the previous financial year) and is depreciated over periods of between 4 and 10 years.

At financial year-end the Company carries out a review to determine whether there are indications of value impairment to any item of property, plant and equipment or cash-generating unit, in which case an estimate is made of the recoverable amounts and any necessary value corrections are made.

Financial instruments

Financial instruments comprise mainly long-term loans and holdings in group and associate companies.

The Company only recognises a financial instrument in its balance sheet when it is converted into an obligatory part of the contract or legal business in question, in accordance with the provisions thereof.

The Company determines the classification of its financial assets at the time of their initial recognition and, when this is permitted and appropriate, said classification is re-appraised at each balance sheet date.

For the purposes of their measurement, financial instruments are classified into one of the following categories.

1. Loans and receivables and debits and payables.
2. Other financial assets and liabilities at fair value with changes through the profit and loss account.
3. Investments in the equity of group, associate and multi-group companies.

Loans and receivables and debits and payables

Loans and receivables

Classified into this category are:

- a) Receivables for trade operations: financial assets arising from the sale of goods and the rendering of services for trade operations.
- b) Receivables for non-trade operations: financial assets that, not being equity instruments or derivatives, are not of trade origin, the collections on which are of a determined or determinable amount and which are not traded on an active market. Not included are those financial assets for which the Company cannot make substantial recovery of the whole initial investment for circumstances other than credit impairment. The latter are classified as available for sale.

In line with generalised commercial practice, a part of the sales made by the Company is instrumented through trade bills, accepted by national customers and through remittances and documentary credits granted by financial institutions in the case of foreign customers. In the attached balance sheet, customer balances include discounted trade bills pending maturity at 31 December 2018 and 2017, the counter-entry for the same amount appearing under the heading for "Current liabilities – Amounts owing to credit institutions".

Also, the Group withdraws from its balance sheet the customer balances for the amount of those assignments of receivables in which the Factor assumes the bad debt risk ("non-recourse factoring"). (Note 7.1.2.d)

The value impairment loss on loans and receivables corresponds to the difference between their carrying amount and the present value of future cash flows that are expected to be generated, discounted at the effective rate of interest calculated at the time of their initial recognition.

The Company follows the criterion of making provisions for bad debts that allow it to cover balances of a certain age, the risks inherent to the evolution of the sector or balances for which circumstances concur that make it reasonable to classify them as doubtful.

At 31 December 2018 and 2017, the provision for customer bad debts recorded by the Company amounted to 3,950 thousand euros (Note 7.1.2). This provision provides reasonable cover for the losses that might arise from total or partial non-recovery of debts, as estimated on the basis of the individual analysis of each of the outstanding balances receivable at that date.

Debits and accounts payable

Classified into this category are:

- a) Debits for trade operations: financial liabilities derived from the purchase of goods and services in trade operations.
- b) Debits for non-trade operations: financial liabilities that, not being derivative instruments, do not have a trade origin.

Initially, the financial assets and liabilities included in this category, are measured at their fair value, which is the transaction price and which is equivalent to the fair value of the consideration paid over plus the directly attributable transaction costs.

In subsequent valuations both assets and liabilities are measured at their depreciated cost. Accrued interest is accounted for in the Profit and Loss Account using the effective interest method.

Other financial assets and liabilities at fair value with changes through the Profit and Loss Account

Included in this category are the Company's treasury balances, as well as other equivalent liquid assets, corresponding to financial instruments that are convertible into cash with maturity not exceeding three months.

Investments in the equity of group and associate companies

Holdings in group and associate companies are recorded at their acquisition price or at their net contribution value net of their corresponding depreciation, equivalent, as applicable, to the reduction in assets arising in those holdings.

At 31 December 2018, the provisions for holdings in group and associate companies amounted to 104,775 thousand euros (97,608 thousand euros in the previous financial year) (Note 7.3).

The amount of the valuation correction is determined as the difference between the carrying value and the recoverable amount, this being understood to be the proportional part of the net worth of the investee entity, as corrected by the latent capital gains in existence at the valuation date and corresponding to identifiable components in the investee company's balance sheet, without better evidence. Likewise, as stated in note 7.3, the recoverable value of various holdings in group companies has been obtained by means of cash flow discount techniques.

Held-for-trading financial assets

These are those acquired with the purpose of their sale in the short-term or which form part of a portfolio of financial instruments managed jointly with the aim of obtaining gains in the short-term.

Financial assets and liabilities held for trading are measured initially at fair value, which is the transaction price and which is equivalent to the fair value of the consideration handed over. Transaction costs that are directly attributable to these are recognised in the Profit and Loss Account for the year.

In subsequent valuation they are measured at their fair value, without the deduction of transaction costs that might be incurred in their disposal. Changes arising in the fair value are transferred to the Profit and Loss Account for the financial year.

c) Accounting hedges

Accounting hedges are considered to be those that were designated as such at the initial moment, with available documentation relating to the hedging and which are considered to be highly effective.

A hedging is considered to be highly effective if, at the beginning of and during its life, one can expect prospectively that the changes in fair value or in cash flows for the hedged part that are attributable to the hedged risk will be almost completely compensated by the changes in fair value or in the cash flows from the hedging instrument and that, retrospectively, the hedging results have oscillated within a variation range of eighty to one hundred and twenty-five per cent with respect to the result for the hedged item.

The cash flow hedges cover the exposure to the variation in cash flows that are attributable to a specific risk associated with recognised assets or liabilities or a highly probable foreseeable transaction, provided that this can affect the Profit and Loss Account.

The part of the gain or loss on the hedging instrument deemed as effective hedging is recognised temporarily in equity, being carried to the Profit and Loss Account in the financial year or years in which the forecast hedged operation affects the result, unless the hedging corresponds to a forecasted transaction that is ultimately recognised as a non-financial asset or liability, in which case the amounts recorded under equity are included in the cost of the asset or liability when this is acquired or assumed.

d) Stocks

Raw and Auxiliary Materials

Stocks of raw and auxiliary materials are measured at average purchase price.

Spare Parts

The stocks of spare parts and other materials for consumption and replacement are measured at the weighted average cost of acquisition.

Products in Progress, Semi-finished and Finished Products

These are measured at costs of production, which include the incorporated raw materials, direct labour, as well as the direct and indirect manufacturing costs, creating, where applicable, a provision for the difference between this value and the net realisable value, if it were lower. There was no provision for impairment in this respect at 31 December 2018 and 2017.

Emission rights of greenhouse gases

Emission rights of greenhouse gases assigned by the National Allocation Plan (EUAs), which are valued and charged to results in accordance with the Resolution of 8 February 2006 of the Institute of Accounting and Account Audits and the Resolution of 28 May 2013 of the Institute of Accounting and Account Audits.

Emission rights are initially recognized at their acquisition price. In the case of acquired rights without consideration or for an amount substantially lower than their market value, an income directly attributed to equity is recognized at the beginning of the natural year to which they correspond, which is transferred to the profit and loss account as the allocation is made to expenses for the emissions associated with the rights received without consideration.

The emission rights are not depreciated. However, they are subject to any necessary impairment corrections.

These assets are derecognised on the occasion of their transmission to third parties, delivery or expiration.

The emission of greenhouse gases results in the recognition of an expense in the profit and loss account for the financial year and the corresponding provision, since this is an expense for the financial year, clearly specified as to its nature, but which, at the closing date is indeterminate as to its exact amount. This provision is maintained until the company has to cancel the obligation through the delivery of the corresponding rights.

The amount of said expenses and the correlative provision, is determined considering that the obligation will be cancelled:

- a) Firstly, by means of allowances received for an allocation under the emissions scheme to which the undertaking or its installations are affected, which shall be allocated to the emissions made in proportion to the total emissions envisaged for the full period for which they have been assigned. The expenditure corresponding to this part of the obligation will be quantified based on the carrying value of the transferred rights.
- b) Then, by means of the remaining allowances included in the balance sheet of the company. The expenditure corresponding to this part of the obligation will be quantified, generally in accordance with the average price or weighted average cost method of said emission right.
- c) In the event that the emission of gases entails the need for the Company to acquire or generate emission rights, because the emissions realized exceed those that can be cancelled either by the assigned rights that are attributable to those emissions, or by means of the remaining emission rights acquired or generated by the Company, the cost corresponding to the rights deficit is additionally considered. This expense is quantified according to the best possible estimate of the amount necessary to cover the rights deficit.

Gas emission expenses are included in item 7. "Other current operating expenses" in the profit and loss account, and the related provisions are included under "Current provisions" of Current liabilities.

The cancellation of the provision and the withdrawal of stocks are made in the following financial year, when the cancellation of the rights to the corresponding administrative registry is communicated.

Greenhouse gas emission allowances acquired for the purpose of sale shall be accounted for in accordance with the criteria set forth in the stock accounting and valuation standard of the General Accounting Plan.

When the future use of rights is not determined, at the time of incorporation into the company's equity these are classified as stocks. The initial classification will be modified whenever the function that the rights have in the company have changed.

Contracts held for the purpose of receiving or delivering emission rights are accounted for using the criteria set forth in the registration and measurement standard for financial instruments.

e) Balances and Transactions in Foreign Currency

Transactions in foreign currency are accounted for at their equivalent in euros using the rates of exchange in application on the dates on which these are carried out. Exchange differences arising during the year by reason of effective collections and payments are accounted for directly as financial expenses (loss) or revenues (profit).

Balances receivable and payable in foreign currencies are measured at the financial year-end in accordance with the rate of exchange in force at the time. The corresponding difference is recorded in the Profit and Loss Account.

Bank account balances in foreign currencies are measured at the financial year-end in accordance with the rate of exchange in force at the time. The corresponding difference is recorded in the Profit and Loss Account.

Non-trade debtor balances stated in foreign currencies corresponding to the collection rights derived from the debt owed by the Federal Republic of Yugoslavia for the sale of an ammonia plant (Note 7.1.2.b) were not measured at the rate of exchange when the corresponding transaction took place, but were measured at the rate of exchange in force at the financial year-end 2002, the year in which it reached an agreement on the refinancing of this debt.

f) Classification of Balances According to Due Dates

The classification between current and long-term takes into account the expected date for the Company's obligations and rights to fall due, be disposed of or be cancelled. Long-term is considered to be more than twelve months as from the financial year-end date.

g) Corporate income tax

The tax effect is recorded in the Profit and Loss Account or directly against Equity, depending on where the profits or losses giving rise to the tax are recorded. The tax on profits for each year contains both the current and, if applicable, any deferred tax.

The amount for current tax is the amount to be settled by the Company as a consequence of its tax returns.

The differences between the carrying amounts of assets and liabilities and their tax base, give rise to the deferred tax asset and liability balances calculated using the foreseeable rate of tax at the time of reversal and in accordance with the manner in which it is rationally foreseen that the asset or liability is to be recovered or paid.

The variations in the financial year in deferred taxation assets or liabilities are recognised in the profit and loss account or directly in equity, as applicable.

Deferred tax assets are only recognised to the extent to which it is probable that the company will have future taxable profits that will allow these assets to be applied.

The carrying amounts of recorded deferred tax assets are analysed at each balance sheet date and the necessary adjustments are made to the extent that there exist doubts as to their future tax recoverability.

Likewise, an evaluation is made every year-end of deferred taxation assets not recorded in the balance sheet, with these being recognised if their recovery against future tax profits has become probable.

h) Revenues and expenses

Revenues and expenses are accounted for on the accruals basis, i.e. when the real flow of goods and services they represent takes place, independently of the moment at which the monetary or financial flow derived from these occurs.

Revenues from the sale of goods and from the supply of services are measured at the fair value of the consideration, received or receivable, derived from these which, barring evidence to the contrary, is the price agreed for these goods and services, after deducting any discount, price reduction or other similar amounts that the Company might grant, as well as the interest incorporated into the nominal value of the credits.

Revenues from the sale of goods are only recognised when each and every one of the following conditions is satisfied:

Los ingresos procedentes de la venta de bienes únicamente se registran cuando se cumplen todas y cada una de las siguientes condiciones:

- a) The material risks and rewards inherent to ownership of the goods, independently of their legal transfer, have been transferred to the buyer.
- b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- c) The amount of the revenues can be measured reliably.
- d) It is probable that the economic profits or returns derived from the transaction will flow to the Company.
- e) The costs incurred or to be incurred in respect of the transaction can be reliably measured.

The Company follows the criterion of considering the above conditions to be complied with when an order is formalised as firm with the customer and establishing the corresponding safeguard clauses.

i) Provisiones y contingencias

Las obligaciones existentes al cierre del ejercicio, surgidas como consecuencia de sucesos pasados de los que pueden derivarse perjuicios patrimoniales para la Sociedad, y cuyo importe y momento de cancelación son indeterminados, se registran en el balance de situación como provisiones y se valoran por el valor actual de la mejor estimación posible del importe necesario para cancelar o transferir a un tercero la obligación.

Bajo este epígrafe se encuentran las provisiones para responsabilidades, que recoge el importe estimado para hacer frente a responsabilidades probables o ciertas, nacidas de litigios en curso, avales u otras garantías similares. Su dotación se efectúa al nacimiento de la responsabilidad o de la obligación que determina la indemnización o pago.

Los ajustes que surgen por la actualización de la provisión se registran como un gasto financiero conforme se van devengando. En el caso de provisiones con vencimiento inferior o igual a un año, y siempre que el efecto financiero no sea significativo, no se efectúa ningún tipo de descuento.

Asimismo, la Sociedad informa, en su caso, de las contingencias que no dan lugar a provisión.

j) Assets of an environmental nature

In accordance with the Institute of Accounting and Account Audits Resolution dated 25 March 2002, investments of an environmental nature are those that are incorporated into the Company's assets for long-term use in its activity and which have as their main purpose the minimization of the environmental impact and the protection and improvement of the environment, including the reduction or elimination of future contamination from the Company's operation.

Also considered as expenses of an environmental nature are those incurred for the prevention, reduction or repair of damage to the environment, understood as being the natural surroundings, as well as those derived from environmental commitments or legal provisions in the field of the environment.

k) Grants

Non-refundable capital grants, as well as donations and legacies, are valued at the fair value of the amount granted or the goods received. Initially, these are allocated directly to equity and recognised in the Profit and Loss Account in proportion to the depreciation undergone during the period by the assets financed by these grants, unless these are assets not subject to depreciation, in which case they are carried to the result for the year in which their disposal or cancellation occurs.

Grants intended for the cancellation of debts are allocated as revenues for the year in which the cancellation occurs, except if these are received in relation with a specific financing, in which case the allocation is made in function of the item financed.

Grants of a refundable nature are recorded as long-term debts, convertible into grants when they acquire the condition of non-refundable.

Operating grants are credited to results for the year when they accrue.

l) Related party transactions

As a general rule, items that are the object of a transaction with related parties are measured initially at their fair value. Where applicable, if the agreed price for a transaction differs from its fair value, the difference is recognised having regard to the economic reality of the transaction. They are measured subsequently in accordance with the provisions set out in the corresponding regulations.

n) Cash flow statements

The expressions used in the cash flow statements have the following meanings:

- Cash or Equivalents: cash includes both cash on hand and sight deposits in banks. Cash equivalents are financial instruments that form part of the Company's normal treasury management, are convertible into cash, have initial due dates that are not in excess of three months and are subject to immaterial risks of changes in their value.
- Cash flows: inflows and outflows of cash or other equivalent resources, these being understood to be investments for a period of less than three months with high liquidity and low risk of alterations to their value.
- Operating activities: these are the activities that constitute the main source of the Company's ordinary revenues as well as other activities that cannot be classified as investment or financing.
- Investment activities: those of the acquisition, sale or disposal by other means of long-term assets and other investments not included under cash or cash equivalents.
- Financing activities: activities that produce changes in the size and composition of the equity and in liabilities of a financial nature.

Note 5. Intangible assets

The composition and movement on this heading during the financial years 2018 and 2017 are as shown below, in thousands of euros:

	31/12/2017	Additions	Withdrawals	Transfers	31/12/2018
At Cost:					
Industrial property	2,691	-	-	-	2,691
Other intangible assets	1,088	22	-	-	1,110
	3,779	22	-	-	3,801
Accumulated depreciation:					
Industrial property	(2,691)	-	-	-	(2,691)
Other intangible assets	(1,086)	(1)	-	-	(1,087)
	(3,777)	(1)	-	-	(3,778)
Net Intangible Assets	2	21	-	-	23

	31/12/2016	Additions	Withdrawals	Transfers	31/12/2017
At Cost:					
Industrial property	2,691	-	-	-	2,691
Other intangible assets	1,088	-	-	-	1,088
	3,779	-	-	-	3,779
Accumulated depreciation:					
Industrial property	(2,691)	-	-	-	(2,691)
Other intangible assets	(1,085)	(1)	-	-	(1,086)
	(3,776)	(1)	-	-	(3,777)
Net Intangible Assets	3	(1)	-	-	2

Industrial property includes the cost of the right to use the installations for transferring water to the Puertollano Industrial Estate from the Jándula and Montoro reservoirs, undertaken by other companies and from which the Company has acquired this right. This cost was totally depreciated at 31 December 2018 and 31 December 2017.

Note 6. Property, plant and equipment

The composition and movement in this heading during the financial years 2018 and 2017 are as shown below, in thousands of euros:

	31/12/2017	Additions	Withdrawals	Transfers	31/12/2018
At Cost:					
Land and natural resources	6,837	-	-	-	6,837
Buildings	64,529	-	-	329	64,858
Technical installations	236,820	-	(4,329)	10,565	243,056
Specific spare parts	12,650	-	-	-	12,650
Machinery	53,738	-	-	-	53,738
Tooling	1,098	-	-	-	1,098
Other installations	56,894	-	(7,982)	1,757	50,669
Furnishings	1,291	-	-	-	1,291
Computer equipment	3,273	-	-	3	3,276
Transport elements	1,166	-	-	-	1,166
Other property, plant and equipment	8,058	-	(4,335)	59	3,782
Advances and property, plant and equipment in progress	4,143	10,556	-	(12,713)	1,986
	450,497	10,556	(16,646)	-	444,407
Accumulated depreciation:					
Buildings	(25,269)	(1,265)	-	-	(26,534)
Technical installations	(172,081)	(8,077)	4,329	-	(175,829)
Specific spare parts	(11,693)	(220)	-	-	(11,913)
Machinery	(48,727)	(1,198)	-	-	(49,925)
Tooling	(961)	(19)	-	-	(980)
Other installations	(21,561)	(5,619)	7,982	-	(19,198)
Furnishings	(1,115)	(95)	-	-	(1,210)
Computer equipment	(2,968)	(71)	-	-	(3,039)
Transport elements	(777)	(60)	-	-	(837)
Other property, plant and equipment	(7,220)	(405)	4,335	-	(3,290)
	(292,372)	(17,029)	16,646	-	(292,755)
Net Property, Plant and Equipment	158.125	(6.473)	-	-	151.652

	31/12/2016	Additions	Withdrawals	Transfers	31/12/2017
At Cost:					
Land and natural resources	6,834	3	-	-	6,837
Buildings	64,529	-	-	-	64,529
Technical installations	235,523	107	(435)	1,625	236,820
Specific spare parts	12,650	-	-	-	12,650
Machinery	53,507	-	(2)	233	53,738
Tooling	1,098	-	-	-	1,098
Other installations	30,997	-	(10)	25,907	56,894
Furnishings	1,323	-	(32)	-	1,291
Computer equipment	3,273	-	-	-	3,273
Transport elements	1,166	-	-	-	1,166
Other property, plant and equipment	8,058	-	-	-	8,058
Advances and property, plant and equipment in progress	5,585	26,323	-	(27,765)	4,143
	424,543	26,433	(479)	-	450,497
Accumulated depreciation:					
Buildings	(24,002)	(1,267)	-	-	(25,269)
Technical installations	(163,149)	(9,154)	222	-	(172,081)
Specific spare parts	(11,470)	(223)	-	-	(11,693)
Machinery	(47,552)	(1,177)	2	-	(48,727)
Tooling	(920)	(41)	-	-	(961)
Other installations	(17,559)	(4,012)	10	-	(21,561)
Furnishings	(1,049)	(98)	32	-	(1,115)
Computer equipment	(2,897)	(71)	-	-	(2,968)
Transport elements	(717)	(60)	-	-	(777)
Other property, plant and equipment	(6,764)	(456)	-	-	(7,220)
	(276,079)	(16,559)	266	-	(292,372)
Net Property, Plant and Equipment	148,464	9,874	(213)	-	158,125

The additions for the financial year 2018 correspond mainly to investments made in production installations for the factories in Avilés amounting to 1,692 thousand euros, in Puertollano for 3,560 thousand euros and in Sagunto for 3,545 thousand euros.

The additions for the financial year 2017 correspond mainly to investments made in production installations for the factories in Avilés amounting to 2,643 thousand euros, in Palos for 21,770 thousand euros.

The most significant withdrawals for the financial year 2018 correspond mainly to production installations for the factory in Palos, which were fully depreciated for an amount of 12,317 thousand euros and in Sagunto for 4,327 thousand euros. Withdrawals did not produce any results in the 2018 financial year.

The most significant withdrawal in financial 2017 corresponds mainly to production facilities at the Huelva factory with a net carrying value at 31 December 2017 of 213 thousand euros. The withdrawals have led to a positive result of 473 thousand euros.

Phosphogypsum pools concession of Huelva

In relation to the concessions granted by the General Directorate for Coasts and used by the Huelva factory for depositing the phosphogypsum generated as a result of the process for manufacturing phosphoric acid: the following should be noted:

- In January 2004, the Ministry for the Environment notified Fertiberia of the Ministerial Order of 27 November 2003 declaring said concessions to be expired and alleging certain non-compliance, this being confirmed by the National High Court in June 2007. Fertiberia has thus exhausted the judicial routes, as is confirmed by the aforementioned Ruling. Subsequently, the State Attorney's Office requested the provisional enforcement of the Ruling and established a series of measures to be carried out by Fertiberia such as ceasing the tipping, commencing the work on environmental regeneration and the setting-up of a guarantee of 21.9 million euros that guarantees the environmental regeneration.
- As a result of the aforementioned decisions, on 31 December 2010 the Company ceased the production of phosphoric acid and sulphuric acid, with these plants ceasing to operate as a consequence. Since then, Fertiberia, S.A. has used the international markets for sourcing the phosphoric acid that is necessary for the production of NPKs, DAP and MAP. In parallel, and in compliance with the above, Fertiberia, S.A. presented the Secretariat for Climate Change a surety bond for an amount of 15,664 thousand euros on 14 July 2011, plus mortgage guarantees on the Villalar and Pancorbo warehouses for amount of 6,236 thousand euros and all valid for five years. Another of the measures adopted by Fertiberia, was to start up the stored water recovery plant as a prior and necessary phase for the replanting and recovery of the zone, which has been developed during previous years.
- In parallel, advances have been made jointly with the corresponding Administrations in the preparation of a basic engineering project, carried out by the US company ARDAMAN - specialised in pool recovery projects - which has served as the basis for developing the detailed engineering project that has been carried out by EPTISA.
- Both projects were presented before the National High Court, in November 2014, prior to their presentation to the Central Administration in compliance with the ruling handed down by the National High Court, and to the Autonomous Region Administration, awaiting a ruling on the suitability of the aforementioned project. (Note 11)

On 22 April 2015 the Administrative Chamber issued a ruling requesting the presentation by Fertiberia of complementary studies to verify the suitability of the project for closure of the phosphogypsum pools, petitioned by the Ministry of Agriculture, Food and the Environment, the Company has presented all the required studies at date of formulation of these Financial Statements.

On 8 May 2015 WWF-ADENA submitted a written request to extend the guarantee granted by Fertiberia in quantity and time that assures the correct execution of the environmental regeneration works.

By order dated 12 July 2015, it was agreed to request Fertiberia so that, prior to 1 December 2015, it would guarantee, through any of the forms admitted by law, the execution of the environmental regeneration works for a total amount of 65.9 million euros and until the full execution thereof, amount that corresponds to the total of the project presented by Fertiberia to the Ministry.

This order was appealed in cassation before the Supreme Court, an appeal that has been declared inadmissible by order dated 17 November 2016. However, Fertiberia, S.A. on 19 January, proceeded to initiate a motion requesting the modification of the amount to be guaranteed and, if that request did not succeed, it informed the National Court that Fertiberia, S.A. is in a position to offer the constitution of a bond for an amount of 65.9 million euros, constituting a unilateral voluntary mortgage in favour of the Ministry of Agriculture and Fisheries, Food and Environment.

On 18 January 2017, WWF-ADENA submitted a writ of execution of the order of 21 July 2015, that is to say, the Chamber is urged so that Fertiberia, S.A. can proceed to constitute the guarantee in the amount of 65.9 million euros.

On 17 February 2017, the Mesa de la Ría, initiates another motion requesting that it proceed to order Fertiberia, S.A., to extend the restoration project to the 728 hectares that occupy the so-called Zone 4.

However, to date, both the execution incident of WWF-ADENA and the request of the Mesa de la Ría of the previous paragraph are pending resolution, in accordance with the provisions of the Measure of Organisation dated 23 February 2017.

All of this, without prejudice, that the Measure of Organization dated 12 September 2017, issued by the Contentious-Administrative Chamber of the National Court, requests the declaration of the finality of the order dated 21 October 2016, declared inadmissible the application for provisional enforcement of the order dated 21 July 2015 and agreed in its enacting part:

- Deny the provisional execution of the order dated 21 July 2015, subject to appeal in cassation before the Supreme Court, with regard to the extension of the guarantee required to Fertiberia, S, A, to ensure the correct execution of the works of environmental regeneration.
- Deny the extension of the "constructive project for the closure of the phosphogypsum pools located in the municipality of Huelva" presented by Fertiberia, S.A. to lands other than those contemplated therein.
- Require Fertiberia, S.A., the General State Administration and the Andalusian Regional Government, each of them within the framework of their own competences and acting with due collaboration, to proceed with the environmental impact assessment of the project, which corresponds to the General State Administration, and the integrated environmental authorization, which corresponds to the Andalusian Regional Government.

On 4 February 2019, Fertiberia received a letter from the Secretary of State for the Environment in relation to lodging a security deposit to guarantee the execution of environmental regeneration work in Huelva. Fertiberia replied to this letter on 7 February 2019 repeating its offer (which it had already made in July 2016), to establish a mortgage on one of its properties, the Puertollano factory, valued at 131,112,778 euros.

On 11 February 2019, Fertiberia submitted a petition to Section 1 of the Contentious-Administrative Division of the Central Administrative Court, in relation to proceedings 562/2004, attaching a copy of the letter sent by Fertiberia to the Secretary of State for the Environment.

As stated in the aforementioned letter, on 22 December 2016, Fertiberia submitted an application to the Ministry to initiate the Environmental Impact Assessment procedure and produce the corresponding Environmental Impact Statement (EIS), and has responded to 1,345 submissions in due time and form. Prior to that date, the Ministry requested supplementary studies for the Construction Project submitted by Fertiberia.

As a result of the above, the cost of the Project increased by 7,067,473 euros, of which 6,024,591 euros are attributable to Fertiberia.

Totally depreciated items in use

The following is the detail by headings at 31 December 2018 and 2017 of the most significant totally depreciated assets still in use, indicating their cost value, stated in thousand euros:

	2018	2017
Buildings	46	68
Technical installations and machinery	84,515	83,761
Machinery	6,122	383
Tooling	667	667
Other installations	6,038	8,501
Furnishings	184	219
Data processing equipment	322	379
Transport elements	113	238
Other property, plant and equipment	1,321	5,656
	99,328	99,872

Other information

Included in the amount accounted for as property, plant and equipment there are assets for a carrying value of 993 thousand euros at 31 December 2018 (1,087 thousand euros at 31 December 2017 under finance leases).

The Company has formalised insurance policies to cover the possible risks to which the various items of its property, plant and equipment are subject, it being understood that these policies provide sufficient cover for the risks to which they are exposed.

Note 7. Financial instruments

7.1 Financial assets

The detail of financial assets, except for investments in the equity of group, multi-group and associate companies, which are disclosed in Note 7.3, is as follows:

Categories	31/12/2018		31/12/2017	
	Non-current	Current	Non-current	Current
Cash and other equivalent liquid assets (Note 7.1.1)	-	20,644	-	14,690
Loans and receivables (Note 7.1.2)	109,295	261,076	115,467	250,551
	109,295	281,720	115,467	265,241

7.1.1 Cash and other equivalent liquid assets

The detail of these assets is as follows, in thousand euros:

Cash and Equivalent Assets	31/12/2018	31/12/2017
Cash	14,204	14,690
Liquid equivalent assets	6,440	-
	20,644	14,690

The return on these assets is based on variable daily or short-term interest rates. Because of their high liquidity the fair value of these assets coincides with their carrying value.

7.1.2 Loans and receivables

The following is the composition of this heading at 31 December 2018 and 31 December 2017, in thousand euros:

Financial assets	31/12/2018		31/12/2017	
	Long-term	Short-term	Long-term	Short-term
Receivables on trade operations				
Customer	-	23,364	-	23,066
Group company customers (Note 17.1)	-	48,556	-	51,928
	-	71,920	-	74,994
Receivables for non-trade operations				
Loans to group companies (Note 17.1) (a)	106,297	176,694	112,179	168,138
Loans to other companies and	1,000	-	1,392	19
Receivables on fixed assets disposals (b)	922	44	966	43
Loans to personnel	341	39	353	37
Impositions to other companies	180	-	20	-
	108,740	176,777	114,910	168,237
Deposits	555	-	557	-
Time deposits	-	516	-	815
Other debtors (c)	-	5,423	-	6,505
	555	5,939	557	7,320
Total	109,295	254,636	115,467	250,551

a) Long-term loans to group companies

On 28 December 2006 the Fertiberia S.A. signed a Current Account Loan with Grupo Villar Mir, S.L. (GVM) to put funds at its disposal that will allow it to meet its treasury requirements up to the amount of the limit drawn down, falling due on 27 December 2016. Through the Addendum dated 27 December 2016, the maturity is extended for a period of five years, a date in which it will be understood to be tacitly extended for additional biannual periods. Likewise, the Euribor interest rate is Euribor at three months + 3.80% payable annually.

At 31 December 2018, this loan is available for an amount of 102,117 thousand euros (108,899 thousand euros in the previous year).

b) Loans for the disposal of fixed assets - Yugoslavia Plant

This corresponds to the collection right with Serbia Montenegro for the sale of an ammonia plant in 1978 by a consortium in which the Parent Company had an 80% holding, the plan being for this to be collected in two annual collections up until the financial year 2034.

Of the original collection rights 95% was insured by CESCE (the Spanish Export Credit Insurance Company) and fully paid by it, applying a rate of exchange of 2,523 US\$/EUR.

As for the part not insured by CESCE (the remaining 5%), which was due and unpaid, when CESCE signed, in 2002, a debt refinancing agreement with the Federal Republic of Yugoslavia, it undertook to pay over this outstanding 5% over the same schedule as that agreed in the refinancing:

Due date	Thousand USA dollars
Years 2002 to 2018 (a)	898
Years 2019 to 2034	2,010
	2,908

(a) 100% collected at 31 December 2018

As regards the 95% already collected, CESCE is to pay over the exchange gains arising between the 2,523 US\$/EUR and the rate of exchange in force on the dates of effective collection in accordance with the aforementioned refinancing agreement. Where applicable, these collection rights are to be booked as a credit to exceptional results at the time of their collection (see note 12.d).

At 31 December 2018 there remained outstanding a balance on this item of 965 thousand euros (1,009 thousand euros in the previous financial year).

c) Other debtors

At 31 December 2018 this heading included an amount of 4.921 thousand euros (4,842 thousand euros at 31 December 2017) as part of a grant approved by the Junta de Andalucía for the ERE (Redundancy procedures) 52/2009, affecting the Huelva factory and which the Company has advanced as guarantee for paying the complementary amounts committed with the affected employees until such time that the Junta de Andalucía pays over the aforementioned grant.

At 31 December 2018 the complementary amounts committed with the affected employees, and pending payment until the Junta de Andalucía pays over the grant, amount to 1 thousand euros. (68 thousand euros in the previous financial year).

d) Other information on financial assets

As indicated in note 4.c valuation standards, the Company withdraws from its balance sheet the customer balances for the amount of those assignments of receivables in which the Factor assumes the bad debt risk ("non-recourse factoring"). At 31 December 2018, the overall amount withdrawn from the balance sheet as a result of these "non-recourse factoring" operations amounted to 48,488 thousand euros (32,864 thousand euros in the previous financial year).

There were no impairments to long-term loans with other companies at 31 December 2018 and 2017.

The evolution during financial year 2018 of long-term financial investments is as follows:

Categories	31/12/2017	Additions	With-drawals	Short-term transfers	Accrued interest	31/12/2018
Loans to group companies (Note 17.1) (a)	112,179	899	(9,983)	-	3,202	106,297
Loans to other companies	1,392	-	(392)	-	-	1,000
Receivables on disposal of fixed assets (b)	966	-	-	(44)	-	922
Personnel loans	353	151	(163)	-	-	341
Impositions and others	20	160	-	-	-	180
Deposits	557	2	(4)	-	-	555
Total	115,467	1,212	(10,542)	(44)	3,202	109,295

The evolution during financial year 2017 of long-term financial investments is as follows:

Categories	31/12/2016	Additions	With-drawals	Short-term transfers	Accrued interest	31/12/2017
Loans to group companies (Note 17.1) (a)	134,068	410	(25,845)	-	3,546	112,179
Loans to other companies	1,415	-	-	(23)	-	1,392
Receivables on disposal of fixed assets (b)	1,009	-	-	(43)	-	966
Personnel loans	373	149	(169)	-	-	353
Impositions and others	20	-	-	-	-	20
Deposits	557	-	-	-	-	557
Total	137,442	559	(26,014)	(66)	3,546	115,467

7.2 Financial Liabilities

The detail of long-term financial liabilities is as follows, in thousand euros:

Financial Liabilities	31/12/2018			31/12/2017		
	Amounts owing to credit institutions	Derivatives and Others	Total	Amounts owing to credit institutions	Derivatives and Others	Total
Debits and payables (Note 7.2.1)	159,012	33,432	192,444	3,693	34,196	37,889
Amounts owing to group companies (Note 17.1)	-	-	-	-	13,727	13,727
Hedging derivatives (Note 7.2.2)	-	541	541	-	1,131	1,131
	159,012	33,973	192,985	3,693	49,054	52,747

The detail of current financial liabilities is as follows, in thousand euros:

Financial Liabilities	31/12/2018			31/12/2017		
	Amounts owing to credit institutions	Derivatives and Others	Total	Amounts owing to credit institutions	Derivatives and Others	Total
Debits and payables (Note 7.2.1)	17,973	162,533	180,506	145,926	134,834	280,760
Amounts owing to group companies (Note 17.1)	-	32,846	32,846	-	30,222	30,222
	17,973	195,379	213,352	145,926	165,056	310,982

7.2.1 Débitos y partidas a pagar

The following is the detail of these at 31 December 2018 and 31 December 2017 in thousand euros:

	31/12/2018		31/12/2017	
	Non-Current	Current	Non-Current	Current
On trade operations:				
Suppliers	-	46,997	-	45,481
Suppliers, group companies (Note 17.1)	-	93,694	-	65,676
Creditors	-	13,809	-	14,569
	-	154,500	-	125,726
On non-trade operations				
Amounts owing to credit institutions (Note 7.2.1.a)	158,956	17,590	3,311	145,617
Liabilities for financial leases	56	383	382	309
	159,012	17,973	3,693	145,926
Debts with group companies (Note 16.1)				
Property, plant and equipment suppliers	-	4,553	-	5,448
Other liabilities (Note 7.2.1.b)	33,432	2,938	34,196	3,580
	33,432	7,491	34,196	9,028
Personnel (salaries outstanding)	-	542	-	80
Total	192,444	213,352	51,616	310,982

Given the nature of the financial liabilities included in this category, the Company considers that their carrying value constitutes an acceptable approximation to fair value.

On 31 December 2018 in the heading "Creditors" includes an amount of 5,823 thousand euros that is in payment management/confirming with bank institutions (7,406 thousand euros at the close of the previous financial year).

a) Amounts owing to credit institutions

The detail for Amounts Owing to Credit Institutions at the 2018 and 2017 financial year-ends is as follows, in thousand euros

	31/12/2018				31/12/2017			
	Limit	Non-current	Current	Total	Limit	Non-current	Current	Total
Loans and long-term leases	146,565	139,876	6,689	146,565	86,390	3,693	82,697	86,390
Credit facilities	51,085	19,136	11,284	30,420	91,950	-	63,229	63,229
Liabilities for discounted paper					3,000	-	-	-
		159,012	17,973	176,985		3,693	145,926	149,619

The maturity profile for Amounts Owing to Credit Institutions at 31 December 2018 is as indicated below:

	2019	2020	2021	2022	2023 o +	Total
Loans and long-term leases	6,689	8,282	14,781	22,171	94,642	146,565
Credit facilities	11,284	19,136				30,420
Debts for discounted paper	-	-	-	-	-	-
	17,973	27,418	14,781	22,171	94,642	176,985

At financial year-end 2017, all outstanding debt for the syndicated loan was classified in the short-term as a result of the non-compliance with two of the financial ratios established in the obligations of the contract in accordance with the provisions of financial reporting standards applicable. The profile of the maturities of the syndicated loan correspond to the following table:

	2018	2019	2020	2021	2022 o +	Total
Syndicated loan	30,000	43,912	-	-	-	73,912
	30,000	43,912	-	-	-	73,912

The maturity profile for Amounts Owing to Credit Institutions at 31 December 2017 is as indicated below:

	2018	2019	2010	2021	2022 o +	Total
Loans and financial leases	82,697	2,910	783	-	-	86,390
Credit facilities	63,229	-	-	-	-	63,229
Debts for discounted paper	-	-	-	-	-	-
	145,926	2,910	783	-	-	149,619

The detail of long-term financial liabilities at 31 December 2018 is as follows, in thousand euros:

	Initial Amount	Reference interest rate	Due date	Current	Non-current	Total
Syndicated credit facility	73,900	Euribor	24/12/2023	3,695	67,207	70,902
Kartesia	76,100	Fixed	20/07/2024	-	71,778	71,778
Caixa Geral	5,000	Euribor	27/05/2019	849	-	849
Ibercaja	2,000	Euribor	31/07/2019	343	-	343
Ibercaja	2,000	Fixed	20/03/2019	337	-	337
Liberbank	2,500	Euribor	09/04/2020	470	216	686
Unicaja	2,000	Euribor	25/10/2020	612	619	1,231
Financial leases	1,482	Fixed	29/02/2020	383	56	439
	219,076			6,689	139,876	146,565

The detail of long-term financial liabilities at 31 December 2017 is as follows, in thousand euros:

	Initial Amount	Reference interest rate	Due date	Current	Non-current	Total
Syndicated credit facility	180,000	Euribor	24/07/2019	73,912	-	73,912
Banco Popular	6,000	Euribor	07/10/2018	2,577	-	2,577
BBVA Fixed interest	2,188	Fixed	27/12/2018	240	-	240
Targobank	2,000	Euribor	04/12/2018	522	-	522
Caixa Geral	5,000	Euribor	27/05/2019	1,755	768	2,523
Ibercaja	2,000	Euribor	31/07/2019	506	301	807
Ibercaja	2,000	Fixed	20/03/2019	1,333	330	1,663
Liberbank	2,500	Euribor	09/04/2020	506	686	1,192
Caja España	2,000	Euribor	08/04/2018	336	-	336
Caja España	2,000	Euribor	25/10/2020	701	1,226	1,927
Financial leases	1,482	Fixed	29/02/2020	309	382	691
	207,170			82,697	3,693	86,390

New Financing Structure

On 20 July 2018, Fertiberia signed a new long-term financing structure for the total sum of 190,000 thousand euros, consisting of:

- A Syndicated Loan for the sum of 73,900 thousand euros in which the eight banks involved in the previous syndicated loan (Banco Santander, Banco Bilbao Argentaria, Bankia, Bankinter, Caixabank, Cooperatieve Rabobank, HSBC and Banco Sabadell) participated. The amount valued at "amortised cost" at 31 December 2018 amounted to 70,902 thousand euros. This loan includes a progressive amortisation schedule with six-monthly amortisations, and matures on 24 December 2023.
- A financing Agreement signed with the Kartesia Securities, S.A. and Kartesia Securities IV, S.A. funds for a total sum of 76,100 thousand euros maturing on 20 July 2024. The amount valued at "amortised cost" on 31 December 2018 amounted to 71,778 thousand euros.
- A framework agreement covering working capital credit lines for a combined sum of up to 40,100 thousand euros, in force for a period of not less than 2 years. The participating banks are Banco Santander, Bankia, Bankinter, Caixabank and Banco Sabadell, and the purpose of the credit is to meet the Company's general needs in terms of working capital.

The Syndicated Loan and the Financing Agreement were made available to coincide with the cancellation of the previous syndicated loan signed on 24 July 2014 and other short-term bilateral loans, with the total distribution of the maturities of both tranches being as follows:

Due	Thousand euros	
	Syndicated Loan	Financing Contract
June 19	1,478	-
December 19	2,217	-
June 20	3,695	-
December 20	3,695	-
June 21	5,543	-
December 21	9,237	--
June 22	9,238	-
December 22	12,932	-
June 23	9,238	-
December 23	16,627	-
July 24	-	76,100

The other main characteristics of the New Long-term Financing Structure are as follows:

- Interest: In the case of the Syndicated Loan and the framework agreement for working capital credit lines, the interest rate is linked to the Euribor plus a spread that varies depending on compliance with certain financial ratios. The Financing Agreement accrues a fixed interest rate based on meeting a series of milestones.
- The subsidiary companies ADP Fertilizantes (Portugal), Agralia Fertilizantes, S.L.U., Fertiberia Andalucía, S.A.U., Fertiberia Castilla-León, S.A.U., Fertiberia la Mancha, S.L.U., Química del Estroncio, S.A.U., Fercampo, S.A.U. and Fertiberia France (France), together with Grupo Villar Mir, S.A.U., act as guarantors of Fertiberia, S.A. in the aforementioned financing agreement.
- The aforementioned credits include the standard clauses for agreements of this kind (representations and

warranties, undertakings to do and not to do, grounds for early maturity, etc.).

- Without prejudice to the amortisations established in the amortisation schedule, said credit agreements include various grounds for mandatory partial or total early repayment in the event of breaching any of the financial or non-financial obligations that Grupo Fertiberia is obliged to meet, including compliance with certain financial ratios both at the end of the 2018 financial year and for the duration of the loan, as well as the sale or transfer to Fertiberia of the holding in the Algerian company Fertial, S.p.A. by Grupo Villar Mir, SAU, as provided for in the business plan prepared by the Fertiberia Group for the 2019 financial year

At the end of the 2018 financial year, the financial obligations that could give rise to the mandatory early maturity, total or partial, of both loans, Syndicated and Kartesia, by the lenders had been met. Similarly, the Company's directors estimate that these financial obligations will also be met in the coming 12 months, as laid down in the business plan prepared by the Grupo Fertiberia for the 2019 financial year.

Fertiberia has also signed customised (OTC) interest rate swap agreements (Interest Rate SWAP or "IRS") with the Banco Santander, Bankia, Bankinter, Caixabank and Banco Sabadell banks in order to cover the interest rate risks associated with the financing, the notional amount being 35,000 thousand euros from July 2019, and variable from that time until June 2022.

As from	Thousand euros	
	Until	Notional
July 19	December 19	35,000
December 19	June 20	33,950
June 20	December 20	32,200
December 20	June 21	30,450
June 21	December 21	27,825
December 21	June 22	23,450

Previous Syndicated Finance

On 24 July 2014 Fertiberia signed a syndicated credit facility for a total amount of up to 180,000 thousand euros (the "Long-term Financing"). The loan drawdown coincided with the cancellation of the previous syndicated finance, the previous bilateral loan and a part of the short-term financial liability. Nine financial institutions participate in the facility, with the following being the distribution by tranches.

- Tranche A for a total maximum amount of 150,000 thousand euros. The purpose of this tranche is the re-financing of the long-term debt, with the Syndicated Loan and the bilateral loan formalised on 9 March 2012 being cancelled.
- Tranche B for a total maximum amount of 30,000 thousand euros. This was a revolving type tranche, the purpose of which is to cover the Company's general requirements.

The following are the main characteristics of the Long-term Finance:

- Interest: the interest rate is linked to EURIBOR plus a differential that is determined annually in line with the (Net Debt/EBITDA) ratio.
- Maturity date: the planned due date is 24 July 2019.
- Repayment: the planned repayment schedule is as follows:

Due	Thousand euros	
	Tranche A	Tranche B
January 2017	15,000	-
July 2017	15,000	-
January 2018	15,000	-
July 2018	15,000	-
January 2019	15,000	-
July 2019	15,000	30,000

The subsidiary companies Agralia Fertilizantes S.L.U., Fertiberia Andalucía, S.A.U., Fertiberia Castilla-León, S.A.U., Fertiberia La Mancha, S.L.U., Química del Estroncio, S.A.U. and Fercampo, S.A., along with Grupo Villar Mir, S.A.U. are guarantors for Fertiberia, S.A. in the aforementioned finance contract.

The syndicated credit facility includes a covenant for accrediting compliance with a series of financial ratios, as well as having other clauses that are usual in this type of contract (declarations, guarantees, obligations to take and refrain from actions, causes for early maturity, etc.). At financial year-end 2017, three of these financial ratios have not been complied with. As a consequence of this non-compliance at the close of financial year 2017 all this debt has been reclassified as current.

Under the obligation established in the syndicated financing contract, on 30 July 2014 between Fertiberia and the financial institutions entered into a tailored (OTC) interest rate swap (IRS) for hedging the interest rates risk associated with the financing, the fixed notional amount being 75,000 thousand euros up until the month of January 2015, and variable as from then until maturity using the repayment curve for both tranches.

Interest Rate Hedging (thousand euros)		
As from	Until	Notional
July 2014	January 2015	75,000
January 2015	July 2015	67,500
July 2015	January 2019	60,000
January 2019	July 2019	45,000

b) Other debts for non-trade operations

The following is the detail of other liabilities at 31 December 2018 and 31 December 2017, in thousand euros:

	31/12/2018			31/12/2017		
	Non-current	Current	Total	Non-current	Current	Total
CDTI (Centre for Industrial Technological Development)	2,278	420	2,698	2,164	472	2,636
Ministry for Industry, Tourism and Trade	1,190	170	1,360	1,360	170	1,530
Ministry of Industry, Energy and Tourism	26,058	666	26,724	25,310	15	25,325
Ministry for Science and Innovation	441	90	531	532	90	622
ERE Huelva 2013	-	-	-	-	78	78
I.D.A.E. (Institute for the Diversification and Saving of Energy)	3,465	1,350	4,815	4,830	1,781	6,611
Deferral of Social Security settlements ERE Cartagena (b)	-	-	-	-	742	742
Other debts	-	242	242	-	232	232
	33,432	2,938	36,370	34,196	3,580	37,776

The Company has various loans at zero interest rates granted by public administrations; these are accounted for at nominal value as it is estimated that the profit arising on the difference with the corresponding fair values is not representative.

(a) In the 2018 financial year, several fixed-interest-rate loans were signed with the Ministry of Industry, Energy and Competitiveness. In 2017, several interest-free loans were signed with the CDTI.

(b) On 22 November 2013 the Contentious-Administrative Chamber of the Murcia Superior Court of Justice rejected the appeal presented against Judgement no. 24 of 22 February 2013 handed down by the Murcia Contentious-Administrative Court Nº. 4, becoming firm as stated in the Contentious-Administrative appeal 193/2009, filed against the Resolution of the Murcia Provincial Employment and Social Security Inspection dated 13 October 2008 ruling as null the administrative actions enabling the extinguishing of the labour relationship of the employees affected by the Social Security contributions settlement no. 302008008000859, obliging the reinstatement of the situation prior to the extinguishing of the contracts with the existence of the obligation to contribute for this period. The amount derived from the aforementioned assessment amounted to 5,326 thousand euros, which was recorded as an exceptional charge in the financial year 2013. During the financial period 2014 the company paid 1,601 thousand euros corresponding to non-deferrable contributions and has requested the deferral of the liability for the remaining contributions. The deferral was agreed by the TGSS on 20 May 2014, establishing a schedule for monthly payments with final due date in May 2019. At 31 December 2017 the contributions pending payment amounted to 742 thousand euros

The following is the detail of the due dates for Other liabilities, non-trade operations at 31 December 2018:

	2019	2020	2021	2022	2023	+5años
CDTI	420	495	411	321	307	744
Ministry for Industry, Tourism and Trade	170	170	170	170	170	510
Ministry of Industry, Energy and Tourism	667	3,616	3,808	3,808	3,808	11,018
Ministry for Science and Innovation	90	90	90	90	83	88
Other debts	242	-	-	-	-	-
I.D.A.E.	1,350	1,233	1,017	577	386	252
	2,939	5,604	5,496	4,966	4,753	12,612

The following is the detail of the due dates for Other liabilities, non-trade operations at 31 December 2017:

	2018	2019	2020	2021	2022	+ 5 años
Ministry of Education and Science	-	-	-	-	-	-
CDTI	472	420	454	340	250	699
Ministry for Industry, Tourism and Trade	170	170	170	170	170	680
Ministry of Industry, Energy and Tourism	15	597	3,616	3,616	3,616	13,865
Ministry for Science and Innovation	90	90	90	90	90	172
ERE Huelva 2013	78	-	-	-	-	-
Other debts	232	-	-	-	-	-
I.D.A.E.	1,781	1,366	1,233	1,017	576	638
Deferral of Social Security settlements ERE Cartagena (*)	742	-	-	-	-	-
	3,580	2,643	5,564	5,233	4,702	16,054

7.2.2 Interest rate risk hedging derivatives

At 31 December 2018 the Company had contracted the following derivatives for cash flow hedging (variable interest rate risk), in thousand euros:

Underlying	Description of the Hedging/ Negotiation	Fair value 31/12/2018	Due date
New Syndicated Credit Facility- BBVA	Variable to fixed swap	(24)	24/07/2019
New Syndicated Credit Facility- Popular	Variable to fixed swap	(63)	24/07/2019
New Syndicated Credit Facility- Sabadell	Variable to fixed swap	(36)	24/07/2019
New Syndicated Credit Facility- Santander	Variable to fixed swap	(75)	24/07/2019
New Syndicated Credit Facility- Bankia	Variable to fixed swap	(66)	24/07/2019
New Syndicated Credit Facility- Bankinter	Variable to fixed swap	(58)	24/07/2019
New Syndicated Credit Facility- Caixabank	Variable to fixed swap	(59)	24/07/2019
New Syndicated Credit Facility- Rabobank	Variable to fixed swap	(59)	24/07/2019
New Syndicated Credit Facility- HSBC	Variable to fixed swap	(101)	24/07/2019
		(541)	

At 31 December 2017 the Company had contracted the following derivatives for cash flow hedging (variable interest rate risk), in thousand euros

Underlying	Description of the Hedging/ Negotiation	Fair value 31/12/2017	Due date
New Syndicated Credit Facility- BBVA	Variable to fixed swap	(50)	24/07/2019
New Syndicated Credit Facility- Popular	Variable to fixed swap	(132)	24/07/2019
New Syndicated Credit Facility- Sabadell	Variable to fixed swap	(76)	24/07/2019
New Syndicated Credit Facility- Santander	Variable to fixed swap	(157)	24/07/2019
New Syndicated Credit Facility- Bankia	Variable to fixed swap	(137)	24/07/2019
New Syndicated Credit Facility- Bankinter	Variable to fixed swap	(122)	24/07/2019
New Syndicated Credit Facility- Caixabank	Variable to fixed swap	(123)	24/07/2019
New Syndicated Credit Facility- Rabobank	Variable to fixed swap	(123)	24/07/2019
New Syndicated Credit Facility- HSBC	Variable to fixed swap	(211)	24/07/2019
		(1,131)	

The derivative instruments included in the above tables were customised (OTC) for the loan they are hedging and comply with the requirements detailed in Note 4.d) for consideration as hedging. The main characteristics are described in note 7.2.1.a.

7.3 Group and Associate Companies

Holdings in Group and Associate companies at 31 December 2017 are as follows, in thousand euros:

Company	% Direct Holding	Cost	Impairments	Net Value 31/12/2018
Group companies:				
Química del Estroncio, S.A.	100%	74,433	(57,857)	16,576
Fertiberia Andalucía, S.A.	100%	12,465	(10,336)	2,129
Fertiberia La Mancha, S.L.	100%	8,477	(6,115)	2,362
Agralia Fertilizantes, S.L.	100%	7,677	-	7,677
Fertiberia Castilla – León S.A.	100%	21,231	(19,680)	1,551
El Bahía Fertilizer, SPA	51%	7,152	-	7,152
Agronomía Espacio, S.A.	100%	60	-	60
Agrokem, S.A.	100%	60	(15)	45
ADP Fertilizantes, S.A. (1)	100%	52,000	-	52,000
Fercampo, S.A.	100%	8,994	-	8,994
Fertiberia France, S.A.S.	100%	8,042	-	8,042
		200,591	(94,003)	106,588
Associate companies:				
Incro, S.A.	50%	2	-	2
La Almazara	20%	1,012	-	1,012
OHL, S.A.	0.40%	14,092	(10,772)	3,320
		15,106	(10,772)	4,334
Total		215,697	(104,775)	110,922

(1) (1) This corresponds to the Consolidated Equity of ADP Fertilizantes.

Note: in all cases the percentage holdings correspond to the percentages of voting rights held.

Of all the associate companies, the only one that is listed on the Stock Exchange is OHL, S.A.

In 2018, the shares in OHL, S.A. were transferred from short-term Investments in group and associate companies to long-term Investments in group and associate companies.

A summary of the consolidated equity of OHL, S.A. at 31 December 2018 and 31 December 2017 is shown below, in thousand euros:

Date of balance sheet	Share Capital	Reserves	Other Equity Items	Result for the Year	Total Equity Attributable
31/12/2018	171,929	2,317,891	(125,701)	(1,529,846)	834,273
31/12/2017	179,255	2,750,795	(751,309)	(12,706)	2,166,665

On 24 April 2014 the Company formalised a loan contract with Grupo Villar Mir, S.A.U. for the temporary assignment of the 670,543 shares it held in OHL, S.A. The initial due date for the shares loan was 24 July 2014, tacitly renewable for quarterly periods up to a maximum of 5 extensions. On 20 October 2015 the parties agreed to modify the period of validity to one year, until 20 October 2016, being able to be renewed for annual periods up to maximum of three.

On 23 October 2015 a capital increase in the company OHL S.A. took place with the issuance of 199,018 thousand new ordinary shares with a nominal value of 0.6 euros with an issue premium of 4.42 euros per share. The Company partially took up said share capital increase, selling a part of the rights at the quoted price of 5.41 euros and exercising the share capital increase for an amount equivalent to the rights sold. This situation has led to an increase in the number of temporarily transferred shares to 1,140,082 at 31 December 2015 (670,543 shares at the close of the previous financial year). There were no changes in the number of shares during the 2017 and 2016 financial years. There has been no variation in the number of shares since 2016.

At the financial year-end 2018 and 2017 the Company made an assessment as whether there was objective evidence of impairment in the value of the OHL S.A. shares taking into consideration its average market price for the last quarter and the consolidated equity mentioned in the above table, as well as value references published by different market analysts.

In the financial years 2018 and 2017, evidence of impairment of these shares is verified. Taking into account the temporary transfer of the shares to GVM and the volatility of the stock market, the value of the equity attributable of the consolidated OHL group was used as a reference for the calculation of the recoverable value. The amount of impairment in 2018 amounts to 4,947 thousand euros (in the previous financial year to 1,046 thousand euros). The market value at 31 December 2018 of these shares was 0.65 euros per share (4.98 euros per share in the previous year), whilst the average price for financial year 2018 was 2.93 euros per share (3.83 euros per share in the previous financial year).

The summary of the main investee companies' equities as per their financial statements is as follows at 31 December 2018, in thousand euros:

Company	Share Capital	Reserves	Result for the Year	Other Equity items	Total	Operating results
Group companies:						
Química del Estroncio, S.A.	12,404	(370)	(2,588)	90	9,536	(3,427)
Fertiberia Castilla-León, S.A.	1,458	2,306	(2,289)	-	1,475	(458)
Fertiberia Andalucía, S.A.	2,945	(607)	(210)	-	2,128	(173)
Fertiberia La Mancha, S.L.	1,275	886	201	-	2,362	332
Agralia Fertilizantes, S.L.	3,800	6,793	1,150	-	11,743	1,424
ADP Fertilizantes, S.A. (1)	35,050	7,223	5,532	-	47,805	9,507
Fercampo, S.A.	826	4,285	172	-	5,283	600
Fertiberia France, S.A.S	2,341	(48)	(981)	-	1,312	(856)
	60,099	20,468	987	90	81,644	6,949

The recoverable amount of investments in group and associate companies has been obtained through their theoretical carrying value corrected by the tacit capital gains, as appropriate, at the end of each financial year, with the exception of ADP Fertilizantes, S.A., Química del Estroncio, S.A., Fertiberia France, S.A.S. and Fercampo, S.A.U.

In the case of the companies ADP Fertilizantes, S.A., Química del Estroncio, S.A., Fertiberia France, S.A.S. and Fercampo, S.A.U., the Company has used the operating cash flow projections of the aforementioned investee companies based on the updated budgets of each one of them. These forecasts include revenue estimates based on historical information, updated financial forecasts and sector expectations, reduced by net financial debt, and using a discount rate that considers the cost of own and foreign capital, according to the sector in which they operate. In accordance with the foregoing, during financial year 2018 and 2017 there were no signs of impairment in said holdings.

The holdings in Group and Associate companies at 31 December 2017 are as follows, in thousand euros:

Company	% Direct Holding	Cost	Impairments	Net value 31/12/2017
Group companies:				
Química del Estroñcio, S.A.	100%	68,933	(57,857)	11,076
Fertiberia Andalucía, S.A.	100%	12,465	(10,127)	2,338
Fertiberia La Mancha, S.L.	100%	8,477	(6,317)	2,160
Agralia Fertilizantes, S.L.	100%	7,677	-	7,677
Fertiberia Castilla – León S.A.	100%	21,231	(17,467)	3,764
El Bahia Fertilizer, SPA	51%	7,152	-	7,152
Agronomía Espacio, S.A.	100%	60	-	60
Agrokem, S.A.	100%	60	(15)	45
ADP Fertilizantes, S.A.	100%	52,000	-	52,000
Fercampo, S.A.	100%	8,994	-	8,994
Fertiberia France, S.A.S.	100%	6,042	-	6,042
		193,091	(91,783)	101,308
Associate companies:				
Incro, S.A.	50%	2	-	2
La Almazara	24%	720	-	720
		722	-	722
Total		193,813	(91,783)	102,030

Note: in all cases the percentage holdings correspond to the percentages of voting rights held.

None of the companies in which the Company has a holding is listed on a Stock Exchange.

The summary of the main investee companies' equities as per their financial statements is as follows at 31 December 2017, in thousand euros:

Company	Share Capital	Reserves	Result for the Year	Other Equity items	Total	Operating results
Group companies:						
Química del Estroñcio, S.A.	11,454	(3,639)	(1,281)	269	6,803	(1,454)
Fertiberia Castilla-León, S.A.	1,458	2,682	(376)	-	3,764	(24)
Fertiberia Andalucía, S.A.	2,945	(419)	(188)	-	2,338	(143)
Fertiberia La Mancha, S.L.	1,275	349	536	-	2,160	756
Agralia Fertilizantes, S.L.	3,800	5,636	1,156	(1)	10,591	1,443
ADP Fertilizantes, S.A. (1)	35,050	6,845	2,700	-	44,595	6,111
Fercampo, S.A.	826	3,798	487	-	5,111	919
Fertiberia France, S.A.S	1,203	-	(909)	-	294	(783)
	58,011	15,252	2,125	268	75,656	6,826

(1) This corresponds to the Consolidated Equity of ADP Fertilizantes.

Summarised below are the registered offices and the activities carried out by the companies in which there are holdings:

Company	Registered Office	Business activities
Group companies:		
Química del Estroncio, S.A.	Madrid	Manufacture and sale of chemical products and fertilisers fertilizantes
Fertiberia Andalucía, S.A.	Cordoba	Fertilisers sales
Fertiberia La Mancha, S.L.	Cuenca	Fertilisers sales
Agralia Fertilizantes, S.L.	Huesca	Manufacture of liquid fertilisers
Fertiberia Castilla – León S.A.	Madrid	Sale, warehousing and distribution of fertilisers
ADP Fertilizantes, S.A.	Lisbon	Fertilisers manufacture
El Bahia Fertilizer, SPA	Algeria	Manufacture and sale of ammonia
Fercampo, S.A.	Malaga	Fertilisers sales
Fertiberia France, S.A.S.	Paris	Fertilisers sales

The investment in the company El Bahia Fertilizer, SPA corresponds to the initial disbursement equivalent to 25% of the subscribed capital on the incorporation of this company, which plans to build a new ammonia plant in Algeria.

The following were the acquisitions and most significant increases of holdings made during financial year 2018:

- Cash contribution made in the company La Almazara - LA Organic, S.L. for an amount of 293 thousand euros.
- On 11 December 2018, the Company increased its capital by offsetting credits in the company Fertiberia France, S.A.S. for the sum of 2,000 thousand euros.
- On 13 September 2018, the Company made a capital increase in the company Química del Estroncio, S.A. for the amount of 5,500 thousand euros fully subscribed and paid-up.

The following were the acquisitions and most significant increases of holdings made during financial year 2017:

- Cash contribution made in the company La Almazara - LA Organic, S.L. for an amount of 90 thousand euros.
- On 14 December 2017, the Company made a capital increase in the company Fertiberia Andalucía, S.A. for the amount of 1,000 thousand euros fully subscribed and paid-up.
- On 30 November 2017, the Company made a capital increase for the compensation of credits in the company Fertiberia France, S.A.S. amounting to 4,542 thousand euros.

No disposals of holdings in group and associate companies were made during financial years 2018 and 2017.

The following is the detail of the value corrections due to impairments, as well as the provisions and reversals carried out in 2018, in thousand euros

Company	Cost of investment	Impairment corrections 31/12/2017	Transfers	Charges	Reversals	Impairment corrections 31/12/2018	Net Value 31/12/2018
Group companies:							
Química del Estroncio, S.A.	74,433	(57,857)	-	-	-	(57,857)	16,576
Fertiberia Andalucía, S.A.	12,465	(10,127)	-	(209)	-	(10,336)	2,129
Fertiberia La Mancha, S.L.	8,477	(6,317)	-	-	202	(6,115)	2,362
Agralia Fertilizantes, S.L.	7,677	-	-	-	-	-	7,677
Fertiberia Castilla – León S.A.	21,231	(17,467)	-	(2,213)	-	(19,680)	1,551
El Bahia Fertilizer, SPA	7,152	-	-	-	-	-	7,152
Agronomía Espacio	60	-	-	-	-	-	60
Agrokem, S.A.	60	(15)	-	-	-	(15)	45
ADP Fertilizantes, S.A.	52,000	-	-	-	-	-	52,000
Fercampo, S.A.	8,994	-	-	-	-	-	8,994
Fertiberia France, S.A.S.	8,042	-	-	-	-	-	8,042
	200,591	(91,783)	-	(2,422)	202	(94,003)	106.588
Associate companies:							
Incro, S.A.	2	-	-	-	-	-	2
La Almazara	1,012	-	-	-	-	-	1,012
OHL, S.A.	14,092	-	(5,825)	(4,947)	-	(10,722)	3,320
	15,106	-	(5,825)	(4,947)	-	(10,722)	4,334
Total	215.697	(91.783)	(5.825)	(7.369)	202	(104.725)	110.922

The following is the detail of the value corrections due to impairments, as well as the provisions and reversals, carried out in the previous financial year, in thousand euros:

Company	Cost of investment	Impairment corrections 31/12/2016	Charges	Reversals	Impairment corrections 31/12/2017	Net Value 31/12/2017
Group companies:						
Química del Estroncio, S.A.	68,933	(57,857)	-	-	(57,857)	11,076
Fertiberia Andalucía, S.A.	12,465	(9,939)	(188)	-	(10,127)	2,338
Fertiberia La Mancha, S.L.	8,477	(6,853)	-	536	(6,317)	2,160
Agralia Fertilizantes, S.L.	7,677	-	-	-	-	7,677
Fertiberia Castilla – León S.A.	21,231	(17,091)	(376)	-	(17,467)	3,764
El Bahia Fertilizer, SPA	7,152	-	-	-	-	7,152
Agronomía Espacio	60	-	-	-	-	60
Agrokem, S.A.	60	(15)	-	-	(15)	45
ADP Fertilizantes, S.A.	52,000	-	-	-	-	52,000
Fercampo, S.A.	8,994	-	-	-	-	8,994
Fertiberia France, S.A.S.	6,042	-	-	-	-	6,042
	193,091	(91,755)	(564)	536	(91,783)	101,308
Associate companies:						
Incro, S.A.	2	-	-	-	-	2
La Almazara	720	-	-	-	-	720
	722	-	-	-	-	722
Total	193,813	(91,755)	(564)	536	(91,783)	102,030

The dividends received in 2018, which amounted to 4,098 thousand euros, break down as 1,777 thousand euros from the associate company Incro, S.A. and 2,321 thousand euros from the group company ADP Fertilizantes, S.A. The dividends received in 2017, in the sum of 2,550 thousand euros, came from the associate company Incro, S.A.

7.4 Shareholders' Funds

Share Capital

The share capital at 31 December 2018 and 31 December 2017 stood at 54,452 thousand euros, represented by 22,688,187 shares, each with a nominal value of 2.40 euros, wholly subscribed and paid-up, all with the same voting and economic rights.

The composition of the shareholding at the date of preparation of these financial statements is as follows:

	No. of Shares	% Holding
Grupo Villar Mir, S.A. (Single Shareholder Company)	22,649,112	99.83
Other shareholders	39,075	0.17
	22,688,187	100

Legal Reserve

Companies are obliged to transfer 10% of the profits for each year to setting up a legal reserve fund until this reaches at least 20% of the share capital. This reserve may not be distributed to members and may only be used to cover the debtor balance on the profit and loss account if there are no other reserves available. Under certain conditions it may also be used to increase the share capital by the amount of this reserve that exceeds 10% of the share capital amount once increased.

At 31 December 2018 and 2017 the Legal Reserve was fully provided for.

Share issue premium

The Capital Companies Act expressly allows for the balance on the share premium account to be used for increasing capital and does not establish any specific restriction with regard to the availability of this balance.

Dividends

In the 2018 financial year, a charge was recorded against Reserves for the distribution of dividends proposed by the Board of Directors on 22 March 2018, in the sum of 10,000 thousand euros. The dividend of 9,983 thousand euros payable to the majority shareholder, Grupo Villar Mir, S.A., was paid by offsetting debtor balances that existed between the two companies under the credit agreement described in note 7.1.2.

Other variations

In 2018, the Company modified the criterion used for recognising sales and the costs of sales to bring it into line with the new regulations on the recognition of revenues that would come into effect in subsequent years. The impact of the change of criterion has not been significant, and was charged against Reserves at the beginning of 2018 in the sum of 2,134 thousand euros.

In financial year 2017, a charge against Reserves was recorded for an amount of 733 thousand euros as a correction to the result for 2016.

Note 8. Stocks

The details of stocks at 31 December 2018 and 2017 is the following:

	Financial year 2018	Financial year 2017
Raw materials	30,094	28,199
Semi-finished products	3,104	5,011
Finished products	23,505	8,372
By-products	8	-
CO2 emission rights (a)	13,399	6,169
Final balance	70,110	47,751

The Company has adopted a policy of taking out insurance to cover the possible risks to which its stocks are subject.

a) Emission rights of greenhouse gases

During financial year 2018, the Company has received free-of-charge greenhouse gas emission allowances amounting to 917,073 tonnes (935,312 tonnes in the previous financial year), according to the following detail;

Factory	Tm allocated in 2018	Tm allocated in 2017
Avilés	50,567	51,574
Palos	499,029	508,954
Puertollano	285,675	291,355
Sagunto	81,802	83,429
Total	917,073	935,312

The charge to the results of the financial year 2018 derived from emissions of greenhouse gases amounted to 14,085 thousand euros (6,461 thousand euros in the previous financial year). Likewise, during financial year 2018, the credit to the Company's results for the allocation of grants of gas emission rights, which were allocated to them free of charge amounted to 7,946 thousand euros (5,715 thousand euros in the previous financial year).

At 31 December 2018, the provision for "greenhouse gas emission rights" amounted to 14,085 thousand euros, of which 6,139 thousand euros came from the shortfall in the emission rights of gases that were acquired from third parties. Likewise, at 31 December 2017, the provision for "greenhouse gas emission rights" amounts to 6,812 thousand euros (see Note 12), of which 1,097 thousand euros comes from the shortfall in the gas emission rights that were acquired from third parties.

During financial years 2018 and 2017, there are no losses recorded due to impairment of greenhouse gas emission rights.

Note 9. Information on payment deferrals made with suppliers. Third additional provision “duty of information” under law 15/2010 of 5 July

In accordance with Law 15/2010 (modified by Law 31/2014) and the Royal Decree-Law 3/2013, modifying Law 3/2004 establishing measures for combating late payments in trade operations, and that determined by the ICAC Resolution in January 2016, the following is stated:

	2018	2017
	Days	Days
Average payment period to suppliers	77	70
Ratio of paid operations	73	68
Ratio of operations pending payment	97	82
	Amount (in thousand euros)s	Amount (in thousand euros)
Total payments made	556,340	539,108
Total payments pending	106,145	85,223

Note 10. Foreign currencies

Detailed below are the transactions carried out in foreign currencies during the financial year and the total amount of assets and liabilities denominated in foreign currencies at 31 December 2018 and 2017:

	Currency	2018	2017
		Thousand euros	Thousand euros
Transactions.			
Purchases	USD	190,063	195,301
Sales	USD	42,354	48,679
Assets			
Investments in group companies	Algerian Dinares	7,152	7,152
Debtors	USD	3,572	-
Cash and other equivalent liquid assets	USD	242	668
Liabilities			
Creditors	USD	90,465	72,519

Total exchange differences carried to the profit and loss accounts for the financial years 2018 and 2017 have their origin in financial assets and liabilities corresponding to the categories for "loans and receivables" and "debits and payables" and "cash and other equivalent assets".

The amount of exchange differences recognised in the result by classes of financial instruments at 31 December 2018 and 2017 is as follows, in thousand euros:

	2018			2017		
	Settled	Pending due date	Total	Settled	Pending due date	Total
Positive						
Debtors	494	173	667	372	-	372
Creditors	3,169	16	3,185	1,718	533	2,251
Negative						
Debtors	(589)	(44)	(633)	(729)	(425)	(1,154)
Creditors	(3,231)	24	(3,207)	(675)	(72)	(747)
	(157)	169	12	686	36	722

At 31 December 2018 the Company has contracts with different financial institutions for currency hedging arrangements, with due dates in 2019. The fair value of said hedges amounts to 57 thousand euros (690 thousand euros at 31 December 2017).

Note 11. Tax position

The detail of balances with Public Administrations at 31 December 2018 and 31 December 2017 is as follows, in thousand euros

	31/12/2018		31/12/2017	
	Debtors	Creditors	Debtors	Creditors
Non-current:				
Deferred taxation	16,513	1,895	12,837	1,307
	16,513	1,895	12,837	1,307
Current:				
Tax authorities - debtor for VAT	6,196	-	3,409	-
Social Security bodies (g)	17	942	46	931
Tax authority debtor on capital yields	7	-	7	-
Tax authorities creditor for IRPF (personal income tax)	-	632	-	618
Other Public Institutions	198	8	5	38
	6,418	1,582	3,467	1,587

From 1 January 1997 the Company ceased being subject to taxation under the individual Corporate Income Tax regime, passing over to the Group Taxation regime within the Tax Group that has "Inmobiliaria Espacio, S.A." as its Parent Company. This, however, does not exclude it from the tax obligations derived from the individual regime.

In the financial years 2001, 2002, 2003 and 2009 taxation under this regime generated positive results in respect of Corporate Income Tax by reason of the negative tax bases produced.

Under current legislation, taxes are not considered to be definitively settled until such time as the corresponding tax returns have been inspected by the tax authorities or until the four-year time bar period expires.

At 31 December 2018, the Company is open to inspection by the tax authorities of the principal taxes accrued in the financial years 2014, 2015, 2016, 2017 and 2018.

In accordance with the Corporate Income Tax Law, if, under the applicable rules for determining the tax base, this is negative, with effect for tax periods beginning on 1 January 2015, the negative taxable amount of a tax period can be offset against the positive revenue generated in the tax periods subsequent to that in which the negative tax base originated without any temporal limitation. This unlimited period also applies to negative tax bases that were outstanding at the beginning of the first tax period beginning on or after 1 January 2015, irrespective of the tax period in which such negative tax bases would have been generated.

The amount of compensation with positive revenue for the following tax periods is set at 25% of the previous taxable base or 1 million euros. It was initially established at 60% of the tax base.

Corporate income tax

The following is the detail of the corporate income tax charge accounted for, in thousand euros:

	2018	2017
Result for the year before tax	(19,069)	(44)
Permanent differences (1)	12,772	13,621
Timing differences	8,278	(3,188)
Arising in the year	8,925	1,046
Arising in prior financial years	(647)	(4,234)
Tax Base (result for tax purposes)	1,981	10,389
Tax rate (25%)	495	2,597
Deductions	(241)	(405)
Current tax charge (tax payable)	254	2,192
Prior year tax expenses	1,267	(540)
Deferred tax charge	(3,182)	1,176
Corporate Income Tax charge	(1,661)	2,828

(1) That correspond mainly to:

- Exempt dividends received from subsidiaries for a negative amount of 4,098 thousand euros (2,550 thousand euros in the previous financial year).

- Positive adjustments arising from the non-deductibility of the accounting impairments provided in financial 2018 on investments in equity instruments and the reversion in fifth parts of the endowments in financial years prior to 2013 that were considered deductible, according to the modification of the transitional provision sixteenth of the Corporation Tax Law under Royal Decree Law 3/2016 of 2 December. The total amounts to 14,720 thousand euros (13,558 thousand euros in the previous financial year).

The movement on deferred taxation generated and cancelled in the financial year 2018 is shown below, in thousand euros:

	31/12/2017	To Profit and Loss Account	To Equity	31/12/2018
Deferred taxation assets				
Adjustment of anticipated sales pending manufacture	-	(113)	711	598
Hedging derivatives	283	-	(147)	136
Limit on financial expenses (c)	3,831	2,259	-	6,090
Limit on depreciation (b)	848	(235)	-	613
Impairment of OHL shares	1,456	1,237	-	2,693
Replanting of the Huelva Pools (d)	6,374	(36)	-	6,338
Credit for losses to be compensated	45	-	-	45
	12,837	3,112	564	16,513
Deferred taxation liabilities				
Capital grants	18	-	658	676
Finance leases	207	30	-	237
Unrestricted depreciation (a)	988	(55)	-	933
Impairment of investments in equity of group companies (e)	94	(45)	-	49
	1,307	(70)	658	1,895

The movement on deferred taxation generated and cancelled in the financial year 2017 is shown below, in thousand euros:

	31/12/2016	To Profit and Loss Account	To Equity	31/12/2017
Deferred taxation assets				
Hedging derivatives	396	-	(113)	283
Limit on financial expenses (c)	4,963	(1,132)	-	3,831
Limit on depreciation (b)	1,221	(373)	-	848
Impairment of OHL shares	1,194	262	-	1,456
Replanting of the Huelva Pools (d)	6,378	(4)	-	6,374
Credit for losses to be compensated	45	-	-	45
	14,197	(1,247)	(113)	12,837
Deferred taxation liabilities				
Capital grants	41	-	(23)	18
Finance leases	165	42	-	207
Unrestricted depreciation (a)	1,043	(55)	-	988
Impairment of investments in equity of group companies (e)	152	(58)	-	94
	1,401	(71)	(23)	1,307

a) In the financial year 2012, the Company opted for what was provided for in the Eleventh Additional Provision of the Corporation Tax Law, Art. 1 four of the Royal Decree Law, 13/2010 making a negative timing adjustment to the accounting result for an amount of 5,050 thousand euros corresponding to the investment in property, plant and equipment in the financial year 2011, depreciation of which commenced in the financial year 2012, reduced by the amount recorded as depreciation for the financial year. A positive timing adjustment was made in the financial year 2018 for an amount of 220 thousand euros (220 thousand euros at the previous financial year-end).

b) In accordance with what is established in Law 16/2012 of 27 December art. 7, depreciation of property, plant and equipment, intangible assets and property investments corresponding to the tax periods starting with the years 2013 and 2014 for those institutions that, in themselves, do not meet the requirements set out in sections 1, 2 or 3 of art. 108 of the Consolidated Text of the Corporation Tax Law, that a deduction of up to 70 per cent which would be tax deductible had the aforementioned percentage not applied in accordance with sections 1 and 4 of article 11 of this Law.

The accounting depreciation that is not deductible for tax purposes by virtue of the provisions of this article is to be deducted on a straight-line basis over a period of 10 years or, optionally, over the useful life of the asset as from the first tax period starting within the year 2015. In 2018, a negative timing adjustment has been made for 784 thousand euros in this respect (In 2017, a negative timing adjustment was made for 1,245 thousand euros in this respect).

c) With effect for the tax periods started from 1 January 2012 the rule is that financial expenses will be deductible up to a limit of 30% of the operating profit for the financial year (Art. 20 of Royal Decree Law 4/2004).

Net financial expenses that cannot be deducted may be deducted in the tax periods that conclude within the 18 immediately successive years, along with those for the corresponding tax period and up to the previously stated limit. The time limit on deduction was eliminated from 1 January 2015.

In financial year 2018 a negative temporary adjustment was made in this concept for the amount of 3,969 thousand euros (3,312 euros in the previous financial year).

d) By reason of the execution of the ruling handed down by the National High Court dated 27 November 2004, in the ordinary proceedings 0000563/2004 and in compliance with the mandate established therein, Fertiberia, S.A. presented the "Construction project for the closing of the phosphogypsum pools located in the municipality of Huelva". In order to cover the additional cost over what was initially forecasted at the date of the ruling, which according to said project presented by Fertiberia S.A. supposes, a provision was made in 2014 against reserves for an amount of 25.5 million euros before tax (17.9 million euros after tax).

To determine the tax base for corporate income tax, in financial year 2014 a negative adjustment was made to the accounting result for the same amount, likewise a positive adjustment, also for the same amount, considering non-deductibility of said amount until the corresponding work to which these provisions correspond has been concluded.

The Company opted for the Royal Decree Law 7/1996, option on updating balance sheets..

Note 12. Provisions and contingencies

Provisions

The detail and movements on long-term provisions during the financial year 2018 is as follows, in thousand euros:

Type of provision	Balance at 31/12/2017	Charges	Applications	Transfers	Balance at 31/12/2018
Non-current					
Environmental actions for restructuring in Huelva (Notes 6 and 14)	41,675	-	(142)	-	41,533
	41,675	-	(142)	-	41,533
Current					
Gas emission allowances (Note 5)	6,812	14,085	(6,812)	-	14,085
Restructuring provisions (Note 13.b)	-	675	(170)	-	505
	6,812	14,760	(6,982)	-	14,590

Environmental actions for restructuring in Huelva

This provision was made in previous years to meet the environmental obligations necessary for the recovery of the phosphogypsum pools of Huelva, according to the detailed and basic engineering studies carried out by the companies Ardaman and EPTISA (Note 6). The financial estimate of the provision is based on said technical engineering and financial reports, taking into consideration the timetable for obtaining approval from the relevant authorities and the schedule for carrying out the work, and updating the anticipated future payments at a discount rate del 6.6%, equivalent to the cost of the Company's debt.

Restructuring provisions

At the end of the 2018 financial year an industrial plan was implemented at the Huelva factory in order to guarantee its viability. This plan includes a series of production and organisational measures, including adjustment of the factory's workforce, which affected 9 workers. These organisational and production measures were agreed with the Works Committee.

In the last quarter of financial year 2016, a light restructuring of the workforce has been addressed, affecting 20 workers, with the aim of adapting the workforce of the Company to the current requirements. This restructuring was agreed with the unions with the largest representation in the Company. In financial year 2017, this process was finalized and the provision was applied in its entirety.

The detail and movements on provisions during the previous financial year are as follows, in thousand euros:

Type of provision	Balance at 31/12/2016	Charges	Applications	Transfers	Balance at 31/12/2017
Non-current					
Environmental actions for restructuring in Huelva (Notes 6 and 14)	41,691	-	(16)	-	41.675
	41,691	-	(16)	-	41.675
Current					
Gas emission rights (Note 8)	8,715	6,812	(8,715)	-	6,812
Restructuring provisions	1,388	-	(1,388)	-	-
	10,103	6,812	(10,103)	-	6,812

Commitments and guarantees with third parties

At 31 December 2018 the Company had formalised guarantees with various credit institutions, basically as guarantee for supplies from certain raw materials suppliers for an approximate amount of 29,799 thousand euros (29,255 thousand euros in the previous financial year).

On 22 December 1999 Fertiberia, S.A. transferred to Inmobiliaria Espacio, S.A. all of its liabilities for participative accounts and credits with the Instituto de Crédito Oficial ("ICO") (the Official Credit Institute) and other insolvency creditors in the suspension of payments of Fesa Fertilizantes Españoles, S.A., with an amount pending maturity at 31 December 2018 of 99,571 thousand euros (108,487 thousand euros in the previous financial year). The repayment of the debt assumed by Inmobiliaria Espacio, S.A. is to be made under the repayment conditions established for Fertiberia, S.A.

Whilst the institutions holding the accounts and participative loans did not expressly authorise the assumption of the debt and subrogation by Inmobiliaria Espacio, S.A. in the Fertiberia, S.A. debtor position with these creditors, the latter continues to be jointly and severally liable for the repayment of these participative accounts and loans.

Also, on 30 December 2005 Fertiberia, S.A. transferred to Inmobiliaria Espacio, S.A. the whole of the liability that the former held with the ICO for the loans this had with Fesa Fertilizantes Españoles, S.A. and subsidiaries prior to 1995, with the amount pending maturity at 31 December 2018 amounting to 13,373 thousand euros (14,588 thousand euros in the previous financial year). The repayment of this liability assumed by Inmobiliaria Espacio, S.A. is to be carried out under the repayment conditions established for Fertiberia, S.A. However, it should be stated that until such time that the ICO expressly authorises said assumption and subrogation, Fertiberia, S.A. will continue to be jointly and severally liable for repaying this debt..

Note 13. Revenues and expenses

a) Supplies

This heading in the attached Profit and Loss Account at 31 December 2018 and 2017 is made up of the following, in thousand euros:

	2018	2017
Consumption of merchandise		
Purchases of merchandise	100,571	105,288
	100,571	105,288
Consumption of raw materials and other consumables		
Purchases of raw materials and other consumables	278,456	245,211
Variation in the stocks of raw materials and other consumables	(1,895)	(1,231)
	276,561	243,980
Impairment of merchandise, raw materials and other supplies	-	-
Totals	377,132	349,268

The detail of purchase by geographical markets at 31 December 2018 is as follows, in thousand euros:

	National purchases	Intracommunity acquisitions	Imports	Total
Purchases of merchandise	2,990	18,627	78,954	100,571
Purchases of raw materials	183,033	3,787	84,828	271,648
Purchases of other supplies	6,455	353	-	6,808
	192,478	22,767	163,782	379,027

The detail of purchase by geographical markets at 31 December 2017 is as follows, in thousand euros:

	National purchases	Intracommunity acquisitions	Imports	Total
Purchases of merchandise	1,504	21,404	82,380	105,288
Purchases of raw materials	148,730	6,504	82,960	238,194
Purchases of other supplies	6,500	517	-	7,017
	156,734	28,424	165,340	350,499

b) Personnel expenses

This heading in the attached Profit and Loss Account at 31 December 2018 and 2017 is made up of the following, in thousand euros:

	2018	2017
Wages and salaries	37,883	37,174
Indemnities (Note 12)	334	329
Salaries, wages and similar	38,217	37,503
Employer's Social Security contributions	10,003	9,893
Other social expenses	2,275	2,090
Social charges	12,278	11,983
Personnel expenses	50,495	49,486

c) Operating leases

The charge to results for the financial year 2018 in respect of operating leases amounted to 2,145 thousand euros (2,082 thousand euros in the previous financial year). This amount corresponds mainly to the lease of the Company's head offices. Most of the lease contract corresponds to contracts that are renewable annually.

d) Result on disposal of assets

This heading in the attached Profit and Loss Account at 31 December 2018 and 2017 is made up of the following, in thousand euros:

	2018	2017
Sale of Sulfuric plant of Huelva	-	473
	-	473

e) Financial results

This heading in the attached Profit and Loss Account at 31 December 2018 and 7s made up of the following, in thousand euros:

	2018	2017
Financial revenues		
Group companies (Note 17.1)	8,900	8,732
Holdings in the capital of group and associate companies (Note 7.3)	4,099	2,550
Other financial revenues	95	84
	13,094	11,366
Financial expenses		
Interest on long-term debts with credit institutions	8,430	4,686
Interest on current debts with credit institutions	2,032	2,099
Interest on the discounting of commercial paper	1,509	1,267
Interest on debts with group companies (Note 17.2)	2,896	1,163
Interest on debts with other companies	1,470	1,551
Other financial expenses	1	17
	16,338	10,783

f) Other Results

The composition of this heading of the attached Income Statement at 31 December 2018 and 2017 is as follows, in thousands of euros:

	2018	2017
Withdrawal of Endesa claim	(1,292)	-
Huelva Industrial Plan	(675)	-
Collection of Serbian debt	407	-
Sundry	(515)	(448)
	(2,075)	(448)

Note 14. Environmental information

Described below are the environmental obligations and contingencies that affect, or could affect in the future, the Company's financial position, as established by the Resolution from the Institute of Accounting and Account Audits (ICAC), dated 25/03/2002 and the General Accounting Plan.

The following investments intended for the protection and improvement of the environment were incorporated into fixed assets in the financial years 2018 and 2017, in thousand euros:

	2018	2017
Technical installations	-	1,009
Buildings	-	-
Other installations	105	31
	105	1.040

Ordinary expenses incurred in the financial years 2018 and 2017 in respect of the protection and improvement of the environment, such as waste treatment, the control and treatment of atmosphere contaminating emissions and the treatment of liquid effluents were recorded in the Profit and Loss Account by nature, the most significant being the following, in thousand euros:

	2018	2017
Other operating expenses	4,221	4,206
Supplies	1,986	1,334
Personnel expenses	803	756
	7,010	6,296

Ordinary revenues accounted for in 2018 for this item amounted to 179 thousand euros (233 thousand euros in the previous year).

Within the Provisions and Contingencies heading (Note 12) various provisions for environmental actions are recorded as described below:

Financial year 2018	31/12/2017	Charges	Applications	31/12/2018
Environmental actions	41,675	-	(142)	41,533
Gases emissions allowances (Note 8)	6,812	14,085	(6,812)	14,085
	48,487	14,085	(6,954)	55,618

Financial year 2017	31/12/2016	Charges	Applications	31/12/2017
Environmental actions Huelva restructuring (Note 6)	41,691	-	(16)	41,675
Gases emissions allowance (Note 8)	8,715	6,812	(8,715)	6,812
	50,406	6,812	(8,731)	48,487

Note 15. Grants, donations and legacies

The movement on this heading in the attached Balance Sheet during the financial years 2018 and 2017 was as follows:

	Thousands of euros
Balance at 31/12/2016	197
Additions	4,287
Allocation to results (net of tax effect)	(4,358)
Balance at 31/12/2017	126
Additions	8,157
Allocation to results (net of tax effect)	(6,184)
Balance at 31/12/2018	2,100

The grants relate mainly to the assistance received from the Ministry of Industry, Energy and Tourism in 2018 for improving the facilities at the Palos de la Frontera plant (Huelva), which were recorded in the income statement on the basis of the depreciation of the facilities in question. At the end of the 2018 financial year, the amount pending allocation to the income statement amounted to 2,026 thousand euros. Furthermore, additions and allocation to the results in 2018 and 2017 include the greenhouse gas emission allowances allocated to the Company for free (Note 8).

Note 16. Post balance sheet events

There have been no significant events since 31 December 2018 until the date of preparation of these financial statements that, if they were affected, would not have been included in them, or whose knowledge could be useful to a user of the same.

Note 17. Related party transactions

17.1 Balances between related parties

The detail of the balances held with related parties at 31 December 2018 and 2017 is as shown below, in thousand euros:

	31/12/2018		31/12/2017	
	Debtors	Creditors	Debtors	Creditors
NON-CURRENT				
Parent Company				
Grupo Villar Mir, S.A.U. (Note 7.1.2)	102,117	-	108,899	-
Other group companies				
ADP Fertilizantes, S.A.	-	-	-	13,727
La Almazara By Stark, S.L.	4,180	-	3,280	-
Total non-current	106,297	-	112,179	13,727
CURRENT				
Parent Company				
Grupo Villar Mir, S.A.U	18,883	-	17,555	-
Other group companies				
Fertial, SPA	528	78,885	465	57,755
Fercampo, S.A.	4,438	2	10,383	69
OHL, S.A.	-	-	-	1
ADP Fertilizantes, S.A.	2,925	478	3,789	585
Fertiberia la Mancha, S.L.	12,397	97	16,268	194
Fertiberia Andalucía, S.A.	6,401	21	9,369	81
Fertiberia Castilla-León, S.A	11,348	-	7,138	18
Agralia Fertilizantes, S.L.	4,477	9	2,694	20
Intergal Española, S.A.	2,106	-	(165)	-
Villar Mir Energía, S.L.	-	1,034	-	884
Enérgya VM Generación, S.L.	-	-	13	5,979
Enérgya VM Gestión de la Energía, S.L.	-	12,616	-	-
Fertiberia France S.A.S.	3,515	56	1,726	2
Avalora Tecnología de la Información, S.A.	-	3	-	14
Química del Estroncio, S.A.	421	493	248	74
On trade operations	48,556	93,694	51,928	65,676
Inmobiliaria Espacio, S.A.	137,548	-	134,953	-
Química del Estroncio, S.A.	7,580	-	13,120	-
Agrokem, S.A.	7	-	7	-
Agronomía Espacio, S.A.	7	-	7	-
Grupo Fertiberia, S.A.	126	-	133	-
Fertiberia la Mancha, S.L.	3	2,699	-	3,970
Fertiberia Castilla-León, S.A	-	191	-	197
Agralia Fertilizantes, S.L.	596	5,330	215	3,771
Arinver	972	-	971	-
Fertiberia Internacional, S.L.	2	-	2	-
Intergal Española, S.A.	242	6,086	-	6,244
Fertiberia France S.A.S.	34	-	1,017	-
Fertiberia Andalucía, S.A.	1,863	2,102	-	2,066
Fercampo, S.A.	8,829	-	156	1,974
Fertiberia Argelia	1	-	1	-
Fertiberia Capital	1	-	1	-
ADP Fertilizantes, S.A.	-	16,438	-	12,000
On non-trade operations	157,811	32,846	150,583	30,222
Total current	225,250	126,540	220,066	95,898

The debtor balances with ADP Fertilizantes, S.A. Fertiberia Andalucía, S.A., Fertiberia la Mancha, S.L., Agralia Fertilizantes, S.L., Fertiberia Castilla-León, S.A., Fercampo, S.A., Fertiberia France, S.A.S. and Intergal Española, S.A. correspond mostly to current trade operations, which are carried out under normal market conditions.

The creditor balance with Ferial, S.P.A. is trade in nature and corresponds to the purchases of raw materials made by Fertiberia, said purchases being made under normal market conditions.

The creditor balance with Enérgya VM Gestión de la Energía, S.L. corresponds to electricity supplied to Fertiberia, S.A. under normal market conditions.

The credit balance with ADP Fertilizantes, S.A. corresponds to a short-term loan granted for non-trade operations to Fertiberia on 22 April 2009, amounting to 20,000 thousand euros. The term is for a period of ten years, and the interest rate is Euribor + 0.25%.

The debtor balance with Inmobiliaria Espacio, S.A. corresponds mainly to the movements derived from the corporate income tax for 2018 and previous years and a Credit in Current Account granted by the Company to Inmobiliaria Espacio, S.A. with date of 1 January 2017 and Addendum on 29 December 2017. The limit of said credit is 125,000 thousand euros, the drawn balance at 31 December 2018 is 115,992 thousand euros (115,992 thousand euros in the previous year) and accrued interest amounting to 8,971 thousand euros (4,396 thousand euros in the previous year).

The current credit balances with Fertiberia la Mancha, S.L., Química del Estroncio, S.A., Fertiberia la Mancha, S.L., Agralia Fertilizantes, S.L., Fercampo, S.A. and Intergal Española, S.A. relate to the Current Account Treasury loan granted between Group companies with a term of one year tacitly renewable for annual periods, with an interest rate of 4%.

Related party transactions

The main transactions with Group and associate companies in the financial years 2018 and 2017 were as follows, in thousand euros:

	2018	2017
SALES AND OTHER OPERATING REVENUES:	199,310	193,619
Parent Company		
Grupo Villar Mir, S.L.	917	956
Other group companies		
ADP Fertilizantes, S.A.	68,138	67,546
Fertiberia La Mancha, S.L.	25,995	26,210
Fercampo, S.A.	30,466	29,780
Agralia Fertilizantes, S.L.	15,446	17,608
Fertiberia Andalucía, S.A.	11,961	17,407
Fertiberia Castilla-León, S.A.	15,332	9,775
Intergal Española, S.A.	6,286	4,653
Fertiberia France, S.A.S.	22,121	16,526
Química del Estroncio, S.A.	2,419	2,829
Fertial, SPA	38	139
Enérgya VM Generación, S.L.	108	128
Inmobiliaria Espacio, S.A.	83	62
PURCHASES AND OTHER OPERATING EXPENSES	203,389	190,195
Other group companies		
Fertial, SPA	108,366	112,670
Enérgya VM Gestión	59,035	46,502
ADP Fertilizantes, S.A.	21,591	18,872
Villar Mir Energía, S.L.	9,801	7,583
Espacio Information Technology, S.A.	1,575	1,424
Agralia Fertilizantes, S.L.	167	149
Fertiberia La Mancha, S.L.	364	623
Fertiberia Castilla-León, S.A.	85	142
Fertiberia Andalucía, S.A.	264	399
Fercampo, S.A.	24	538
Química del Estroncio, S.A.	1,951	794
Inmobiliaria Espacio, S.A.	5	-
Fertiberia France, S.A.S.	161	-
Grupo Villar Mir	-	499
Fertiberia France, S.A.S.	-	689
Grupo Villar Mir	499	-
FINANCIAL EXPENSES:	2,896	1,163
Parent Company		
Grupo Villar Mir, S.L.	725	-
Other group companies		
Fertial, SPA	899	851
Fertiberia Castilla-León, S.A.	-	8
ADP Fertilizantes, S.A.	32	33
Fertiberia La Mancha, S.L.	14	55
Agralia Fertilizantes, S.L.	209	180
Fercampo	8	5
Intergal	224	31
Enérgya VM Gestión	785	-

	2018	2017
FINANCIAL REVENUES:	8,900	8,732
Parent Company		
Grupo Villar Mir, S.L.	4,145	4,261
Other group companies		
Fertiberia France, S.A.S.	-	74
Inmobiliaria Espacio	4,575	4,396
Fertiberia Castilla Leon	6	-
Fertiberia de Andalucía	32	-
Fertiberia La Mancha	11	-
Fercampo	91	-
Fertiberia France	40	-
Arinver	-	1

17.2 Remuneration and other benefits for the Board of Directors and Senior Management

During the financial year 2018 the Company paid remuneration to the Board of Directors for a total amount of 210 thousand euros (150 thousand euros in the previous financial year).

The remuneration by way of Salaries and Wages in the financial year 2018 for members of the Board of Directors and Senior Management amounted to 2,648 thousand euros (2,565 thousand euros in the previous financial year).

There were no loans or advances granted to members of the Board of Directors.

1. Other information relating to the Directors: The administration body has set up a control and evaluation procedure so that the members of the Board of Directors provide the Board with all the information corresponding to the compliance with that provided for in Chapter III, Title IV of the Capital Companies Act.

- This procedure is currently in force.
- The members of the Board of Directors maintain in their registers a record of the request for information and reply obtained in connection with the obligations derived from articles 229, 230 and 231 of the Capital Companies Act.
- From the information remitted by the Directors in compliance with the aforementioned articles 229, 230 and 231 of the Capital Companies Act, it can be seen that none of them or any person related to them is in any conflict of interest, direct or indirect, with that of the Company.

Note 18. Other information

The average number of persons employed during the financial years 2018 and 2017 was as follows, distributed by categories and gender:

	2018			2017		
	Men	Women	Total average number	Men	Women	Total average number
Senior technicians	109	38	147	114	33	147
Medium grade technicians	60	19	79	56	17	73
Unqualified technicians	130	11	141	134	14	148
Administrative staff	19	50	69	27	50	77
Operations workers	311	19	330	310	16	326
Junior employees	1	-	1	1	-	1
Other non-permanent personnel	7	11	18	9	7	16
	637	148	785	651	137	788

The average number of persons employed during the financial years 2018 and 2017, broken down by gender and category with disability greater than or equal to 33%, is as follows:

	2018			2017		
	Men	Women	Total average number	Men	Women	Total average number
Senior technicians	3	-	3	3	-	3
Medium grade technicians	1	-	1	1	-	1
Unqualified technicians	2	1	3	3	1	4
Administrative staff	2	1	3	3	1	4
Operations workers	6	-	6	7	-	7
Junior employees	-	-	-	-	-	-
Other non-permanent personnel	-	-	-	-	-	-
	14	2	16	17	2	19

The amount of the fees accrued for audit of the financial statements and other financial statements corresponding to the financial year ended 31 December 2018 amounted to 107 thousand euros (112 thousand euros in the previous financial year) and 22 thousand euros for other services (3 thousand euros in the previous financial year).

Note 19. Segmented information

The distribution of the net turnover for the Company's ordinary activities for 2018 and 2017 by geographical markets is as shown below, in thousand euros:

	2018	%	2017	%
Spain	363,867	66	344,189	65
European Union	169,935	31	168,997	32
Rest of the World	17,208	3	17,429	3
	551,010	100	530,615	100

Practically all of the net turnover corresponds to sales of chemical products for agriculture.

03
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report
2016

Evolution of the fertilisers market in Spain

The international cereal market has been marked by lower production worldwide, with forecasts for the next season also pointing to a reduction, which suggests a significant reduction in stocks worldwide. In this context, cereal prices internationally have progressed in a positive direction, but can still be regarded as low.

In 2018, the FAO Cereal Price Index was at an average level of 165 points, which is 9% up on 2017, but still 31% below its highest level in 2011. On the other hand, the FAO Food Price Index fell by 3.5% in 2018, and was 27% lower than the all-time high of 2011. Sugar prices fell most in 2018, followed by of vegetable oils, meat, and dairy products.

On the other hand, it should also be said that the US dollar rose against the euro in 2018. The price of oil rose significantly until October, and then fell sharply in the last two months of the year. The price of natural gas, the main raw material for the manufacture of fertilizers, has increased considerably in the European markets.

The price of ammonia and the main fertilizers have increased progressively on the international market, continuing the recovery that began in 2017, although it was still at much lower levels in comparison with historical averages.

The application of fertilizers had been affected by the following fundamental factors:

- The sowing and fertilization of autumn and winter crops in 2017 took place in intermittent conditions and with lower than usual applications of basal dressing. Ultimately, the area sown was the same as in the previous period.
- From January 2018 onwards, rainfall was higher than average. The significant improvement of crops as a result of the rain and the prospect of good harvests improved the application of fertilizers very markedly, leading to good, although delayed, cover of extensive crops.
- Irrigated land was sown without any restriction on water for irrigation, and only subject, in terms of area, by market trends and low prices commanded, for example, by maize. This crop has once again seen a further reduction in the area devoted to it.
- The abundant rainfall of autumn 2018 hindered and delayed sowing and basal dressing of crops, in some cases, delaying applications.

In this context, the consumption of fertilizers increased by 5% in 2018 compared with 2017.

The market has grown by 2% in simple nitrogenous products, mainly due to the higher pressure of imports. Phosphates have recovered by an estimated 13%, and the market of complex fertilizers has seen an increase of 8% (imports of NPK have increased very significantly while ammonium phosphates have decreased).

The first estimates of the Ministry of Agriculture, Fisheries and Food indicate that Agricultural Revenues, which in current terms was 30,217 million euros, increased by 4.3% over the previous year. In constant terms per annual work unit, there has been an increase of 3.7%.

Crop yields increased by 7.8%, mainly due to the increase in the quantities produced, 8.3%, since prices fell by 0.6%.

Bad weather in 2017 greatly affected crop yields, which had largely recovered by 2018. Cereal production increased by 43.1%, wine and must by 38.4%, fodder crops 25.7% and fruit 6.4%. However, the production of olive oil fell by 7.4%, potatoes by 10.2% and vegetables by 2.2%.

With regard to prices, those of fruit, vegetables and cereals have increased moderately, but those of olive oil, wine and must have fallen significantly, and fodder a little less.

Intermediate consumption increased by 6.3% compared with the previous year. The volume consumed has risen by 2.9% and prices by 3.3%.

Expenditure on fertilizers and amendments, 1,958 million euros, increased by 10.2%. The MAPA estimates that the volume of this item has increased by 7.4% and prices by 2.6% (taking into account that this item includes not only mineral fertilizers but also organic fertilizers and amendments).

Commercial Area

Fertiberia's turnover amounted to 551 million euros, representing an increase of 3% compared with 2017. The volume sold, 2.4 million tons, was slightly lower than that recorded in 2017. The development of prices has been very remarkable, and after years of falling prices and levels well below what is considered "normal", they rose significantly in the course of the year, the average prices of all the products sold being 6% higher than the previous year.

Sales in the domestic market were 364 million euros, while exports amounted to 187 million euros. In the domestic market for fertilizers, 1.1 million tons have been delivered, including special products, a figure very similar to that recorded for 2017, although the rise in prices referred to above, almost 7% in the mix of products of this subsector, allowed billing to increase by 3%, exceeding 252 million euros.

The sale of fertilizers on the Spanish market has been affected by variable weather, but this impacted the set of so-called traditional fertilizers, intended for extensive crops, to a much greater extent. However, the increase in average prices compared with 2017 has allowed turnover to be maintained.

There has been enormous progress in the sale of special products, a range of fertilizers that, in 2018, already accounted for 30% of the sales volume of fertilizers distributed in the Spanish market, and 28% of turnover. These data are the result of the strategy set by Fertiberia to promote the manufacture and sale of products that generate greater added value and higher margins.

In the export markets, 522,000 tons of fertilizers have been distributed, 4% less than in the previous year. Despite this, the recovery of prices has allowed turnover to grow by 5%, exceeding 109 million euros. The sale of special fertilizers is also becoming stronger in the export market. In addition to exports to traditional and consolidated European markets, where Fertiberia products enjoys great prestige, exports are extending year after year to new, developing markets, especially in South America and Africa.

Sales of products for industry, which in 2018 represented 34% of the company's turnover, have exceeded 807,000 tons, with a turnover of 185 million euros. In terms of volume, the year's progress has been very similar to that of 2017, although the 1% rise in prices has allowed turnover to grow by almost 2%. Attention should be drawn to the important role of exports in this business area, which in 2018 represented 43% of turnover.

Principal marketing actions

Fertiberia has intensified its presence in the sector's media, both for the promotion of its products, and to collaborate with publications of a promotional nature in which Fertiberia contributes to the spread of good fertilization practices, as well as organising conferences and workshops for farmers and professionals in general.

Direct marketing and joint promotions have continued to be undertaken. In this respect, attendance at the most important agricultural fairs held in Spain should be mentioned, and the continuation of the project, initiated years ago, of flagging customers' facilities.

In addition, Fertiberia maintains its social commitment, carrying out cultural, academic and sports activities of various kinds, including:

- Sponsoring the Vuelta Ciclista a España, the Cycling Tour of Spain, which has taken place annually for the last 23 years.
- Sponsoring the Puerto Sagunto Handball Club, which began in the 2012/2013 season.
- Holding the XXII Children's Rural Painting Competition.

Industrial Division

Combined total production increased by 2.2% in 2018 compared with the previous year, exceeding three million tons, and was the highest output of the last five years for the second consecutive year.

	Real (Tonnes)	Budget (Tonnes)
Ammonia	530,768	606,205
Nitric acid	676,046	630,775
Total Ammonium Nitrates	1,062,033	953,844
Urea	341,638	361,096
NPK	125,423	205,747
Solutions	281,794	286,669
Totals	3,017,702	3,044,336

The 9% increase in ammonia production, 18% in urea and maintaining production levels of nitric acid, nitrates and nitrogenous solutions should be highlighted. The good performance in these areas has compensated for the 17% decrease in NPK complex fertilizers.

Avilés Factory

Continuing its good results of the previous year, the Avilés factory has exceeded all expectations in 2018. Output of nitric acid increased by 4.8% to 206 thousand tons, establishing an all-time record after 49 years of continuous operation.

A record in ammonium nitrosulphate production was achieved for the second consecutive year, with an increase of 8.2%. The combination of these two factors also made it possible to achieve the highest output of granulated fertilizers in the plant's history.

	Real (Tonnes)	Budget (Tonnes)
Nitric acid	206,567	190,025
NACs	212,724	190,737
NSA	247,437	219,780
NMg Solution	4,219	2,530
LNA	1,646	338
SAM Solution	13,022	15,975
	685,615	619,385

Huelva Factory

2018 was a complicated year, in which the production of complex fertilizers decreased by 17% as a result of operational problems and lower than expected volume of sales.

However, it is worth mentioning the consolidation of production of the N+S fertilizer that inhibits the loss of ammonia through volatilization, "ASUre + Retard".

With the agreement of union representatives, an ambitious industrial improvement plan was launched in the second half of the year.

	Real (Tonnes)	Budget (Tonnes)
NPK	125,423	205,747

Fábrica de Palos

2018 was a year of operational stability at the Palos factory. Production of ammonia increased by 20.5%, while the consumption of natural gas per ton of ammonia produced, and therefore associated CO₂ emissions, decreased by 4.1%.

The significant investments made in energy efficiency in previous years allowed the lowest ever consumption of natural gas and the lowest emission of CO₂ per ton produced during a period of maximum load to be achieved in February.

In addition, new annual production records for urea liquor and DeNOx/AdBlue solutions were established.

	Real (Tonnes)	Budget (Tonnes)
Ammonia	357,095	396,630
Urea	228,621	224,696
AD-Blue	89,215	84,400
Other solutions	7,588	4,800
	682,519	710,526

Puertollano Factory

Production of ammonia and urea fell by 9.6% and 7.8% respectively as a result of unscheduled stoppages at the urea plants in April and at the ammonia plant in August.

The nitric and nitrate plants had a very stable output, and their production was practically identical to that of 2017, and new production records were established for "technical-dense" grade ammonium nitrate, ammoniacal solution and "N-green" solution.

Finally, the development of new products aimed at the environmental and fertirrigation segment such as "DeNOx" urea grade and miniprill foliar grade urea, as well as the entry into production of the new automated packaging facility should be noted.

	Real (Tonnes)	Budget (Tonnes)
Ammonia	173,673	209,575
Urea	113,017	136,400
Nitric acid	156,418	152,560
NAC	42,640	20,251
NASol.	50,547	69,977
NAT	64,113	60,630
Nitrogenized solutions	97,136	101,801
	697,544	751,194

Sagunto Factory

The Sagunto factory remained, once again, a benchmark for operational excellence in the Fertiberia Group. In 2018, the five-year main equipment review shutdown was carried out in record time.

Production increased by 8%, mainly as a result of the consolidation of the load increase in the nitric acid plant, carried out in 2017. New all-time records have been achieved in the production of ammonium nitrates with sulphur and ammoniacal solution.

	Real (Tonnes)	Budget (Tonnes)
Nitric acid	313,061	288,190
NAC	440,562	390,899
SNCa	36,739	41,795
SN20	15,838	20,518
SAM	18,037	14,850
LNA	2,364	1,232
	826,601	757,484

Energy and raw material consumptions

The net energy consumption for the factories as a whole amounted to:

	Gwh
Natural Gas	6,039.86
Electricity	219.89
Total	6,259.75

The electricity generated using the thermal energy involved in the processes amounted to 52.47 Gwh. By factories:

	Energía Eléctrica (Gwh)
Avilés	18.08
Palos	3.19
Sagunto	31.20
Total	52.47

The consumption of the main raw materials expressed in Kt was as follows:

	Total
Ammonia	656.5
Sulfuric acid	112.6
Nitric acid	646.3
Phosphoric Acid (P205)	10.6
DAP	8.0
Potassium Chloride	24.9
Ammonium Sulphate	27.2

Product despatches

The amount despatched in the different factories, expressed in Kt and detailed by type of product was:

Solids	1,482.1
Ammonia	133.8
Liquids	331.0
Total	1,946.9

Investments

In 2018 investments valued at 10.6 million euros were made in Fertiberia plants as a whole.

These investments were designed to maintain assets at optimum performance, improve results, and ensure protection of the environment and industrial safety.

Distribution by type:

	Thousand €
Productive investments	3,403
Environment and Safety	114
Catalysers	1,074
Others	5,965
Total	10,556

Distribution by factory:

	Miles de Euros
Avilés	1.692
Huelva	864
Palos	622
Puertollano	3.560
Sagunto	3.544
Almacenes	274
Total	10.556

Quality

Fertiberia, in its commitment to the quality of the fertilizers and industrial products it supplies, has developed the Integrated Management System (IMS) in accordance with international standard UNE-EN ISO 9001:2015.

Since customer satisfaction is one of the most important aspects of the Quality Management System, direct consultations with the customers are encouraged to find out their degree of satisfaction and to learn about their expectations, which are taken into account when designing the product. The overall result of the last Customer Satisfaction Index was 79.5%, which suggests customers are "Very Satisfied".

Respect for the environment and energy efficiency

The integration of Best Environmental Practices into all the company's operations has produced very satisfactory results in terms of emissions at all production centres. All of them comply with the strictest regulations imposed by the Autonomous Communities and show that the trend is one of continuous improvement.

Fertiberia products, such as AdBlue or high purity ammonia and ureic solutions, play a fundamental role in the elimination of NOx gases, and it is the largest producer, both in automotive and other industries of various sectors.

Fertiberia is responsible for the reduction of 10% of all NO2 emissions recorded in Spain.

Climate change

Fertiberia remains committed to reducing its Greenhouse Gas (GHG) emissions. This commitment can be seen in the level of N2O gas emissions from its nitric acid plants. This nitrous gas, with a greenhouse effect 300 times higher than CO2, has been reduced to a minimum by applying the latest and most advanced technology.

Despite the significant investments made in terms of energy efficiency, especially in the ammonia plants, Fertiberia has been in deficit in the allocation of free CO2 allowances. It is the ammonia plants that have suffered an allowance deficit with respect to those allocated, so it has been necessary to access the carbon rights market, like other European ammonia producers.

Energy efficiency

In 2018 the projects to improve the energy efficiency of the Palos de la Frontera and Puertollano ammonia plants have been consolidated. These projects to reduce energy consumption have reduced CO2 emissions by more than 60,000 tons per year at the Palos plant and by 30,000 tons at the Puertollano plant. The year-on-year reduction of CO2 and N2O emissions have resulted in a decrease of 48% in the period 2008-2018.

In its commitment to the Environment and energy efficiency, Fertiberia continues its work of launching projects to improve energy consumption in all its production plants.

Environmental investments

Investments of 693,600 euros in energy efficiency at the Avilés plant for a total have been approved. In addition, other environmental investments in all the plants, worth more than 114,000 euros, have been made.

Safety

The results obtained in terms of safety in 2018 have been very satisfactory. The Puertollano and Huelva plants have broken their own records of Auxiliary Company employees' "accident-free days", with 3,154 and 1,243 days, respectively. We are not completely satisfied, however, since we have been unable to achieve the ambitious target of "Zero Accidents".

Fertiberia has a complete and recognized "Safety Management System" whose main axis of action is the identification and mitigation of labour and industrial risks linked to its activity. Therefore, as usual, the OHSAS 18001: 2007 Certification audits were more than notably passed in all factories.

Safety training

Safety training is a key pillar in the conscience awareness of all people who work in the Fertiberia production centres. Year after year, Fertiberia works hard to train employees, especially those in the Emergency Teams.

Prevention of Occupational Risks

In 2018 all Fertiberia factories and warehouses far exceeded the preventive activity programmed, completing a total of 3,065 management tools of various kinds.

Accident rates

The frequency index measures the number of accidents with sick leave for every million hours worked. In 2018, this index, relating to our own staff, stood at 5.45, slightly higher than the average for companies in the sector (FEIQUE).

The severity index measures the number of days lost due to accidents with a loss for every thousand hours worked. In 2018, this index was 0.28 compared with the average for the sector, which was 0.46 work days.

Results

The sector's trend towards recovery that began in 2017 has continued throughout the 2018 financial year, after an exceptionally poor year in 2016.

Prices of final products have evolved positively, especially in the last quarter of the year.

From the operational point of view, as stated in previous sections of this Management Report, excellent levels of nitric acid production and NAC27 and NSA final products have been achieved, and energy efficiency levels have also achieved all-time records.

However, the abrupt and unexpected rise in the price of natural gas (the main raw material in the ammonia manufacturing process) in Europe and Asia that has occurred since August has had a very negative impact on manufacturing costs at the Palos and Puertollano ammonia plants, and therefore on the results of the financial year.

Fertiberia has continued to develop its transformational programme of diversifying towards increasingly differentiated products that generate higher margins, maintaining its market share, and managing the evolution of working capital in a disciplined manner.

The results obtained reflect the recovery that started in 2017, although the figures reached are clearly still lower than those that should be achieved in a year that might be considered normal in the cycle of the fertilizer sector:

- EBITDA was 6.2 million euros, against the 0.3 million euros reached in financial year 2017.
- Operating revenue (EBIT) was -6.2 million euros, compared to -0.3 million euros for financial year 2017.

The net result for the 2018 financial year was a loss of 17.4 million euros, which includes extraordinary items such as a negative adjustment of 5 million euros for the variation in the value of the shares of the listed company OHL that Fertiberia holds on its balance sheet.

- The total net bank debt of the Company (net of treasury and IFTs) amounts to 155.83 million euros. Here it is important to say that during the 2018 financial year the Company succeeded in stabilising its debt structure by signing long-term financing for a total of 190 million euros in July with the participation, together with the banks that provided the previous syndicated financing (Banco Santander, Banco Bilbao Argentaria, Bankia, Bankinter, Caixabank, Cooperatieve Rabobank, HSBC, and Banco Sabadell), of Kartesia Securities, S.A. and Kartesia Securities IV, S.A. funds.

Prospects for 2019

At the international level, there is a generalized confidence in the positive evolution of the sector, supported by multiple indicators:

- The progressive reduction in the nitrogen capacity at a global level, with long-term increases in demand that exceed output.
- The increase in demand in countries such as India and Brazil, large consumers of fertilisers, together with the reduction of exports of urea from China. Similarly, the sanctions imposed on Iran, a traditional exporter of urea, will have a positive impact on fertilizer prices.
- Stocks of agricultural products worldwide continue to fall, which together with the forecasts of a growth in demand, should translate into a strengthening of the prices of agricultural products, an essential factor for encouraging the consumption of fertilizers.

In this context, in 2019 Fertiberia should benefit from all the initiatives and actions designed to increase profitability that were carried out in previous financial years:

- Investments in ammonia production plants (Palos and Puertollano) to improve energy efficiency in the consumption of natural gas, together with new gas supply contracts with better conditions.
- The development and launch of new high-margin products such as urea low in "biuret" and "miniprilled", or De-Nox products.
- Development of the commercial platform, with the recruitment and training of a sales force for special high-value products, together with the reorganisation of brands and product catalogues.
- Improvements in logistics, with a new storage unit for sulphuric acid in the Avilés factory going into operation, the renegotiation of "time charter" contracts for the carriage of ammonia by sea, our supplier Fertil Algérie's reduction in the price of ammonia, and new packing lines for bagging the final product in Palos and Puertollano.
- Restructuring the NPK plant in Huelva, reducing the number of employees by 17%.

Likewise, the natural gas price futures on the European indexes indicate a significant reduction compared with prices in the last quarter of 2018, which should result in better results for Fertiberia.

In this context, Fertiberia faces 2019 as a solid company, with a leading position in the market, with increasingly innovative products, and with industrial assets that in 2018 have generated historically high production and with a very high degree of energy efficiency.

Market Study and Investigation

The Directorate of Market Research and Studies is carrying out different actions, which are decisive in facilitating the work of the company's commercial departments. These include, amongst others:

- An exhaustive and on-going analysis of the regulations affecting the fertilizer sector in collaboration with the Spanish and EU governments, which takes the form of:
 - Drafting regulations relating to the fertilizer sector and the environment;
 - Submission of amendments and proposals on issues such as EU and Spanish legislation on fertilizers;
 - Submission of environmental proposals on issues such as Areas Vulnerable to pollution by nitrates;
 - Preparation of national balance sheets of nitrogen and phosphorus;
 - Establishing regulations on good agricultural practices;
 - Establishing and applying regulations on precursors to explosives, in the fertilizer register; etc.

Work has been done with the Spanish Ministry of Agriculture, Fisheries and Food, the Permanent Representative of Spain before the European Union, members of the European Parliament, ANFFE and, in the field of Fertilizers Europe, on the text of the future European Regulation on Fertilizers.

It should be noted that, after two years of intense debate, on 20 November, the Trilogue (European Commission, Council and Parliament) reached agreement on the proposal for a Regulation on fertilizers, which is scheduled to be approved by the Parliament by next March.

We have also collaborated very actively in the Draft Royal Decree establishing standards to achieve sustainable nutrition of agricultural soils, monitoring the Spanish, European and global fertilizer markets.

Intense cooperation has been maintained with IFA, providing data and analysis for producing statistics and forecasts for the sector throughout the world.

Within Fertilizer Europe, work has been done on the Statistics Committee, and the preparation of the Forecast of Food, Farming and Fertilizer Use should be noted. This is a very important document concerning agriculture and the environment.

Fertiberia actively works within ANFFE on the preparation of sectoral statistics, which are published by the Government and are used for drawing up regulations on the environment.

Reports and studies are prepared on prices of agricultural products and fertilizers, and on national and international competition.

Actions in Defence of Trade

In response to trading in breach of market rules, Fertilizer Europe does important work to establish the protective measures laid down in EU legislation to prevent irregular imports in defence of European industry.

It works hard to identify illegal practices, reporting them to the competent Spanish and EU authorities, and prepare documentation and arguments to defend the Company's interests.

Accordingly, Fertiberia takes part on Fertilizer Europe's Committee of Experts on Trade Policy and in the Working Groups created to establish anti-dumping procedures in various fertilizer groups.

We have also worked with the Secretary of State for Commerce on modernizing instruments for defending trade, on various EU trade agreements, as well as on the reduction of the associated customs tariffs, and in the application of contingents, and other related matters.

Fertiberia Chair of Agro-Environmental Studies

Through this Chair, Fertiberia participates in Masters Courses and seminars, in particular the Fertilization Course organised by the Ministry of Agriculture, Fisheries and Food. It is responsible for the relationship with the Polytechnic University of Madrid, and particularly with the Fertiberia Chair of Agro-environmental Studies, founded in 2007, which is involved in very diverse fields, such as training, and in scientific, technical and environmental areas.

Throughout 2018, the Chair's activities have been very diverse, such as the 11th Fertilization Conference on Sustainable Agriculture: "The Circular Economy and Innovation", and the XI Awards for the Best UPM Degree and Master's Degree Final Year Theses and Projects.

R&D and Agronomic Services

The CTA Fertiberia-University of Seville has promoted integration with the faculties and centres of the University of Seville, and has signed five new collaboration agreements relating to plant nutrition in 2018.

CTA-Fertiberia's modern facilities have been expanded with two new services: molecular biology and X-ray diffraction, increasing services to the company and its customers.

In 2018 collaboration agreements were also maintained with 12 research centres and universities, recently collaborating with the Dutch university of Wageningen, the most prestigious centre for agricultural technology research in Europe.

The Agronomic Laboratory has continued to provide an important soil, foliar and water analysis service, performing more than 6,000 analyses and fertilizer recommendations for the customers of Fertiberia and its subsidiaries, and providing analytical support to the company's R&D activities. A new activity is providing laboratory support for quality control at the company's production centres.

The presentation of new fertilizer products has been accompanied by a policy to actively publicise them, with promotional events, and participation in numerous technical and scientific forums.

The Company has been very active on social networks on the basis of the field results of new fertilizers. This has been very successful and is acknowledged by the sector, drawing attention to this new way of communicating results.

The generation of brief infographics on new product lines, sent to customers and farmers via WhatsApp, has been very well received, and has served as technical support to the Marketing Department, providing great support for marketing. The blog hosted on the fertiberia.com website, along with platforms such as LinkedIn, has also provided support for the publicising numerous articles linked to the proper use of fertilizers and the world in which they are used.

The Agronomic Service has actively participated in print media, television and radio, with 92 technical/marketing promotional actions.

Labour Matters

The most important event relating to labour relations in 2018 was the negotiation and signing of a new Collective Agreement, which applies to the Company as a whole, and is valid for four years, ending on 31 December 2021.

In December 2018 the implementation of the Partial Retirement Plan-Handover Contract, which has been applied since 2004, ended. The current Collective Agreement provides for the possibility of negotiating a new partial retirement plan.

In the 2004-2018 period, 455 relief contracts were signed which, in addition to covering 128 vacancies, have enabled 77% of the workforce to be replaced. The average age of the latter is currently 40.6 years.

The training plans implemented in the Company's work places, and which focus on the continuous improvement of employees' skills, have allowed 61,000 hours of training to be given. This represents an average of 80 hours' training per person.

The permanent staff at 31 December 2018 was 769 workers. Their distribution by occupational category, is as follows:

Executive staff and qualified technicians	29,2%
Operations workers	
Administrative staff	8,7%
Unqualified technicians	18,8%

Operations with own shares

None have occurred.

Post balance sheet events

There have been no significant events since 31 December 2018 until the date of preparation of these financial statements that, if they were affected, would not have been included in them or whose knowledge could be useful to a user of the same

Estado de información no financiera

In accordance with Act 11/2018, of December 28, the Company is exempt from the obligation of presenting a Statement of Non-Financial Information when this information is included in the consolidated management report of Grupo Villar Mir, S.A. and its subsidiaries, in which this obligation is met. The consolidated financial statements of Grupo Villar Mir, S.A. and subsidiaries will be deposited, together with the consolidated management report, in the Commercial Register of Madrid.

04

**proposal
for the
distribution
of the result**

Proposal for the distribution of the results from financial year 2018

It is proposed to apply the losses for the year amounting to 17,408,487.50 euros to Negative Results for Previous Financial Years.

Madrid, 28 March de 2019