Financial Statements ENAIRE 2018

AUDITORÍA DE CUENTAS INDIVIDUALES

ENAIRE Ejercicio 2018

Plan de control AP 2019

Código AUDInet 2019/409

Oficina Nacional de Auditoría

ÍNDICE

I. INTRODUCCIÓN

La Intervención General de la Administración del Estado, a través de la Oficina Nacional de Auditoría en uso de las competencias que le atribuye el artículo 168 de la Ley General Presupuestaria ha auditado las cuentas anuales de 2018 que comprenden, el balance de situación a 31 de diciembre de 2018, la cuenta de pérdidas y ganancias, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria correspondiente al ejercicio anual terminado en dicha fecha.

El Presidente de la Entidad Pública Empresarial ENAIRE es responsable de la formulación de las cuentas anuales de la entidad de acuerdo con el marco de información financiera que se detalla en la nota 2 de la memoria adjunta y en particular de acuerdo con los principios y criterios contables, asimismo, es responsable del control interno que considere necesario para permitir que la preparación de las citadas cuentas anuales esté libre de incorrección material.

Las cuentas anuales a las que se refiere el presente informe, han sido formuladas por el Presidente de ENAIRE el 29 de marzo de 2019 y puestas a disposición de la Oficina Nacional de Auditoría telemáticamente el mismo día.

La información relativa a las cuentas anuales queda contenida en el fichero NF0829_2018_F_190329_132851_Cuentas.zip cuyo resumen electrónico es 8EF83E3A7607B3560E5D5E45A2BD6F8D6358E20AB9C376A0FB626533220C2890 y está depositado en la aplicación CICEP.Red de la Intervención General de la Administración del Estado.

II. OBJETIVO Y ALCANCE DEL TRABAJO: RESPONSABILIDAD DE LOS AUDITORES

Nuestra responsabilidad es emitir una opinión sobre si las cuentas anuales adjuntas expresan la imagen fiel, basada en el trabajo realizado de acuerdo con las Normas de Auditoría del Sector Público. Dichas normas exigen que planifiquemos y ejecutemos la auditoría con el fin de obtener una seguridad razonable, aunque no absoluta, de que las cuentas anuales están libres de incorrección material.

Una auditoría conlleva la aplicación de procedimientos para obtener evidencia adecuada y suficiente sobre los importes y la información recogida en las cuentas anuales. Los procedimientos seleccionados dependen del juicio del auditor, incluida la valoración de los riesgos de incorrección material en las cuentas anuales. Al efectuar dichas valoraciones del riesgo, el auditor tiene en cuenta el control interno relevante para la preparación y presentación razonable por parte del gestor de las cuentas anuales, con el fin de diseñar los procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la entidad. Una auditoría también incluye la evaluación de la adecuación de los criterios contables y de la razonabilidad de las estimaciones contables realizadas por el gestor, así como la evaluación de la presentación global de las cuentas anuales.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para emitir nuestra opinión de auditoría.

III. OPINIÓN

En nuestra opinión, las cuentas anuales adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de ENAIRE a 31 de diciembre de 2018, así como de sus resultados y flujos de efectivo correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con el marco normativo de información financiera que resulta de aplicación y, en particular con los principios y criterios contables contenidos en el mismo.

IV. INFORME SOBRE OTROS REQUERIMIENTOS LEGALES Y REGLAMENTARIOS

La Entidad Pública Empresarial ENAIRE elabora un Informe de Gestión que contiene los datos más significativos de la Entidad y de su gestión a lo largo del año 2018 y no forma parte integrante de las cuentas anuales.

Asimismo, de conformidad con lo previsto en el artículo 129.3 de la Ley General Presupuestaria, ENAIRE tiene que presentar junto con las cuentas anuales, un informe relativo al cumplimiento de las obligaciones de carácter económico-financiero que asume como consecuencia de su pertenencia al sector público.

Nuestro trabajo se ha limitado a verificar que dichos informes se han elaborado de acuerdo con su normativa reguladora y que la información contable que contienen concuerda con la de las cuentas anuales auditadas.

El presente informe de auditoría ha sido firmado electrónicamente a través de la aplicación CICEP.Red de la Intervención General de la Administración del Estado por una Auditora Nacional, Directora de Equipos y por la Jefe de División IV de la Oficina Nacional de Auditoría, en Madrid, a 24 de mayo de 2019.

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PUBLIC CORPORATE ENTITY "ENAIRe"
BALANCE SHEET AS OF 31 DECEMBER 2018
(IN Thousands of euros)

Assets	Annual Report Report	Financial Year 2018	Financial Year 2017
NON-CURRENT ASSETS:			
Property, plant and equipment	Note 5	108.785	99.864
Procedure		24.820	19.435
Computer software		80.168	78.725
Other intangible fixed assets		3.797	1.704
Property, plant and equipment	Note 6	470.181	479.380
Land and buildings		125.511	129.784
Technical Facilities and machinery		154.233	181.718
Other installations, tools and furniture		56.072	59.987
Other property, plant and equipment		19.647	13.310
Property, plant and equipment in the course of construction		114.718	94.581
Long-term investments in group and associated companies		6.669.220	7.434.923
Equity Instruments	Note 8.3	1.330.706	1.330.706
Credits to companies	Note 8.1 and 17	5.338.514	6.104.217
Long-term financial investments		564	564
Equity instruments	Note 8.1-a	564	564
Long-term current tax assets	Note 12.1	118.021	71.727
Deferred tax assets	Note 12.1	20.025	39.335
Trade debtors and other non-current accounts receivable	Note 12.1	6.494	2.461
Total Non-Current Assets		7.393.290	8.128.254
CURRENT ASSETS:			
Inventories	Note 10	336	477
Trade debtors and other accounts receivable		242.130	204.585
Trade debtors and other accounts receivable	Note 8.1-b	132.688	122.608
Trade and service provision customers	Note 8.1 and 17	27.198	28.134
Personnel		756	895
Current tax assets	Note 12.1	71.386	385
Other credits with Public Administrations	Note 12.1	10.102	52.563
Short-term investments in group and associated companies	Note 8.1 and 17	648.238	683.540
Credits to companies		648.238	683.540
Short-term financial investments	Note 8.1-c	200.021	250.965
Other financial assets		200.021	250.965
Short-term accruals		1.296	1.296
Cash and other Equivalent Liquid Assets	Note 8.1-d	358.418	330.350
Total Current Assets		1.450.439	1.471.213
TOTAL ASSETS		8.843.729	9.599.467

NET EQUITY AND LIABILITIES	Annual Report Report	Financial Year 2018	Financial Year 2017
NET EQUITY:			
OWN FUNDS	Note 9	2.525.760	2.429.214
Equity	Note 9-a	1.821.537	1.821.537
Voluntary		519.674	519.674
Statutary	Note 9-b	517.543	517.543
Other reserves	Note 9-c	2.131	2.131
Losses from previous financial years		-	(66.052)
Profit/Loss for the Financial Year		681.786	446.058
Interim dividends (payments charged to Treasury)	Note 9-d	(497.237)	(292.003)
Subsidies, gifts and covenants received	Note 16	12.650	8.655
Subsidies, gifts and covenants received		12.650	8.655
Total Net Equity		2.538.410	2.437.869
NON-CURRENT LIABILITIES:			
Long-term provisions	Note 11.1	130.998	130.273
Long-term obligations for employee benefits		130.998	130.273
Long-term debt	Note 8.2-a	5.375.610	6.209.047
Debt with credit institutions		5.375.469	6.206.057
Other long-term financial liabilities	Note 8.2	141	2.990
Deferred tax liabilities	Note 12.1	4.217	2.885
Total non-current liabilities		5.510.825	6.342.205
CURRENT LIABILITIES:			
Short-term provisions	Note 11.1	19.439	22.394
Short-term debt		672.804	715.502
Debt with credit institutions	Note 8.2-a	657.501	699.441
Financial lease creditors		-	10
Other financial liabilities	Note 8.2-b	15.303	16.051
Short-term debt with group and associated companies	Note 17	1.500	3.749
Trade creditors and other accounts payable		100.751	77.748
Sundry creditors	Note 8.2-c	19.642	10.680
Personnel	Note 8.2-c	53.449	39.490
Other debt with Public Administrations	Note 12.1	26.213	24.621
Advance Payments from Customers		1.447	2.957
Total Current Liabilitiest		794.494	819.393
TOTAL LIABILITIES		8.843.729	9.599.467

Notes 1 to 19 described in the attached Annual Report form an integral part of the balance sheet as of 31 December 2018.

(*) Re-stated amounts, see Note 2.7

PROFIT AND LOSS ACCOUNT OF FINANCIAL YEAR 2018
(in thousands of euros)

	Annual Report Report	2018	2017
CONTINUING OPERATIONS			
Net turnover	Note 13-b	993.270	968.801
Work carried out by the company for its assets	Notes 5 and 6	1.813	1.663
Supplies	Note 13-a	(36.618)	(35.209)
Consumed raw materials and other consumables		(302)	(365)
Work performed by other companies		(36.316)	(34.844)
Other operating income		6.238	6.734
Casual income and other current operating income		3.595	3.227
Operating subsidies included in the profit(loss) of the financial year	Note 16	2.643	3.507
Personnel expenses	Note 13-c	(533.166)	(433.158)
Wages, Salaries and similar payments		(460.265)	(444.973)
Social security contributions		(60.791)	(57.463)
Provisions		(12.110)	69.278
Other operating expenses		(99.787)	(101.351)
External services	Note 13-d	(93.804)	(90.215)
Taxes		(3.882)	(4.234)
Losses, impairment and variation in provisions for trade transactions	Note 8.1-b	(78)	(4.849)
Other current operating expenses		(2.023)	(2.053)
Depreciation of fixed assets	Notes 5 and 6	(88.472)	(96.994)
Allocation of non-financial fixed assets subsidies and others	Note 16	1.787	1.387
Excess of provisions	Notes 13-e	172	70
Impairment and profit/loss due to disposal of fixed assets		(561)	(1.118)
Other profit/loss	Note 13-f	876	523
OPERATING RETURN		245.552	311.348
Financial income	Note 13-g	570.750	363.082
From shares in equity instruments	Note 17	499.623	297.246
- In group and associated companies		499.623	297.246
From marketable securities and other financial instruments		71.127	65.836
- From group and associated companies	Note 17	69.588	64.197
- From third parties		1.539	1.639
Financial costs	Note 13-g	(76.316)	(68.935)
For debt with Group and Associated Companies		(1.029)	(867)
For debt with third parties		(75.287)	(68.068)
Variation in fair value of financial instruments		-	(91)
FINANCIAL PROFIT/(LOSS)	Note 13-g	494.434	294.056
PROFIT/LOSS BEFORE TAX		739.986	605.404
Profit tax	Note 12.4	(58.200)	(159.346)
PROFIT/LOSS FOR THE FINANCIAL YEAR ARISING FROM CONTINUING OPERATIONS		681.786	446.058
FINANCIAL YEAR PROFIT (LOSS)		681.786	446.058

Notes 1 to 19 described in the attached Annual Report form an integral part of the balance sheet corresponding to financial year 2018.

STATEMENT OF CHANGES IN NET EQUITY OF FINANCIAL YEAR 2018
A) STATEMENT OF RECOGNISED INCOME AND EXPENSES
(in thousands of euros)

	Annual Report	Financial Year 2018	Financial Year 2017
A) Result of the profit and loss account		681.786	446.058
Income and expense recognised directly in equity			
Arising from cash flow hedge		-	88
Subsidies, gifts and bequests received	Note 16	7.114	5.299
Tax effect	Note 12.3	(1.779)	(1.347)
B) Total income and expenses directly attributed to net equity		5.335	4.040
Transfers to profit and loss account			
Subsidies, gifts and bequests received	Note 16	(1.787)	(1.400)
Tax effect	Note 12.3	447	350
C) Total transfers to profit and loss account		(1.340)	(1.050)
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES (A + B + C)		**685.781**	**449.048**

Notes 1 to 19 described in the attached Annual Report form an integral part of the statement of recognised income and expenses for financial year ended on 31 December 2014

STATEMENT OF CHANGES IN NET EQUITY FOR FINANCIAL YEAR 2018
B) TOTAL STATEMENT OF CHANGES IN NET EQUITY
(in thousands of euros)

	Equity and Equity in Assignations	Reserves Statutory	Other Reserves	Profit/loss Liabilites due to Prior financial years	Distribution of Dividends	Profit/Loss in Financial Year	Adjustments due to Changes of value	Subsidies Donations and bequests received	Total Equity
FINAL BALANCE FOR FINANCIAL YEAR 2016	1.821.537	517.543	2.131	(199.994)	(207.315)	341.257	(66)	5.731	2.280.824
I. Adjustments due to a change of criteria with respect to financial year 2016 and the previous ones	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE, BEGINNING OF FINANCIAL YEAR 2017	1.821.537	517.543	2.131	(199.994)	(207.315)	341.257	(66)	5.731	2.280.824
Total recognised income and expenses	-	-	-	-	-	446.058	66	2.924	449.048
Application of financial results 2016	-	-	-	133.942	207.315	(341.257)	-	-	-
Dividend distribution (payments to Treasury)		-	-	-	(292.003)	-	-	-	(292.003)
Other changes in equity									-
FINAL BALANCE FOR FINANCIAL YEAR 2017	1.821.537	517.543	2.131	(66.052)	(292.003)	446.058	-	8.655	2.437.869
I. Adjustments for changes in accounting criteria with respect to financial year 2017	-	-	-	-	-	-			-
ADJUSTED BALANCE, BEGINNING OF FINANCIAL YEAR 2018	1.821.537	517.543	2.131	(66.052)	(292.003)	446.058	-	8.655	2.437.869
Total recognised income and expenses	-	-	-	-	-	681.786		3.995	685.781
Application of financial profit/ loss 2017	-	-	-	66.052	292.003	(358.055)	-	-	-
Dividend distribution (payments to Treasury) Note 9.d	-	-	-	-	(497.237)	(88.003)	-	-	(585.240)
Other changes in equity	-	-	-	-	-	-	-	-	-
FINAL BALANCE FOR FINANCIAL YEAR 2018	1.821.537	517.543	2.131	-	(497.237)	681.786	-	12.650	2.538.410

Notes 1 to 19 described in the attached Annual Report form an integral part of the statement of changes in net equity statement corresponding to financial year 2018

CASH FLOW CORRESPONDING TO FINANCIAL YEAR 2018
(in thousands of euros)

	Annual Report Report	Financial Year 2018	Financial Year 2017
OPERATING CASH FLOW (I)	Note 4.o	719.750	762.953
Financial year result before taxes		739.986	605.404
Adjustments to profit:		(395.190)	(261.625)
- Depreciation of Fixed Assets	Notes 5 and 6	88.472	96.994
- Write-downs for impairment	Note 8.1.b	78	4.849
- Provision variation		13.701	(67.186)
- Allocation of subsidies	Note 16	(1.787)	(1.387)
- Earnings for write-offs and disposals of fixed assets		561	1.118
- Finance income	Note 13.g	(570.750)	(363.082)
– Finance costs	Note 13.g	76.316	68.935
- Variation in fair value of financial instruments		-	91
- Other income and expenses		(1.781)	(1.957)
Changes in current capital		34.698	(52.052)
- Inventory		141	214
- Trade and other accounts receivable		33.330	(15.436)
- Other current assets		(1)	(1.118)
- Creditors and other accounts payable		3.937	(38.964)
- Other current liabilities		(833)	833
- Other non-current assets and liabilities		(1.876)	2.419
Other cash flows from operating activities		340.256	471.226
- Interest paid		(78.171)	(80.220)
- Dividends received	Note 17	499.592	297.243
- Interest received		75.019	78.537
- Proceeds (payments) arising from the profit tax		(156.184)	175.666
INVESTMENT CASH FLOW (II)		760.617	1.270.726
Investment payments		(487.442)	(732.562)
- Intangible fixed assets		(44.142)	(28.887)
- Property, plant and equipment		(43.300)	(42.675)
- Other financial assets		(400.000)	(661.000)
Disinvestment proceeds		1.248.059	2.003.288
- Group and associated companies		798.059	1.497.288
- Other financial assets		450.000	506.000
CASH FLOW FROM FINANCING ACTIVITIES (III)		(1.452.299)	(2.005.768)
Proceeds and payments for equity instruments		2.658	5.015
- Subsidies, gifts and covenants received		2.658	5.015
Proceeds and payments for financial liability instruments		(869.717)	(1.718.780)
a) Issue		11.090	2.990
- Debt with credit institutions		10.949	-
- Other debt		141	2.990
b) Return and depreciation of		(880.807)	(1.721.770)
- Debt with credit institutions		(880.807)	(1.721.770)
Payments for dividends and compensation for other equity instruments		(585.240)	(292.003)
- Dividends (payments to Treasury)	Note 9	(585.240)	(292.003)
EFFECTS OF CHANGES IN EXCHANGE RATES (IV)			
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (I+II+III+IV)		28.068	27.911
Cash or cash equivalents at the beginning of the fiscal year	Note 8.1.d	330.350	302.439
Cash or cash equivalents at the closing of the financial year	Note 8.1.d	358.418	330.350

Notes 1 to 19 described in the attached Annual Report form an integral part Statement of cash flows corresponding to financial year 2018.
(*) Re-stated amounts, see Note 2.7

1. LINE OF BUSINESS

The Public Corporate Entity ENAIRE, hereafter referred to as ENAIRE or the Company, was constituted under article 82 of Act 4/1990, of 29 June, on General State Budget for 1990. It was eeffectively incorporated on 19 June 1991, once its Articles of Association became effective, approved by Royal Decree 905/1991 of 14 June.

Until the publication of Act 18/2014, of 15 October, it was named Entity Pública Empresarial Aeropuertos Españoles and Navegación Aérea (AENA, Spanish Airports and Air Navigation).

This Public Corporate Entity is configured as a body governed by public law adhered to the Spanish Ministry of Public Works, with its own legal status and independent of that of the State, and carries out its business within the scope of the Government's transport general policy; in accordance with the European System of Accounts (ESA), this company is classified under section "S.11001 Public non-financial corporations: Public Administration", being totally owned by the Spanish Government. The activities carried out by ENAIRE are classified as "522 Support activities for transportation" according of the CNAE (National Economic Activities Classification Code.

Its Articles of Association, approved by Royal Decree 905/1991, of 14 June, were subsequently amended by Royal Decree 1993/1996, of 6 September; Royal Decree 1711/1997, of 14 November, and Royal Decree 2825/1998, of 23 December.

In accordance with its Articles of Association, its business purpose is as follows:

1. Planning, management, coordination, operation, conservation and administration of civil public airports and related services, as well as the coordination, operation, conservation and administration of civil areas in air bases used for civilian traffic.
2. Planning, execution, management and control of investments in airport infrastructures and facilities.
3. Planning, management, coordination, operation, conservation and administration of facilities and networks for aeronautical telecommunications, navigational aid and air traffic control systems.
4. Planning, management and control of investments in infrastructures, facilities and networks for aeronautical telecommunications, navigational aid and air traffic control systems.
5. Planning proposals for new airport and air traffic infrastructures, as well as airspace modifications.
6. Development of security services in airports and control centres, as well as the participation in specific instructions related to air transport and subject to the granting of official licenses, while respecting the powers conferred to the Directorate General for Civil Aviation.

Notwithstanding Act 18/2014, of 15 October, ENAIRE shall continue to exist with the same nature and legal regime provided for in article 82 of Act 4/1990, of 29 June, and to exercise exclusively the competences in terms of air navigation and airspace, and also the national and international operational coordination of the air traffic management national network and other networks related to the use for the efficient management of airspace considering the needs of its users. In accordance to the provisions of Act 18/2014, ENAIRE is a resource owned by the Public Administration and its contracting authorities; however, it does not comply with the necessary requirements according to article 32 of Act

9/2017 of Public Procurement Contracts, since it does not carry out and shall not carry out any commissioned activities. As a matter of fact, the Ministry of Public Works is developing the corresponding regulatory change.

The Governing Bodies of the Company are its Board of Directors and its Chairman, a position held by the Secretary of State for Infrastructure, Transport and Housing, while the Management Bodies are the Managing Director, as well as those to whom this position is attributed upon approval by the Board of Directors of the Company's management structure, in accordance with the provisions of section b), article 18 of the currently valid Articles of Association.

ENAIRE provides services in the Spanish airspace, in a surface over 2.2 million square kilometres divided in two areas (Peninsula and Canary Islands). It provides air navigation services from five control centres located in Madrid, Barcelona, Seville, Palma de Mallorca and the Canary Islands, and from control towers in 22 airports, including the 5 busiest in terms of air traffic in Spain.

The registered and legal address of the Public Corporate Entity is located in Madrid, avenida de Aragón s/n, Bloque 330, portal 2, Parque Empresarial Las Mercedes.

The Entity is the parent body of a group of entities and in compliance with current regulations, it is required to prepare consolidated financial statements separately. Consolidated financial statements of the Public Corporate Entity ENAIRE and subsidiaries for the financial year ended on 31 December 2018 yield a consolidated profit of 1,513,120 thousands of euros and a consolidated net equity of 7,650,161 thousands of euros (1,373,678 and 7,227,958 thousands of euros, respectively, as of 31 December 2017) and were submitted by the Managing Director on 29 March 2019.

The Consolidated Financial Statements for financial year 2017 were approved by the Board of Directors of the Entity on a session held on 29 June 2018; said financial statements were published in summary form in the B.O.E. (Spanish Official Gazette) of 28 July 2018, along with those of the Company, and are available on the ENAIRE web page.

The main subsidiary of the Entity is Aena S.M.E., S.A., of which it owns 51% of the share capital as of 31 December 2018.

Aena S.M.E., S.A. began operations on 8 June 2011 (by virtue of Ministerial Order FOM/1525/2011, of 7 June) under the name Aena Aeropuertos, S.A., which was subsequently changed to Aena, S.A. after approval of Act 18/2014, of 15 October.

Aena S.M.E., S.A. was created through non-monetary contributions, properties, rights, debts and debentures of ENAIRE which were subject to the development of airport and commercial activities, as well as to other state services related to airport management, including airfield air traffic services; i.e. since 8 June 2011, Aena S.M.E., S.A. takes control of the activities included in the Company's Articles of Association in this regard.

ENAIRE was the sole shareholder of Aena S.M.E., S.A. until 11 February 2015. After the Public Offering of 49% of Aena's shares, the Company is the majority shareholder with 51% of the share capital.

2. PRESENTATION PRINCIPLES

2.1. Financial reporting regulatory framework applicable to the company

These financial statements were prepared in accordance with the financial reporting standards framework applicable to the Group, which is established in:

a. The Commercial Code and other currently valid trade legislation.

b. Currently valid General Accounting Plan and Order IET/849/2012 of 25 March with regard to accounting aspects affecting certain public companies operating under certain circumstances.

c. All mandatory standards approved by the Instituto de Contabilidad and Auditoría de Cuentas [Institute for Accounting and Account Auditing, ICAC, by its Spanish acronym] in compliance with the General Accounting Plan and all complementary standards.

d. All other applicable Spanish accounting regulations.

2.2. True and Fair View

These attached financial statements have been obtained from the accounting records of the Entity and they are presented in accordance with the applicable financial reporting standards framework and with the accounting principles and criteria set forth therein, so as to show a true and fair view of the financial situation and the results of the Entity, as well as the accuracy of the cash flows in the financial year.

The figures contained in all the accounting statements composing the financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement) and in the notes to the financial statements are expressed in thousands of euros, rounded to the nearest thousand, except in the cases explicitly expressed in millions of euros, the euro being the functional currency of the Entity.

The Company financial statements corresponding to financial year 2017, prepared under the current regulatory framework, were approved by the Board of Directors in a meeting held on 29 June 2018. The financial statements corresponding to financial year 2018, presented by the Managing Director of the Company, shall be subject to approval by the Board of Directors of the Company considering that they shall be approved without any amendments.

2.3. Accounting Principles Applied

These financial statements were presented considering all of the mandatory accounting principles and standards which have a significant effect on said financial statements. No mandatory accounting principle was omitted.

2.4. Critical aspects of Assessing and Estimating Uncertainty

When preparing the attached financial statements, estimates by the Directors of the Entity were used to assess some of the assets, liabilities, income, expenses and commitments reflected in them. Such estimates basically refer to:

- Assessment of potential losses due to impairment of certain assets (see note 4-c).
- The useful life of tangible and intangible assets (see notes 4-a and 4-b).
- Estimation of provisions (see note 4-j and 4-k).
- Market value of certain financial instruments (see note 4-e).
- Recoverability of deferred tax asset (see note 12.6).

These estimations and hypotheses are based on the best information available on the submission date of the financial statements and are reviewed on a regular basis. However, it is likely that the availability of additional information or future events force the amendment of the estimations at period-end closing in future years. In that case, the effects of the changes in the estimates would be registered prospectively.

2.5. Comparative Information

Pursuant to the current legislation, the Directors present, for comparative purposes, in each of the items on the balance sheet, the profit and loss account, the statement of changes in net equity, the cash flow statement and the quantitative information required in the report of the financial statements, besides the figures corresponding to financial year 2018 in addition to the figures for the previous financial year.

In 2017, Personnel Expenses included the reversal of the provision to cover possible claims by the Unión Sindical de Controladores aéreos [Air Traffic Control Union] on the basis of the different criteria used to calculate the total payroll for financial years 2011 to 2016, amounting to 84,748 thousands of euros following ruling 165/2017 of 20/11/2017 by the Social Chamber of the Spanish National Court of Madrid rejecting the criterion of the Air Traffic Control Union in favour of that applied by ENAIRE (note 13.c).

In 2017, a corporation tax expense amounting to 86,141 thousands of euros was registered as a result of the difference between the recognised tax assets and the recoverable amount regarding this item in 10 years, as a result of the application of the resolution of the Instituto de Contabilidad and Auditoría de Cuentas [Institute for Accounting and Account Auditing, ICAC, by its Spanish acronym] of 9 February 2016. In 2018, after a tax planning for the period 2019-2028 was carried out again, and the evolution of air traffic and the fares was updated, a correction of 1,412 thousands of euros was registered (note 12.6).

2.6. Grouping of Items

Certain items on the Balance Sheet, Profit and Loss Account, Statement of Changes in Net Equity and Statement of Cash Flows are presented as groups in order to facilitate their comprehension; however, where significant, the compulsory itemised information is included in the corresponding annual report notes.

2.7 Changes in Accounting Criteria

The effect of any changes in the fundamental criteria is recorded as follows: if the change in the criterion has affected the Profit and Loss Account of previous years, the cumulative effect at the beginning of the year is adjusted in reserves, whilst the effect in the current year is recognised in profit or loss. Also, in these cases, the comparative financial information presented together with that of the current year is stated.

Until the 2017 financial year, the Entity included fixed-term deposits for a term over 3 months within the item "Current Assets, Cash and other Equivalent Liquid Assets", since said deposits were totally available without any limitation or penalty, and the interest accrued at the date of cancellation was payable, so the Company understood that the effective maturity was less than 3 months.

However, in accordance with the 9th Standard on Recognition and Valuation of the General Accounting Plan, the deposits defined in the 9th standard on the preparation of financial statements must be recognised in the item "Cash and other Equivalent Liquid Assets": "... bank demand deposits and financial instruments that are convertible into cash and that, at the time when they were acquired, had a maturity not exceeding three months..."; consequently, in the formulation of the financial statements for the year 2018, the Entity has decided to apply this provision strictly, thus changing the criterion applied until financial year 2017.

Since this is a change in criteria that affects previous years, the comparative figures for the previous year statements are restated in these financial statements as follows:

	31/12/2017		31/12/2017
Heading of the Financial Statements	Approved	Restatement	Restated
Balance Sheet			
Current Assets			
Cash and other Equivalent Liquid Assets	580.350	(250.000)	330.350
IShort-term financial investments			
Other financial assets	965	250.000	250.965
Cash Flow Statement			
Investment activities cash flow			
Payments due to investments			
Other financial assets	-	(661.000)	(661.000)
Proceeds from divestments			
Other financial assets	-	506.000	506.000
Cash or cash equivalents at beginning of the financial year	397.439	(95.000)	302.439
Cash or cash equivalents at the closing of the financial year	580.350	(250.000)	330.350

In 2018, with the exception of the foregoing, there has not been any other changes in criteria regarding those applied in 2017.

3. APPLICATION OF PROFIT/LOSS

As established in article 57 of the Company's Articles of Association, when its Annual Financial Statements show a surplus, this is attributed, upon agreement of the Board of Directors and in accordance with the provisions of the Programme of Action, Investments and Financing of the Public Entity, to the financing of the Investment Plan and the reduction of its indebtedness. The remaining amounts, if applicable, shall be paid to the State Treasury.

The profit/loss for financial year 2018 amount to 681,786 thousands of euros, derives from:

- Results of ENAIRE's own activity, mainly as air navigation services provider: 184,549 thousands of euros.
- Dividends received in April 2018 as distribution of Aena S.M.E., S.A.'s result for financial year 2017: 497,237 thousands of euros corresponding to custody expenses charged to ENAIRE by Banco Sabadell

Considering this information, the application of the profit or losses of financial year 2018, presented by the Managing Director of the Public Corporate Entity, according to the Articles of Association, is as follows:

Thousands of euros	
Base for distribution:	
Balance of the Profit and Loss Account	681.786
Application:	
Payment to the Treasury of the dividends obtained from Aena S.M.E., S.A.	497.237
Voluntary reserve to assume decreases in fares	98.000
Payment to the State Treasury of the remnant of ENAIRE's own activity	86.549

On 27 April 2018, the Board of Directors approved the payment to the State Treasury of the amount received by the Company as dividends distributed by Aena S.M.E., S.A. (See note 9d).

On 16 May 2018, 497,237 thousands of euros were paid to the State Treasury, the total 497,250 thousands of euros of Aena S.M.E., S.A.'s dividends less the custody charges regarding Aena S.M.E., S.A.'s shares, charged by Banco de Sabadell.

In order to meet the fare decreases to be made in the period 2020-2022 due to the surplus generated in financial year 2018, it is expected to allocate 98,000 thousands of euros of the result for 2018 to Voluntary Reserves, which shall serve to assume future losses, thus avoiding the decrease in the Company's net equity (see note 9).

The payment of the carryover amounts corresponding to the profit/loss for financial year 2018 of ENAIRE'S own activities to the Treasury, amounting to 86,549 thousands of euros shall remain pending in financial year 2019.

The payment of the carryover amounts corresponding to the profit/loss for financial year 2017 of ENAIRE's own activities to the Treasury, amounting to 88,003 thousands of euros, was made on 18 July 2018 after approval of the application of the profit/loss for financial year 2017 by the Board of Directors on 29 June 2018.

4. RECOGNITION AND MEASUREMENT RULES

The main bookkeeping and valuation standards used to prepare the Public Corporate Entity financial statements for financial year 2018, in accordance with the provisions of the Accounting General Plan, were as follows:

a) Property, plant and equipment

Property, plant and equipment are accounted for under Assets in the Balance at their acquisition price, production cost or assigned market value adjusted by the depreciation and the impairment losses incurred. Depreciation is estimated based on the straight-line method depending on the useful life of the different assets using the following terms:

Item	Years of Estimated Useful Life
Development	4
Computer software	4-6
Other property, plant and equipment	4-8

Development Expenses

The development expenses are recognised as expenses when they are incurred; however, they are capitalised as soon as the following conditions are met:

- They are specifically itemised per project and their cost is clearly defined so that it can be allocated over time.
- There are solid reasons to believe in the technical success and the economic profitability of the project

Expenses included under assets are depreciated following the straight-line method during the estimated useful life for each project, which may not exceed 4 years.

In the event of a change in the favourable circumstances of the project that allowed the capitalization of the Development Expenses, or there are reasonable doubts regarding the technical success or profitability of the project, the portion pending amortization is charged directly to the losses for the year.

Computer Software

Includes the amount paid for title to, or the right to use, computer programs and applications, both acquired from third parties and created by the Entity itself.

They are systematically amortized, applying a linear criteria over their estimated service lives, which usually do not exceed 6 years.

Maintenance expenses, those due to the global assessment of systems or those recurrent as a consequence of the amendment or update of said applications, are directly recognised as expenses for the financial year during which they are incurred.

b) Property, plant and equipment

Property, plant and equipment is shown in the Balance, valued at their acquisition cost, production cost or ascription market value, adjusted by the accumulated depreciation and the impairment losses, if any, in accordance with the criterion mentioned in paragraph c) of this Note.

Assigned property, plant and equipment was valued at its market value at the time of assignment, as determined by an external valuation by an independent party.

Subsequent additions are valued at their acquisition price, which includes all necessary costs to put the asset in the necessary operation conditions.

Interests and other financial burdens incurred when financing construction works or other assets while they are under manufacturing processes and provided that the duration of such process exceeds 12 months are considered as a higher cost of such assets.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to tangible fixed assets, and the items replaced or renewed are written-off.

Regular maintenance, conservation and repair expenses are attributed to the results of the financial year in which they are incurred, pursuant to the accrual principle.

The Public Corporate Entity depreciates its tangible fixed assets once they are fit for use following the straight-line method, distributing the carrying amount of the assets among the years of estimated useful life, except for land and works of art, which are not depreciated. The useful life of the assigned fixed assets was estimated, at the time of the assignment, on the basis of the degree of utilisation of the different elements composing each item. The useful life terms used are those stated in the following breakdown:

Other Elements of Fixed Assets	Years of Estimated Useful Life
Construction works	10-40
Technical Installations	4-15
Machinery	5-12
Other Installations	10-20
Furniture	5-13
Other items of property, plant and equipment	5-20

c) Impairment in the Value of Intangible Assets and of Property, Plant and Equipment

In accordance with the provisions of Order EHA 733/2010, the Entity considers all its tangible and intangible fixed assets to be non cash-generating assets, since the corresponding required conditions are met:

- **Required condition:** the application of this Order is mandatory for Entities belonging to the State Public Business Sector that must apply the Accounting

Principles and Standards contained in the Commercial Code and the General Accounting Plan and that, considering the strategic or public utility nature of their activity, deliver goods or provide services regularly to other Entities or users without receiving a consideration, or in exchange for a charge or a political price fixed directly or indirectly by the Public Administration.

- **Sufficient condition:** relates to assets owned for a purpose other than generating commercial returns, as the social financial flows generated by said assets and that benefit the community, i.e. social or potential benefit of the service.

In accordance with the aforementioned Order, the impairment of these assets results from a decrease in the utility of the asset for the controlling Entity.

At least at the end of the year, the Entity assesses the existence of signs of impairment regarding elements of its property, plant and equipment and intangible fixed assets. A impairment loss in an asset not generating cash flows or service or operating unit must be recognised if its carrying amount exceeds the recoverable amount at the date of its determination. For these purposes, the recoverable amount shall be understood as the greater of the following:

- its fair value less costs to sell; and
- its value in use.

Said value is determined, unless there is better evidence, by reference to its depreciated replacement cost, which is defined as the replacement cost of the asset less the accumulated depreciation calculated on the basis of such cost, so that it reflects the operation, use and enjoyment of the asset, without prejudice to also considering the possible technical obsolescence.

Considering the above, at the closing of financial year 2018 no sign of impairment was detected on the relevant value of the Entity's property, plant and equipment and intangible fixed assets.

d) Leases

Leases are classified as Financial Leases whenever their conditions substantially transfer to the lessee the risks and rights inherent to the ownership of the assets subject matter of the contract. All other leases are classified as Operating Leases. As of 31 December 2018, the Entity is not part to any currently valid contract considered as a Financial Lease. Besides, ENAIRe is not part to any currently valid contract considered as a Financial Lease in which it acts as the lessor.

Operating Lease

All Income and Expenses arising from Operating Lease agreements are registered in the Profit and Loss Account during the financial year in which they are accrued.

Any collection or payment made upon contracting an Operating Lease shall be treated as an advance collection or payment which shall be assigned to the results throughout the lease period.

Financial Leases

On those operating leases on which the Entity acts as lessee, at the beginning of the lease term, the Entity recognises an asset, according to this asset's nature, and a liability equal to he value of the fair value of the leased assets and the current value of the minimum lease payments, whichever is lower, updated with the interest rate explicitly stated in the agreement, or, when this cannot be determined, the Entity's interest rate will be used for similar operations. Initial direct costs are included as the highest value of the asset. Minimum payments are divided between the financial burden and the reduction of the debt pending payment.

The financial burden is distributed over the lease term in the Profit and Loss Account, for the purposes of obtaining a constant interest rate in each financial year with regard to the balance of the payable debt. The payment obligation arising from the lease, net of the corresponding financial burden, is presented as long- or short-term payable debt, depending on their maturity.

Contingent lease instalments are registered as Expenses when they are likely to be incurred.

Goods acquired by means of Financial Leases are depreciated according to the criteria applied by the Company to assets of this same nature. Whenever, at the beginning of the lease, there is not a reasonable certainty that the Entity shall become the owner of the assets at the end of the lease terms, the property, plant and equipment is depreciated and amortized over the useful life of the asset and the lease term, whichever is shorter.

e) Financial Instruments

e.1) Financial Assets

Classification

The Entity's Financial Assets fall into the following categories:

a. Loans and Items Receivable: are non-derivative financial assets with fixed or determinable collections which are not listed in an active market. Current assets are included in this group, except for maturities over 12 months from the date of the balance, in which case they must be classified as non-current assets. Loans and items receivable are included in "Trade debtors and other accounts receivable" in the balance sheet. These financial assets are initially valued at their fair value, including those operation costs directly attributable, and subsequently at the amortised cost. Notwithstanding the foregoing, credits from trade operations with a maturity not exceeding a year are valued both at their initial recognition time and, subsequently, at their nominal value as long as the effect arising from the lack of updating of the cash flows is not significant.
At least at year end, all necessary valuation corrections due to impairment are applied if there is objective evidence of the fact that not all of the amounts owed are going to be collected.

The amount of the impairment loss is the difference between the carrying value of the asset and the current value of the estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. If the recoverable value of these assets is estimated to be lower than their amortised cost, taking into account the creditworthiness of the debtor and the age of the debt, the Entity constitutes the relevant impairment provision for the amount of the difference.

Value adjustments, as well as, where appropriate, their reversion, are allocated in the Profit and Loss Account.

b. Financial Assets Held for Trading Purposes: assets acquired for disposal in the short term or those which are part of a portfolio regarding which there is evidence of recent actions with such purpose. This category also includes financial derivatives which are not financial guarantee agreements (for example, sureties) of those which are designated as hedging instruments. As of 31 December 2018 and 2017, no assets under this category have been registered.

c. Investments in the Equity of Group, Multi-Group and Associated Companies: group companies are considered to be those that are linked to the Entity by means of a control relationship, and associated companies are those in which the Entity exercises significant influence. In addition, the multi-group category includes companies over which some type of joint control is exercised along with one or more partners by virtue of some type of agreement. Investments in Group, Associated and Multi-Group companies are assessed at their costs minus, where appropriate, the accumulated sum of any corrections in value due to impairment. Said corrections are calculated as the difference between the book value and the recoverable value, where this is understood as the greater of the reasonable value minus any sales costs and the current value of the future cash flows deriving from the investment.

d. Cash and other equivalent liquid assets: cash and other equivalent liquid assets.This item includes cash in hand and in banks and other financial assets and deposits which may be converted into cash, provided that their maturity as of their acquisition date does not exceed three months, they are not subject to a significant value change risk and they are part of the Company's usual cash management policy. These financial assets are initially recorded at the fair value of the consideration delivered plus any transaction costs directly attributable to it.

e. Financial Assets Available for Sale: these assets are equity instruments of other companies. This category include debt security and equity instruments of other companies that have not been classified in any of the above categories. They are included as Non-Current Assets unless the Management intends to dispose of the investment in the 12 months following the date of the Balance sheet. They are recognised at their fair value, recording the changes directly affecting the net equity until the relevant asset is disposed of or depreciated, moment in which the profits and losses accumulated in net equity are allocated to the Profit And Loss Account, as long as it is possible to determine the aforementioned fair value. Otherwise, they are recorded at their cost minus value impairment losses. Regarding financial assets available for sale, valuation corrections are made if there is objective evidence that their value has been impaired as a result of a reduction or delay in the estimated future cash flows in the case of debt instruments acquired or due to a lack of recoverability in the book value of the asset in the case of investments in equity instruments. Valuation correction is the difference between its cost or depreciated cost minus, when applicable, any valuation correction recognised in the Profit and Loss Account and the fair value in the moment the valuation is made. In the case with equity instruments which are valued at their cost since their fair value cannot be assessed, the valuation correction is calculated following the same method as for investments in Group, Multi-Group and Associated companies. If there is objective evidence of the impairment, the Entity records in the profit and loss account those accumulated losses previously recorded in Net Equity due to the decrease of the fair value. Impairment losses recorded in the Profit and Loss Account for equity instruments are not reverted through the Profit And Loss Account. Fair values of listed investments are based on current purchase prices. If the market for a financial asset is not an active market (for securities which are not listed), the Entity establishes the fair value using assessment techniques including the use of recent transactions between the interested and duly informed parties, references to other instruments which are virtually equivalent, discount methods for estimated future cash flows and price-fixation models for options making the best use of observable data of the market and relying as little as possible on subjective considerations of the Company.

Financial Assets are written off from books when the right to receive cash flows related to same have matured or have been transferred and the Company has substantially transferred all risks and benefits arising from their ownership. Particularly, in the case of the accounts receivable, it is widely understood that assets are derecognised whenever insolvency and default risks have been transferred. Assets recorded as hedged items are subject to the valuation requirements of hedge accounting.

The full write-off of a financial asset involves recognition of profit/loss by the difference between the book value and the sum of the compensation received, net any transaction expenses including assets obtained or liabilities assumed and any deferred profit or loss under revenue and expenses recognised under Net Equity.

The criteria for recognising the derecognition of financial assets in transactions in which the Company neither substantially assigns nor retains the risks and benefits inherent to its ownership are based on the analysis of the degree of control maintained.

e. 2) Financial liabilities

This category includes debits from trading operations and debits from non-trading operations. These external resources are classified as Current Liabilities, unless the Entity has an unconditional right to differ their liquidation during 12 months after the date of the Balance sheet.

Debt and payables are initially valued at the fair value of the compensation received, adjusted by any directly attributable transaction costs. Subsequently, these liabilities are valued in accordance with their depreciated cost.

Notwithstanding the foregoing, debits from trade operations with a maturity not exceeding a year and which have no contractual interest rate are valued both at their initial recognition time and, subsequently, at their nominal value when the effect arising from the lack of updating of the cash flows is not significant.

In the event that existing debts are re-negotiated, it shall be construed that there are no substantial changes in the financial liability when the lender of the new loan is the same one than the one granting the initial loan and the current value of cash flows, including net commissions, does not differ over 10% of the current value of those cash flows pending payment regarding the original liability calculated according to this same method.

e.3) Derivative Instruments

The Entity uses derivative financial instruments in order to hedge, essentially, interest rate changes.

The Company documents hedge relationships and verifies, at the closing of each financial year, that hedging is efficient, i.e. that it is foreseeable that the changes in cash flows of the hedged item will be almost fully offset by those of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item.

Derivative financial instruments qualified, according to the section above, as hedge instruments, are recognized as assets or liabilities, depending on whether they are positive or negative, at their fair value; and a second phase under unit "Hedging transactions" in Net Equity until maturity, when they are assigned to the Profit and Loss Account together with the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any accumulated profit or loss corresponding to the hedge instrument is transferred to the period profits and losses

f) Inventories

Inventories include parts and sundry materials deposited in the Centre for Logistic Support, and are initially valued at their acquisition price. The acquisition price is determined base on the historical cost of the items identified in the relevant procurement records.

Subsequently, if the cost of stock replacement is lower than acquisition price, the corresponding value adjustments are carried out. When circumstances that caused stock value corrections cease to exist, the amount of the adjustment is reversed.

g) Transactions, Balances and Flows in Foreign Currency

The functional and presentation currency of the Entity is the euro. As a result, all transactions in other currencies are considered in the foreign currency and are recorded as per the exchange rates in effect on the transaction date.

The exchange difference of monetary items in foreign currency that arise both from their liquidation or from their translation to the closing currency are generally recognized in the Profit and Loss Account for the financial year.

h) Profit Tax

Expenses or income for fiscal year Tax on Profit include the part corresponding to the current tax expense or income and the part corresponding to the deferred tax expense or income. Both expenses (income) arising from the current tax and from the deferred tax are recorded in the Profit and Loss Account. However, the tax effect related to items which must be recorded in the Net Equity Statement are thus recorded under such heading.

The current tax is the amount paid by the Entity as a result of tax on profit settlements related to an specific financial year. Deductions and tax losses from previous financial years applied in this financial year yield a lower amount for current tax.

Deferred tax income or expenses corresponds to recognition, change and reversion of deferred tax assets or liabilities, including time differences identified as those amounts that are expected to be paid or received and arise from the differences between the accounting values of assets and liabilities and their tax values. Negative tax bases pending compensation and credits for tax deductions not applied fiscally from the same financial year are registered as positive tax adjustments. These sums are recorded by applying the tax rate at which they are expected to be recovered or settled to the corresponding temporary difference or credit.

However, negative tax bases and tax deductions from previous fiscal years applied to this tax do not imply a higher or lower expense since they are active for previous financial years.

Deferred tax liabilities are generally recognised for all tax temporary differences.

However, deferred tax assets are only recognised when it is considered likely that the Company shall have future tax gains against which they may be made effective.

Deferred tax assets and liabilities originated by transactions with direct debits or credits to the equity accounts are also accounted with a balancing entry in the equity.

The deferred tax assets recorded are reconsidered at the end of each accounting period and the appropriate corrections are made if there are any doubts about their future recovery. Likewise, deferred tax assets not recorded on the balance sheet are assessed at the closing of each financial year and they are subject to recognition if their recovery is likely with future tax profits. In financial year 2017, an adjustment amounting to 86.1 millions of euros was recorded with the purpose of diminishing the balance of deferred tax assets. In financial year 2018, once the tax planning for the 2019-2028 period was completed, after updating the air traffic expectations and fares, an additional adjustment amounting to 1.4 millions of euros was carried out as a consequence of the application of the decision of the Instituto de Contabilidad and Auditoría de Cuentas [Institute for Accounting and Account Auditing or ICAC, by its Spanish acronym] of 9 February 2016, was recorded.

i) Income and Expenses

Income and Expenses are allocated based on accrual criteria; in other words, when the actual flow of the goods and services they represent occurs irrespective of when the monetary or financial flow deriving from them occurs.

Income is registered at the fair value of the compensation to be received and it represents the amounts receivable for the provision of good and services during the ordinary course of Company operations, minus all relevant discounts, reductions, reimbursement and the Tax on Added Value.

The Entity recognises income when the amount of such income may be valued in a reliable manner, it is likely that the Entity is receiving future financial benefits and all particular conditions for each of its activities. The amount of income may not be reliably valued until all contingencies related to the purchase are not settled. The estimations of the Entity are based on historical results taking into account the type of client, the type of operations and the specific terms of each agreement.

Interests received for financial assets are recognised using the actual interest rate and dividends method when the shareholder's right to receive them is declared. In any case, all interests and dividends for financial assets payable after the acquisition are recognised as income on the profit and loss account. When distributed dividends arise from profits earned before the acquisition date, they are not recognised as income, diminishing the accounting value of the investment.

The amounts agreed as dividends by investee companies are recognized as income in the financial year in which they are agreed.

j) Provisions and Contingencies

In these submitted Financial Statements, the Public Corporate Entity makes a difference between:

a. Provisions: The Entity recognizes provisions in is balance sheet when it has a current obligation, arising from either a legal or contractual clause or from an implicit or tacit obligation from a past event, such obligation may be reliably estimated and it is expected that settling this obligation will imply a loss of resources in the future.

   When provisions are established to settle obligations without a definite maturity date, or with a maturity term shorter or equal to one year, and whose financial effect is not significant, no discount whatsoever shall be applied. With regard to all other obligations, provisions are recognized at the present value of the best possible estimate of the amount required to cancel or transfer the obligation to a third party, recording the adjustments that arise to capitalise the provision as financial costs as these accrue, with the purposes of better reflecting the best current estimation of the relevant liability from time to time. When, based on the experience, uncertainty affecting the amount and payment date of the provision amounts, the Entity classifies liabilities under the corresponding item according to their nature. (See notes 2.5; 4.k; 8.2.c and 11.1).

b. Contingent liabilities: Potential obligations arising as a result of past events, the future materialisation of which depends on whether one or more future events beyond the Company's control occur. Contingent liabilities are not recognised in the balance sheet but are included in the report (see note 11.2).

k) Provisions for Labour Commitments

The cost of obligations arising from labour related commitments is recognized in function of its accrual, according to the best estimation available calculated according to the data provided by the Public Corporate Entity.

The Entity acquired the commitment to settle long-term compensations to personnel, considering both long-term defined contribution obligations and long-term defined benefit obligations. With regard to defined contribution obligations, liabilities related to these obligations will be incurred when, at the closing of the financial year, there are contributions accrued but not settled. With regard to defined benefit obligations, the amount to be recognised as provision corresponds to the difference between the current value of committed retributions and the fair value of the eventual assets involved in the commitments by virtue of which such obligations shall be settled.

Specifically, the attached Balance includes the following provisions corresponding to acquired labour commitments:

Premium for Length of Service

Article 138 of the Labour Collective Agreement for the ENAIRE Group (Entity Pública Empresarial ENAIRE and Aena S.M.E., S.A.) and article 141 of the 2nd Labour Agreement for Air Traffic Controllers establish premiums for lent of effective service over a period of 25 and 30 years, in the first case, and of 25 and 35 years, in the second. The Company makes an provision for the current value of the best possible estimation of its future obligations, based on actuarial calculations. The most relevant hypotheses considered for making such actuarial calculations are as follows:

	2018	2017
Prime Rate:	1,49%	1,43%
Increase of premium amounts:	1,50%	1,00%
Mortality chart	PERMF 2000 NP	PERMF 2000 NP
Financial system used:	Individual capitalisation	Individual capitalisation
Accrual method:	Projected Unit Credit	Projected Unit Credit
Age of retirement:	As per Act 27/2011	As per Act 27/2011
Disability tables:	OM 1977	OM 1977

Premium for Early Retirement

Article 154 of the Labour Collective Agreement for the ENAIRE Group (Entity Pública Empresarial ENAIRE and Aena S.M.E., S.A.) establishes that all employees between the ages of 60 and 64 who, according to the relevant regulations, are entitled to do so, may apply to voluntary early retirement and shall receive a compensation of such amount that, added to their consolidated rights acquired by virtue of the Retirement Plan, at the time of the extinction of its agreement, is equivalent to four months' worth of the calculation basis and the seniority bonus for each remaining year until the employee becomes 64, or the corresponding proportion.

In 2014, an actuarial survey was carried out for the closing of the financial year, whose results evidenced that the liabilities arose from the current value of committed contributions was practically zero, together with the fact that the new regulations regarding regular retirement makes highly unlikely that any employee voluntarily ascribes to this right. Therefore, the Entity considers that, as of the closing of financial years 2017 and 2018, there are no liabilities for these item.

Compensations for Air Traffic Controllers

This paragraph includes compensation items accrued and not settled corresponding to to compensation arising from agreements between ENAIRE and the Unión Sindical de Controladores Aéreos [Air Traffic Controllers Union] in previous financial years. These provisions are valued at their nominal value, since this is not significantly different from their current value.

Special Paid Leave (Licencia Especial Retribuida, LER) and Active Reserve (Reserva Activa, RA)

This provision reflects the actuarial liabilities that values commitments acquired with those air traffic controllers employed by the Entity who are in Special Paid Leave or in the Active Reserve, as well as the best estimation of the number of employees that may pass to the Active Reserve in the future

The main actuarial assumptions used for calculation are set out below:

	2018	2017
Interest rate	0,07% (Reserve); 1,59% (Active)	0,05% (Reserve); 1,57% (Active)
Long-term retribution increase	1,00%	1,00%
Increase of maximum bases	2,50%	1,00%
Mortality chart	PERMF 2000 NP	PERMF 2000 NP
Financial system used	Individual capitalisation	Individual capitalisation
Accrual method	Projected Unit Credit	Projected Unit Credit
Age of retirement	As per Act 27/2011	As per Act 27/2011

Since this is not a post-employment compensation, impact created by changes in actuarial assumptions are recorded in the Profit and Loss Account.

l) Dismissal Indemnities

Under current employment legislation, the Entity is required to pay termination benefits to employees whose labour contract is terminated by the Entity under certain circumstances.

Compensations for dismissal are paid to employees as a consequence of the decision of the Entity of terminate its employment contract before the standard retirement age or when the employee voluntarily accepts to resign in exchange for these benefits. The Entity recognises these benefits when it has undertaken demonstrably to terminate the employment of its employees in accordance with a formal and detailed plan that cannot be revoked or to provide benefits due to termination as a consequence of an offer for the encouragement of a voluntary resignation. Those benefits which are not going to be paid up within twelve months following the balance date are discounted at their current value.

At the closing date of the financial year, there are no redundancy plans making it necessary to record a provision in this connection.

m) Activities with an Environmental Impact

Environmental activities are defined as any operation whose main purpose is to prevent, reduce or repair damage to the environment.

In this sense, investments arising from environmental activities are valued at their acquisition cost and active as a higher cost of fixed assets in the financial year in which they are incurred, following the criteria described in section b) of this note.

All expenses deriving from protecting and improving the environment are allocated to the results in the fiscal year in which they are accrued, irrespective of when the monetary or financial flow deriving from them occurs.

Provisions related to probable or certain responsibilities, litigations in progress and outstanding environmental settlements or obligations of an undetermined amount, not covered by the insurance policies held, are established when the responsibility or obligation starts that determines the indemnity.

n) Subsidies, Gifts and Bequests Received

Subsidies, gifts and capital bequests received and not repayable are recognized as such when there is a separate granting agreement for the subsidy, the conditions set out for its granting have been complied with and there are no reasonable doubts on its collection.

As a consequence of the enactment of Order EHA/733/2010, of 25 March, which approves accounting aspects for public companies which operate under certain circumstances, since financial year 2009, subsidies granted to build an asset whose execution is not completed is classified as not-repayable proportionally to the completed works, provided that there is no reasonable doubt that the construction will be completed in the conditions established in the award agreement.

In general terms, they are valued at the fair value of the awarded amount or asset and are recognised under Net Equity after subtracting the relevant tax effect, and assigned to the profit and loss account proportionally to the depreciation shown by assets financed by such subsidies. This shall not be the case for non-depreciable assets, which shall be attributed to the profits or losses of the reporting period where the disposal or value correction takes place. Official subsidies granted to compensate costs are allocated as income on a systematic basis over the periods where the expenses they aim to balance are accrued.

Repayable subsidies, donations and bequests shall be recognised as liabilities until they are reclassified as non-repayable or they are actually repaid.

Operational subsidies are recognised in the profit and loss account at the time when they are incurred. When they are granted to finance specific expenses, they will be entered into the books as the financed expenses are payable. Meanwhile, they shall be recognised as a liability or as net equity depending on whether they are deemed repayable or nor.

ñ) Transactions with Related Parties

The Company completes all transactions with related parties at fair value. The Directors of this Public Entity consider that that there are no significant risks related to this aspect which may lead to liabilities that must be considered in the future.

In general, all operations between group companies are initially recognised at their fair value. If appropriate, should the price agreed upon be different from the fair value thereof, such difference will be recorded taking the type of economic operation into consideration. Subsequent valuations are made pursuant to the provisions of applicable regulations.

Notwithstanding the foregoing, for merger, split-up and non-monetary contribution operations of a certain business, the constituting elements of the business acquired are valued at the amount corresponding to them, once the operation has been carried out, in the consolidated financial statements of the group of sub-group.

When the parent company of the group or sub-group, and its subsidiary, do not take part, the financial statements to be considered for these purposes will be the ones corresponding to the group or sub-group in which the equity elements the parent company of which is Spanish are integrated.

In these cases, the difference that may arise between the net value of assets and liabilities of the acquired company, adjusted by the balance of the groups of subsidies, gifts and bequests received and by valuation changes and any capital amount and share premium, as the case may be, issued by the acquiring company, is registered in reserves.

On 31 October, 2017, ENAIRE and is subsidiary Aena S.M.E., S.A. signed an agreement regarding the use of Aena's car park network by ENAIRE employees.

Service provision pursuant this agreement are invoiced to ENAIRE at fair value with a 75% discount on actual amounts.

Considering the Recognition and Measurement Rule 21, which establishes that the difference between the price agreed and the market value of a transaction must be recorded considering the financial conditions of the transaction for the purpose of assessing the operation at market values in order to comply with article 18 of the Corporate Tax Act, ENAIRE has recorded this service provision for financial year 2018 at market value for an amount of 80.3 millions of euros (7.1 thousands of euros in 2017). Since turnover has increased to 20.1 thousands of euros (1.8 thousands of euros in 2017), ENAIRE has recorded 51% of the different (the percentage corresponding to its share in Aena S.M.E., S.A.) as income from dividends, and the remaining 49% as extraordinary income.

On 30 April 2018, the Entity and Fundación ENAIRE signed a document authorising the use, free of any charge, of the building in which the Foundation develops its activities and which is owned by ENAIRE (note 6). In the same line, ENAIRE has recorded service provisions in financial year 2018 at their market value, as self-consumption for an amount of 72,6 thousands of euros, recording income amounting yo 60 thousand euros corresponding to pre-tax value and 12.6 thousand euros as the applicable VAT.

o) Cash Flow Statement

The Cash Flow Statement includes all treasury movements made in the financial year. Such Cash Flow Statements use the following expressions with the meaning stated below:

- Cash Flows: inflows and outflows of cash and cash equivalents, understood as highly liquid investments with maturity dates shorter than three months that are subject to an insignificant risk of changes in value.
- Operating Activities: activities that make up for the Entity's main source of ordinary income, as well as activities that may not be classified as investment or financing activities.
- Investment Activities: activities comprising the purchase, sale or otherwise disposal of long terms assets and other investment not included under cash or other equivalent liquid assets. All income arising from loans to Group companies, as well as associated novation commissions, shall be considered disinvestment proceeds.
- Financing Activities: activities causing changes on the size and composition of net equity and financial liabilities. Paid debt novation commissions are recorded as a higher value of the financing received.

Proceeds and payments in investment by Other financial assets include treasury movements as a consequence of Fixed term deposits with maturities exceeding three months.

Proceeds from 2018 Corporate Tax includes 0.39 millions from liquidating the expenses of the 2016 Corporate Tax, 0.71 millions of the 2017 Corporate Tax, minus fractionated payment and withholdings made in 2018 with regard to the 2018 Corporate Tax, which amount to 157.28 millions of euros.

Besides, proceeds from 2017 Corporate Tax included 242 millions from liquidating the expenses of the 2015 Corporate Tax, 46 millions of the 2016 Corporate Tax, minus fractionated payment and withholdings made in 2017 with regard to the 2017 Corporate Tax.

5. PROPERTY, PLANT AND EQUIPMENT

The changes in the accounts included under property, plant and equipment, during 2018 and 2017 were as follows:

2018

Movements	Thousands of euros			
	Development	Computer software	Other property, plant and equipment	Total
Cost:				
Opening balance	127.939	360.980	1.839	490.757
Acquisitions	11.619	24.939	1.863	38.421
Outflows	(226)	(2)	-	(228)
Transfers (note 6)	315	494	564	1.373
Ending balance	139.647	386.411	4.266	530.323
Depreciation:				
Opening balance	(108.504)	(282.255)	(135)	(390.893)
Provision	(6.557)	(23.989)	(334)	(30.880)
Outflows	227	1	-	228
Transfers (note 6)	7	-	-	7
Ending balance	(114.827)	(306.243)	(469)	(421.538)
Net:	**24.820**	**80.168**	**3.797**	**108.785**

The main additions for financial year 2018 are included under Computer Software and correspond to improvements and new developments of computer software, mainly those related to the Air Traffic Control Automated System (SACTA, as per its Spanish acronym), used to control air traffic, as well as under Development, due to the new organisation models of air space and optimisation of operational scenarios. 624 thousand euros (563 euros in 2017) corresponding to expenses incurred by the Entity of production of the above have been added to intangible fixed assets in financial year 2018.

The main derecognitions recorded in 2018 correspond to renewal of development project related to operational safety and air traffic management.

2017

Movements	Thousands of euros			
	Development	Computer software	Other property, plant and equipment	Total
Cost:				
Opening balance	118.855	347.213	549	466.616
Acquisitions	10.867	19.658	1.249	31.774
Outflows	(1.732)	(20.641)	-	(22.373)
Transfers (note 6)	(51)	14.750	41	14.740
Ending balance	127.939	360.980	1.839	490.757
Depreciation:				
Opening balance	(104.904)	(279.331)	(41)	(384.275)
Provision	(5.332)	(23.570)	(94)	(28.996)
Outflows	1.732	20.641	-	22.373
Transfers (note 6)	-	5	-	5
Ending balance	(108.504)	(282.255)	(135)	(390.893)
Net:	19.435	78.725	1.704	99.864

The itemised intangible fixed assets acquired to Group and associated companies is as follows:

Description	Thousands of euros			
	2018		2017	
	Book value (gross)	Cumulative depreciation	Book value (gross)	Cumulative depreciation
Development	6.229	(66)	6.395	(161)
Computer software	3.019	(30)	1.965	(48)
Other property, plant and equipment	1.680	(4)	1.136	(3)
Total	**10.928**	**(100)**	**9.496**	**(212)**

Of the total costs active as of 31 December 2018 and 2017, under the different items of Intangible fixed assets, current assets are included as itemised below:

Description	Thousands of euros	
	2018	2017
Development	8.703	3.464
Computer software	16.544	13.134
Other property, plant and equipment	1.811	902
Total	**27.058**	**17.500**

During financial years 2018 and 2017 no Financial Expenses have been active.

As of 31 December 2018, there is Intangible fixed assets in use which is entirely written off as itemised below:

Description	Thousands of euros	
	2018	2017
Development	104.605	98.958
Computer software	234.672	226.889
Other property, plant and equipment	17	17
Total	**339.294**	**325.864**

Assignment for use for a fee

On 24 July 2015, the licence agreement for the assignment for use of the GESLOT computer software, owned of the Entity , to the Asociación Española de Coordinación and Facilitación de Franjas Horarias (AECFA) in exchange for a fee until the software has been fully redeemed.

The main conditions of the agreement are detailed below:

Figures in thousands of euros	
Assignment Start Date	24 July 2015
Duration	1 calendar year, extendible in periods of three months up to the fifth year, included
Carrying amount as of 15-09-2015	351
Amount of the first payment	43
Amount of the quarterly payment	16
Amount deposited in 2015	91
Amount deposited in 2016	65
Amount deposited in 2017	65
Amount deposited in 2018	65

6. PROPERTY, PLANT AND EQUIPMENT

A summary of all movement recorded during financial years 208 and 2017 in the statements under Tangible fixed assets follows:

2018

Description	Thousands of euros						
	Lands	Buildings	Technical Facilities and Machinery	Other Facilities Tools and Furnishings	Other Fixed assets	Fixed assets (current)	Total
Cost:							
Opening balance	20.669	235.950	840.432	193.161	67.122	94.581	1.451.915
Acquisitions	-	1.805	3.128	2.898	3.197	39.306	50.334
Outflows	-	(3.113)	(82.442)	(3.503)	(2.623)	(21)	(91.702)
Transfers (note 5)	-	475	7.820	1.437	8.043	(19.148)	(1.373)
Ending balance	20.669	235.117	768.938	193.993	75.739	114.718	1.409.174
Amortisation							
Opening balance	-	(126.835)	(658.714)	(133.174)	(53.812)	-	(972.535)
Provision	-	(6.546)	(38.012)	(8.141)	(4.893)	-	(57.592)
Outflows	-	3.106	82.021	3.394	2.620	-	91.141
Transfers (note 5)	-	-	-	-	(7)	-	(7)
Ending balance	-	(130.275)	(614.705)	(137.921)	(56.092)	-	(938.993)
Net:	20.669	104.842	154.233	56.072	19.647	114.718	470.181

2017

Description	Thousands of euros						
	Lands	Buildings	Technical Facilities and Machinery	Other Facilities Tools and Furnishings	Other Fixed assets	Fixed assets (current)	Total
Cost:							
Opening balance	20.669	234.933	850.364	189.768	69.015	114.631	1.479.380
Acquisitions	-	337	3.843	1.917	2.357	38.485	46.939
Outflows	-	(2)	(51.090)	(734)	(7.837)	-	(59.663)
Transfers (note 5)	-	682	37.315	2.210	3.587	(58.535)	(14.741)
Ending balance	**20.669**	**235.950**	**840.432**	**193.161**	**67.122**	**94.581**	**1.451.915**
Amortisation							
Opening balance	-	(119.647)	(660.711)	(125.011)	(57.709)	-	(963.078)
Provision	-	(7.190)	(48.071)	(8.833)	(3.904)	-	(67.998)
Outflows	-	2	50.068	670	7.806	-	58.546
Transfers (note 5)	-	-	-	-	(5)	-	(5)
Ending balance	-	(126.835)	(658.714)	(133.174)	(53.812)	-	(972.535)
Net:	**20.669**	**109.115**	**181.718**	**59.987**	**13.310**	**94.581**	**479.380**

The itemised Intangible Fixed Assets acquired to Group and associated companies is as follows:

Description	Thousands of euros			
	2018		2017	
	Book value (gross)	Cumulative depreciation	Book value (gross)	Cumulative depreciation
Buildings	40	-	-	-
Technical Facilities and Machinery	483	(24)	517	(45)
Other installations, tools and furniture	115	(2)	12	-
Fixed assets (current)	2.608	-	2.443	-
Total	**3.246**	**(26)**	**2.972**	**(45)**

During financial years 2018 and 2017 no Financial Expenses have been capitalised.

a) Added Fixed Assets

The main additions recorded in financial year 2018 correspond to recognition of technical facilities intended to air navigation activities and conditions of the new headquarters of ENAIRE Central Services.

The main additions made to the Current Fixed Assets correspond to recognition of air navigation facilities related to the Air Traffic Control Automated System (SACTA), the IP SCVoIP-based Voice Communication Systems and Radar Surveillance Systems.

1.189 thousand euros (1.100 euros in 2017) corresponding to expenses incurred by the Entity of production of the above have been added to property, plant and equipment in financial year 2018.

b) Write-Offs

Among the write-off recognized during the financial year the most noteworthy are those arising from the renovation of the data serve platform of the Air Traffic Control Automated System in Control Centres.

c) Impairment

At the closing of financial year 2018, the Entity has not found any impairment signs that require to make any corrections to reflect such impairment in the value of fixed assets.

d) Subsidies Received

In financial year 2018, the Entity recognized 5.3 millions of euros, net of taxes, as subsidies associated to property, plant and equipment and to intangible fixed assets (4 millions of euros in 2017). The Balance includes an accumulated amount which, as of 31 December 2018, of 12.7 millions of euros, net of taxes.

The gross cost of assets associated to these subsidies as of 31 December 2018 amounts to 112.3 millions of euros, of which 88.2 million correspond to property, plant and equipment and 24.1 million correspond to intangible fixed assets. In financial year 2017, the gross cost of assets associated to these subsidies amounted to 95.4 millions of euros, of which 78.1 million correspond to property, plant and equipment and 17.3 million correspond to intangible fixed assets.

e) Limitations

Assets assigned to this Public Corporate Entity up to 31 December are goods of the public domain, over which ENAIRE does not hold any ownership, or the capacity to dispose them without a statement of non-necessity or tax.

f) Fully depreciated goods

As of 31 December 2018 and 2017, certain property, plant and equipment is fully amortised and still in use, as itemised below:

Description	Thousands of euros 2018	Thousands of euros 2017
Buildings	18.343	19.377
Technical Facilities and Machinery	383.421	402.381
Other installations, tools and furniture	67.472	58.964
Other Fixed assets	44.711	44.189
Total	513.947	524.911

g) Undertakings

As of 31 December 2018, investments pending implementation amount to approximately 96 millions of euros (104 millions of euros as of 31 December 2017), including those pending execution and those formally executed but pending implementation.

h) Insurance Policies

It is the Public Corporate Entity's policy to execute insurance policies in order to adequately cover potential risks the different elements of its property, plant and equipment are exposed to. At financial year-end 2018, there is no coverage deficit whatsoever.

Assignment for use for a fee

Since 1 January 2015, the building located in Calle Arturo Soria, 109 (Madrid) has been assigned for use to subsidiary company Aena S.M.E., S.A. for a monthly fee in the terms stated in the authorisation of the Directorate General for Public Ownership on 26 April 2016.

Assignment for use free of charge

EOn 30 April 2018, an authorisation was executed regarding the use of the premises located in Calle General Pardiñas 116 3° (Madrid), associated to ENAIRe; to Fundación ENAIRe, F.S.P, free of any charge, so that it may pursue its activities for a term of four years, which may be extended in equal periods upon formal request of Fundación ENAIRe.

Said authorisation does not imply assignment of the public domain or of ENAIRe's property rights, and is made subject to the provisions off article 90.1 of Act 33/2003 of 3 November on Public Administration Ownership. It must be emphasized that such authorisation does not involve any tax or burden on the premises, or any limitation to ENAIRe's proprietary rights on it.

This authorisation has been registered, for accounting purposes, as a self-consumption at fair value (see note 4 ñ).

7. LEASES

The Entity uses several assets by virtue or an operating lease regime agree with third parties. The most noteworthy are those stated below, together with the main characteristics of the corresponding agreements:

Assets	Location	Maturity date	Annual rent (in Thousands of €)	Overview
Building in Pegaso City	Madrid	15/03/2022	2.086	There is an agreement regarding the Allende Building and another one regarding the Lamela Building; since 15 November 2018 the latter only applies to the cafeteria.
Building in Business Park Las Mercedes	Madrid	30/11/2021	897	

As of 31 December 2018, leases subject to non-cancellable payments amount to 6.67 millions of euros, of which 3.93 correspond to the new premises in the Las Mercedes building and .74 correspond to the building in Pegaso City (6.80 millions of euros as of 31 December 2017).

In June 2018, the Company transferred certain Central Services, located until that moment in the Pegaso City building in Madrid, to the building in the Las Mercedes Business Park, also in Madrid, where they will be located for a minimum period of 4 years, as stated above.

8. FINANCIAL INSTRUMENTS

8.1 Financial assets

The book value of each Financial Asset category established in the rules and recording and valuation of financial instruments, with the exceptions investments in the equity of Group, Multi-group and Associated companies, is as follows:

Thousands of euros								
	Types							
Category	Long-Term Financial Instruments				Short-Term Financial Instruments		Total	
	Equity instruments		Credits, Derivatives and Others		Credits, Derivatives and Others			
	2018	2017	2018	2017	2018	2017	2018	2017
Loans, Cash and Items Receivable	-	-	5.338.514	6.104.217	1.367.319	1.416.492	6.705.833	7.520.709
Financial assets available for sale								
Assessed at cost	564	564	-	-	-	-	564	564
Total	**564**	**564**	**5.338.514**	**6.104.217**	**1.367.319**	**1.416.492**	**6.706.397**	**7.521.273**

The detail of the financial assets as of 31 December 2018 and 31 December 2017, by item, is as follows:

Category	Note	Thousands of euros					
		Long-term		Short-term		Total	
		2018	2017	2018	2017	2018	2017
Investment in Group and Associated Companies		5.338.514	6.104.217	648.238	683.540	5.986.752	6.787.757
Credits to companies	Note 17	5.338.514	6.104.217	648.238	683.540	5.986.752	6.787.757
Financial investments		564	564	200.021	250.965	200.585	251.529
Equity instruments	Note 8.1.a	564	564	-	-	564	564
Other financial assets	Note 8.1.c	-	-	200.021	250.965	200.021	250.965
Trade debtors and other accounts receivable		-	-	160.642	151.637	160.642	151.637
Clients, Group Companies and Associated Companies	Note 8.1.b	-	-	132.688	122.608	132.688	122.608
Clients, Group Companies and Associated Companies	Note 17	-	-	27.198	28.134	27.198	28.134
Personnel		-	-	756	895	756	895
Cash and other equivalent liquid assets	Note 8.1.d	-	-	358.418	330.350	358.418	330.350
Total		**5.339.078**	**6.104.781**	**1.367.319**	**1.416.492**	**6.706.397**	**7.521.273**

8.1.a) Equity Instruments

This itemised section of the balance as of 31 December 2018 attached, as well as the most significant information of shares included therein, is as follows:

Corporate name / Corporate address / Activity	Thousands of euros (*)						
	% Partic.	Share Capital	Profit 2018		Other equity	Total equity	Book value
			Oper.	Net			
Group Ead Europe S.L Consultoría Tecnológica Avenida de Castilla 2, P.E. San Fernando San Fernando de Henares Madrid	36,0%	1.000	523	373	552	1.925	360
Grupo Navegación por Satélite Sistemas and Servicios, S.L. Consultoría Tecnológica C/Gobelas, 41 Madrid	19,3%	1.026	(8)	(8)	(173)	845	198
Empresa para la Gestión de Residuos Industriales, S.A.U. (EMGRISA) Medio Ambiente C/Velázquez, 105 Madrid	0,1%	-	-	-	-	-	6
Total							564

(*) Data obtained from the provisional financial statements as of 31 December 2018.

8.1.b) Clients by Sales and Services Provision

The balance of item "Clients by sales and services provision" in the attached balance at the closing of financial years 2018 and 2017 is itemised as follows:

Description	Thousands of euros 2018	Thousands of euros 2017
Service provision customers	132.688	122.608
Bad debts	11.063	14.501
Provision for impairment losses	(11.063)	(14.501)
Total	132.688	122.608

With regard to doubtful balances above, the Public Entity includes, as of 31 December 2018, 448 thousands of euros (2017: 340 thousand) corresponding to debt which has been submitted to legal procedures for enforced recovery corresponding to airport activities which, since they were not available credit, were not contributed to the new Company Aena S.M.E., S.A., and, as of this day, they are still included in an provision.

A significant part of the balances included under Clients belong to Eurocontrol (140,406 thousand euros as of 31 December 2918; 133,498 thousands of euros as of 31 December 2017), which is the Organism in which the Entity delegates invoicing and collection of Air Route and Approach Fees to airlines. At the closing of financial year 2018, 10,326 thousands of euros (13,541 thousands of euros at the closing of financial year 2017) were kept as provision.

Losses, impairment and provisions corresponding to trade operations in financial years 2018 and 2017 have been as follows:

Description	Thousands of euros 2018	Thousands of euros 2017
Variation of Impairment Provision	3.537	(2.728)
Losses due to Bad Loans	(3.615)	(2.121)
Total	(78)	(4.849)

Itemised sales to external clients invoiced by Eurocontrol on behalf of ENAIRe for amounts, per client, equal or exceeding 20 millions of euros are as follows (the Aerodrome Service provided to Aena, S.M.E., S.A is a particular case because it is invoiced directly by ENAIRe, and the relevant information is included in note 13.b).

Description	Thousands of € gross (inclusive of VAT) 2018	Thousands of € gross (inclusive of VAT) 2017
RYANAIR	132.182	118.619
VUELING AIRLINES, S.A.	66.968	58.659
EASYJET AIRLIN	50.827	45.075
TAP	47.736	40.768
IBERIA	46.208	41.922
AIR EUROPA	35.968	31.371
ROYAL AIR MAROC	23.678	24.151
NORWIGIAN	23.180	21.947
AIR FRANCE	20.135	17.773
Total	446.882	400.285

8.1.c) Short-Term Financial Investments

The balance of the accounts under the heading "Short-Term Financial Investments" as of the end of financial years 2018 and 2017 is as follows:

Description	Thousands of euros 2018	Thousands of euros 2017
Short-Term Guarantees and Deposits	200.021	250.965
Total	200.021	250.965

Amounts include fixed term deposits for terms exceeding 3 months for an amount equal to 200.000 thousands of euros in 1028 and 250.000 thousands of euros in 2017, which are available for use at any time without any penalty whatsoever, and were considered before as equivalent liquid assets (see note 2.7).

8.1.d) Cash and Other Equivalent Liquid Assets

The balance of the accounts under the heading "Cash and other Equivalent Liquid Assets" as of the end of financial years 2018 and 2017 is as follows:

Description	Thousands of euros 2018	Thousands of euros 2017
Cash on hand and in banks	358.418	230.350
Fixed term deposit <3 months	-	100.000
Total	358.418	330.350

As of 31 December 2018 and 2017, all cash and other equivalent liquids assets balances are available for use at any time without any penalty whatsoever. Besides, the company does not have bank overdrafts.

8.2 Financial Liabilities

The book value of each financial liability category established in the Fourth Standard on Recognition and Valuation is as follows:

Category	Thousands of euros — Types									
	Financial Instruments (Long-term)				Financial Instruments (Short-term)				Total	
	Debt with Credit Institutions		Trade creditors and others		Debt with Credit Institutions		Trade creditors and others			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Debits and items payable	5.375.469	6.206.057	141	2.990	657.501	699.441	91.341	72.937	6.124.452	6.981.425
Total	5.375.469	6.206.057	141	2.990	657.501	699.441	91.341	72.937	6.124.452	6.981.425

Itemised financial liabilities under each Balance section, as of the closing of financial years 2018 and 2017 is as follows:

		Thousands of euros					
Category	Note	Long-term		Short-term		Total	
		2018	2017	2018	2017	2018	2017
Debt		5.375.610	6.209.047	672.804	715.502	6.048.414	6.924.549
Debts with credit institutions	Note 8.2.a	5.375.469	6.206.057	657.501	699.441	6.032.970	6.905.498
Financial Lease Creditors		-	-	-	10	-	10
Derivatives		-	-	-	-	-	-
Other Financial Liabilities	Note 8.2.b	141	2.990	15.303	16.051	15.444	19.041
Debt with Group and Associated Companies	Note 17	-	-	1.500	3.749	1.500	3.749
Trade Creditors and Other Accounts Payable		-	-	74.538	53.127	74.538	53.127
Sundry creditors	Note 8.2.c	-	-	18.407	9.344	18.407	9.344
Creditors, Group and Associated Companies	Note 17	-	-	1.235	1.336	1.235	1.336
Personnel	Note 8.2.c	-	-	53.449	39.490	53.449	39.490
Advance Payments from Customers		-	-	1.447	2.957	1.447	2.957
Total		5.375.610	6.209.047	748.842	772.378	6.124.452	6.981.425

8.2.a) Debt with credit institutions

Evolution of loans with credit institutions over the last five-year period is shown below:

2014	2015	2016	2017	2018
10.966.455	9.838.350	8.613.671	6.891.930	6.022.081

Itemised "Long-Term Debt" and "Short-Term Debt" under liabilities in balance sheets as of 31 December 2018 and 2017 is shown below:

Description	Thousands of euros					
	2018			2017		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Loans	5.379.481	642.600	6.022.081	6.211.665	680.265	6.891.930
Adjustment to Loan Balance per Cost-Efficiency Criteria	(4.012)	(408)	(4.420)	(5.608)	(531)	(6.139)
Non-Matured Accrued Interest	-	15.309	15.309	-	19.707	19.707
Total	**5.375.469**	**657.501**	**6.032.970**	**6.206.057**	**699.441**	**6.905.498**

Loans and credits are executed by approximately 40.7% at an annual fixed or revised fixed rate which ranges between 0.064% and 4.88%, and the remaining percentage was executed at variable rates generally referenced to 3-month Euribor rate (2017: 425% of loans and credits were executed at annual revised fixed rates ranging from 0.64% to 4.88% annual, and the remaining percentage was executed at variable rates generally referenced to 3-month Euribor rate.

As of 31 December 2018, the average live of debt is 10.94 years and its average cost is 0.80%.

The Public Corporate Entity has committed to comply with certain general obligations in order to prevent early cancellation of such credits and loans. Entity Directors deem that, as of the closing of financial years 2018 and 2017 all obligations related to such loans were complied with.

Circular 2/2016 of the Bank of Spain, in compliance with the provisions set forth in Regulations (EU) no.575/2013 (CRR), which, although it did not expressly modify ENAIRE's risk weighing, excluded the Entity, by virtue of Rule 5, from application of the "Exposures to Public Administration Entities" category (since this category exclusively included entities includes in the Public Administration sector under the European System for National Accounts). This meant that ENAIRE would have been implicitly excluded form the zero-risk category, with the corresponding weighing being adjusted by 100%.

Loans with several Financial Institutions include a series of clauses in case that the risk weighting for the Entity is not 0%, which may entail a higher cost of financing and, in some cases, early repayment.

The Entity deems that all Loan Agreements, with their current terms and conditions, are fully valid, since, after all, no decrease of ENAIRE's credit quality has occurred, since no changes occurred to the legal nature of either ENAIRE or Aena S.M.E., S.A., as co-creditor, or to the implicit guarantees.

In July of financial year 2018, 175,000 thousands of euros loaned by DEPFA were repaid early, of which 166,075 were paid by Aena S.M.E., S.A. The cancellation fee (corresponding to the swap agreed between DEPFA and other financing institution and which, among other requirements to allow ENAIRE to cancel the pending balance, included a compensation to DEPFA for reasons of the severance costs related to this derivative) amounted to 18,176 thousands of euros, of which 17,249 were assumed by Aena S.M.E., S.A.. The agreed annual fixed interest rate associated to such credit, maturing in 2022, was 4.87%. For this reason, it was advisable to repay it early even considering the high cost incurred.

This early repayment of all active loans with DEPFA involved repayment by this bank institution of part of the unused guarantee, received in 2017, which covered the period between 22 December 2017 and 22 December 2018. This return is translated into financial proceeds for the entity for an amount of 1,085 thousands of euros, as well as a financial expense amounting to 1,029 thousands of euros, for the percentage of mirror credit of this return corresponding to Aena S.M.E., S.A.

With regard to credits with EIB, over financial year 2018 the Entity proceeded to early cancellation of the total amount, that is, 63,592 thousands of euros, with cancellation costs amounting to 1,180 thousands of euros.

In financial year 2017, a financial income amounting to 0.91 millions of euros was included, corresponding to excess of the 2016 warranty fee payable by DEPFA minus the 2017 warranty fee, as per notification of the bank entity. Besides, an amount of 0.87 millions of euros, corresponding to the mirror credit income percentage corresponding to Aena S.M.E., S.A., was included under financial expenses.

In June 2017, 840 millions of euros from the bank debt of the Group with DEPFA, a banking institution, were repaid early, and 797.2 millions of euros of which were paid by Aena S.M.E., S.A. to ENAIRE.

Additionally, in December 2017, the Entity completed the early repayment of 72 millions of euros of the bank debt with EIB and 84 millions of euros of the bank debt with ICO.

The maturity deadlines for the fees pending payment corresponding to the credit policies and loans, as of the closing of financial years 2018 and 2017 is as follows:

2018

Fees with maturity	Thousands of euros
2019	642.600
2020	642.600
2021	555.434
2022	540.784
2023	518.784
Subsequent Years	3.121.879
Total	**6.022.081**

2017

Fees with maturity	Thousands of euros
2018	680.265
2019	678.777
2020	678.777
2021	591.611
2022	580.611
Subsequent Years	3.681.889
Total	**6.891.930**

Itemised disposed and not disposed amounts corresponding to debt with Credit institutions by the Entity as of the closing of financial years 2018 and 2017 are as follows:

2018

Entity	Thousands of euros		
	Used	Not disposed	Total
Banco Europeo de Inversiones	3.592.241	-	3.592.241
Banco Sabadell	10.948	-	10.948
FMS	666.667	-	666.667
Instituto de Crédito Oficial	1.752.225	-	1.752. 225
Total	6.022.081	-	6.022.081

On 3 April 2018, the Entity subscribed a credit with Banco de Sabadell for an amount of 10,948 thousands of euros, for the purposes of being eligible for the 2017 CEF Blending Subsidy granted by the European Union, since requesting a credit for such amount was a compulsory requirement therefore. This debt with Banco de Sabadell was acquired exclusively by ENAIRE, and is not included in the debt in which Aena appears as co-creditor.

This subsidy will be used to cover part of the costs of the IP Voice System implementation project at the Barcelona ACC.

2017

Entity	Thousands of euros		
	Used	Not disposed	Total
Banco Europeo de Inversiones	4.020.247	-	4.020.247
Depfa Bank	175.000	-	175.000
FMS	733.333	-	733.333
Instituto de Crédito Oficial	1.963.350	-	1.963.350
Total Loans	6.891.930	-	6.891.930

Accrued and unpaid interest as of the closing of financial years 2018 and 2017 amount, respectively, to 15,309 and 19,707 thousands of euros.

The Entity has subscribed hedging operations for interest rate risk up to 13 December 2017. Since this date, no hedging is available for this risk.

8.2.b) Other Financial Liabilities

The balances of these items as of the closing of financial years 2018 and 2017 are itemised as follows:

Description	Thousands of euros	
	2018	2017
Short-Term Fixed Asset Suppliers	14.208	15.268
Short-Term Guarantees and Deposits Received	1.095	783
Other Long-Term Financial Liabilities	141	2.990
Total	15.444	19.041

8.2.c) Trade Creditors and Other Accounts Payable

The balances of these items as of the closing of financial years 2018 and 2017 are itemised as follows:

Description	Thousands of euros	
	2018	2017
Short-Term Fixed Asset Suppliers	19.642	10.680
Short-Term Guarantees and Deposits Received	53.449	39.490
Total	73.091	50.170

Under "Sundry creditors" balances with Group companies and associated companies at the closing of financial years 2018 and 2017 have been included, amounting to 1,235 thousands of euros and 1,336 thousands of euros, respectively (see note 17).

8.2.d) Information on Deferred Payments made to Suppliers. Third Additional Provision. Reporting obligations under Spanish Act 15/2010, of 5 July

As of 31 December 2018, there are deferred pending payment due to providers for an amount of 7,722 thousands of euros, for procurement of goods and services provided during the financial year (3,462 thousands of euros in 2017).

This balance refers to the suppliers that, due to their nature, are trade creditors for debt corresponding to supplies of goods and services, and includes data under "Trade creditors and other accounts payable", "Short-term debt with Group and associated companies" in current liabilities in the Balance Sheet.

In principle, since the Entity is included in Article 2.2 of Organic Act 2/2012 of 27 April, the Third Additional Provision of Royal Decree 635/2014 of 25 July regulating calculation the average term of payment to suppliers should apply.

Notwithstanding the above, article 2 of said Royal Decree, which defines the subjective application scope, provides that it shall be applicable to all subjects listed under article 2.1 of Organic Act 2/2012 of 27 April; the Entity is not among them.

Considering this discrepancy and the fact that Decision of Instituto de Contabilidad and Auditoría de Cuentas [Institute for Accounting and Account Auditing or ICAC, by its Spanish acronym] of 29 January 2016 is applicable to corporations, including Aena S.M.E., S.A., which would entail that if ENAIRE was to apply the methodology stated in Royal Decree 635/2014 of 25 July, such information should appear in the consolidated financial statements and should also be harmonised according to the criteria adopted by the parent company. Since this may be complicated, and acknowledging that application of the ICAC Decision yields a better reporting information, ENAIRE has decided to adopt such resolution both in its discrete and consolidated accounts.

The breakdown of payments for commercial transactions during financial years 2018 and 2017 and those outstanding payments at year end in relation to maximum legal terms set forth in Act 31/2014, pursuant the provisions set forth by the Decision of Instituto de Contabilidad and Auditoría de Cuentas [Institute for

Accounting and Account Auditing or ICAC, by its Spanish acronym] of 29 January 2016 is as follows:

	2018	2017
	Days	
Average term of payment to suppliers	41,88	44,11
Ratio of Paid Operations	43,94	45,61
Ratio of Outstanding Transactions	10,06	14,22
	Amount (thousand)	Amount (thousand)
Total Payments Made	73.645	68.524
Total Outstanding Payments	4.772	3.462

8.3 Financial Investments in Group and Associated Companies

The main capital amounts, equity, profits and losses and accounting value related to Group companies as of the closing of financial years 2018 and 2017 are as follows:

2018

Corporate name / Address / Purpose	Fraction of Direct Capital	Thousands of euros (**)					
		Share capital	Profit/Loss FY 2018		Other equity	Total equity	Accounting Value (*)
			Operations	Net			
Aena S.M.E., S.A. Arturo Soria, 109 Madrid Explotación, Conservación, Gestión and Administración de Aeropuertos (1).	51,00%	1.500.000	1.830.347	1.301.182	3.525.126	6.326.308	1.326.443
Ingeniería and Economía del Transporte, S.A. (INECO) P° de la Habana, 138 Madrid Consultoría (2).	45,85%	8.251	8.814	7.418	69.478	85.147	3.783
Centro de Referencia Investigación, Desarrollo e Innovación ATM. A.I.E. (CRIDA) Avenida de Aragón 402, Edificio Allende, Madrid Realización de Actividades de I+D+i en el Ámbito ATM (3).	66,66%	720	90	89	780	1.589	480
Total							1.330.706

(*) None of these shares has declared any impairment in the financial year or cumulative impairment; they have been valued at their cost price.
(**) Data obtained from the Individual Financial Statements prepared for financial year 2018.
(1) Company audited by KPMG.
(2) Company audited by PKF ATTEST.
(3) Company audited by CET Auditores.

2017

Corporate name / Address / Purpose	Fraction of Direct Capital	Thousands of euros (**)					
		Share capital	Profit/Loss FY 2017		Other equity	Total equity	Accounting Value (*)
			Operations	Net			
Aena S.M.E., S.A. Arturo Soria, 109 Madrid Explotación, Conservación, Gestión and Administración de Aeropuertos (1).	51,00%	1.500.000	1.705.129	1.219.751	3.301.400	6.021.151	1.326.443
Ingeniería and Economía del Transporte, S.A. (INECO) P° de la Habana, 138 Madrid Consultoría (2).	45,85%	8.251	10.750	4.626	69.487	82.364	3.783
Centro de Referencia Investigación, Desarrollo e Innovación ATM. A.I.E. (CRIDA) Avenida de Aragón 402, Edificio Allende, Madrid Realización de Actividades de I+D+i en el Ámbito ATM (3).	66,66%	720	49	49	732	1.501	480
Total							**1.330.706**

(*) None of these shares has declared any impairment in the financial year or cumulative impairment; they have been valued at their cost price.
(**) Data obtained from the Individual Financial Statements prepared for financial year 2017.
(1) Company audited by KPMG.
(2) Company audited by Grant Thornton.
(3) Company audited by CET Auditores.

As of 31 December 2018 and 2017 the share capital of Aena S.M.E., S.A. is represented by 150,000,000 nominal shares with a nominal value of 10 euros each, fully subscribed and paid out. These shares grant the same financial and political rights.

On 31 December 2018, Aena S.M.E., S.A.'s securities quotation was EUR 135.75 per share (169 euros per share in 2017), and the average quotation for the last quarter of 2018 amounted to 139.37 euros (160.64 euros in 2017).

Custody and administration expenses corresponding to holding Aena S.M.E., S.A. shares in financial year 2018 invoiced to ENAIRe amount to 265 thousands of euros, an amount to which the ext dividend transfer to the Public Treasury originated in the Dividend of S.M.E., S.A. must be subtracted

Pursuant the available information, as of 31 December 2018 the most significant interest held in Aena S.M.E., S.A.'s share capital are that of ENAIRe, holding 51%, and TCI Fund Management Limited, holding 11.32% (TCI Fund Management Limited is the indirect holder of 3.61% by means of certain equity swaps [CFDS]).

CRIDA (Centro de Referencia de Investigación, Desarrollo e Innovación ATM, A.I.E.) is an Economic Interest Group in which ENAIRe has a direct interest of 66.66%, and, through Ineco, an indirect interest of 7.64%.

8.4 Information on the Nature and Level of Risk

The Entity's activities are exposed to different types of both operational and financial risk. Among operational risks, the regulatory exchange risk and the operating and service risk are especially noteworthy. The main operational risks are the interest rate risk, the credit risk and the liquidity risk.

Operational Risks

a) Regulatory Change Risk
Regulatory change risk is understood as any significant and permanent changes in any variables upon which the mechanisms to determine annual unit fees are conditional. These include costs or macroeconomic factors, such as traffic or inflation, any changes therein greatly affecting the route fares. In turn, this directly affects the net turnover and therefore the profit/losses and the cash status of the Entity.

The aircraft navigation system is a highly regulated system, both at a national and an international level, and therefore any regulatory change or enactment, as well as their possible interpretations may have a negative impact in the Entity's operating return and financial status (ENAIRe's financial activities are regulated by means of Regulation 390/2013 which lays down a performance scheme for air navigation services, and Regulation 391/2013 which lays down a common charging scheme for air navigation services.

b) Operating Risks
The Entity's activities is exposed to internal and external factors which imply Operating Risk, most significantly:

- Financial environment and air traffic evolution
- Competition
- Airport operators and clients
- Availability of properly trained personnel
- Planning of tailored resources
- Operational efficiency
- Dependency of third party services

- Cybersecurity and physical safety
- Health & Safety
- Weather conditions
- System availability

Financial Risks

a) Interest Rate Risk Regarding Cash Flows and Fair Value:
The Entity's interest rate risk arises from the financial debt. Variable rate loans expose the Entity to a cash flow interest rate risk, which is partially set off by the cash held at variable rates. Fixed rate interest loans expose the Entity to fair value interest rate risk.

The goal of the Entity's management of interest rate is optimisation of financial expenses within the established risk limits, considering variable risk 3-months Euribor (used for long-term debt).

Additionally, financial expense risk value is calculated for the Multi-Annual Action Plan (PAP, as per its Spanish acronym) and establishes rate evolution scenarios for the considered period.

Financial Expenses mainly arise from recognised financial debt with Credit Institutions.

Up to 13 December 2017, the Entity had subscribed interest rate hedging operations, which were transferred to Aena S.M.E., S.A..

In April, EIB variable rate loans corresponding to the Canary Airports Infrastructure and amounting to 56,940 thousands of euros, decreasing spread from 0.421 to 0.265.

In July, the DEPFA debt, which amounted to 175 million euros, was cancelled early. Over the financial year, the BEI fixed rate and variable rate debt amounting to a total of 63 millions of euros was cancelled (see note 8.2.a).

b) Credit Risk
The Entity's credit risk is originated in cash and other equivalent liquid assets, financial derivatives and deposits in banks and other financial institutions, as well as in exposure to credit of trade receivables and committed operations.

The Entity does not expect any losses for which no provision has been provided due to failure of these parties.

The risk variable is the credit quality of the other party; therefore the Entity focuses in minimising the risk of failure of these parties. The Entity maintains its cash and equivalent liquid assets with financial institutions with a high credit rating.

The credit risk concentration with clients is detailed in note 8.1-b.

c) Liquidity Risk
The main risk variables are: limitations of financial markets, increase of expected investment, and reduced cash generation.

With the purpose of maintaining a sufficient level of liquidity to hedge a minimum of twelve months' worth of financial needs, a long term financing policy has been established, and the possibility of subscribing short- and medium-term liquidity facilities has been considered.

In order to be able to comply with all investment commitments and the related short-term debt, the Entity, as of the closing of financial year 2018, with cash at banks and in hand amounting to 358.4 millions of euros, as well as 200 million euro in fixed term deposits maturing in less than 9 months, available for use at any time without any penalty whatsoever, and their own operational cash flows. Under these circumstances, the Entity Directors deem that there will be no problem to comply with all payment commitments.

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9. OWN FUNDS

As of 31 December 2018, the Entity's Own Funds are itemised as follows:

	2018	2017
Own Funds	2.525.760	2.429.214
Equity (Capital)	1.821.537	1.821.537
Reserves	519.674	519.674
Legal and statutory	517.543	517.543
Other Reserves	2.131	2.131
Losses from previous financial years	-	(66.052)
Profit/Loss for the Financial Year	681.786	446.058
Interim dividend (Treasury Advance Payments)	(497.237)	(292.003)

Equity and assigned equity

At the time of its incorporation, the Entity was assigned certain buildings and facilities owned mainly by the Ministry for Transportation, Tourism and Communications (presently, the Ministry for Public Works), the Ministry for Defence, and the former Autonomous Entity for National Airports, for the purposes of providing airport management and air navigation services.

Listing of 49% of the capital of subsidiary Aena S.M.E., S.A., by means of a Public Offering completed in February 2015, involved that the Entity ENAIRe's share in Aena S.M.E., S.A., decreased from 100% to 51%.

Based on this reduction of ENAIRE's share in Aena S.M.E., S.A, ENAIRE's Board of Directors agreed to reduce the Entity's equity in 1,274,425 thousands of euros, corresponding to the cost value of 49% of Aena S.M.E., S.A. shares originally held by the Entity but disposed by means of the Public Offering.

Statutory Reserves

Statutory reserves have been provided pursuant to the Articles of Association of this Public Corporate Entity, and their purpose is to finance investments in infrastructure.

Other Reserves

The amount that is shown in this item is originated by the following events:

In financial year 2011 through 2014, 13,705 millions were recorded amounting for the different between the initial estimation and the final value of certain assets contributed to Aena S.M.E., S.A. before its transfer to private investors of part of such Company's capital, pursuant to the decision made by the single member and adopted by ENAIRE on 6 June 2011 (see note 1).

In financial year 2016, Voluntary Reserves were decreased by 11,574 for the reason of a personnel expenses adjustment corresponding to financial years 2011 through 2015, arising from changes in accounting criteria in provisions provided to face any possible claims submitted by air controllers for differences in criteria applied by the Entity ad by the Air Controllers Union to calculate their total payroll for financial years 2011 through 2015.

For this reason, as of 31 December 2018, the corresponding balance stood at 2,131 thousands of euros (2,131 thousands of euros as of 31 December 2017).

As stated in note 3, as of 31 December 2018, the 98,000 thousands of euros Fare Surplus Voluntary Reserve were yet to be established, after its approval by the Board of Directors (note 13.b).

Treasury Advance Payments

As established in article 57 of the Entity's Articles of Association, when its annual financial statements show a surplus, this is attributed, upon agreement of the Board of Directors and in accordance with the provisions of the Programme of action, investments and financing of the Public Body, to the financing of the Investment Plan and the reduction of its indebtedness. The remaining amounts, if applicable, shall be paid to the State Treasury.

In line with this, on 27 April 2018, the Board of Directors approved settlement to the Treasury of the amount received by the Entity as dividends distributed by Aena S.M.E., S.A. corresponding to financial year 2017, which amounted to 497,237 thousands of euros; this amount is considered a payment in cash of the profit to which the Entity is entitled corresponding to financial year 2018, and which was made on 16 May 2018.

The amount authorised by the Board of Directors arises from the 497,250 thousands of euros received as the holders of 51% of Aena S.M.E., S.A. shares, minus expenses charged to ENAIRE by Banco Sabadell as custody and administration expenses, which amounted to 13 thousands of euros.

10. INVENTORIES

The Inventories balance as of the closing of financial years 2018 and 2017 is itemised as follows:

Inventories	Thousands of euros	
	2018	2017
Spare parts	336	477

11. PROVISIONS AND CONTINGENCIES

11.1 Provisions

Movements completed in financial year 2018 under this item has been as follows:

Provisions	Special Paid Leave and Active Reserve	Compensations for Controllers	Premiums	Compensation as per Coll. Agr.	Other Provisions	Total
Opening balance 2018	144.589	839	4.384	712	2.143	152.667
Additions	13.578	235	536	798	559	15.706
Reversals / Surpluses	-	(82)	-	(59)	(173)	(314)
Applications	(16.706)	-	(211)	(646)	(59)	(17.622)
Transfers	-	-	-	-	-	-
Final Balance for 2018	141.461	992	4.709	805	2.470	150.437

Long-term provisions

In financial year 2018, changes in the different items include din the provision for labour commitments have been as follows:

Long-term Provisions	Labour Commitments		Total
	Special Paid Leave and Active Reserve	Premiums	
Opening balance 2018	126.210	4.063	130.273
Additions	13.578	536	14.114
Reversals / Surpluses	-	-	-
Applications	-	-	-
Transfers	(13.307)	(82)	(13.389)
Final Balance for 2018	126.481	4.517	130.998

Short-Term Provisions

Movements in this item during financial year 2018 is as follows:

Short-term Provisions	Special Paid Leave and Active Reserve	Compensations for Controllers	Premiums	Compensation as per Coll. Agr.	Other Provisions	Total
Opening balance 2018	18.379	839	321	712	2.143	22.394
Additions	-	235	-	798	559	1.592
Reversiones / Excesos	-	(82)	-	(59)	(173)	(314)
Aplicaciones	(16.706)	-	(211)	(646)	(59)	(17.622)
Transfers	13.307	-	82	-	-	13.389
Final Balance for 2018	14.980	992	192	805	2.470	19.439

Special Paid Leave (Licencia Especial Retribuida, LER) and Active Reserve (Reserva Activa, RA)

Certain members of the air controller community ascribe to an Special Paid Leave pursuant the provisions of previous collective agreements, to which they are entitled because they comply wit certain criteria; employees in this situations are entitled to receive their base salary, annually updated, up to their legal retirement age.

Subsequently to the arbitration award of 27 February 2011 and the approval of a new collective agreement, the Special Paid Leave regime was replaced by the Active Reserve regime. Requirements for employees who wish to ascribe to this regime are more restricted and, additionally, benefits are reduced to 75% of the fixed ordinary salary over the last twelve months, excluding the Fixed Personnel Adaptation Bonus, and the maximum amount to be received may not exceed twice the upper annual limit of for public pensions established by the Act for General State Budget for each financial year.

Pursuant available actuarial surveys, as of 31 December 2018, liabilities accrued by those air controllers ascribed to the Special Paid Leave and Active Reserve regimes amounts to 32,807 thousands of euros.

Besides, the Entity has estimated that the rate of active employees that will voluntarily ascribe to the Active Reserve regime, according to the calculations of the actuarial survey, the actuarial liability incurred for this reason accrued as of 31 December 2018, amounts to 108,654 thousands of euros.

As of 31 December 2018, there was a recorded long-term provision amounting to 126,481 thousands of euros and a short-term provision amounting to 14,980 thousands of euros which provide for this situation.

Compensations for Air Traffic Controllers

The Collective Agreement for Air Controllers establishes a guaranteed compensation for active controllers with seniority exceeding 5 February 2010 of a gross average salary amounting to 200 thousands of euros and a salary at least equal to those received in 2010 for non-active air controllers, which, in total, amounted to a maximum total payroll of 480 millions of euros for financial year 2010. These same criteria establish the total payroll corresponding to all financial years in which such Collective Agreement is valid.

For calculating the annual total payroll, the new controllers recruited for the year must be considered in addition to the amounts stated above.

The difference between the total payroll actually paid and the maximum guaranteed total payroll will be translated into a performance bonus paid to employees.

The Entity considers that the estimation of the total payroll is correct. However, some claims with regard to applied criteria, estimated in 0.99 millions of euros as of 31 December 2018, have been submitted, and have been classified as short-term.

Up to 2016, this item included long-term provisions provided for an amount of 84.7 millions of euros in order to meet any possible claims by the Air Controllers Union based on the different criteria used for estimating the total payroll for financial years 2011 through 2016. In 2017, this provision was reversed according to ruling 165/2017 of the National Court [Audiencia Nacional], which dismisses the claim submitted by the Air

Controllers Union on the performance bonus regulated under article 142 of the relevant Collective Agreement. However, the Air Controllers Union appealed such ruling by means of Appeal Proceedings, which, as of the closing of the financial year, has not yet been concluded. The Entity understand that it is possible, though not likely (based on the contents of the National Court 165/2017 ruling), that the Supreme Court amends the previous ruling, and for this reason the Entity qualifies it as a contingent liability (see note 11.2).

Premiums

The stated balance of 4,709 thousands of euros corresponds mainly to the provision recorded as long-term premiums for lenght of service (4,517 thousands of euros). The rest, that is, 192 thousands of euros, has been classified as short-term and correspond to payments due in financial year 2019.

Provision for financial year 2018 has increased to 536 thousands of euros, of which 64 thousands of euros correspond to financial costs. Besides, 211 thousands of euros have been applied.

Compensation as per Collective Agreement

The balance corresponding to the provisions for employee (other than air controllers) compensations according to the Collective Agreements as of the closing of 2018 amounts to 805 thousands of euros.

The main addition corresponds to the provision for the provision corresponding to holidays and Personnel leave accrued as of 31 December 2018, which amounts to 704 thousands of euros. With regard to the remaining amount, 32 thousands of euros correspond to the provision for uncompensated accrued working hours as of 31 December 2018 and 61 thousands of euros for possible claims, which establishes a total balance of additions of 798 thousands of euros as of 31 December 2018.

Under applications, the main entry, amounting to 572 thousands of euros, refers to the provision for holidays and Personnel leave accrued as of 31 December 2017, 34 thousands of euros for payment of unpaid working hours in financial year 2017 and 39 thousands of euros for settlement of claims.

Besides, some dismissed claims for an amount of 59 thousands of euros have been reversed.

Other Provisions

Provisions for and corresponding to non-labour issues amount to 2,470 thousands of euros. They mainly cover the following aspects: 1,773 thousands of euros for potential payment of local fees (especially, the charges for land occupation charged by the Town of Begues, which amounts to 1,741 thousands of euros) and 697 thousands of euros from the provisions arising from Article 42 of Legislative Royal Decree 1/2013, of 29 November, which enacts the Recast Text of the General Act on the Rights of Persons with Disability and their Social Inclusion, since in financial years 2018 and 2017 the Entity did not reach the recruitment rate for persons with disability established by such Royal Decree, and therefore has to meet the economic fines provided for in said regulations.

Of the 559 thousands of euros added in 2018, 235 thousand corresponded to taxes charged by the town of Begues in 2018, 300 thousand were accrued in financial year 2018 pursuant to Royal Legislative Decree 1/2013, and the rest, 24 thousands of euros, correspond to local taxes (IBI, or tax on real estate).

Besides, in financial year 153 thousands of euros from the local tax on real estate (IBI) provision and 19 thousands of euros due to an excessive provision made according to Royal Legislative Decree 1/2013 have been reverted.

Of the applied amount, 57 thousands of euros amount to payment VAT or Canary Islands General Direct Tax in amended invoices of final consumers. The remaining amount was used to settle other local taxes. As of the closing of financial year 2018, this provision was completely used up

Other Labour Commitments

Non-controller ENAIRE employees are governed by the provisions of AENA Group's collective agreement, which, in its article 149, establishes that all employees that can justify that they have provided any recognized service in any of the companies in the AENA Group for a minimum of 360 calendar days may become a participant in the Joint Pension Plans of the Aena Group Companies. The Pension Plan includes benefits in the event of retirement, disability (total permanent disability, absolute permanent disability and severe disability) and death.

Section three of Article 2 Royal Decree-Law 20/2011, of 30 December, with regard to urgent measures regarding budgeting, takes and financial matters for decreasing public debt, establishes the prohibition of making contributions to labour-related pension plans. Consequently the Entity has not made any contribution to the Pension plans since 1 January 2012. However, pursuant the General State Budget for 2018, the Entity has agreed with the workers' representatives that a part of the salary rise (0.30%) is assigned to contributions to the Pension Plan, which amounts to 113,000 pending settlement at the closing of the financial year, which have been registered under compensation pending payment.

11.2 Financial Liabilities

Performance Premium (Reduced Working Time for Legal Guardians)

As of 31 December 2016, this item included long-term provisions provided for an amount of 84.7 millions of euros in order to meet any possible claims by the Air Controllers Union based on the different criteria used for estimating the total payroll for financial years 2011 through 2016.This provision was reversed following ruling 165/2017 of 20/11/2017 by the Labour Division of the National Court of Madrid rejecting the criterion of the Air Traffic Control Union in favour of that applied by ENAIRE. However, the Air Controllers Union appealed this ruling before the Supreme Court, and therefore there is a risk that this sentence is to be modified; consequently, the Entity classifies it as a contingent liability valued in 121 millions of euros as of 31 December 2018 (see note 2.5 and 11.1).

Fare Surplus

As described in note 13 b, the Public Corporate Entity ENAIRE is air navigation service provider and its main source of income are proceeds from the air route navigation fares.

The fares that are to be applied each year are calculated according to the costs and air traffic for the year, as provided by the Performance Plan.

Each year fares are calculated considering, among other things, the amount of deviations of financial variables and actual air traffic with respect to the provisions considered in the previous reference period.

With regard to differences between actual and planned costs, these are assumed by the service providers, whilst differences between actual and planned traffic are shared by service providers and users, so that a significant part of the lower or higher revenues from fees in one year, due to traffic differences, will be considered in the calculation of fees in subsequent years.

Actual traffic is much higher than the values estimated in the current Performance Plan; in fact, in financial year 2018, a 20% increase in traffic with respect to the estimations made for fare calculation purposes was recorded. For this reason, at the closing of financial year 2018, there is an obligation to decrease the calculation basis for future fares (surplus).

The aforementioned surplus may not be classified as liability as those are defined in the Accounting Conceptual Framework of the 2007 Accounting General Plan (according to the report received from the National Accounting Office of the Comptroller General of the State, after consultation submitted by ENAIRE), and therefore has not been included in the Entity's balance sheet. However, if circumstances changed, it may be eventually classified as a liability. The amount of this contingent liability amounts to 131 millions of euros (note 13.b).

11.3 Financial Assets

Updating Tax Assets

In financial year 2017, application of Decision of the Institute of Accounting and Account Auditing (ICAC) of 9 February 2016, which develops recoding, valuing and preparing standards for financial statements with regard to accounting for the Profit Tax, once the tax planning has been completed based on the expected profits and losses for the period 2018-2027 pursuant to a scenario of significant fare reduction, and estimated that, as of 31 December 2017, recovery of Deferred Tax Assets amounted to 20,167 thousands of euros for Negative Tax Bases and to 19,167 for Temporary Differences.

For this reason, over financial year 2017 such assets were decreased by 50,104 thousands of euros and 36,037 thousands of euros. (See Notes 12.4 and 12.6)

In financial year 2018, tax planning for the 2019-2028 period, updating the air traffic and fares evolution, which involved a new adjustment in tax assets and involved an increase of Negative Tax Bases by 6,817 thousands of euros and a decrease in Temporary Differences by 8,229 thousands of euros.

As in 2017, it was possible to apply such assets, which do not mature for taxing purposes; therefore the Entity considers that they may not be classified as contingent assets since they are to be recognized as soon as the criteria state by the aforementioned ICAC Decision are met.

This Contingent Asset is the difference between the tax right and the balance recognized in the ENAIRE balance sheet, which amounts to:

- Negative tax bases: for an amount of 43,281 Thousands of euros.
- Temporary differences: for an amount of 44,266 Thousands of euros.

12. PUBLIC ADMINISTRATION AND TAX STATUS

12.1 Balances with Public Administration

The itemised balances with Public Administration as of 31 March 2019 are as follows:

Debt balances

Public Tax Authority as Debtor	Thousands of euros 2018		2017	
	Current	Non-Current	Current	Non-Current
Deferred tax assets (note 12.6)	-	20.025	-	39.335
Public Tax Authority: debit balance for VAT	4.015	-	47.527	-
UE as Debtor for Subsidies Granted	6.087	6.494	5.036	2.461
Current Tax Assets	71.386	118.021	385	71.727
Total	**81.488**	**144.540**	**52.948**	**113.523**

Short-term current tax assets results from estimating the liquidation of expenses due under Corporate Taxes financial year 2017. An estimated balance of financial year 2018 as of the date on which the Financial Statements is being reported yields payable liquid assets amounting to 118,021 thousands of euros, resulting from the difference between the tax liabilities, which amounts to 39,262 thousands of euros, and the joint of fractionated payments and withholdings during in the financial year, which amount to 157,283 thousands of euros, which have been classified, in the long terms, pursuant to the relevant recovery estimations. The tax payable to the Tax Authority for the accrued VAT reflects the balance receivable by the Public Administration with regard to the payable amounts for the accrued VAT.

Credit balances

Public Tax Authority as Creditor	Thousands of euros			
	2018		2017	
	Current	No Current	Current	No Current
Deferred tax liabilities (note 12.8):	-	4.217	-	2.885
Income tax withheld by Tax Authority	18.515	-	18.395	-
Creditor Social Security Administrations	6.670	-	6.174	-
VAT withheld by Tax Authority	-	-	37	-
Other taxes withheld by Tax Authority	5	-	15	-
Subsidies withheld by Tax Authority	1.023	-	-	-
Total	**26.213**	**4.217**	**24.621**	**2.885**

12.2 Tax on Profit Reconciliation between Net Amount of Income and Expenses of the Financial Year and the Tax Base

Reconciliation between the amounts corresponding to income and expenditure recorded for the financial year, both in the profit and loss account and in the equity account, and tax base for the Corporate Tax for financial years 2018 and 207 is as follows:

2018

Reconciliation of the Accounting Result and the Tax Base	Profit and Loss Account		Income and Expenses directly charged to Net Equity		Reserves		Total
Income and Expenditure Balance for the Financial Year	681.786		3.995		-		685.781
	Increases (I)	Reductions (D)	(I)	(D)	(I)	(D)	
Corporate tax	58.200	-	1.332	-	-	-	59.532
Permanent differences	1.892	(499.623)	-	-	-	-	(497.731)
Temporary Differences - originating in the financial year	30.952	(8.944)	1.787	(7.114)	-	-	16.681
- originating in previous financial years	1.767	(38.481)	-	-	-	-	(36.714)
Previous tax base	227.549		-		-		227.549
Offsetting for Negative Tax Bases in Previous Years							(56.887)
Tax base (tax result)							**170.662**

2017

Reconciliation of the Accounting Result and the Taxable Base	Profit and Loss Account		Income and Expenses directly charged to Net Equity		Reserves		Total
Income and Expenditure Balance for the Financial Year	446.058		2.990		-		449.048
	Increases (I)	Decreases (D)	(A)	(D)	(A)	(D)	
Corporate tax	159.346	-	997	-	-	-	160.343
Permanent differences	2.131	(297.246)	-	-	-	-	(295.115)
Temporary Differences							
- originating in the financial year	38.340	(8.363)	1.400	(5.387)	-	-	25.990
- originating in previous financial years	2.642	(123.956)	-	-	-	-	(121.314)
Previous tax base	218.952		-		-		218.952
Compensation for Negative Tax Bases in Previous Years							(54.738)
Tax base (tax result)							**164.214**

The main permanent differences for financial year 2018 correspond to the exemption of dividends due to double taxation (499,623 thousands of euros) and, to a lesser extent, with the contributions of Fundación ENAIRe. As for temporary differences, the differences between depreciation recognised for tax and for accounting purposes and the provisions made to the failure provision, risk provision and employee expenditure are especially noteworthy.

Among the amounts charged to the Profit and Loss Account, the main permanent differences for financial year 2017 corresponded to the exemption of dividends due to double taxation (297,246 miles thousands of euros) and, to a lesser extent, with the contributions of Fundación ENAIRe, as well as to penalties and other sanctions. As for temporary differences, the most significant temporary difference is the reversion made in the provision for differences in the criteria used to estimate the total payroll of air controller staff for financial years 2011 through 2016 (see notes 11 and 13c).

The temporary differences directly related to the net equity of financial years 2018 and 2016 correspond entirely to subsidies.

12.3 Taxes Recognised under Net Equity

The breakdown corresponding to taxes directly recognised under Net Equity for financial years 2018 and 2017 is as follows:

2018

Tax	Thousands of euros		
	Increases	Decreases	Total
Deferred Tax Liabilities Originating in the relevant Financial Year			
Capital Subsidies	447	(1.779)	(1.332)
Cash Flow Hedges	-	-	-
Originating in Previous Financial Years			
Cash Flow Hedges	-	-	-
Capital Subsidies	-	-	-
Total Deferred Tax	447	(1.779)	(1.332)
Total Directly Recognized Tax under Equity			(1.332)

2017

Tax	Thousands of euros		
	Increases	Decreases	Total
Deferred Tax Liabilities			
Originating in the relevant Financial Year			
Capital Subsidies	350	(1.325)	(975)
Cash Flow Hedges	-	(22)	(22)
Originating in Previous Financial Years			
Cash Flow Hedges	-	-	-
Capital Subsidies	-	-	-
Total Deferred Tax	350	(1.347)	(997)
Total Directly Recognized Tax under Equity			(997)

12.4 Reconciliation of the Accounting Profit/Loss and the Expenditure for Corporate Tax

The reconciliation between the accounting profit/loss and the expenditure for Corporate Tax for financial years 2018 and 2017 is as per below:

Reconciliation of the Accounting Result and Corporation Tax Expenditure	Thousands of euros	
	2018	2017
Accounting Profit / Loss before Taxes	739.986	605.404
Permanent Differences	(497.731)	(295.115)
Adjusted Accounting Result	242.255	310.289
Rate at 25%	60.564	77.572
Deductions and Rebates Applied	(3.403)	(4.591)
Resulting Tax	57.161	72.981
Updated Tax Assets	1.412	86.141
Adjustments on Profit Tax	(373)	224
Tax Recognised in the Profit and Loss Account	58.200	159.346

In financial year 2018, the Entity recognized and applied certain tax deductions on the Corporate Tax, which amounted to 3,403 thousands of euros (2017: 4,591 thousands of euros). Such deductions arise mainly from R&D&I initiatives, investments in the Canary Islands and a contribution to Fundación ENAIRe.

In financial year 2017, an adjustment in tax assets amounting to 86,141 thousands of euros was made in application of the Decision of the Institute of Accounting and Account Auditing (ICAC) of 9 February 2016, which develops recoding, valuing and preparing standards for financial statements with regard to accounting for the Profit Tax, which, in order to recognize deferred tax assets, sets forth the general requirement that the company must be likely to obtain fiscal gains in the future that allow such assets to be applied, and established a maximum term to recover such assets of ten years from the closing of the relevant financial year.

As a consequence of the final settlement of IS 2017 carried out in July 2018, the correction mentioned above has been amended in 5 thousands of euros.

In 2018, after a tax planning for the subsequent period of ten year, more precisely for the period 2019-2028, was carried out again, and the evolution of air traffic and the fares was updated, a correction of 1,412 thousands of euros was registered.

An amount of 1,412 thousands of euros (86,141 thousands of euros in 2017) is the difference between the recognized tax asset and the amount to be recovered in ten years, as a consequence of application of the aforementioned ICAC decision, since, pursuant the new estimation of future profits and losses of the Entity, the requirements for these assets to be likely to be recovered in the term established by said decision are no longer met, and therefore the corresponding decrease in this amount for the asset in the balance sheet is made

12.5 Breakdown of the Income/Expense from Corporate Tax

	Thousands of euros			
	2018		2017	
	Assigned to P/L	Assigned to NE	Assigned to P/L	Assigned to NE
Current Tax:				
of financial year	42.665		41.054	
Deductions	(3.403)		(4.591)	
	39.262	-	36.463	-
Deferred tax:				
▪ Valuation of deferred tax assets				
- Due to deductible temporary differences:				
Depreciations	2.172		1.841	
Losses Credits Insolvency	804		(785)	
Provisions	701		21.778	
Deferred tax Assigned Income and Expenses				
Changes in Accounting Criteria				
- Offsetting for Capitalised BIN	14.222		13.685	
- Deductions pending application				
▪ Valuation of deferred tax liabilities				
- Due to deductible temporary differences:				
Capital Subsidies				
	17.898	-	36.519	-
Corporate Tax Expenditure	57.161	-	72.981	-

12.6 Registered Deferred Tax Assets

Deferred tax assets recorded as of 31 December 2018 and 2018 are itemised as follows according to their nature:

Deferred Tax Assets	Thousands of euros 2018	Thousands of euros 2017
Tax Credits for Negative Tax Bases	12.763	20.167
CapitalisedTemporary Differences	7.262	19.168
Total Deferred Tax Assets	20.025	39.335

Deferred tax assets set out above have been recorded in the balance sheet as the Entity Managers believe that, in accordance with the best forecast on the future results of the Entity, including certain tax planning activities, said assets are likely to be recovered.

12.6.a) Tax Credits for Negative Tax Bases

As of the closing of financial years 2018 and 2017, negative tax bases pending offsetting and their corresponding amounts and maximum terms for offsetting were as follows:

2018

Financial year in which they were generated	Thousands of euros	Maximum offsetting term
2010	140.351	No maximum term
2011	83.824	
Total	224.175	

2017

Financial year in which they were generated	Thousands of euros	Maximum offsetting term
2010	197.261	No maximum term
2011	83.824	
Total	281.085	

In 2017, a corporation tax expense amounting to 50.104 thousands of euros was registered as a result of the difference between the recognised tax asset recognised by tax bases and the recoverable amount regarding this item in 10 years, as a result of the application of the resolution of the Instituto de Contabilidad and Auditoría de Cuentas [Institute for Accounting and Account Auditing, ICAC, by its Spanish acronym] of 9 February 2016, mentioned in note 12.4.

As a consequence of the final settlement of IS 2017 carried out in July 2018, the correction mentioned above has been amended in 5 thousands of euros.

In financial year 2018, tax planning for the 2019-2028 period, updating the air traffic and fares evolution, increasing Negative Tax Bases by 6,817 thousands of euros, which was translated into an income of the same amount.

As a consequence, out of 224.175 thousands of euros of the tax base to be recovered on 31 December 2018, only 51,050 thousands of euros are recognized, which, at the current 25% tax rate, amount to 12,763 thousands of euros included in the Entity balance sheet.

12.6.b) Active Temporary Differences

Itemised deferred tax assets arising from temporary differences included in the balance, as of the closing of financial years 2018 and 2017 is as follows:

Itemised Deferred Tax Assets	Thousands of euros	
	2018	2017
Asset Depreciation and Asset Provision	26.550	28.722
Labour Commitments	22.104	22.916
Provision for Impairment of Trade Credits	2.620	3.424
Other	254	143
Updated Tax Assets	(44.266)	(36.037)
Total	7.262	19.168

In financial year 2017, tax assets were decreased by 36,037 thousands of euros according to application of the Decision of the Institute of Accounting and Account Auditing (ICAC) of 9 February 2016, mentioned in note 12.4.

In financial year 2018, once that the tax planning for financial year 2019-2028 has been completed, the Temporary Differences have been further decreased by 8,229 thousands of euros.

The amount of 44,266 thousands of euros corresponds to the difference between the tax asset recognized by reason of temporary differences and the recoverable amount by the same reason over 10 years.

12.7 Deductions Pending Compensation

The Entity does not have deductions pending offsetting created in prior financial years (neither did it have deductions pending in 2017).

Therefore, in financial year 2018, no tax deductions arising from previous financial years have been applied to the Corporate Tax. Actually applied deductions amount to 3,403 thousands of euros, and all of them arise from current financial year 2018.

12.8 Deferred Tax Liabilities

Itemised deferred tax liabilities included in the balance, as of the closing of financial years 2018 and 2017 is as follows:

Deferred tax liabilities	Thousands of euros	
	2018	2017
Grants related to assets	(4.217)	(2.885)
Total	(4.217)	(2.885)

12.9 Financial Years pending Verification and Inspections

According to the current law, taxes may not be deemed as finally settled until the declarations filed have been duly audited by tax authorities or the four-year inspection period has elapsed.

However, the Administration entitlement to check or investigate negative tax bases compensated or pending compensation, double-tax reliefs and deductions to promote the performance of certain activities applied or pending application, prescribes within a period of 10 years from the day after expiration of the deadline fixed to submit the tax return or application thereof. After said period of time, the negative tax bases or reliefs just may be justified by submitting the settlement or self-assessment and the accounts, together with the evidence of deposits thereof during the said period of time with the Business Registry.

Currently, no inspection is being performed with regard to national or local taxes.

As of the date on which these financial statements are being prepared, valid inspection periods are:

- Corporation Tax: 2014-2018
- For Income Tax: 2015-2018
- For VAT: 2015/-2018
- For Canary Islands General Direct Tax: 2015/-2018
- For Services and Import Tax: 2015-2018

The Entity Directors deem that all settlements regarding the aforementioned taxes have been properly applied so, in the event that any discrepancies may arise regarding the construction of the current regulations in relation to the tax treatment applied to the operations, any eventual resulting liabilities, if any, will not significantly affect the financial statements attached.

From 1 January 2005, the Public Corporate Entity Aeropuertos Españoles and Navegación Aérea (currently ENAIRe) and companies participated by the latter which comply with the relevant tax requirements set forth by the Act on Corporate Tax in order to pay taxes under the tax consolidation regime, constituted the TAXING GROUP 50/05 and ascribed to the same Special Corporate Tax Consolidation Regime.

Since financial year 2005, ENAIRe has paid taxes under the tax consolidation regime.

On 11 February 2015, ENAIRe being at the time the sole shareholder of Aena S.M.E., S.A., 49% of Aena S.M.E., S.A.'s shares were sold by means of a Public Offer, while the remaining 51% were retained by ENAIRe.

This sale of shares meant, for ENAIRe, the loss of their status as Dominant Shareholder, since it no longer complied with the requirements established by article 58.2 of Act 27/2014 of the Corporate Tax; therefore, the Taxing Group dissolved for tax purposes on 1 January 2015.

For this reason, from financial year 2015, ENAIRe started paying its taxes under the Individual Regime, and therefore the estimated and submitted Corporate Tax as per these financial statements corresponds entirely to ENAIRe.

As mentioned in note 8.3, CRIDA (Centro de Referencia de Investigación, Desarrollo e Innovación ATM, A.I.E.), a R&D&I reference centre, is an Economic Interest Group in which ENAIR has a 66.66% share. In compliance with tax standards, ENAIRe includes in its Corporate Tax base the par corresponding to CRIDA's tax base.

CRIDA was subject to verifications and partial inspection, initiated by means of a communication, made on 3 October 2017, on positive adjustments made to profits and losses caused by application of depreciation prerogatives provided for in the 11th Additional Provision of the Recast Text of the Act on Corporate Tax, approved by means of Royal Legislative Decree 4/2004, of 4 March. The scope of this actions was expanded on 4 April 2018 to include the deductions made to gross proceeds received by the Director.

The results of these inspections with regard to positive adjustments made to profits and losses caused by application of depreciation prerogatives stated that such adjustments were made in an appropriate manner. As for proceeds received by the Director, the inspection concluded that proceeds from financial years2013 and 2014 may not be considered deductible expenses. On the other hand, it considered that proceeds from financial year 2015 was correctly deducted according to a legislative change which clarifies the tax consideration given to such proceeds. The minutes were signed by CRIDA on a contested basis on 18 July 2018. On 26 December 2018 CRIDA was notified that there was a provisional settlement agreement regarding the Corporate Tax for taxable periods 2013, 2014 and 2015. Such provisional settlement does not yield any tax debt payable by CRIDA, but it does increase tax bases to be assigned to its members corresponding to financial years 2013 and 2014 in the following amounts: 82,012.83 in financial year 2013 and 83,232.91 euros in financial year 2014.

Financial year 2013 exceeds the relevant legal term for inspection.

Besides, the inspection initiated disciplinary proceedings for an amount of 66,098.29 euros, an amount included by CIRDA in one of the provisions recorded in its 2018 accounts

13. INCOME AND EXPENSES

a) Supplies

Itemised supplies for 2018 and 2017 are as follows:

Supplies	Thousands of euros	
	2018	2017
Purchase of Other Supplies	161	151
Changes in Inventories of Other Supplies	141	214
Work Performed by Other Companies	36.316	34.844
Total	**36.618**	**35.209**

Works carried out by other companies in 2018 correspond mainly to services provided by the Agencia Estatal de Seguridad Aérea [National Air Safety Agency] and the Agencia Estatal de Meteorología [State Meterology Agency].

b) Distribution of Net Turnover

This Public Corporate Entity develops its activities, in geographical terms, in the Spanish territory. Income received over financial years 2018 and 2017 is itemised below:

Distribution of Net Turnover	Thousands of euros	
	2018	2017
Support to Route Navigation	826.016	799.327
Support to Approaching Navigation	23.505	22.249
Income for Aerodrome Services rendered to Aena	136.472	138.930
Income for Other Services rendered to Aena	942	942
Publications and Other Services	6.335	7.353
Total Turnover	993.270	968.801

The most relevant revenue obtained by the Group for the Air Navigation Services results mainly from the en-route air navigation charges governed by a system regulated at European level, established by Community Regulations (EU Regulation No. 391/2013 laying down a common charging scheme for air navigation services and EU Regulation No. 390/2013 laying down a performance scheme for air navigation services and network functions).

The operation of the charging system is based on regulated tariffs and on the principle of risk sharing between air navigation service providers and users (airlines) and is built on the preparation of a Performance Plan for a period covering a cost and traffic scenario as well as cost-efficiency aims.

The mechanism for determining the annual unit tariffs is based on the cost and traffic data included in the Performance Plan in force (prepared in 2014), which is adjusted to reflect the aforementioned risk sharing, which are born to partly amend any differences between the real data for each year and the information of the Plan drafted in 2014.

With regard to differences between actual and planned costs, these are assumed (for or against) by the service providers in order to promote greater management efficiency, whilst differences between actual and planned traffic are shared by the service providers and users, so that a significant part of the lower or higher revenues from fees in one year, due to traffic differences, will be considered in the calculation of fees in subsequent years.

There are additional adjustment concepts, usually with less incidence, such as differences between planned and expected inflation, and also the possible existence of cost changes (for or against) derives from causes beyond the control of the service provider (for example, amendments to laws, changes in tax regulations).

In summary, it could be said that the calculation of the annual unit rate is based on the sum of the planned costs for that year plus (or less) any adjustments for previous years divided by the planned traffic (service units).

In the case of Spain, while in the first RP1 period (2012-2014) of the regulated system actual traffic was lower than planned traffic due to the impact of the economic crisis, during the current RP2 period (2015-2019) and from 2016 onwards, due to a better economic situation and to the existing geopolitical environment, the traffic recorded is above that initially expected for the calculation of the tariff.

Namely, the lower revenues recorded during the 2012-2014 period are being applied to the determination of the rates for subsequent years, whilst the relevant part of the higher revenues than those expected from 2016 onwards began to be returned to the companies in 2018, when the rates decreased by 3%, with a 12% decrease approved for financial year 2019. Consequently, when establishing the annual rates, the adjustments will correct the differences regarding the 2015-2019 period compared to the planning carried out at the beginning of 2014, so that the excess revenue derived from rates in certain financial years will be compensated with decreases in subsequent years.

The current and expected evolution of traffic with in comparison with that considered in the National Performance Plan in force (2015-2019) and the application of the calculation mechanisms that require to reduce de rates for this traffic excess anticipates a significant reduction in tariffs in coming years which will affect the results.

Income from aerodrome services consist on communication, navigation and surveillances (CNS) services and services associated to ATM systems, pursuant the Service Agreements subscribed by the Entity and Aena S.M.E., S.A. within the legal framework established by Act 9/2010 of 14 April. (See note 17).

Besides the aforementioned aerodrome services, performed in airports owned by Aena S.M.E., S.A., the Entity also provides technical services and other services not subject to the fare system. In financial year 2018, this income amounted to 6,060 thousands of euros (7,063 thousands of euros in 2017), are included under "Publications and Other Services", together with publications amounting to 61 thousands of euros (66 thousands of euros in 2017) and other income amounting to 206 thousands of euros (224 thousands of euros in 2017).

The price of technical services provided over financial year 2018 is detailed below, itemised per client:

Client	Thousand € 2018
AEROPORTS PÚBLICS DE CATALUNYA, SLU	522
AIRBUS DEFENCE AND SPACE S.A.U.FAS	870
ARINC	255
EDEIS AEROPUERTO DE CASTELLÓN, S.A.	190
EUROPEAN SATELLITE	1.300
EUROPEAN SATELLITE SERVICES	359
INDRA SISTEMAS, S.A.	720
INECO S.M.E. M.P., S.A.	9
INMARSAT NAVIGATION VENTURES LTD.	20
SENASA S.M.E. S.A	9
SESAR JOINT UNDERTAKING	1.565
SITA - SOCIÉTÉ INTERNATIONALE	47
SITA INFORMATION	203
Total	6.068

c) Expenditure on Personnel

Expenditure on personnel in financial years 2018 and 2017 are itemised as follows:

Personnel expenses	Thousands of euros	
	2018	2017
Salaries and Wages	460.265	444.973
Social Security at the expense of the Company	53.788	51.468
Contributions to Labour Commitments	286	148
Other Employee Benefits Expenses	6.717	5.847
Change in Provisions	12.110	(69.278)
Total	533.166	433.158

The working conditions of employees of ENAIRE Group (formed by the Public Corporate Entity ENAIRE and Aena S.M.E., S.A.,) are subject to the approval of the total payroll by the Ministry of Finance. In financial year 2018, compensations were increased by 1,825% annually with respect to the total payroll of the previous year (1% in financial year 2017), pursuant to the provisions set forth by Act 6/2018 of 3 July for General State Budget.

Changes in provisions include reversion of a 2017 provision amonting to 84,748 thousands of euros subsequent to ruling 165/2017 dated 20.11.2017 of the Labour Division of the National Court [Audiencia Nacional] of Madrid, which dismisses the criterion applied by the Air Controllers Union and favours the criterion used by ENAIRE (see note 11). Such changes also include provisions for Active Reserve/Unpaid Special Leave amounting to 12 millions of euros in financial 2018 and 17 millions of euros in financial year 2017.

ENAIRE obtains bonuses from scheduled training activities in companies carried out through the Estatal para la Formación en el Empleo [National Foundation for Employee Training] This section states that personnel expenses include 332 thousands of euros as training initiatives implementation expenses and individual training licences (304 thousands of euros in 2017). Of these expenses, 288 thousands of euros were used from employee training expenses according to the 1st Collective Agreement of Aena Group (for non-controller employees) and 44 thousands of euros for training initiatives for air controllers. By 2017, such sums amounted to 242 and 62 thousands of euros respectively.

d) External services

The breakdown of this heading for financial years 2018 and 2017 is as follows:

External services	Thousands of euros	
	2018	2017
Leases and Canons (note 7):	3.152	2.331
Repairs and Conservation	19.233	16.885
Independent Professional Services	11.091	11.801
Insurance premiums	2.895	2.680
Advertising and Public Relations	678	658
Supplies	4.322	4.370
Surveillance and Security Systems	3.861	3.576
Fee for Eurocontrol and other international organizations	34.957	34.766
Other services	13.615	13.148
Total	93.804	90.215

The most relevant amouts correspond to the Eurocontrol Fee, which is the Spain's contribution as an Eurocontrol memebr, as welel to Repairs and Conservation related mainly to technical installations.

e) Excess of provisions

The amount included under "Excess of provisions" for financial year 2018 amounts to 172 thousands of euros corresponding to IBI [Real Estate Ownership Tax] provision reversion amounting to 153 thousands of euros and a reversion of parts of the provision derived from Royal Legislative Decree 1/2013 (19 thousands of euros) mentioned in note 11.1. This provision was created as a consequence of the fact that in financial years 2017 and 2018 the Entity did not fulfil the rate of recruitments of disabled persons as established by the aforementioned Royal Legislative Decree

In financial year, a reversion of the VAT/Canary Islands General Direct Tax amounting to 70 millions of euros was reversed.

f) Other profit/loss

An amount of 876 thousands of euros included in the accounts corresponds mainly to Extraordinary Income from outstanding debt originating in the Ciudad Real Airport, which were considered as bad debt after this airport went into bankrupcty, and which have been finally collected by virtue of a decision of the court in charge of managing the bankruptcy proceedings, in application of Ruling 107/2018 of the Court of First Instance no. 4 of Ciudad Real.

An amount of 523 euros accounted for in 2017 corresponded mainly to Extraordinary Income due to the cancellation of the estimates made as of the closing of financial year 2015 related to the involvement of consultants for selling Aena S.M.E., S.A. shares as well as a surcharge from the delayed payment proceedings.

g) Financial profit/loss

Financial profit/loss obtained in 2018 and 2017 were as follows:

Financial profit/loss	Thousands of euros	
	2018	2017
Financial income: Income from shares in equity instruments (note 17)	499.623	297.246
Other interest in Group Companies (note 17)	69.588	64.197
Other non-Group, assimilated income and interest	1.539	1.639
Total	570.750	363.082
Financial Expenses: Group-related financial and assimilated expenses (note 17)	(1.029)	(867)
Non-Group financial and assimilated expenses	(75.287)	(68.068)
Total	(76.316)	(68.935)
Variation in Fair Value of Financial Instruments: Trading Book and others	-	(91)
Total	-	(91)
Net Financial Profit/Loss	**494.434**	**294.056**

Both financial income and expenses increased in 2018 in spite of the fact that outstanding debt decreased as a consequence of loan early cancellation expenses with DEPFA (18,1676 in thousands of euros) and EIB (1,180 thousands of euros) which involved Mirror Debt-related income of (17,249 thousands of euros) exclusive of DEPFA (see note 8.2.a).

h) Other Information

As of the closing of financial years 2018 and 2017, the number of employees, broken down by gender and category, is as follows:

Professional category	2018 (*)			2017 (*)		
	Men	Women	Total	Men	Women	Total
Senior Management	4	-	4	4	-	4
Managers and University graduates	353	285	638	327	260	587
Technical personnel	214	54	268	194	48	242
Technical personnel	645	343	988	640	335	975
Support personnel	16	1	17	17	1	18
Air controllers	1.465	713	2.178	1. 431	696	2.127
Total	**2.697**	**1.396**	**4.093**	**2.613**	**1.340**	**3.953**

(*) The number of temporary employees as of the closing of financial years 2018 and 2017 amounted to 226 and 221, respectively.

The average staff in financial years 2018 and 2017 was as follows:

Professional category	2018	2017
Senior Management	4	4
Managers and University graduates	604	534
Coordinators	249	239
Technical personnel	974	969
Support personnel	17	18
Air controllers	2.152	2.137
Total	**4.000**	**3.901**

The average number of temporary employees as of the closing of financial years 2018 and 2017 amounted to 230 and 159, respectively.

The average number of employees with a disability equal or over 33% for financial years 2017 and 2018, broken down by category, is as follows:

Professional category	2018	2017
Managers and University graduates	6	4
Coordinators	4	2
Technical personnel	21	21
Support personnel	1	1
Air controllers	5	6
Total	**37**	**34**

As of 31 December 2018 and 2017, there were 11 member s of the Board of Directors, 6 men and 5 women.

Compensations for Directors and Senior Management

Compensations received during financial years 2018 and 2017 by the Directors and Senior Management of the Entity, classified by item, are the following (in thousands of euros):

2018

Description	Salaries	Attendance fees	Pension plans	Insurance premiums	Total
Senior Management	528	2	-	3	533
Board of Directors	-	76	-	-	76

2017

Description	Salaries	Attendance fees	Pension plans	Insurance premiums	Total
Senior Management	533	7	-	2	542
Board of Directors	-	82	-	-	82

Consolidated balance sheets at the end of financial years 2018 and 2017. Besides, there are no pension-related obligations contracted with current or former Directors.

Audit fees

The account auditing is carried out by the Ministry of Finance and Public Administration through the General Intervention of the State Administration (IGAE as per its Spanish acronym). For this reason, no cost was accrued for these auditing services.

14. DEPOSITS AND OTHER GUARANTEES

The Public Corporate Entity had certain current deposits as of the closing of financial years 2018 and 2017 amounting to a total value of 72 thousands of euros broken down as follows:

Beneficiary	2018	2017
General Treasury for Social Security	60	60
City Council of Vejer de la Frontera - Cádiz	12	12
Total	**72**	**72**

The Entity Directors do not expect significant liabilities to arise from such deposits.

15. ENVIRONMENTAL COMMITMENTS

The Management of the Public Corporate Company, which is firmly committed to preserve the environment and the quality of life in the communities in which they are embedded, has been carrying out investments in this regard with the aim of minimising the environmental impact of its actions and environmental protection and improvement.

As of 31 December 2018, fixed assets included environmental investments for an amount of 7.8 millions of euros (7,3 millions of euros as of 31 December 2017), whose cumulative depreciation amounted to 5,6 millions of euros (5,4 millions of euros as of 31 December 2017).

In financial year 2018, environmental investments amounted to 617 thousands of euros. This increase with respect to the previous period was caused to an investment made in elecrtric and hybrid cars (119 thousands of euros in 2017).

The Profit and Loss Account for financial years 2018 and 2017 includes the following incurred environmental expenses, broken down by type:

Description	Thousands of euros	
	2018	2017
Repairs and Conservation	342	323
Independent Professional Services	32	32
Other External Services	7	8
Total	381	363

Environmental provisions and contingencies were transferred to a Aena S.M.E., S.A at the time that such Company was incorporated. The Directors of the Public Corporate Entity do not envisage for any relevant additional liabilities or contingencies to arise for this item line.

16. SUBSIDIES, GIFTS AND BEQUESTS RECEIVED

Movements and itemised amounts under this heading as of 31 December 2018 and 2017 and over the corresponding financial years were as follows:

2018

Subsidies, Gifts and Bequests Received	Balance as of 31/12/2017	Additions	Profit/Loss Allocation	Other adjustments	Balance as of 31/12/2018
Capital Subsidies from Official EU Organizations					
Amount	11.540	7.789	(1.787)	(675)	16.867
Tax effect	(2.885)	(1.948)	447	169	(4.217)
Net	8.655	5.841	(1.340)	(506)	12.650

2017

Subsidies, Gifts and Bequests Received	Balance as of 31/12/2016	Additions	Profit/Loss Allocation	Other adjustments	Balance as of 31/12/2017
Capital Subsidies from Official EU Organizations					
Amount	7.641	5.299	(1.387)	(13)	11.540
Tax effect	(1.910)	(1.325)	347	3	(2.885)
Net	5.731	3.974	(1.040)	(10)	8.655

Additions correspond to the financing of investment projects charged to ENAIRE's SESAR implementation projects funded by the European Funds in their call for CEF Funds for 2014, 2015, 2016 and 2017, for the year 2018, for an amount of 5,666 thousands of euros, as well as ERDF Funds Operative Programme for the Canary Islands amounting to 2,123 thousands of euros, which amounts to a total sum of 7,789 thousands of euros.

The sum for Other Adjustments corresponds mainly to adjustments arising from the degree of completion of several projects.

Besides, other subsidies financing Operational Expenses for an amount of 2,643 in thousands of euros (3,507 in thousands of euros 2017) from European-funded project financing, specifcally ENAIRE's SESAR implementation projects, in their call for CEF Funds for 2014, 2015, 2016 and 2017, for the year 2018, were also included in the Profit and Loss Account.

As of the closing of financial years 2018 and 2017, the Entity understands that has complied with all necessary conditions to receive and use the aforementioned subsidies.

17. BALANCES AND OPERATIONS WITH RELATED PARTIES

17.1 Transactions and balances with Group and associated companies

Itemised debit and credit balances held with Group and associated companies at the end of financial years 2018 and 2017 are as follow:

2018

Balances and Operations with Related Parties	Thousands of euros					
	Debtor	Long-term loans	Short-term loans	Long-term debts	Short-term debts	Sundry creditors
Group: Aena S.M.E. S.A.	27.175	5.338.514	648.238	-	-	(687)
Aena Desarrollo Internacional, S.M.E. S.A.	-	-	-	-	(133)	-
Centro de Referencia Investigación, Desarrollo e Innovación ATM. A.I.E. (CRIDA)	-	-	-	-	(136)	(3)
Associated companies: Ingeniería and Economía del Transporte S.M.E.M.P., S.A. (INECO, S.A.)	23	-	-	-	(1.231)	(545)
Total	27.198	5.338.514	648.238	-	(1.500)	(1.235)

2017

Balances and Operations with Related Parties	Thousands of euros					
	Debtor	Long-term loans	Short-term loans	Long-term debts	Short-term debts	Sundry creditors
Group: Aena S.M.E. S.A.	27.627	6.104.217	683.540	-	(1.700)	(514)
Aena Desarrollo Internacional, S.M.E. S.A.	-	-	-	-	(13)	(51)
Centro de Referencia Investigación, Desarrollo e Innovación ATM. A.I.E. (CRIDA)	484	-	-	-	(174)	-
Associated companies: Ingeniería and Economía del Transporte S.M.E.M.P., S.A. (INECO, S.A.)	23	-	-	-	(1.862)	(771)
Total	28.134	6.104.217	683.540	-	(3.749)	(1.336)

Due to the non-monetary contribution set forth in note 1, the Public Entity AENA and the Subsidiary Aena S.M.E., S.A. signed a financing agreement on 1 July 2011, whereby the debts corresponding to the branch of activity provided in the capital increase are transferred from the Public Business Entity ENAIRE to the Subsidiary Aena S.M.E., S.A. In such contract between both parties, the initial debt and the future cancellation conditions thereof were established, as well as the procedure for the settlement of interest and repayment of the debt.

In addition, the parties recognised that the debt amount could be adjusted upwards or downwards, depending on the difference between the estimate of the value of the assets and liabilities subscribed, on the basis of which the required share capital increase in Aena S.M.E., S.A. was decided, and the value of the assets and liabilities were finally subscribed. It was also specified that the ownership belonged to the Public Corporate Entity ENAIRE before Lender Financial Institutions. However, it was established that the Company Aena S.M.E., S.A. was required to pay the percentage of the outstanding balance of the Entity attributable to the branch of airport activity at the moment of the contribution of any payments that the Public Corporate Entity ENAIRE had to make to the Financial Institutions, pursuant to the financial conditions and other terms and conditions set forth in the Financing Agreements.

Therefore, by means of this contract, the Subsidiary Aena S.M.E., S.A. entered into all the obligations that were originally agreed by virtue of contracts with financial institutions for the corresponding amount, pursuant to the provisions of the previous section. This meant that the maturities and interest rates to be paid by the Subsidiary Aena S.M.E., S.A. to the Public Corporate Entity ENAIRe would be the same as those described in the contracts with the Financial Institutions; and compliance with the reasons for the declaration of early maturity and the possible financial instruments detailed in each of the contracts is also applicable.

On the other hand, the Council of Ministers of 11 July 2014 agreed to authorise ENAIRe to initiate the procedures for the inflow of private capital in the Subsidiary Aena S.M.E., S.A. up to 49% of its share capital. This Public Offering occurred on 11 February 2015.

Within such framework regarding the process of opening the share capital of the Subsidiary Aena S.M.E., S.A. to private investors, and for the purpose to make the financing agreements (long-term and short-term debt) and hedge agreements signed with all the Financial Institutions compatible with this process, dated 29 July 2014, the Public Corporate Entity ENAIRe, Aena S.M.E., S.A. and the corresponding Financial Entities agreed on the amendment and non-extinction novation of the corresponding financing agreements.

The consolidated text of the new financing agreements replaces in full and for all purposes the original contracts and their novations in order to, among other amendments, eliminate any contractual restriction that could affect the privatisation process and incorporate Aena S.M.E., S.A. as a joint obligor with the Public Corporate Entity ENAIRe under the different Financing Contracts and make all those adjustments to the aforementioned financing contracts that may be necessary for said purposes

As a consequence of said novations and to apply the amendments in the contractual relationship of the financing contract with Aena S.M.E., S.A., on 29 July 2014, a non-extinctive modification novation of the debt recognition contract was signed between the Public Business Entity ENAIRe and Aena S.M.E., S.A., which amended the contract signed on 1 July 2011.

In the process of novation of the debt, the Public Corporate Entity ENAIRe and Aena S.M.E., S.A. expressly agree that, notwithstanding their status as co-debtors and jointly and severally liable for compliance with the obligations set forth in the Financing Agreements, the payments that must be made under any circumstance and under the aforementioned Financing Agreements shall be made by ENAIRe and therefore, the contractual relationship between Aena S.M.E., S.A. and the Public Corporate Entity ENAIRe is still valid by means of the Debt Recognition Contract. In any case, the non-payment by Aena S.M.E., S.A. of its liabilities arising from the Debt Recognition Contract shall not release the Public Corporate Entity ENAIRe from complying with its payment commitments under the provisions of the Financing Agreements.

Therefore, the amendments agreed in the financing agreements with the banking entities and with Aena S.M.E., S.A. do not modify the accounting treatment of the financial debt.

By means of these novations, the financial conditions of the transactions on the loans granted to the Public Corporate Entity ENAIRe are not modified, nor therefore those included in the mirror loans subscribed with Aena S.M.E., S.A. (among others: repayment, maturity dates, regime of interest rates, amortisation terms, etc.).

In 2014, as a result of differences arising between the estimation of the value of assets and liabilities provided on the basis of which the required capital increase was determined in the Company Aena S.M.E., S.A. and the value of the assets and liabilities finally provided and within the process of novation previously explained, Aena S.M.E., S.A. acknowledges that it owes ENAIRE the amounts of 57,370 thousands of euros and 14,839 thousands of euros that become part of the indebtedness of Aena S.M.E., S.A.

Indebtedness due to Value Adjustments accrues annually on the amount pending amortisation, an interest rate equivalent to the average interest rate of the debt arising from the Financing Agreements on each interest payment date.

As of 31 December 2018, the debt of Aena S.M.E., S.A with ENAIRE for value adjustments amounts to 43,755 thousands of euros (2017: 48,490 thousands of euros).

Regarding the non-compliance with causes of declaration of early maturity, the Public Corporate Entity ENAIRE, as the holder of the financing agreements, does not breach any condition of early maturity, so it would not affect the Balance Sheet as of 31 December 2018 and 2017.

Itemised investments in Group and associated companies in the long and short term are as follow:

2018

	Thousands of euros		
Description	Long-term	Short-term	Total
Credits to Group and Associated Companies - Mirror Credit	5.342.480	633.744	5.976.224
Credits to Group and Associated Companies - Mirror Credit Commissions	(3.966)	(401)	(4.367)
Credits to Group and Associated Companies - Derivatives	-	-	-
Credits to Group and Associated Companies - Interest Accrued from Mirror Credit	-	14.895	14.895
Total	**5.338.514**	**648.238**	**5.986.752**

2017

	Thousands of euros		
Description	Long-term	Short	Total
Credits to Group and Associated Companies - Mirror Credit	6.109.084	665.199	6.774.283
Credits to Group and Associated Companies - Mirror Credit Commissions	(4.867)	(471)	(5.338)
Credits to Group and Associated Companies - Derivatives	-	-	-
Credits to Group and Associated Companies - Interest Accrued from Mirror Credit	-	18.812	18.812
Total	**6.104.217**	**683.540**	**6.787.757**

The heading "Long-Term Recognised Loans" includes an amount of 5,342,480 thousands of euros corresponding to receivables from Aena S.M.E., S.A. for financing airports with an established schedule (2017: 6,109,084 Thousands of euros). Likewise, the heading "Short-Term Recognised Loans" includes an amount of 633,744 thousands of euros for the same item (2017: 665,199 Thousands of euros). The maturity schedule on fees pending payment by Aena S.M.E., S.A. for the aforementioned loans and credits, at the end of financial year 2018, is as follows:

Fees with maturity	Thousands of euros
2019	633.744
2020	633.619
2021	546.349
2022	535.836
2023	514.364
Subsequent Years	3.112.312
Total	**5.976.224**

As of 31 December 2018 and 2017, long and short-term loans are established in euros.

At the end of financial year 2018, there are no long-term debts with Group companies, short-term debts correspond to acquisitions of fixed assets pending payment.

At the end of financial year 2017, there were no long-term debts with Group companies, the short-term debts correspond to acquisitions of fixed assets pending payment as well as the return of expenses to Aena S.M.E., S.A. for the guarantee fee of DEPFA for 867 thousands of euros (see note 8.2.a) and for the reimbursement of expenses for a CNMC fine, arising from the Public Offering for 833 thousands of euros.

Itemised transactions carried out with Group companies in financial years 2018 and 2017 are as follow:

Description	Thousands of euros 2018	Thousands of euros 2017
Income for the provision of services	137.604	140.003
Services Received	818	773
Acquisition of fixed assets (note 5 and 6)	1.871	1.941
Financial income (*) (notes 8.2a and 13g)	69.588	64.197
Financial expenses (**) (notes 8.2a and 13g)	1.029	867
Allocation of Swap loss	0	183
Extraordinary income (car park)	30	3

(*) Financial income with Group companies increased in 2018 despite the fact that the outstanding debt is lower due to the early cancellation of loans with banking entities that have produced revenues for mirror debt amounting to 17,249 thousands of euros. (see note 8.2 a and note 13.g)..
(**) Financial expenses completely correspond to the corresponding part of the mirror credit on the return of the non-consumed guarantee of the DEPFA (see note 8.2 a).

Itemised transactions carried out with associated companies in financial years 2018 and 2017 are as follow:

Description	Thousands of € 2018	Thousands of € 2017
Income for the provision of services	9	9
Services Received	4.730	6.044
Acquisition of fixed assets (note 5 and 6)	12.302	10.527

The main transactions with Group companies carried out during 2018 correspond mainly to services provided within the framework of the Service Agreements signed between the Public Corporate Entity ENAIRE and Aena S.M.E., S.A.

Such Service Agreements are listed below:

- Agreement for the Use of Airport Facilities (Control Towers) by ENAIRE.
- Agreement on Aerodrome Services in Aena S.M.E., S.A, ATM (Air Traffic Management) and CNS (Control Navigation System).
  ENAIRE provides aerodrome control services in 21 control and communications, navigation, surveillance and maintenance towers in 46 airports of Aena S.M.E., S.A., as well as aeronautical information services throughout the airspace.
- As of 27 December 2016, a New Agreement for the Provision of Air Navigation Services between ENAIRE and Aena S.M.E., S.A. was signed, which shall have a validity term of five years, from 1 January 2017 to 31 December 2021.
- Agreement of Assignment of Non-Free Use of the Arturo Soria Building to Aena S.M.E., S.A., under the terms of the authorisation of the Directorate General of State Heritage of 26 April 2016.
  On 31 October 2018, the personnel of the Aena S.M.E., S.A. that remained in Arturo Soria ended their service. Aena S.M.E., S.A. needs to keep the DPC in that building until 31 August 2019.
- Contract for the Provision of Parking Services of the car park network of Aena S.M.E., S.A. to ENAIRE.
  On 31 October, 2017, ENAIRE and is subsidiary Aena S.M.E., S.A. signed an agreement regarding the use of Aena's car park network by ENAIRE employees.

Service provision pursuant this agreement are invoiced to ENAIRE at fair value with a 75% discount on actual amounts.

Considering the Recognition and Measurement Rule 21, which establishes that the difference between the price agreed and the market value of a transaction must be recorded considering the financial conditions of the transaction for the purpose of assessing the operation at market values in order to comply with article 18 of the Corporate Tax Act, ENAIRE has recorded this service provision for financial year 2018 at market value for an amount of 80.3 millions of euros (7.1 thousands of euros in 2017). Since turnover has increased to 20.1 thousands of euros (1.8 thousands of euros in 2017), ENAIRE has recorded 51% of the different (the percentage corresponding to its share in Aena S.M.E., S.A.) as income from dividends, and the remaining 49% as extraordinary income.

Transactions with the associated company INECO S.M.E.M.P., S.A. undertaken during 2018 correspond to services rendered under the figure of "Encomienda de Gestión de Servicios" signed with the Public Corporate Entity ENAIRE. The main service provisions are listed below:

- Collaboration agreement for implementation or management of air navigation system (CNS/ATM, safety, surveillance, etc.), preparation of projects and surveys (radio simulations, flight procedures, network systems, communications) and other services supporting the different organisational units.

During financial years 2018 and 2017, the Public Corporate Entity received the following dividends:

Dividends	Thousands of euros 2018	Thousands of euros 2017
Group companies		
Aena S.M.E., S.A. (*)	497.281	292.998
Associated companies		
INECO S.M.E.M.P., S.A.	2.121	4.061
Group EAD Europe, S.L.	221	187
Total (Note 13-g)	499.623	297.246

(*) The amounts include to place at market value the employee parking service, at 51%, amounting to 31 thousands of euros in 2018 and 3 thousands of euros in 2017

17.2 Balances and operations with other related parties

Balances and transactions with related parties during financial year 2018 are itemised as follows:

2018

	Thousands of euros				
	Short-term debts	Sundry creditors	Income	Expenses (*)	Acquisition of fixed assets
Agencia Estatal de Meteorología [National Meterology Agency].(AEMET) (*)	-	6.518		27.097	-
Agencia Estatal de Seguridad Aérea [National Air Safety Agency] (AESA) (*)	-	2.484		9.219	-
Ingeniería de Sistemas para la Defensa Española S.A. (ISDEFE)	845	54		108	8.041
Fundación ENAIRE	-	-	63	1.571	-
	845	9.056	63	37.995	8.041

(*) Includes exempt flights and deficits from free flight schools assumed by those agencies.

2017

	Thousands of euros			
	Short-term debts	Sundry creditors	Expenses (*)	Acquisition of fixed assets
Agencia Estatal de Meteorología [National Meterology Agency].(AEMET) (*)	-	-	25.656	-
Agencia Estatal de Seguridad Aérea [National Air Safety Agency] (AESA) (*)	-	2.316	9.188	-
Ingeniería de Sistemas para la Defensa Española S.A. (ISDEFE)	645	35	142	7.077
Fundación ENAIRe	-	374	1.498	-
	645	2.725	36.484	7.077

(*) Includes exempt flights and deficits from free flight schools assumed by those agencies.

ENAIRe has subscribed an economic agreement regarding Air Route Navigation Support with the Agencia Estatal de Meteorología [National Meterology Agency] and the Agencia Estatal de Seguridad Aérea [National Air Safety Agency].

Transactions with the company ISDEFE correspond to services provided under the "Service Management Assignment" subscribed with Public Corporate Entity ENAIRe in order to perform system engineering and consulting activities within the scope of air navigation and related to CNS/ATM systems, SESAR programme, infrastructures and control centres.

The Public Corporate Entity ENAIRe is the only trustee of Fundación ENAIRe, which is entrusted with management of the art collection owned by ENAIRe.

Fundación ENAIRe recorded a contribution amounting to 1,498 thousands of euros, plus a contribution in kind valued in 72.6 thousands of euros entailed by the assignment, free of charge, of the use of the premises owned by ENAIRe where Fundación ENAIRe carries out their activities (see note 4.ñ).

18. SEGMENTED INFORMATION

The Entity identifies its operating and reporting segments according to internal reports that are the basis for regular review, discussion and evaluation by the Managing Director, since this is the highest authority in the decision-making process and has the power to assign resources to specific segments and assess the performance.

Consequently, the following segments were defined: Air Navigation and the Corporate Unit.

The Public Entity, through the Air Navigation Directorate, is the Air Traffic Services Provider in Spain. Its main purpose is to offer maximum safety, quality and efficiency in the development and operation of the Spanish air navigation system. Likewise, as the fourth provider of air navigation services in Europe, it participates prominently and actively in all the projects of the European Union related to the implementation of the Single Sky.

The main functions of the Air Navigation are:

- The planning, direction, coordination, operation, conservation and management of air traffic, air information and telecommunication services, as well as communication infrastructures, installations and networks related to the air navigation system. All this is carried out with the purpose that aircrafts which travel through Spanish air space enjoy the highest levels of safety, fluidity, efficiency and punctuality.
- The development and approval of different types of projects, in addition to the execution and management of investment control.
- The evaluation of the needs and proposals for new infrastructures, as well as the possible modifications in the management of the airspace.
- Participation in specific aeronautical training and subject to the granting of official licenses.

These services are provided from the five Regional Air Navigation Directorates: North, East, Canary, South and Balearic Centres, the headquarters of which are located respectively in the Control Centres (ACC) of Madrid, Barcelona, Gran Canaria, Seville, and in the Terminal Area Control Centre (TACC) of Palma de Mallorca.

The segmented balances of 2018 and 2017 are the following:

2018

Assets	Air Navigation	Corporate Unit	Enaire
NON-CURRENT ASSETS:			
Property, plant and equipment	108.733	52	108.785
Procedure	24.820	-	24.820
Computer software	80.116	52	80.168
Other intangible fixed assets	3.797	-	3.797
Property, plant and equipment	449.041	21.140	470.181
Lands and Buildings	115.504	10.007	125.511
Technical systems and machinery	154.233	-	154.233
Other installations, tools and furniture	44.939	11.133	56.072
Other property, plant and equipment	19.647	-	19.647
Property, plant and equipment in the course of construction	114.718	-	114.718
Long-term investments in group and associated companies	480	6.668.740	6.669.220
Equity Instruments	480	1.330.226	1.330.706
Credits to companies	-	5.338.514	5.338.514
Long-term financial investments	558	6	564
Equity instruments	558	6	564
Long-term current tax assets	-	118.021	118.021
Deferred tax assets	3.607	16.418	20.025
Trade debtors and other non-current accounts receivable	6.494	-	6.494
Total Non-Current Assets	568.913	6.824.377	7.393.290
CURRENT ASSETS:			
Inventories	336	-	336
Trade debtors and other accounts receivable	170.595	71.535	242.130
Trade and service provision customers	132.688	-	132.688
Customers, group and associated companies	27.049	149	27.198
Personnel	756	-	756
Current tax assets	-	71.386	71.386
Other credits with Public Administrations	10.102	-	10.102
Short-term investments in group and associated companies	419.748	228.490	648.238
Credits to companies	-	648.238	648.238
Other financial assets	419.748	(419.748)	-
Short-term financial investments	5	200.016	200.021
Credits to companies	-	-	-
Other financial assets	5	200.016	200.021
Short-term accruals	1.296	-	1.296
Cash and other Equivalent Liquid Assets	15	358.403	358.418
Total Current Assets	**591.995**	**858.444**	**1.450.439**
TOTAL ASSETS	**1.160.908**	**7.682.821**	**8.843.729**

2018

NET EQUITY AND LIABILITIES	Air Navigation	Corporate Unit	Enaire
NET EQUITY OWN FUNDS	865.085	1.660.675	2.525.760
Equity	620.757	1.200.780	1.821.537
Voluntary	64.982	454.692	519.674
Statutary	76.556	440.987	517.543
Other reserves	(11.574)	13.705	2.131
Losses from previous financial years	179.346	502.440	681.786
Interim dividends (payments charged to Treasury)	-	(497.237)	(497.237)
Subsidies, gifts and covenants received	12.650	-	12.650
Total Net Equity	**877.735**	**1.660.675**	**2.538.410**
NON-CURRENT LIABILITIES Long-term provisions	130.998	-	130.998
Long-term obligations for employee benefits	130.998	-	130.998
Long-term debt	7.440	5.368.170	5.375.610
Debt with credit institutions	7.299	5.368.170	5.375.469
Other long-term financial liabilities	141	-	141
Deferred tax liabilities	4.217	-	4.217
Total non-current liabilities	**142.655**	**5.368.170**	**5.510.825**
CURRENT LIABILITIES Short-term provisions	19.439	-	19.439
Short-term debt	18.918	653.886	672.804
Debt with credit institutions	3.680	653.821	657.501
Other financial liabilities	15.238	65	15.303
Short-term debt with group and associated companies	1.500	-	1.500
Trade creditors and other accounts payable	100.661	90	100.751
Sundry creditors	19.557	85	19.642
Personnel	53.449	-	63.449
Other debt with Public Administrations	26.208	5	26.213
Advance Payments from Customers	1.447	-	1.447
Total Current Liabilities	140.518	653.976	794.494
TOTAL LIABILITIES	1.160.908	7.682.821	8.843.729

The segmented Profit and Loss Accounts for 2018 and 2017 are as follows:

2017

Assets	Air Navigation	Corporate Unit	Enaire
NON-CURRENT ASSETS:			
Property, plant and equipment	99.755	109	99.864
Procedure	19.435	-	19.435
Computer software	78.616	109	78.725
Other intangible fixed assets	1.704	-	1.704
Property, plant and equipment	457.781	21.599	479.380
Lands and Buildings	119.476	10.308	129.784
Technical systems and machinery	181.718	-	181.718
Other installations, tools and furniture	48.697	11.290	59.987
Other property, plant and equipment	13.309	1	13.310
Property, plant and equipment in the course of construction	94.581	-	94.581
Long-term investments in group and associated companies	480	7.434.443	7.434.923
Equity Instruments	480	1.330.226	1.330.706
Credits to companies	-	6.104.217	6.104.217
Long-term financial investments	558	6	564
Equity instruments	558	6	564
Long-term current tax assets	-	71.727	71.727
Deferred tax assets	15.511	23.824	39.335
Trade debtors and other non-current accounts receivable	2.461	-	2.461
Total Non-Current Assets	576.546	7.551.708	8.128.254
CURRENT ASSETS:			
Inventories	477	-	477
Trade debtors and other accounts receivable	204.105	480	204.585
Trade and service provision customers	122.608	-	122.608
Customers, group and associated companies	28.039	95	28.134
Personnel	895	-	895
Current tax assets	-	385	385
Other credits with Public Administrations	52.563	-	52.563
Short-term investments in group and associated companies	368.275	315.265	683.540
Credits to companies	-	683.540	683.540
Other financial assets	368.275	(368.275)	-
Short-term financial investments	5	960	965
Credits to companies	-	-	-
Other financial assets	5	960	965
Short-term accruals	1.296	-	1.296
Cash and other Equivalent Liquid Assets	13	580.337	580.350
Total Current Assets	**574.171**	**897.042**	**1.471.213**
TOTAL ASSETS	**1.150.717**	**8.448.750**	**9.599.467**

2017

NET EQUITY AND LIABILITIES	Air Navigation	Corporate Unit	Enaire
NET EQUITY			
OWN FUNDS	888.157	1.541.057	2.429.214
Equity	620.757	1.200.780	1.821.537
Voluntary	64.982	454.692	519.674
Statutary	76.556	440.987	517.543
Other reserves	(11.574)	13.705	2.131
Losses from previous financial years	-	(66.052)	(66.052)
Profit(loss) for the year	202.418	243.640	446.058
Interim dividends (payments charged to Treasury)	-	(292.003)	(292.003)
Change in value adjustments	-	-	-
Hedging transactions	-	-	-
Subsidies, gifts and covenants received	8.655	-	8.655
Total Net Equity	**896.812**	**1.541.057**	**2.437.869**
NON-CURRENT LIABILITIES			
Long-term provisions	130.273	-	130.273
Long-term obligations for employee benefits	130.273	-	130.273
Long-term debt	2.990	6.206.057	6.209.047
Debt with credit institutions	-	6.206.057	6.206.057
Other long-term financial liabilities	2.990	-	2.990
Deferred tax liabilities	2.885	-	2.885
Total non-current liabilities	**136.148**	**6.206.057**	**6.342.205**
CURRENT LIABILITIES			
Short-term provisions	22.394	-	22.394
Short-term debt	15.968	699.534	715.502
Debt with credit institutions	-	699.441	699.441
Financial lease creditors	10	-	10
Derivatives	-	-	-
Other financial liabilities	15.958	93	16.051
Short-term debt with group and associated companies	2.049	1.700	3.749
Trade creditors and other accounts payable	77.346	402	77.748
Sundry creditors	10.292	388	10.680
Personnel	39.490	-	39.490
Other debt with Public Administrations	24.607	14	24.621
Advance Payments from Customers	2.957	-	2.957
Total Current Liabilities	117.757	701.636	819.393
TOTAL LIABILITIES	1.150.717	8.448.750	9.599.467

Profit and Loss Accounts for 2018

	Thousands of euros		
	Air Navigation	Corporate Unit	Enaire
A) CONTINUING OPERATIONS Net turnover	992.268	1.002	993.270
Work carried out by the company for its assets	1.813	-	1.813
Supplies	(36.618)	-	(36.618)
Consumed raw materials and other consumables	(302)	-	(302)
Work performed by other companies	(36.316)	-	(36.316)
Other operating income	6.038	200	6.238
Casual income and other current operating income	3.395	200	3.595
Operating subsidies included in the profit(loss) of the financial year	2.643	-	2.643
Personnel expenses	(533.166)	-	(533.166)
Wages, Salaries and similar payments	(460.265)	-	(460.265)
Social security contributions	(60.791)	-	(60.791)
Provisions	(12.110)	-	(12.110)
Other operating expenses	(97.759)	(2.028)	(99.787)
External services	(93.531)	(273)	(93.804)
Taxes	(3.692)	(190)	(3.882)
Losses, impairment and variation in provisions for trade transactions	(86)	8	(78)
Other current operating expenses	(450)	(1.573)	(2.023)
Depreciation of fixed assets	(87.956)	(516)	(88.472)
Allocation of non-financial fixed assets subsidies and others	1.787	-	1.787
Excess of provisions	134	38	172
Impairment and profit/loss due to disposal of fixed assets	(561)	-	(561)
Other profit/loss	809	67	876
A.1) OPERATING RETURN	246.789	(1.237)	245.552
Financial income	889	559.861	570.750
From shares in equity instruments	251	499.372	499.623
- In group and associated companies	251	499.372	499.623
From marketable securities and other financial instruments	638	70.489	71.127
- From group and associated companies	421	69.167	69.588
- From third parties	217	1.322	1.539
Financial costs	(1.722)	(74.594)	(76.316)
- For debt with Group and Associated Companies	-	(1.029)	(1.029)
- From third parties	(1.722)	(73.565)	(75.287)
A.2) FINANCIAL PROFIT/(LOSS)	(833)	495.267	494.434
A.3) PROFIT/LOSS BEFORE TAX	245.956	494.030	739.986
Profit tax	(66.610)	8.410	(58.200)
A.4) PROFIT/LOSS FOR THE FINANCIAL YEAR ARISING FROM CONTINUING OPERATIONS	179.346	502.440	681.786
A.5) FINANCIAL YEAR PROFIT (LOSS)	179.346	502.440	681.786

Profit and Loss Accounts for 2017

	Thousands of euros		
	Air Navigation	Corporate Unit	Enaire
A) CONTINUING OPERATIONS Net turnover	967.859	942	968.801
Work carried out by the company for its assets	1.663	-	1.663
Supplies	(35.209)	-	(35.209)
Consumed raw materials and other consumables	(365)	-	(365)
Work performed by other companies	(34.844)	-	(34.844)
Other operating income	6.541	193	6.734
Casual income and other current operating income	3.034	193	3.227
Operating subsidies included in the profit(loss) of the financial year	3.507	-	3.507
Personnel expenses	(433.158)	-	(433.158)
Wages, Salaries and similar payments	(444.973)	-	(444.973)
Social security contributions	(57.463)	-	(57.463)
Provisions	69.278	-	69.278
Other operating expenses	(98.299)	(3.052)	(101.351)
External services	(88.816)	(1.399)	(90.215)
Taxes	(4.087)	(147)	(4.243)
Losses, impairment and variation in provisions for trade transactions	(4.856)	7	(4.849)
Other current operating expenses	(540)	(1.513)	(2.053)
Depreciation of fixed assets	(96.451)	(543)	(96.994)
Allocation of non-financial fixed assets subsidies and others	1.387	-	1.387
Excess of provisions	70	-	70
Impairment and profit/loss due to disposal of fixed assets	(1.093)	(25)	(1.118)
Other profit/loss	209	314	523
A.1) OPERATING RETURN	313.519	(2.171)	311.348
Financial income	881	362.201	368.082
From shares in equity instruments	189	297.057	297.246
- In group and associated companies	189	297.057	297.246
From marketable securities and other financial instruments	692	65.144	65.836
- From group and associated companies	380	63.817	64.197
- From third parties	312	1.327	1.639
Financial costs	(1.336)	(67.599)	(68.935)
- For debt with Group and Associated Companies	-	(867)	(867)
- From third parties	(1.336)	(66.732)	(68.068)
A.2) FINANCIAL PROFIT/(LOSS)	-	(91)	(91)
A.3) PROFIT/LOSS BEFORE TAX	(455)	294.511	294.056
Profit tax	313.064	292.340	605.404
A.4) PROFIT/LOSS FOR THE FINANCIAL YEAR ARISING FROM CONTINUING OPERATIONS	(110.646)	(48.700)	(159.346)
A.5) FINANCIAL YEAR PROFIT (LOSS)	202.418	243.640	446.058
A.5) Profit/Loss for the Financial Year	202.418	243.640	446.058

19. EVENTS AFTER THE CLOSING

No significant events, in the sense of events which may affect the financial statements, occurred between the closing date of the financial year and the date in which these financial statements have been prepared, other than those stated below:

- As of 24 January 2019, CRIDA submitted an Economic and Administrative Proceedings before the Economic and Administrative Courts of the Region of Madrid regarding the interim settlement agreement with regard to the inspection (note 12.9).
- As of 15 February 2019, CRIDA submitted an Economic and Administrative Proceedings before the Economic and Administrative Courts of the Region of Madrid regarding the interim settlement agreement with regard to the disciplinary proceedings (note 12.9).
- As of 26 February 2019,the Board of Directors of Aena S.M.E., S.A., proposed the Ordinary General Meeting of Shareholders a distribution of dividends amounting to 6.93 euros per share, corresponding to the profits obtained in financial year 2018. Therefore, in 2019, ENAIRe shall receive: 530,145 thousands of euros from Aena S.M.E., S.A.
- As of 15 March 2019, the Commercial Court of First Instance no. 4 of Ciudad Real notified the agreed settlement of 1,592 in thousands of euros for ENAIRe arising from its creditor status in the Ciudad Real Airport bankruptcy proceedings.