Parques Reunidos Servicios Centrales, S.A. and subsidiaries

Consolidated Annual Accounts

30 September 2017

Consolidated Directors' Report

2017

(With Independent Auditor's Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of
Parques Reunidos Servicios Centrales, S.A.

Report on the Consolidated Annual Accounts

Opinion

We have audited the accompanying consolidated annual accounts of Parques Reunidos Servicios Centrales, S.A. (the Company) and subsidiaries (the Group), which comprise the consolidated balance sheet at 30 September 2017, the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 30 September 2017 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

KPMG Auditores S L , a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable amount of non-current assets (See notes 2 (c), 4 (e), 4 (f), 4(g), 5, 6, y 7)	
Key Audit matter	*How the matter was addressed in our audit*
The Group has property, plant and equipment and intangible assets totalling Euros 1.342.550 thousand and goodwill amounting to Euros 562.443 thousand allocated to the corresponding cash-generating units (CGU). For the purposes of evaluating impairment, each park constitutes a cash-generating unit. In this regard, intangible assets (mainly administrative concessions) and goodwill have been assigned to a significant portion of the CGUs. There is a risk that the carrying amount of the cash-generating units exceeds their fair value in the case of parks where visitor numbers decrease. Factors such as the weather, fixed asset investments at each park (CAPEX), competition and promotional and marketing initiatives influence the number of visitors to each park. The Group calculates the recoverable amount of goodwill on an annual basis and evaluates whether or not there are indications of impairment of property, plant and equipment and intangible assets in order to determine their recoverable amount. These recoverable amounts, estimated by determining the fair value less costs to sell, are calculated by applying valuation techniques which require the exercising of judgement by the	Our audit procedures have comprised, inter alia: - An assessment of the design and implementation of the key controls relating to the process of estimating the recoverable amount of goodwill and other non-current assets, - An assessment of the criteria used by the Group's Directors and management to identify indications of impairment in the case of property, plant and equipment and intangible assets other than goodwill. - An assessment of the methodology and assumptions used to estimate the recoverable amount by determining fair value less costs to sell through the cash flow discounting method at cash-generating unit level, with the involvement of our valuation specialists. - A comparison of the cash flow forecasts estimated in prior years with the actual cash flows obtained. - A comparison of the information contained in the recoverable amount calculation model with the Group's business plans approved by management. - A sensitivity analysis of the estimated recoverable amount in the event of changes in the relevant assumptions and judgements, such as the discount rate, the expected future growth rate and future cash flows.

Directors and management and the use of estimates. Due to the high degree of judgement, the uncertainty associated with the aforementioned estimates and the significant carrying amount of non-current assets, it has been considered a key audit matter.	In addition, we have evaluated whether the information disclosed in the consolidated annual accounts meets the requirements of the financial reporting framework applicable to the Group.

Other Information. Consolidated Directors' Report

Other information solely comprises the 2017 consolidated directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility for the consolidated directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2017 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Company's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

The Company's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors.

- Conclude on the appropriateness of the Company Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Company's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Company's audit committee, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

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

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 27 November 2017.

Contract Period

We were appointed as auditor of the Group by the Company's shareholders at the general meeting on 16 March 2017 for a period of one year, from the year ended 30 September 2016.

Previously, we were appointed for a period of five years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 30 September 2012.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Gustavo Rodríguez Pereira

(on the Spanish Official Register of Auditors ("ROAC") with no.17564)

28 November 2017

**Parques Reunidos Servicios Centrales, S.A.
and Subsidiaries**

Consolidated Financial Statements and Consolidated Directors' Report for the year ended 30 September 2017
prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS - EU)

(With Auditor's Report thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.U.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2017 AND 2016
(Thousands of Euros)

ASSETS	Notes	2017	2016
Property, plant and equipment	7	900,192	877,303
Goodwill	6	562,433	640,631
Intangible assets	5	442,358	427,841
Non-current financial assets	9	2,054	44,414
Total non-current assets		**1,907,037**	**1,990,189**
Inventories	4 l)	24,585	23,852
Trade and other receivables	10	30,229	27,999
Current tax assets	17	588	663
Other current financial assets		39	-
Other current assets		8,546	6,544
Cash and cash equivalents	11	123,087	109,951
Total current assets		**187,074**	**169,009**
Total assets		**2,094,111**	**2,159,198**

LIABILITIES AND NET EQUITY	Notas	2017	2016
Share capital		40,371	40,371
Share premium		1,327,528	1,327,528
Other reserves		(288,599)	(268,925)
Other comprehensive income		17,638	28,961
Retained earnings attributable to the shareholders of the Parent		11,330	3,910
Equity attributable to the shareholders of the Parent		**1,108,268**	**1,131,845**
Non-controlling interests		510	472
Total equity	12	**1,108,778**	**1,132,317**
Loans and borrowings	13	547,278	560,670
Finance lease	8	54,903	53,453
Deferred tax liabilities	17	199,694	198,169
Provisions	15	10,890	11,447
Other non-current liabilities	9	1,573	43,847
Total non-current liabilities		**814,338**	**867,586**
Loans and borrowings	13	31,370	32,993
Finance lease	8	5,021	4,918
Trade and other payables	16	116,044	109,734
Current tax liabilities	17	6,091	1,911
Other current liabilities	4 n)	12,469	9,739
Total current liabilities		**170,995**	**159,295**
Total equity and liabilities		**2,094,111**	**2,159,198**

The accompanying notes form an integral part of the consolidated annual financial statements for 2017.

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.U.
AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED
30 SEPTEMBER 2017 AND 2016
(Thousands of Euros)

PROFIT AND LOSS	Notes	2,017	2016
Revenue	19 a)	579,334	578,560
Other operating income	19 b)	-	5,425
Supplies	19 d)	(66,174)	(65,735)
Personnel expenses	20	(170,401)	(167,382)
Amortisation and depreciation	5 & 7	(71,640)	(68,561)
Net losses on impairment and disposals of non-current assets	5,6 & 7	(31,112)	(2,277)
Changes in trade provisions	9 a)	(1,472)	(834)
Other operating expenses	19 e)	(168,712)	(162,499)
Other results	19 c)	(10,422)	(25,554)
Operating profit		**59,401**	**91,143**
Finance income		336	349
Finance costs	19 f)	(34,586)	(88,823)
Exchange losses		(2,002)	2,692
Profit before income tax		**23,149**	**5,361**
Income tax	17	(11,772)	(1,829)
Profit for the year		**11,377**	**3,532**
Profit for the year attributable to:			
the shareholders of the Parent		11,330	3,910
Non-controlling interests	12	47	(378)
		11,377	**3,532**
Basic earnings per share (expressed in Euros)	12	*0.14*	*0.06*
Diluted earnings per share (expressed in Euros)	12	*0.14*	*0.06*

The accompanying notes form an integral part of the consolidated annual financial statements for 2017.

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.U.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 30 SEPTEMBER 2017 AND 2016
(Thousands of Euros)

					Other reserves			Other comprehensive income					
					of the Parent								
	Share capital	Share premium	Other shareholder contributions	Other equity instruments	Reserves (legal and voluntary)	Prior years' losses	Reserves in fully consolidated companies	Translation differences	Valuation adjustments to equity	Retained earnings attributable to the shareholder of the Parent	Total	Non controlling interests	Total equity
Balance at 30 September 2015	**23,436**	**819,463**	**337**		**7,930**	**(11,920)**	**(280,054)**	**29,887**		**20,103**	**609,182**	**850**	**610,032**
Consolidated comprehensive income for 2016								(702)	(224)	3,910	2,984	(378)	2,606
Transactions with shareholders or owners													
Distribution of 2015 profits					59,119		(39,016)			(20,103)			
Increase in capital	16,935	508,065									525,000		525,000
Transaction costs					(13,562)						(13,562)		(13,562)
Share based payments				423							423		423
Other movements			9,811				(1,993)				7,818		7,818
Balance at 30 September 2016	**40,371**	**1,327,528**	**10,148**	**423**	**53,487**	**(11,920)**	**(321,063)**	**29,185**	**(224)**	**3,910**	**1,131,845**	**472**	**1,132,317**
Consolidated comprehensive income for 2017								(11,547)	224	11,330	7	47	54
Transactions with shareholders or owners													
Distribution 2016 profits (note 3)					55,023		(51,113)			(3,910)			
Distribution of dividends (Note 12 c))					(20,000)						(20,000)		(20,000)
Acquisition of shares from external partners (note 12 g))							(1,500)				(1,500)		(1,500)
Share based payments (Note 20 c))				108							108		108
Other movements (note 4))						(2,192)					(2,192)	(9)	(2,201)
Balance at 30 September 2017	**40,371**	**1,327,528**	**10,148**	**531**	**88,510**	**(14,112)**	**(373,676)**	**17,638**	**-**	**11,330**	**1,108,268**	**510**	**1,108,778**

The accompanying notes form an integral part of the consolidated annual financial statements for 2017

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.U.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF GLOBAL P&L
FOR THE YEARS ENDED
30 September 2017 AND 2016
(Thousands of Euros)

	Notes	2017	2016
Profit for the year		**11,377**	**3,532**
Other comprehensive income	**12 f)**		
Translation differences of financial statements of foreign operations		(11 547)	(702)
Cash flow hedges	14	224	(363)
Tax effect		-	139
Other comprehensive income for the year, net of tax		**(11,323)**	**(926)**
Total comprehensive income for the year		**54**	**2,606**
Total comprehensive income attributable to			
the shareholder of the Parent		7	2 984
Non-controlling interests	**12 g)**	47	(378)
		54	**2,606**

The accompanying notes form an integral part of the consolidated annual financial statements for 2017.

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.U. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 30 SEPTEMBER 2017 AND 2016

(Thousands of Euros)

	Notes	2017	2016
Cash flows from operating activities			
Profit for the year		11,377	3,531
Adjustments for:			
Depreciation and amortisation	5 & 7	71,640	68,561
Impairment losses on trade receivables		1,472	833
Variations from provisions		(557)	(247)
Finance income		(336)	(349)
Finance costs	19 (f)	34,586	86,132
(Gains)/losses on sale of property, plant and equipment		31,112	2,277
Income tax	17	11,772	1,829
Adjusted profit for the year		161,066	162,567
Changes in working capital			
Inventories		(733)	(1,227)
Trade and other receivables		-1,625.00	511
Other current assets		(1,549)	1,046
Trade and other payables		5,834	(4,511)
Other current liabilities		-	1,781
Cash flows from operating activities		162,993	160,168
Income tax payments		(2,180)	(7,580)
Net cash flows from operating activities		**160,813**	**152,588**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	5 & 7	2,297	3,371
Interest received		336	349
Proceeds/(payments) from financial assets		(402)	28,580
Acquisition of subsidiaries, net of cash and cash equivalents	12	(1,500)	-
Acquisition of property, plant and equipment	7 & 16	(74,524)	(75,437)
Acquisition of intangible assets	5	(5,212)	(4,536)
Net cash flows used in investing activities		**(79,005)**	**(47,673)**
Cash flows from financing activities			
Proceeds from capital issue	12 (a)	-	525,000
Payments associeted with capital issue		-	(18,425)
Proceeds from other shareholders' contributions		-	9,811
Proceeds from loans and borrowings		-	586,813
Repayment of loans and borrowings		(916)	(1,185,434)
Interest paid		(36,209)	(64,279)
Dividends paid	12	(20,000)	-
Net cash flows used in financing activities		**(57,125)**	**(146,514)**
Net increase/(decrease) in cash and cash equivalents		**24,683**	**(41,599)**
Cash and cash equivalents at 1 October	11	**109,951**	**151,064**
Efecto de las diferencias de cambio en el efectivo		**(11,547)**	**486**
Cash and cash equivalents at 30 September	11	**123,087**	**109,951**

The accompanying notes form an integral part of the consolidated annual financial statements for 2017.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements

30 September 2017

(1) Nature, Activities and Composition of the Group

Parques Reunidos Servicios Centrales, S.A. (hereinafter the Company or the Parent) was incorporated on 23 November 2006 under the name of Desarrollos Empresariales Candanchú, S.L. On 1 March 2007, it changed its name to Centaur Spain Two, S.L.U. On 27 January 2010 and 30 March 2010 the agreements of conversion to public limited company and modification of the company name to the current one were formalised respectively in public deeds. On 23 March 2007, its Single Shareholder approved the modification of the articles of association of the Company, establishing the closing date of its financial year on 30 September of each year. In March 2007, the Company acquired the leisure group Parques Reunidos, having begun its activity following such acquisition. Its business address is Paseo de la Castellana 216, planta 16 in Madrid. As of 29 April 2016, the Company shares have been traded on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Parques Reunidos Servicios Centrales, S.A. is the Parent Company of a Group (hereinafter, the Group) formed by subsidiaries whose main activity is the exploitation of amusement parks, animal parks, water parks and, in general, leisure facilities. Details of the parks operated by the Group under lease (in most cases only land lease) or administrative concessions are included in note 8. The breakdown of the companies in the Group included in the consolidation and information thereon can be found in Annex I.

Four new subsidiaries were included in the consolidation scope in 2017: Mall Entertainment Centre Acuario Arroyomolinos, S.L.U., Mall Entertainment Centre Temático Arroyomolinos, S.L., Lisbon Theme Mall Entertainment Centre, Unipessoal, LDA and Lakeside Mall Entertainment Centre Limited (see Annex I). In addition, on 19 December 2016, the subsidiary Parque de Atracciones Madrid, S.A.U. acquired the shares of the subsidiary Parques Reunidos Valencia, S.A. which had been in the hands of minority shareholders, for Euros 1,500 thousand, making it a fully-owned subsidiary.

The reporting date of the Group companies' financial statements used to prepare the consolidated financial statements is 30 September 2017 (17 September 2017 in the case of the subsidiaries belonging to the Centaur Holding II United States Inc. subgroup) (18 September 2016 in 2016).

Flotation on the Stock Market

Since 29 April 2016, the shares of Parques Reunidos Servicios Centrales, S.A., have been admitted to official trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, with no restrictions on the free transfer thereof. As a result of the Stock Market flotation described below, the Company no longer has single shareholder status.

Said flotation was carried out as follows:

a) A capital increase for Euros 525,000 thousand through the issue of 33,870,960 ordinary shares of Euros 0.50 par value each and a share premium of Euros 15 each. The new shares were sold via a subscription offer (see note 12 a)) for a price of Euros 15.5 per share.

b) Offer for Sale of 4,850,000 shares accounting for 21% of the capital, sold at Euros 15.5 per share, amounting to a total of Euros 75,175 thousand.

The information prospectus on the Initial Public Offer, the Offer for Sale and the Admission to Trading of the abovementioned shares was approved by the National Securities Market Commission on 20 April 2016. In addition, the capital increase was approved by the then Single Shareholder on 27 April 2016 and entered in the Registry of Companies on 28 April 2016.

On 27 April 2016, the Parent Company closed the share subscription period, formalising it on 28 April 2016 in a public deed of execution, closing of capital increase and award of shares, at the price established in the offer of Euros 15.5 per share, with admission and trading of the new shares having commenced on 29 April 2016. Consequently, on 30

September 2016, the shares of the Company were admitted for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Within the framework of the aforementioned process, Morgan Stanley & Co. International PLC and Deutsche Bank AG, London Branch were appointed global coordinators. The total expense for these issues amounted to Euros 21,244 thousand, of which Euros 18,425 thousand (without considering the tax impact) was allocated to the public subscription offer and, therefore, recognised directly in consolidated equity (see note 12 c)) and the remaining Euros 2,819 thousand was allocated to the public offering and, therefore, recognised in the consolidated income statement (see note 19 c)).

Lastly, using the proceeds of the initial public offering, the Group has restructured its financial debt, settling the bonds issued in the United States and the existing contracted syndicated loan and arranging a further syndicated loan (see note 13).

(2) Basis for presentation

The accompanying consolidated financial statements have been prepared on the basis of the accounting records of Parques Reunidos Servicios Centrales, S.A. and the consolidated companies. The consolidated financial statements for 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Parques Reunidos Servicios Centrales, S.A. and subsidiaries at 30 September 2017 and consolidated financial performance, consolidated cash flows, and changes in consolidated equity corresponding for the year then ended.

The Group adopted IFRS-EU on 1 October 2007 and applied IFRS 1, “First-time adoption of International Financial Reporting Standards”.

The consolidated financial statements for the year ended 30 September 2017, which were authorised for issue by the Board Directors of the Parent on 28 November 2017, and the individual financial statements of Parques Reunidos Servicios Centrales, S.A. and of each of the consolidated companies, will be submitted for approval by the shareholders at the respective annual general meetings. It is considered that they will be approved with no changes.

The Group's consolidated financial statements for 2016 were approved at the Ordinary General Shareholders' Meeting of the Parent on 16 March 2017.

a) Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments which have been recorded at fair value.

Note 4 includes a summary of all mandatory and significant accounting principles, measurement criteria and alternative options permitted under IFRS.

The Group has opted to present a consolidated income statement separately from the consolidated statement of comprehensive income. The consolidated income statement is reported using the nature of expense method and the consolidated statement of cash flows has been prepared using the indirect method.

b) Comparative information

As required by IAS 1, the accompanying consolidated financial statements for 2017 also include comparative figures for the prior year, which formed part of the consolidated financial statements for 2016 approved at the Ordinary General Shareholders' Meeting on 16 March 2017.

In 2016, despite the Group comply with the criteria detailed in Note 4 p), deferred tax assets and liabilities were not offset. However, the Group considers that the effect of having not offset deferred taxes in 2016 is not significant for the consolidated financial statements, thus comparative amounts (deferred tax assets amounting Euros 48,756 thousand and deferred tax liabilities amounting Euros 246,925 thousand) have been reclassified in 2017.

c) Accounting estimates and relevant assumptions and opinions in the application of accounting policies

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated financial statements in conformity with IFRS-EU. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated financial statements, is as follows:

- The assumptions applied to calculate the cash flows used to assess possible impairment losses incurred on property, plant and equipment, intangible assets and goodwill.
- The assumptions used to calculate future taxable income, which is used as the basis for recognising tax credits.
- The judgements used to determine whether or not IFRIC 12 is applicable to the different concessions of the Group.
- The judgements used to determine whether lease contracts should be classified as finance or operating leases.

(i) *Assumptions used in the impairment testing of property, plant and equipment, intangible assets and goodwill*

The Group tests goodwill for impairment on an annual basis, and property, plant and equipment and intangible assets whenever there are indications of impairment, in order to calculate the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Based on the foregoing, the Group calculates the recoverable amount of cash-generating units (hereinafter "CGUs") as their fair value less costs to sell using cash flow discounting methods. The calculation of the recoverable amount requires the use of estimates by management.

Cash-generating units (CGUs) are the smallest groups of assets that generate independent cash inflows. The Group considers that each of its parks constitutes an independent cash-generating unit. The Group prepares individual projections for each CGU on the basis of past experience and of the best estimates available, which are consistent with the Group's business plans. Although assets in each of the Group's parks are tested for impairment on an individual basis, goodwill is allocated to the CGU or the group of CGUs when there are economic grounds for applying this criterion (see note 6). In no event do the groups of CGUs exceed the operating segments established by the Group.

As a result of the impairment tests conducted by the Group at 30 September 2017, asset impairments were recognised at two theme parks in the US, in the amount of Euros 2,587 thousand, and a reversal of a Euro 563 thousand asset impairment was booked at Parque de la Naturaleza Selwo (Note 7). Additionally, reversal of impairments has been recorded amounting to Euros 22,005 thousand related to Spanish parks and Euros 17,497 thousand related to one Italian park due to better results expectations of these parks (see Note 5).Moreover, as a result of the goodwill impairment, goodwill allocated to the French park Marineland was reduced in the amount of Euros 26,835 thousand and goodwill allocated to US parks Miami Seaquarium, Water Country, Noah´s Ark, Sandcastle, Sacramento and San José was reduced in the amount of Euros 38,098 thousand (Note 6).

Justification of the assumptions used in the impairment tests

The cash flows and key assumptions take into account past experience and provide the best estimate on the future evolution of the market and the renegotiations of the concession and lease agreements. These key assumptions include the additional extension periods for the concession arrangements and leases, EBITDA growth rates (EBITDA being defined as operating profit or loss less depreciation and amortisation), the compound annual growth rate and the discount rate, as well as the tax rates for each country where the parks are located. On the other hand, capital expenditure (CAPEX) has been estimated on the annual EBITDA, notwithstanding the specific consideration of the investment estimated in the opening of new attractions or extensions of areas planned in certain years. It is worth mentioning that the variation in non-financial working capital is not taken into consideration in the impairment tests, given that the annual variations in customer and supplier balances are not significant.

These estimates are categorised within level 3 of the estimated fair value hierarchy in accordance with IFRS 7 (see note 4 (j)).

a) Five-year EBITDA projections

As mentioned in note 1, in addition to its own parks, the Group operates certain parks under lease or concession. In all cases, the cash flow discounting calculations are based on the business plans approved by the Group for each park (2018 budgets and 2019-2022 projections).

The main components of such business plans are the projections of income, operating expenses and CAPEX, which reflect the best estimates available on the expected performance of each park. In this regard, the key business assumption and main management variable defined by the Group is the EBITDA, which is the main figures used by the Group to supervise its business performance.

The Group has drawn up EBITDA projections for the next five years on the basis of past experience, the estimated growth of the sector in each country (taking into account any differences between forecasts made in previous years and the actual figures) and the specific prospects of each park. The Group periodically reviews its business plan, updating it at least once a year.

b) Projected years, additional extensions and growth rates

In the case of concession agreements, the projections included in the calculation of the cash flows have been made until the date of termination of the concession agreement, plus an additional extension of between 20 and 30 years. In the case of operating lease agreements, the projections are made up to the end of the contract, including additional extensions of between 10 and 20 years. The additional periods considered are based on past experience, which points to the likelihood of renewal of such contracts.

With regard to wholly-owned parks, as of the fifth year (last year of the business plan) the cash flows consider a terminal value calculated at a growth rate in perpetuity. In the case of concession or lease agreements, as of the fifth year the cash flows are extrapolated until the end of the agreement term (plus any additional extensions considered) at a constant growth rate. The growth rates used are in line with the average long term growth rate for the sector and take into consideration the long term prospects for inflation and gross domestic product for each of the countries in which the parks are located (source: The Economist Intelligence Unit).

In the case of the US parks, the terminal value has been calculated using the EBITDA multiples method. Moreover, in the case of the US parks, the calculations of the recoverable value have been performed by an independent expert.

c) Discount rates

The discount rates used by the Group are after tax (cash flows are also considered after tax) on the basis of the weighted average capital cost (WACC) in each country in which the Group operates, taking into account:

i. long-term government debt yields, which are used as a reference for the risk-free rate (source: Bloomberg),

ii. an unlevered beta and the average gearing ratio within the sector, based on comparable companies (source: Capital IQ).

iii. The market risk premium, representing the difference between the historical average yield in the securities market and long term public debt (source: various studies).

iv. an alpha coefficient which represents an additional risk premium taking into account aspects such as size and lack of liquidity in the country (source: Ibbotson Associates),

v. the after-tax cost of debt used is the 10-year Euribor (source: Bloomberg) plus a risk premium (source: Damodaran), after applying the prevailing tax rate in each country.

Main impairment test assumptions

The main assumptions used in the CGUs or groups of CGUs to estimate the recoverable amount were as follows:

- Average compound annual growth of EBITDA of 8.9% (6.6% in 2016). When significant investments in new attractions are projected, EBITDA growth is higher.

- Investments in fixed assets (CAPEX) considering projected investments in new attractions and projected expansion in existing areas in the coming years are estimated at between 10% and 30% of annual EBITDA. When significant investments in new attractions are projected, the CAPEX increase is higher.

- In 2017 and 2016, the pre- and post-tax discount rates and estimated compound annual growth rates used in each country in which the Group is present are as follows:

	2017			2016		
Country	**After-tax discount rate**	**Pre-tax discount rate**	**Estimated constant (or perpetual) growth rate**	**After-tax discount rate**	**Before-tax discount rate**	**Estimated constant (or perpetual) growth rate**
Spain	7.90%	11.1%	2.2%	8.9%	12.3%	2%
Italy	8.23%	10.1%	1.65%	8.8%	10.4%	2%
France	7.00%	14.3%	1.7%	8.1%	17.1%	2%
United Kingdom	8.10%	9.6%	1.9%	8.3%	9.8%	2%
Norway	7.28%	10.7%	2.6%	7.7%	11.5%	2%
Belgium	7.01%	15.4%	1.65%	7.2%	13.8%	2%
Denmark	7.40%	8.1%	2.0%	7.8%	8.9%	2%
Germany	7.05%	9.1%	1.75%	7.6%	9.7%	2%
Netherlands	7.28%	14.9%	1.7%	7.6%	13.4%	2%
United States	9.50%	10.0%	(1)	9.0%	9.6%	(1)
Argentina	11.30%	15.2%	(2)	11.7%	27.3%	(2)

(1) To calculate the terminal value, the US subgroup has used the multiples method, applying a multiple of between 9.5 and 10 times EBITDA in 2017 and 2016.

(2) The agreement expires in 2021 so a projection has not been drawn up extending beyond that year.

Sensitivity analysis

The estimates, including the methodology used, could have a significant impact on values and impairment of some CGUs. In previous years, differences between actual and budgeted EBITDA have generally been positive, and no significant negative variations have been recorded vis-à-vis budgeted growth. In any event, any deviations in the aforementioned figures have been considered in the impairment tests carried out.

The parks with a recoverable amount which far exceeds their carrying amount correspond to the parks located in Spain (except for Parque de Atracciones in Madrid and Zoo-Aquarium in Madrid), most of the parks in the US, and practically all other parks worldwide. However, there are a few parks, mainly Bobbejaanland (Belgium) and Sandcastle (USA), where there is little difference between the carrying amount and the recoverable amount. Reasonable variations in the key assumptions used by Group management to determine the recoverable amount could result in the carrying amount exceeding the recoverable amount or, conversely, in the case of parks for which impairment has been recognised, could result in the future release of the booked provision.

As, historically, actual figures have not, but for some exceptional cases, fallen short of the projections made by more than 10%, and as EBITDA growth has been positive in the last three years, the Group has performed a sensitivity analysis considering, as the worst-case scenario, a drop in EBITDA figures of 10% vis-à-vis the initial projection for the next five years. For the sensitivity analysis, the Group has lowered the compound annual growth rate by 1%. Lastly, the Group has performed a sensitivity analysis without considering lease extensions for any of the Group's parks. This has the greatest impact on the Spanish parks, which are all operated under concession arrangements or leases.

Taking into account the previous sensitivity analysis carried out at 30 September 2017 and 2016, as well as any variations in the discount rate (an increase or decrease of 1% being considered reasonable), details of the effect on profit or loss are as follows:

	Thousands of euros (expense) / income	
Sensitivity	2017	2016
+ 1 percentage point in discount rates	(70,470)	(92,964)
- 1 percentage point in discount rates	37,629	30,726
Extensions not obtained in concessions/leases	(68,166)	(69,175)
With a 10% reduction in EBITDA in the next five years	(16,723)	(79,560)
-1 percentage point in estimated future growth rate (perpetual or constant)	(54,025)	(60,806)

The impact of these changes on the main CGUs are shown below:

- Parks in Spain: The main impact observed is in the parks for which impairment has been reversed this year (Parque de Atracciones in Madrid and Zoo-Aquarium in Madrid). Thus, an increase of one percentage point in the discount rate would reduce the reversal in these parks by Euros 12 million and, conversely, a decrease of one percentage point would mean reversing additional impairment of Euros 9 million. A 10% reduction in projected EBITDA over the next 5 years would reduce the reversals made by Euros 3 million and a one-percent reduction in the growth rate would give rise to a lower reversal of Euros 7 million. Lastly, not taking into account extensions would trigger an additional impairment of Euros 68 million in the aforementioned parks.

- Parks in the rest of the world: The main impact would correspond to the Marineland and Bobbejaanland parks located in France and Belgium, respectively. An increase of one percentage point in the discount rate would generate an expense of Euros 47 million and a decrease of one percentage point would reduce impairment by Euros 27 million.

  As in the previous case, a reduction of one percentage point in the growth rates at the aforementioned parks would have a negative impact on the bottom line of Euros 40 million and at the rest of parks of Euros 6 million.

  In relation to the EBITDA, a reduction of 10% would produce an additional impairment in Marineland and Bobbejaland of Euros 6 million and Euros 3 million in the rest of the European parks, principally in Tusenfryd (Norway).

Note, with regard to the goodwill associated with the Europe CGU group comprising amusement parks, a rise of 1.83% in the discount rate would mean that the recoverable amount of this group of CGUs would be approximately equal to its carrying amount. Moreover, considering a zero perpetual growth rate, the recoverable value of the group of CGUs would exceed the carrying amount. Similarly, with regard to EBITDA, a decrease of 23% vis-à-vis the percentage increases considered over the next five years in the impairment test would lower the recoverable amount of the group of CGUs to roughly its carrying amount. Finally, failure to consider additional extensions in European park contracts would not have a significant effect on the estimated impairment of such parks.

- In US groups of CGUs, an increase of one percentage point in the discount rate would result in an impairment of Euros 1.7 million in the American parks and a 10% decrease in EBITDA would lead to an impairment of Euros 5.2 million in the next 5 years. Also, considering that the impairment tests in the U.S. are realized considering a method of multiples of EBITDA, if one point is reduced, the considered multiple would produce an impairment of approximately Euros 4.1 million. In the aforementioned sensitivities, the parks that would see the largest impairment would be the Noah´s Ark and Water Country water parks and Miami Seaquarium animal park.

Group management considers that taking into account the reasonableness of any possible changes in key assumptions and the provisions recognised in the financial statements, there is sufficient leeway to offset any impairment risk in the remaining parks for which provision has not been made.

(ii) *Assumptions used in the recognition of tax credits*

The Group assesses whether to recognise tax loss carryforwards and temporary adjustments pending approval based on its capacity to generate future taxable income.

(iii) *Relevant judgements used in the application of IFRIC 12 and the analysis of lease agreements*

The Group analyses the contractual and legal characteristics of concession arrangements and leases. As a result of this analysis, the Group determined in preceding years that the administrative concessions for the Madrid amusement park, the Casa de Campo zoo in Madrid and the Madrid cable car were subject to IFRIC, and had therefore applied this standard, in all significant aspects, to these concessions in the consolidated financial statements under IFRS-EU at 30 September 2017 and 2016.

The Group analyses the initial contractual terms of leases, and subsequent amendments, to determine their adequate classification as operating or finance leases. The Group has also performed an analysis of the possible existence of business leases over which the Group may hold control. As a result of these analyses, the Group has determined that there are no business leases at 30 September 2017 and 2016, as all leases are for assets that do not constitute a business.

In addition, despite the fact that the estimates made by the Board Directors have been calculated on the basis of the best information available on 30 September 2017, it may be the case that future events will require the modification thereof in coming years. Pursuant to IAS 8, any effect on the consolidated financial statements of adjustments to be made in subsequent years would be recognised prospectively.

d) Standards and interpretations applicable to this period

The standards, issued by the International Accounting Standards Board (IASB), and adopted by the European Union, with effective application for annual periods beginning on or after 1 October 2016 have not had an impact on these consolidated financial statements: At the date of presentation of these consolidated annual financial statements, the following IFRS standards have been issued by the IASB and adopted by

the European Union but are effective only in the next few years and therefore their application is not yet mandatory:

- Amendments to IAS 7 – Breakdown of the changes in financial liabilities in the statement of cash flows. The amendments are intended to enable users of the financial statements to evaluate the changes, whether cash or not, in the liabilities for financing activities. Effective for annual periods beginning on or after 1 January 2017.

- IFRS 2 – Classification and measurement of transactions with share-based payments. Effective for annual periods beginning on or after 1 January 2018.

- IFRS 15: Revenue from Contracts with Customers. Effective for annual periods beginning on or after 1 January 2018. Companies shall apply a five-step model to determine the amount of revenue to be recognised and the timing thereof. The model specifies that revenue should be recognised when control of the goods or services is transferred to customers. Depending on whether certain criteria are met, revenue is recognised over time, reflecting the company's performance, or at a point in time, when control of the goods or services is transferred to customers.

- IFRS 9: Financial Instruments. Effective for annual periods beginning on or after 1 January 2018. This standard, the first part of the standards that will replace IAS 39, improves and simplifies the information on financial assets by using a single criterion to determine whether a financial asset should be measured at amortised cost or fair value.

- IFRS 16 - Leases. Effective for annual periods beginning on or after 1 January 2019. This standard requires the recognition of all lease agreements identified in the lessee's balance sheet, with a few exceptions.

At the date of presentation of these consolidated financial statements, the following IFRS standards have been issued by the IASB but have not been adopted by the European Union and therefore their application is not yet mandatory:

- The 2014-2016 Cycle of Annual Improvements to IFRS. Introduction of small changes and clarifications to IFRS 1 — First-time Adoption of International Financial Reporting Standards, and IAS 28 — Investments in Associates and Joint Ventures, applicable in the years commencing from 1 January 2018, although early adoption is permitted in the case of modifications to IAS 28.

The Group has not applied any of the standards before the effective date. Of the previous standards, only IFRS 16 is expected to have a significant impact, particularly on the amounts of future obligations under existing leases, an impact that is currently being analysed. However, at the date of authorisation for issue of these consolidated financial statements, the analysis of the aforementioned standard had not been completed due to the complexity of the analysis and the large number of leases in the countries in which the Group operates. Furthermore, a significant impact is expected in the application of IFRS 9 as a result of retrospectively recognising the renewal of the syndicated loan (Note 13 a).

(3) Distribution of the Parent's Profits

The distribution of the Parent's Euros 55,022,049.22 profit for the year ended 30 September 2016, was approved at 16 March 2017 at the Shareholders' Meeting and have consisted of transferring to legal reserve an amount of 5,502,204.92, to voluntary reserves an amount of 29,519,844.30, and a dividend distribution for an amount of Euros 20,000,000, paid on 19 July 2017.

The appropriation of the Parent's Euros 73,576,568.53 profit for the year ended 30 September 2017, proposed by the Board Directors and pending approval by Shareholders of the Parent Company, consisted of transferring to voluntary reserves an amount of Euros 53,576,568.53, and paying a dividend of Euros 20,000,000.

(4) Significant Accounting Policies

a) Subsidiaries

Subsidiaries are entities, including structured entities, over which the Group, either directly or indirectly through subsidiaries, exercises control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated financial statements from the date of acquisition, which is when the Group effectively takes control of the subsidiaries. Subsidiaries are excluded from the consolidated Group from the date on which this control is lost.

The subsidiaries' accounting policies have been adapted to Group accounting policies for like transactions and events in similar circumstances.

Except for the Centaur Holding II United States Inc. subgroup, as mentioned in note 1 to the accompanying financial statements, the financial statements or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent. Nonetheless, the Group has assessed the impact of the reporting date of the US subgroup on the consolidated financial statements, which is considered to be insignificant, and therefore no harmonisation in terms of timing has been carried out.

The financial statements of subsidiaries have been fully consolidated. Consequently, all significant balances and transactions between consolidated companies have been eliminated on consolidation.

b) Business combinations

As permitted by IFRS 1, first-time Adoption of International Financial Reporting Standards, the Group has recognised only business combinations that occurred on or after 1 October 2007, the date of transition to IFRS-EU, using the acquisition method.,. Acquisitions of entities prior to that date were accounted for in accordance with Spanish GAAP, taking into account the necessary corrections and adjustments at the transition date. The Group has applied IFRS 3 Business Combinations, revised in 2008, to transactions carried out on or after 1 January 2010.

In 2016 and 2017, there was no new business combinations.

The acquisition date is the date on which the Group obtains control of the acquiree. The consideration given is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued by the Group and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree. Acquisition-related costs, such as professional fees, do not form part of the cost of the business combination and are accounted for as expenses in the consolidated income statement.

On the acquisition date, the Group determined whether the terms of any operating lease contracts included in business combinations were favourable or unfavourable relative to market terms. The Group recognises an intangible asset if the terms are favourable and a non-financial liability if the terms are unfavourable. Nevertheless, and although the terms are market terms, the Group recognises as leaseholds intangible assets associated with contracts that provide the Group with entry into a new market or other future economic benefits.

Any contingent consideration is measured at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration are recognised in the consolidated income statement unless the changes arise within a time period of 12 months established as the provisional accounting period, in which case goodwill will be adjusted.

Goodwill is measured as the difference between the sum of the consideration transferred, the non-controlling interests and the fair value of the acquirer's previously held equity interest in the acquiree, less the net identifiable assets acquired.

If the acquisition cost of the net identifiable assets is lower than their fair value, the difference is recognised in the consolidated income statement for the year.

c) Non-controlling interests

Non-controlling interests in subsidiaries acquired after 1 October 2007 (the date of the Group's transition to IFRS-EU) are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

Non-controlling interests are disclosed in consolidated equity separately from equity attributable to shareholders of the Parent. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement (and in the consolidated statement of comprehensive income).

d) Foreign currency transactions and balances

(i) *Functional and presentation currency*

The functional currency of all the Group companies is the local currency, which is the Euro, except for the subsidiaries located in the US, the UK, Norway, Denmark and Argentina. The figures disclosed in the consolidated financial statements are expressed in thousands of Euros, the Parent's functional and presentation currency, rounded off to the nearest thousand.

(ii) *Foreign currency transactions, balances and cash flows*

Transactions in foreign currency are translated at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into the functional currency at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into the functional currency at the exchange rate at the date that the fair value was determined.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into the functional currency of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) *Translation of foreign operations*

The financial statements of the Group companies that are stated in a currency other than the presentation currency are translated to Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, are translated at the closing rate at the reporting date of each statement of financial position.

- Income and expenses are translated at the average exchange rates for the year.

- All resulting exchange differences are recognised as translation differences in other comprehensive income.

For presentation of the consolidated statement of cash flows, cash flows of the subsidiaries are translated into Euros applying the exchange rates prevailing when the cash flows occurred.

Translation differences recognised in other comprehensive income are accounted for in profit or loss as an adjustment to the gain or loss on the sale using the same criteria as for subsidiaries.

The local currency of all the Group companies is the Euro, except for the subsidiaries located in the US, the UK, Norway, Denmark and Argentina.

e) Intangible assets and goodwill

Intangible assets are initially recognised at cost of acquisition or development and subsequently measured at cost less accumulated amortisation and impairment. Only assets whose cost can be estimated objectively and from which future economic benefits are expected to be obtained are recognised.

An intangible asset is regarded as having an indefinite useful life when it is considered that there is no foreseeable limit to the period over which it is expected to generate net cash inflows. In all other cases intangible assets are considered to have finite useful lives.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment at least once a year, using the same criteria as those applied to goodwill.

Intangible assets with finite useful lives are amortised on a straight-line basis over the years of estimated useful life of the related assets.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for prospectively as a change in accounting estimates.

- *Goodwill*

Goodwill is determined using the same criteria as for business combinations.

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to each CGU or group of CGUs expected to benefit from the synergies of the aforementioned business combination, applying the criteria described in section g). After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Internally generated goodwill is not recognised as an asset.

- *Administrative concessions*

Administrative concessions and surface rights include the amounts paid to public sector and other entities on which some of the leisure facilities owned by the Group are located. This cost was determined as the fair value of the concessions and/or surface rights on the date on which they were included in the Group.

In relation to the application of the IFRIC 12 interpretation, which refers to the accounting for, measurement and presentation of administrative concessions affecting infrastructure and other public services, as mentioned in note 2 c) the Board Directors considered that the administrative concessions held by the Group for the Madrid amusement park, the Madrid zoo and the Madrid cable car fell within the scope of this interpretation, which was therefore applied in the preparation of the consolidated financial statements.

This interpretation is applicable to service concession arrangements with public entities in which:

- the grantor controls or regulates the services to be rendered using the infrastructure, as well as the associated conditions and prices; and
- the grantor controls any significant residual interest in the infrastructure at the end of the concession period.

Based on the terms of the concession arrangements governing the services provided by the Group under these administrative concessions, the recognition and measurement criteria applied to concessions are those established for intangible assets. The consideration received takes the form of the right to charge visitors the corresponding tariffs for their visits. This right to receive consideration is not unconditional and the Group assumes the risk of a fall in demand or in visitor numbers. During initial application of this standard, all investment costs relating to the infrastructure at these facilities that were recognised under property, plant and equipment have been retrospectively reclassified to intangible assets.

Contractual obligations assumed by the Group in order to maintain the infrastructure during the operating period or carry out renovation work prior to returning the infrastructure to the grantor upon expiry of the concession are recognised using the accounting policy described for provisions (see section s) of this note). Maintenance works are recognised as an expense when incurred. Any replacements, major repairs and other work necessary before the infrastructure can be returned require the systematic recognition of a provision. Due to the extensive ordinary maintenance carried out on the infrastructure, the Group considers that no additional provisions are required to meet contractual obligations.

Concession contracts that are not subject to IFRIC 12 are recognised using the general criteria. If the Group recognises assets as property, plant and equipment, these are depreciated over the shorter of the asset's economic life and the concession period. Any investment, upgrade or replacement obligation assumed by the Group is considered when calculating the asset's impairment as a contractual outflow of future cash flows necessary to obtain future cash inflows.

Administrative concessions are amortised on a straight-line basis over the concession period (see note 8). Lastly, the cost of any concession assets that require a substantial period of time to get ready for their intended use includes the borrowing costs incurred until the assets become operational, provided that these qualify for capitalisation. No borrowing costs have been capitalised at 30 September 2017 or 2016.

- *Industrial property*

Industrial property reflects the amounts paid to acquire and register trademarks and is amortised over its useful life up to a maximum of 20 years.

- *Computer software*

Computer software is measured at acquisition cost and amortised on a straight-line basis over five years. Computer software maintenance costs are charged as expenses when incurred.

- *Other intangible assets*

Other intangible assets basically comprise the cost of certain leases that are measured at their fair value on the date they were included in the Group through a business combination, and which are amortised on a straight-line basis over the remaining lease term (see section b) of this note).

f) Property, plant and equipment

Property, plant and equipment are recognised at cost of acquisition less any accumulated depreciation and impairment.

The cost of assets acquired or produced that require a substantial period of time to get ready for their intended use includes the borrowing costs incurred until the assets become operational, provided that these qualify for capitalisation. At 30 September 2017 and 2016 no borrowing costs were capitalised under property, plant and equipment as no assets of this nature had been acquired.

Costs of expansion, modernisation or improvements that increase productivity, capacity or efficiency or extend the useful lives of assets are recognised as an increase in the cost of those assets. Repair and maintenance costs of property, plant and equipment are recognised in the consolidated income statement when incurred.

The cost of an item of property, plant and equipment includes the estimated costs of dismantling or removal and restoration of the site on which it is located, provided that the obligation is incurred as a consequence of having used the item and for purposes other than to produce inventories. Several Group companies have entered into agreements that provide for the construction and other works, at their own cost, required for the facilities and structures located on the land included in the concessions to be handed over in perfect condition at the end of the concession term. At the beginning of each contract term, the Group assesses whether it will have to make disbursements in the future as a result of the obligations assumed and, if so, estimates the present value thereof, which is capitalised as an increase in the cost of the related asset.

A provision is therefore recognised, which is increased accordingly in subsequent reporting periods. This item also includes the cost of acquiring animals (including the fair value assigned thereto in a business combination), in cases in which this acquisition involved a monetary consideration, net of accumulated depreciation. The depreciation period of these assets is based on the expected lifespan of each species acquired with a monetary consideration, which is between 10 and 50 years.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, as follows.

	Years
Buildings and other structures	50
Machinery	25
Technical, installations and equipment	10 to 18
Furniture and fixtures	15
Information technology equipment	4
Vehicles	6 to 12
Other property, plant and equipment	3 to 15

The items of property, plant and equipment whose useful life exceeds the term of the administrative concessions or operating leases are depreciated on a straight-line basis over the term of the related concession or lease (see note 8). Land not assigned to concessions is considered to have an indefinite useful life and is therefore not depreciated.

The Group reviews the residual value, useful life and depreciation method for property, plant and equipment at each financial year end. Changes to initially established criteria are accounted for prospectively as a change in accounting estimates.

g) Impairment of non-financial assets subject to amortisation or depreciation and goodwill

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet ready to enter service for potential impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

Negative differences resulting from comparison of the carrying amounts of the assets with their recoverable amount are recognised in profit and loss.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs of disposal, its value in use and zero.

A reversal of an impairment loss is recognised in the consolidated income statement. A reversal of an impairment loss for a CGU is allocated to the assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

h) Leases

The Group classifies leases as finance leases when substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee under the terms and conditions of the lease, otherwise they are classified as operating leases. Otherwise they are classified as operating leases.

Amendments to lease contract clauses, other than renewal, which would have led to a different classification had they been considered at the inception of the lease, are recognised as a new contract over the remaining term. However, changes in estimates or circumstances do not entail a new classification.

- Lessee accounting - Finance leases

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method. Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Group by virtue of finance lease contracts are the same as those set out in section f) of this note. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term and their useful lives.

- Lessee accounting - Operating leases

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

i) Financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

For measurement purposes, financial instruments are classified into the following categories: financial assets and financial liabilities at fair value through profit or loss, separating those initially designated as

such from those held for trading; loans and receivables; held-to-maturity investments; available-for-sale financial assets; and financial liabilities at amortised cost. Financial instruments are classified into different categories based on the nature of the instruments and the Group's intentions on initial recognition.

A financial asset and a financial liability are offset only when the Group currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) *Loans and receivables and held-to-maturity investments*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified in other financial asset categories.

These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method. Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

Held-to-maturity investments, which include the bank deposits lodged by Group companies, are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than those classified in other categories. The measurement criteria applicable to financial instruments classified in this category are the same as those applicable to loans and receivables. Some of these investments have been classified under cash and cash equivalents in accordance with the criteria defined in section (k) of this note.

(ii) *Impairment and uncollectibility of financial assets*

The Group recognises impairment to cover its exposure to bad debt risk. Provisions for impairment are calculated based on the probability of recovery of the debt, taking into account its ageing and the debtor's solvency. At 30 September 2017 and 2016 the fair value of these assets does not differ significantly from their carrying amount.

(iii) *Derecognition of financial assets*

Financial assets are derecognised when they expire or when the contractual rights to the cash flows from the financial asset have been transferred and the Group has substantially transferred all the risks and rewards of ownership. The Group does not derecognise financial assets, but recognises a financial liability for the same amount as the consideration received, when the Group substantially retains all of the risks and rewards incidental to ownership of the financial asset transferred.

(iv) *Financial liabilities*

Financial liabilities, including trade and other payables, which are not classified at fair value through profit or loss, are initially recognised at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method. Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(v) *Derecognition and modifications of financial liabilities*

The Group derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, providing the instruments have substantially different terms.

The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group has contracted with various financial institutions to confirm payment management to suppliers. The Group applies the above criteria to assess whether it should de-recognise the original liability with commercial creditors and recognize a new liability with financial institutions. Commercial liabilities whose settlement is managed by the financial institutions are shown in the item commercial creditors and other accounts payable, to the extent that the Group has only ceded the payment management to financial institutions, maintaining itself as the primary obligor to the payment of debts to commercial creditors.

(vi) *Derivative financial instruments and hedge accounting*

To mitigate the risk associated with any fluctuations in cash flow (cash flow hedges) that might arise due to changes in interest rates, in 2016 the Group has arranged interest rate swaps for its syndicated loans (see note 14).

Derivative financial instruments that do not meet hedge accounting requirements are classified and measured as financial assets and financial liabilities at fair value through profit or loss. These instruments are initially recognised at fair value. After initial recognition, they are recognised at fair value through profit or loss.

Derivative financial instruments that qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit or loss, inasmuch as they do not form part of the changes in the effective value of the hedge.

At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

For cash flow hedges of forecast transactions, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in other comprehensive income (under equity - valuation adjustments). The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised with a debit or credit to finance costs or finance income.

The separate component of other comprehensive income associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from inception of the hedge. However, if the Group expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it reclassifies into finance income or finance costs the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss and under the same caption of the consolidated income statement. In the case of other hedges, the Group recognises amounts accounted for in other comprehensive income in profit or loss in the same period or periods during which the forecast transaction affects profit or loss and under the same caption of the consolidated income statement.

The Group prospectively discontinues the accounting of fair value hedges when the hedging instrument expires, is sold, is exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. In these cases, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income is not recorded in profit or loss until the forecast transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss that had been recognised in other comprehensive income is reclassified to finance income or finance costs.

The fair value of derivative financial instruments is calculated using the valuation techniques described in section j) of this note.

j) Valuation techniques and assumptions applicable when measuring fair value

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group generally applies the following systematic hierarchy to determine the fair value of financial assets and financial liabilities:

- Level 1: Firstly, the Group applies the quoted prices of the most advantageous active market to which the entity has immediate access, adjusted where appropriate to reflect any differences in counterparty credit risk between instruments traded in that market and the one being valued. The quoted market price for an asset held or liability to be issued is the current bid price and, for an asset to be acquired or liability held, the asking price. If the Group has assets and liabilities with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid or asking price to the net open position as appropriate.

- Level 2: When current bid and asking prices are unavailable, the price of the most recent transaction is used, adjusted to reflect changes in economic circumstances.

- Level 3: Otherwise, the Group applies generally accepted valuation techniques using, insofar as is possible, market data and, to a lesser extent, specific Group data.

The fair values of the Group's financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions which are traded in active and liquid markets are measured using quoted prices in the market at the valuation date.

- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted valuation models by discounting cash flows using transaction prices observable in the market and the quotations of similar instruments.

- Interest rate derivatives are arranged so as to be more in line with the financing taken out by the Group. Since the inputs required to measure this type of instrument are available, instruments of this type are classified under Level 2 in the hierarchy of IFRS 7. To determine the fair value of interest rate derivatives, the Group discounts cash flows based on implicit rates determined through interest rate zero coupon curves, based on market conditions at the date on which the fair value was measured. To calculate implicit rates, a zero coupon curve must be differentiated based on the current deposit/non-current swaps with monthly settlements curve, as variable interest is paid on a monthly basis. The zero coupon curve based on the Overnight Index Swaps (OIS) curve with daily settlements is used to calculate the discount factors required to determine the present value of estimated cash flows (calculated as the difference between the fixed and implicit rates for each period).

At 30 September 2017, the Group's financial assets and financial liabilities at fair value comprise the derivative financial instruments mentioned in Note 14.

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

l) Inventory

Inventories in the consolidated statement of financial position at 30 September 2017 and 2016 comprise the raw materials, spare parts and other supplies required to carry out the Group's activities. Inventories mainly comprise catering and merchandising items that are measured at the lower of average purchase price and net realisable value. Obsolete, faulty or slow-moving inventories have been written down to their expected realisable value.

m) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, which is expected to be within 12 months.

- Liabilities are classified as current when they are expected to be settled within 12 months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the consolidated financial statements are authorised for issue.

n) Recognition of income and expenses

Income and expenses are recognised on an accruals basis, irrespective of collections and payments.

The main source of Group income corresponds to the income received by the entrance into the park, followed by the income for restoration and merchandising. Except for what is mentioned below regarding annual passes and season passes, the accrual of such income occurs at the time of sale.

Certain parks in the Group sell annual passes and season tickets. The annual passes are booked as unearned income at the date of sale and recognised on a following financial criteria in the consolidated income statement over their validity period. Season tickets are booked as unearned income at the date of sale and recognised during the season they are valid, in proportion to the per capita price of visits in the period, the average price of the season tickets and the average visits per season. At 30 September 2017 and 2016, the heading "Other current liabilities" of the accompanying consolidated balance sheet refers almost entirely to income invoiced and not accrued at said date from visits pertaining to annual passes to take place in the first quarter of the following tax year. In this connection, in 2017, the Group recognised Euros 2 million in non-accrued income at 30 September 2016 for visits pertaining to annual passes to take place during the first quarter of financial year 2017.

Specifically, revenue is calculated at the fair value of the consideration receivable and represents the amount receivable for goods delivered and services rendered in the normal course of business, less discounts and taxes.

Interest income and expense are accrued using the current interest method, based on the outstanding portion of the principal and the applicable effective interest rate.

o) Capital grants

Capital grants are measured at the fair value of the sum or asset transferred and are recognised as income over the same period and in proportion to the depreciation of the subsidised assets.

At 30 September 2017, the balance of the grants not yet taken to the consolidated income statement was included under other non-current liabilities in the accompanying consolidated statement of financial position and amounted to Euros 265 thousand (Euros 338 thousand at 30 September 2016).

p) Income tax

The Parent has availed of the tax regime applicable to groups of companies as permitted by the revised text approved by Law 27/2014, of 27 November 2014, of Income Tax and is the parent of the tax group (see note 17).

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for the period. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

- *Recognition of deferred tax liabilities*

The Group recognises all deferred tax liabilities except where:

- they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income;
- they are associated with investments in subsidiaries and joint ventures for which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

- *Recognition of deferred tax assets*

The Group recognises deferred tax assets provided that:

- it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income;
- the temporary differences are associated with investments in subsidiaries and joint ventures that will reverse in the foreseeable future and sufficient taxable profit is expected to be generated against which the temporary differences can be offset.

It is considered probable that the Group will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

In order to determine future taxable profit the Group takes into account tax planning opportunities, provided it intends or is likely to adopt them.

- *Measurement of deferred tax assets and liabilities*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been

enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities. For these purposes, the Group has considered the deduction for reversal of the temporary measures provided in transitional provision thirty-seven of Spanish Income Tax Law 27/2014 of 27 November 2014 as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisation and depreciation charges in 2013 and 2014, and to the balance sheet revaluation under Law 16/2012 of 27 December 2012.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not comply with the above conditions are not recognised in the consolidated statement of financial position. At year end the Group reassesses whether conditions are met for recognising previously unrecognised deferred tax assets.

- *Offset and classification*

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts, and they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

q) Commitments with employees

The Group has commitments with certain employees of its companies in Spain in the form of defined benefit plans for early retirement, death or disability. In prior years the subsidiaries resolved to externalise their obligations through a single-premium insurance policy covering the actuarial liability incurred at the date of externalisation. This premium is revised each year on the basis of updated information provided by the Group concerning the number of beneficiary employees. The Group also has a savings plan in the form of a defined contribution plan.

- *Defined benefit plans*

The Group includes plans financed through the payment of insurance premiums under defined benefit plans where a legal or constructive obligation exists to directly pay employees the committed benefits when they become payable or to pay further amounts in the event that the insurance company does not pay the employee benefits relating to employee service in the current and prior periods.

Where applicable, the Group should recognise defined benefit liabilities in the statement of financial position reflecting the present value of defined benefit obligations at the reporting date, minus the fair value of plan assets at that date. In the event that the difference results in an asset, the Group measures the resulting asset at the present value of any economic benefits available in the form of refunds from

the plan or reductions in future contributions to the plan. Economic benefits are available to the Group when they are realisable at some point during the life of the plan or on settlement of plan liabilities, even when not immediately realisable at the reporting date.

Income or expense related to defined benefit plans is recognised as employee benefits expense and is the sum of the net current service cost and the net interest cost on the net defined benefit liability or asset. The recalculated amount of net assets and liabilities for defined benefits is recognised in another global profit/loss. This last one comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability or asset. The costs of managing the plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions are deducted when determining the return on plan assets. Any amounts deferred in other comprehensive income are reclassified to retained earnings in reserves during that year.

Assets and liabilities arising from defined benefit plans are recognised as current or non-current based on the period of realisation of related assets or settlement of related liabilities.

- *Defined contribution plans*

The Group recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Group. The contributions payable are recognised as an expense for employee remuneration, and as a liability after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the period, the Group only recognises that excess as an asset (prepaid expense) to the extent that the prepayments will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the period in which the employees render the related service, they are discounted using the market yield on high quality corporate bonds.

- *Other employee benefits*

Under the legislation in force in Italy, the employees of the Italian subsidiaries are entitled to a termination benefit in the event of resignation or termination. Lastly, under the legislation in force in the US, the US Group companies must recognise a liability for the employment-related obligations to their employees in connection with healthcare coverage and other items.

- *Termination benefits*

By law, the Group is liable to pay termination benefits to employees whose services are discontinued.

Provisions and termination benefits for involuntary redundancies or restructuring processes are recognised when the Group has a constructive obligation deriving from a detailed formal plan and it has raised a valid expectation that it will carry out the process by starting to implement the plan or announcing its main features to those affected by it.

r) Share-based payments for services

The Group recognises the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. It recognises an increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability with a balancing entry in the income statement or assets if the goods or services were acquired in a cash-settled share-based payment transaction.

Equity instruments granted as consideration for services rendered by Group employees or third parties that supply similar services are measured by reference to the fair value of the equity instruments offered.

- *Equity-settled share-based payment transactions (through delivery or issuance)*

Equity-settled payment transactions (through delivery or issuance) are recognised as follows:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised in full and with a corresponding increase in equity;
- If the equity instruments granted do not vest until the employees complete a specified period of service, those services are accounted for during the vesting period, with a charge to profit and a corresponding increase in equity.

The Group determines the fair value of the instruments granted to employees at the grant date.

Market conditions and non-vesting conditions are taken into account when measuring the fair value of the instrument. Other vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments that eventually vest. Consequently, the Group recognises the amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revises that estimate if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments are made to equity after the vesting date, although any necessary reclassifications in equity may be made.

- *Tax effect*

In accordance with prevailing tax legislation in Spain and other countries in which the Group operates, costs settled through the delivery of equity instruments are deductible in the tax period in which delivery takes place, in which case a deductible temporary difference arises as a result of the time difference between the accounting recognition of the expense and its tax-deductibility.

In 2013 certain Board Directors and employees of the Group entered into an agreement whereby they received a specific number of shares of Centaur Luxco, S.a.r.l. (parent of the Company's sole shareholder). These shares were granted in that year and vested immediately on the grant date, as their receipt was not subject to compliance with future objectives or length of stay in the Company. The fair value of these shares, Euros 337 thousand, was determined by an independent expert on the concession date and was not assumed by the companies to which these employees render their services, and therefore it was recognised under other consolidated equity contributions from shareholders.

In April 2016, prior to the Offer for Admission to trading (see note 1), the sole shareholder, Centaur Nederland, B.V., approved a long-term incentive plan for 2016-2020 to be settled through the delivery of shares in the Parent. Beneficiaries were informed of the plan regulations in May of 2016. According to the Incentive Plan, the delivery of shares is subject to the fulfilment of certain performance conditions, as well as the continued employment in the Parques Group. The Parent has estimated the total obligation derived from these plans and the part of this obligation accrued at 30 September 2017 based on the extent to which the conditions for receipt have been met (see note 20 c)).

s) Provisions and contingencies

In preparing the consolidated financial statements, the Parent's Board Directors distinguish between:

- Provisions: balances payable for current obligations deriving from past events, settlement of which will probably require an outflow of undetermined resources as regards the amount and/or settlement date.
- Contingent liabilities: possible obligations arising from past events, the future materialisation of which is conditional on the occurrence or not of one or more future events beyond the Group's control.

The consolidated financial statements include all provisions for which the probability of the obligation requiring settlement is estimated to be more likely than not. Contingent liabilities, except those relating to business combinations, are not recognised in the consolidated financial statements but are disclosed in the notes thereto, when they are not considered to be remote.

Provisions are measured at the present value of the best estimate of the expenditure required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Any adjustments arising from the restatement of these provisions are recognised as a finance cost.

Rights to reimbursement from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received. Any income deriving from the reimbursement is recognised in profit and loss as a reduction in the provision expense up to the amount of the provision.

t) Assets and liabilities of an environmental nature

At 30 September 2017 and 2016 the Group does not have any assets earmarked for the protection and improvement of the environment, nor has it incurred relevant costs of this nature during the years then ended.

The Parent's Board Directors consider that no significant contingencies exist concerning the protection and improvement of the environment and, accordingly, no provision has been made in this regard at 30 September 2017 or 2016.

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The operating segments disclosed in the consolidated annual financial statements are defined by geographic region. The Management of the Group has decided to supervise the performance of the group's operations and makes strategic decisions based on geographical segmentation. The Group has identified the following operating segments: "United States", "Spain" and "Rest of the World". The holding activities of the Parent Company, as well as the activities carried out by the central offices of the Group (offices in Spain and in the United States) not attributable to any of the specific operating segments, are included in the segment "Central Offices- Non-Operating". Group management considers the segmentation to be aligned with that used by other groups in the sector.

Segment assets and liabilities include all items directly or indirectly attributable to a segment. No significant assets are shared between segments. The financial costs associated with the syndicated loan at 30

September 2017 and 2016, and the relating finance expense, are included in the "Head offices - non-operating" segment.

Segment revenue refers to revenue directly attributable to the segment plus the relevant portion of any Group revenue that could be attributable to the segment using reasonable distribution criteria. Segment revenue does not include interest or dividend income, gains on the sale of investments, or gains on redemption or extinguishment of debt. Any such items are included under head offices - non-operating.

Segment profit or loss is recognised before any adjustments attributable to non-controlling interests. Segment assets and liabilities are those directly related to its operating activities. Inter-segment sales prices are established in accordance with normal commercial terms and conditions governing unrelated third parties.

(5) Intangible Assets

Movement under this heading of the consolidated balance sheet in 2017 and 2016 is as follows:

	2017					
	Thousands of euros					
	Balance at 30/09/2016	Additions	Disposals	Transfers (Note 7)	Exchange differences	Balance at 30/09/2017
Cost						
Administrative concessions	779,989	3,454	-	397	-	783,840
Industrial property	40,429	93	-	(41)	2,711	43,192
Computer software	15,212	1,412	(287)	595	1	15,933
Other intangible assets	29,428	604	-	158	10	30,200
Total cost	865,058	4,563	(287)	1,109	2,722	873,165
Depreciation and amortisation						
Administrative concessions	(348,236)	(27,685)	-	-	-	(375,921)
Industrial property	(20,161)	(2,292)	-	-	(925)	(23,378)
Computer software	(14,525)	(2,210)	240	-	(1)	(16,496)
Other intangible assets	(6,224)	(219)	-	-	-	(6,443)
Total amortisation	(389,146)	(32,406)	240	-	(926)	(422,238)
Impairment	(48,071)	-	39,502	-	-	(8,569)
	427,841	**(27,843)**	**39,455**	**1,109**	**1,796**	**442,358**

	2016					
	Thousands of euros					
	Balance at 30/09/2015	Additions	Disposals	Transfers (Note 7)	Exchange differences	Balance at 30/09/2016
Cost						
Administrative concessions	777,540	2,041	(25)	433	-	779,989
Industrial property	39,543	971	-	23	(108)	40,429
Computer software	14,709	654	(30)	(125)	4	15,212
Other intangible assets	28,185	870	(270)	649	(6)	29,428
Total cost	859,977	4,536	(325)	980	(110)	865,058
Depreciation and amortisation						
Administrative concessions	(325,751)	(22,439)	25	(71)	-	(348,236)
Industrial property	(16,534)	(3,646)	-	-	19	(20,161)
Computer software	(13,874)	(691)	27	17	(4)	(14,525)
Other intangible assets	(4,910)	(1,587)	270	-	3	(6,224)
Total amortisation	(361,069)	(28,363)	322	(54)	18	(389,146)
Impairment	(80,673)	(17,497)	50,099	-	-	(48,071)
	418,235	**(41,324)**	**50,096**	**926**	**(92)**	**427,841**

Additions in 2017 and 2016 primarily comprise investments in the concessions for the Madrid amusement park and the Madrid zoo. Translation differences comprise the effect of fluctuations in the exchange rates used to translate the various line items reflecting intangible assets located in countries with a functional currency other than the Euro. Details of additions by operating segment are provided in the accompanying Appendix II.

Details at 30 September 2017 and 2016 of the carrying amount of the administrative concessions are as follows:

	Thousands of euros	
	2017	**2016**
Parque de Atracciones de Madrid	100,376	89,752
Zoo de Madrid	108,753	109,964
Spanish water parks (Parques Acuáticos)	47,830	55,960
Parque de Atracciones Mirabilandia	139,649	124,328
Parque Acuático de Mar del Plata	1,303	1,628
Parque Biológico de Madrid	1,726	1,783
Other	117	267
	399,753	**383,682**
Impairment	8,569	48,071
Total	**407,919**	**431,753**

Of the above amount, Euros 209,246 thousand at 30 September 2017 (Euros 199,983 thousand at 30 September 2016) correspond to concessions recognised under IFRIC 12 criteria.

At 30 September 2017 and 2016, using the methodology described in note 2 c), the Group has conducted impairment testing on all intangible assets presenting indications of impairment. As a result of the financial projections drawn up by the Group at 30 September 2017 and the strong performance and positive outlook of the Spanish parks, impairment of intangible assets totalling Euros 22,005 thousand recognised in prior years was reversed (Euros 50,099 thousand reversed in 2016). Moreover, in the Italian park Mirabilandia, impairments recognised in 2016 and amounting to Euros 17,497 thousand were reversed as a result of the

improvement in the outlook for revenues growth at the park on the back of a specific asset investment plan implemented there.

At the date of authorisation for issue of these consolidated financial statements, the Parent's Board Directors consider that no additional events have occurred which would require amendments to the estimates made at the 2017 reporting date in respect of the impairment testing carried out.

Details, by category, of fully amortised intangible assets at 30 September 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Administrative concessions	27,101	27,132
Industrial property	801	700
Computer software	9,531	8,474
Other intangible assets	443	281
	37,877	**36,587**

(6) Goodwill

Details and movement under this heading of the consolidated balance sheet in 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Balance at 1 October	640,631	680,721
Impairments (Note 2 c))	(64,933)	(40,809)
Exchange differences	(13,265)	719
Balance at 30 September	**562,433**	**640,631**

Translation differences comprise the effect of fluctuations in the exchange rates used to convert the goodwill in countries with a functional currency other than the Euro, essentially the United States, the impact of which was far greater in 2017 than in 2016 owing to changes in the exchange rate.

At 30 September 2017 and 2016 the Group has tested all goodwill for impairment in accordance with accounting principles, using the methodology described in note 2 c). Due to the decrease in the expected number of visitors after the French Marineland animal park reopened in the wake of flooding in October 2015, the estimates used in the cash flow projections for this park were reduced. Consequently, in 2017 the Group recognised impairment of Euros 26,835 thousand for part of the goodwill associated with the aforementioned park (Euros 40,809 thousand at 30 September 2016). Likewise, in the aftermath of bad results of US parks due to adverse weather conditions (heavy rains and hurricanes), in 2017 the Group recognised impairments in goodwill associated with Miami Seaquarium, Watercountry, Noah´s Ark, Sandcastle, Sacramento and San José in the amount of Euros 38,098 thousand.

At the date of authorisation for issue of these consolidated financial statements, the Parent's Board Directors consider that no additional events have occurred which would require amendments to the estimates made at the 2017 reporting date in respect of the impairment testing carried out.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements

30 September 2017

Goodwill has been allocated to CGUs and/or groups of CGUs. Details of this goodwill and its carrying amount at 30 September 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Spain parks		
Parque Warner	39,085	39,085
US parks		
Kennywood	55,400	58,365
Idlewild	15,429	16,254
Lake Compounce	8,413	8,864
Storyland	12,563	13,235
Dutch Wonderland	190	201
US animal parks		
Sea Life Park	8,195	8,634
Miami Seaquarium	-	11,498
US water parks		
Sandcastle	-	7,328
San Dimas	27,218	28,674
Sacramento	2,173	4,057
San Jose	9,091	9,686
Splish Splash	32,734	34,486
Water County	16,915	23,006
Wet 'n Wild Emerald Pointe	22,332	23,528
Noah's Ark	7,493	21,693
Amusement parks in Europe		
CGU parks in Europe	75,000	75,000
Bobbejaanland	100,000	100,000
Bonbonland	2,500	2,500
Tusenfryd	33,403	33,403
Slagharen	2,922	2,922
Animal parks in Europe		
Marineland	72,356	99,191
UK Zoos and aquariums	12,302	12,302
Water parks in Europe		
BoSommarland	6,719	6,719
	562,433	**640,631**

(7) Property, plant and equipment

Movement under this heading of the consolidated balance sheet at 30 September 2017 and 2016 is as follows:

2017 Thousands of euros	Balance at 30/09/2016	Additions	Disposals	Transfers (Note 5)	Exchange differences	Balance at 30/09/2017
Cost						
Land	85,668	372	(121)	-	(1,760)	84,159
Buildings and other structures	623,689	12,910	(4,119)	1,371	(9,389)	624,462
Plant, machinery and tools	590,016	22,455	(2,684)	1,372	(11,271)	599,888
Furniture and fixtures	30,136	13,907	(707)	789	(453)	43,672
Information technology equipment	23,558	2,892	(1,436)	300	(786)	24,528
Vehicles	51,646	4,833	(557)	727	(2,309)	54,340
Other property, plant and equipment	153,112	2,168	(1,916)	2	(1,518)	151,848
Assets under construction	27,060	19,643	(92)	(5,658)	(514)	40,439
Total cost	1,584,885	79,180	(11,632)	(1,097)	(28,000)	1,623,336
Depreciation						
Buildings and other structures	(206,008)	(19,847)	3,556	-	5,831	(216,468)
Plant, machinery and tools	(332,537)	(3,933)	2,441	(12)	7,384	(326,657)
Furniture and fixtures	(22,467)	(5,823)	803	1,075	309	(26,103)
Information technology equipment	(16,815)	(5,868)	1,616	2,349	766	(17,952)
Vehicles	(24,882)	(1,782)	315	(2,349)	1,526	(27,172)
Other property, plant and equipment	(87,463)	(1,981)	651	(1,075)	510	(89,358)
Total accumulated depreciation	(690,172)	(39,234)	9,382	(12)	16,326	(703,710)
Impairment	(17,410)	(2,587)	563	-	-	(19,434)
	877,303	**37,359**	**(1,687)**	**(1,109)**	**(11,674)**	**900,192**

2016 Thousands of euros	Balance at 30/09/2015	Financial lease (note 8 b)	Balance at 01/10/2015	Additions	Disposals	Transfers (Note 5)	Exchange differences	Balance at 30/09/2016
Cost								
Land	70,389	15,744	86,133	-	-	(327)	(138)	85,668
Buildings and other structures	586,464	21,917	608,381	17,961	(5,307)	2,500	154	623,689
Plant, machinery and tools	543,307	19,618	562,925	29,738	(5,510)	6,131	(3,268)	590,016
Furniture and fixtures	27,886	119	28,005	1,257	(43)	46	871	30,136
Information technology equipment	22,750	72	22,822	1,467	(954)	435	(212)	23,558
Vehicles	45,627	-	45,627	6,186	(626)	680	(221)	51,646
Other property, plant and equipment	154,301	-	154,301	3,754	(4,763)	138	(318)	153,112
Assets under construction	16,195	-	16,195	21,525	(21)	(10,583)	(56)	27,060
Total cost	1,466,919	57,470	1,524,389	81,888	(17,224)	(980)	(3,188)	1,584,885
Depreciation								
Buildings and other structures	(201,521)	-	(201,521)	(11,080)	5,615	71	907	(206,008)
Plant, machinery and tools	(321,154)	-	(321,154)	(16,190)	3,016	(17)	1,808	(332,537)
Furniture and fixtures	(20,108)	-	(20,108)	(1,423)	43	-	(979)	(22,467)
Information technology equipment	(14,570)	-	(14,570)	(3,025)	947	-	(167)	(16,815)
Vehicles	(21,166)	-	(21,166)	(4,100)	549	-	(165)	(24,882)
Other property, plant and equipment	(86,652)	-	(86,652)	(4,380)	3,686	-	(117)	(87,463)
Total accumulated depreciation	(665,171)	-	(665,171)	(40,198)	13,856	54	1,287	(690,172)
Impairment	(26,488)	-	(26,488)	-	9,078	-	-	(17,410)
	775,260	**57,470**	**832,730**	**41,690**	**5,710**	**(926)**	**(1,901)**	**877,303**

Additions in 2017 and 2016 basically comprise the general refurbishment work carried out at the various parks operated by the consolidated companies and the investments in new attractions. In 2017, the main investments are comprised European Parks such as Madrid amusement park and Warner park in Spain, Movie Park Germany in Germany and Slagharen in the Netherlands, and also US parks. In 2016 the main investments are comprised amusement parks, zoos and animal parks and water parks in the United States totalling Euros 18 million, Euros 5 million and Euros 5 million, respectively, an investment of Euros 10 million in the animal park in France, and other investments in amusement parks in the Netherlands, Norway, Italy, Germany and Spain. Details of additions by operating segment are provided in the accompanying Appendix II.

At 30 September 2017 and 2016 the Group has carried out impairment testing on all property, plant and equipment that presented indications of impairment, using the methodology described in note 2 c). As a result of the tests, asset impairments amounting to Euros 2,587 thousand were booked at two parks in the US. As a result of the strong performance and positive outlook for the Spanish parks, impairment of Euros 563 thousand on property, plant and equipment recognised in previous years in the Spanish parks was reversed (Euros 9,078 thousand at 30 September 2016). At the date of authorisation for issue of these consolidated financial statements, the Parent's Board Directors consider that no additional events have occurred which would require amendments to the estimates made at the 2017 reporting date in respect of the impairment testing carried out.

Translation differences comprise the effect of fluctuations in the exchange rates used to translate the various line items reflecting property, plant and equipment located in countries with a functional currency other than the Euro.

Details, by category, of the fully depreciated items of property, plant and equipment in use at 30 September 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Buildings and other structures	164,667	127,057
Plant, machinery and tools	284,755	241,429
Furniture and fixtures	16,756	18,690
Information technology equipment	21,452	15,146
Vehicles	26,637	10,650
Other property, plant and equipment	31,251	43,541
	545,517	**456,513**

The Group takes out insurance policies to cover the possible risks affecting its property, plant and equipment, and for the intangible asset items relating to administrative concessions recognised in note 5 as a result of the application of IFRIC 12. The Parent's Board Directors consider that these policies are sufficient to cover the risks inherent in the Group's activity at 30 September 2017.

At 30 September 2017 and 2016, items of property, plant and equipment located abroad, mainly in the United States, Germany, France, Italy, Norway, Denmark, the United Kingdom and the Netherlands, amount to Euros 453,049 and Euros 464,030 thousand, respectively (of which 195,004 and Euros 219,092 thousand, respectively, in the United States), net of accumulated depreciation and impairment.

(8) Leases and concession agreements

a) Operating leases and concession agreements

Details of the parks and other leisure facilities operated by the Group in 2017 and 2016 for which administrative concessions, surface rights or leases are held with public entities are as follows:

Country	Location	Type of park	Description	Maturity
Spain	Alicante	Water park	Torrevieja water park	2032 (1) (2)
Spain	Madrid	Water park	Villanueva de la Cañada water park	2026 (1)
Spain	Valencia	Water park	Cullera water park	2033 (1)
Spain	Madrid	Water park	S. F. de Henares water park	2019 (1)
Spain	Seville	Water park	Seville water park	2020 (1)
Spain	Tarragona	Water park	Salou water park	2021 (1)
Spain	Huelva	Water park	Cartaya water park	2024 (1)
Spain	Madrid	Animal park	Madrid zoo	2034 (1)
Spain	Madrid	Animal park	Faunia (Parque Biológico Madrid)	2048 (1)
Spain	Madrid	Amusement park	Madrid amusement parks	2026 (1)
Spain	Madrid	Other leisure centres	Rosales cable car	2017 (1)
Spain	Málaga	Other leisure centres	Benalmádena cable car	2075 (1)
Spain	Málaga	Animal park	Parques de la Naturaleza Selwo	2072 (1)
Spain	Málaga	Animal park	Parque Selwo Marina	2075 (1)
France	Bouquet	Water park	Aqualud	2034
Italy	Ravena	Amusement park	Mirabilandia (2 parks)	2072 (3)
United Kingdom	Blackpool	Animal park	Blackpool zoo	2033
United Kingdom	Windermere	Animal park	Lake Windermere water park	2047
United Kingdom	Bournemouth	Animal park	Bournemouth aquarium	2097 (4)

(1) The assets invested in for these parks must be returned at the end of the administrative concession. At 30 September 2017 and 2016, the net book value of property, plant and equipment and intangible assets at these parks amounted to 157,329 and Euros 163,439 thousand, respectively.

(2) In 2016 the Group signed a 15-year extension to the lease with the Town Hall of Torrevieja.

(3) Various contracts with different instalments maturing in 2062 (automatically extendable for 25 more years), 2072, and 2070 (automatically extendable).

(4) Adjacent instalments (Pingüinario) maturing in 2065.

The concession arrangements to construct, maintain and operate the parks and cable cars listed above on land leased by the corresponding local authorities were for initial periods of 30-35 years. They have since been extended up to the expiry dates based on a number of agreements with those authorities.

At the end of the concession periods, of the aforementioned surface rights or leases, the facilities will revert to the granting authority in accordance with the signed agreements. Nevertheless, the Group's experience in the sector suggests that it is possible to extend the contracts for additional periods through the contract financial and economic equilibrium. In most cases, one year prior to expiry, the concession operator must carry out at its own cost the construction and other work required for the facilities and structures to be handed over in perfect condition for rendering the services for which they were intended. In this connection, the Group considers that the end of the Rosales Cable car concession on 31 December 2017 will not have a material adverse impact on the consolidated annual financial statements and that the assets associated with said facility will be delivered in perfect condition on the aforementioned date.

During the term of the agreement, concession operators are required to renovate and improve the facilities. As such, the concession operator undertakes to carry out the conservation and maintenance of the facilities. The Group considers that the ordinary maintenance carried out on the park facilities held under the concession is so comprehensive that no additional provisions are required in order to meet the contractual obligations.

Furthermore, the Group updates the fees on most of the concessions in accordance with market indices.

Moreover, the admission fees to the Madrid amusement park, Madrid zoo and Rosales cable car are authorised and set by the local authorities each year, following a review request submitted by the Group. As a result of this and the above, these three leisure facilities are recognised applying IFRIC 12 (see note 4 e)).

Details of the terms and conditions of the main concession are provided in the accompanying Appendix III.

In 2017 and 2016 the Group has operated a group of parks and other leisure facilities, for which it has signed operating lease agreements for the land on which they are built. Details of these parks and leisure facilities are as follows:

Country	Location	Operating segment	Description	Maturity
Germany	Dusseldorf	Amusement park	Movie Park	2062 (1)
Argentina	Mar de Plata	Animal park	Mar de Plata Aquarium	2021 (2)
United States	California	Family entertainment centres	Palm Springs	2027
United States	Georgia	Family entertainment centres	Marietta Mountasia	2026
United States	Georgia	Family entertainment centres	Norcross Malibu	2026
United States	Florida	Family entertainment centres	Greater Ft. Lauderdale	2033
United States	California	Family entertainment centres	Vista	2033
United States	New York	Family entertainment centres	Medford	2034
United States	California	Water park	Sacramento	2025
United States	California	Water park	San Jose Raging Waters	2025
United States	New York	Water park	Splish Splash	2034
United States	California	Water park	San Dimas Raging Waters	2034
United States	New Hampshire	Water park	Water County	2034
United States	North Carolina	Water park	Wet 'n Wild Emerald Pointe	2037
United States	Hawaii	Animal park	Sea Life Hawaii	2027
United States	Florida	Animal park	Miami Seaquarium	2031
United States	California	Amusement park	Castle park	2037
Norway	Telemark	Water park	BO Sommarland	2026 (3)
Norway	Oslo	Amusement park	Tusenfryd AS	2025

(1) Various contracts with different instalments maturing in 2062, 2090, and 2092.

(2) Includes automatic 3-year extensions, the last being executed in 2018.

(3) In 2016 the lease agreement for the land on which the park is located has been extended until 2026. This agreement can be renewed for an indefinite number of five-year periods.

At 30 September 2017 and 2016, future minimum lease payments under non-cancellable operating leases and concession arrangements are as follows:

	Thousands of euros	
	2017	**2016**
Less than one year	11,397	11,119
Two and five years	42,655	42,671
Over five years	165,041	172,433
	219,093	**226,224**

Operating lease and administrative concession fee expenses totalled Euros 16,970 thousand and Euros 16,446 thousand at 30 September 2017 and 2016, respectively (see note 19 e)).

b) Financial leases

On 28 February 2007 the Group and Parque Temático de Madrid, S.A. (hereinafter "the owners") entered into an agreement for the lease of a number of assets at the Warner park in Madrid. Based on the terms of the agreement and the assessment carried out by the Group at the inception of the lease, it was classified as an operating lease. On 23 February 2015, the parties amended the agreement to include a call option for the lessee and a correlative put option for the same price for the lessor on the leased assets. The options may only be exercised on expiration of the lease (forecast for 31 December 2026 or the date in January 2027 on which Warner park closes to the public for the season). The new agreement also includes the possibility of not exercising either option, which would imply an automatic extension to the agreement for a further two successive five-year periods (at the end of which each party can exercise such options), i.e. until 31 December 2036 or the date in January 2037 on which Warner park closes to the public for the season, following which the agreement would expire.

Warner Bros Inc has granted the Company the licence to use the Warner brand in exchange for an annual royalty fee payable by the Company in the form of a percentage of the amusement park's annual revenues. Through this agreement the Company also undertakes to invest in maintenance and new attractions for an amount equivalent to 8% of the park's gross revenue for each three-year investment period or a minimum of Euros 3,200 thousand should the park's gross revenue be less than this amount.

There follows a breakdown of the assets classified as finance leases at 30 September 2017 and 2016:

	Thousands of euros				
	Land	**Constructions**	**Plant, machinery and tools**	**Other property, plant and equipment**	**Total**
Cost at 30/09/2017	15,744	21,917	19,618	191	57,470
Accumulated depreciation at 30/09/2017	-	(1,132)	(3,621)	(77)	(4,830)
Net accounting value at 30/09/2017	**15,744**	**20,785**	**15,997**	**114**	**52,640**
Cost at 30/09/2016	15,744	21,917	19,618	191	57,470
Accumulated depreciation at 30/09/2016	-	(694)	(2,219)	(48)	(2,961)
Net accounting value at 30/09/16	**15,744**	**21,223**	**17,399**	**143**	**54,509**

Below is a breakdown of minimum payments and present value of financial lease liabilities broken down by expiry date:

	Thousands of euros					
	2017			2016		
	Minimum payments	Interest	Present value	Minimum payments	Interest	Present value
Less than one year	5,021	-	5,021	4,918	-	4,918
Two and five years	20,338	(6,724)	13,614	19,920	(6,085)	13,835
Over five years	106,970	(65,681)	41,289	111,687	(72,069)	39,618
Minus current share	(5,021)	-	(5,021)	(4,918)	-	(4,918)
Total non-current	**127,308**	**(72,405)**	**54,903**	**131,607**	**(78,154)**	**53,453**

At 30 September 2017 and 2016, the long term maturity of finance lease debts is as follows:

	2017					
	Thousands of euros					
	2018/19	2019/20	2020/21	2021/22	2022/23 and thereafter	Total
Financial lease	3,365	3,391	3,416	3,442	41,289	54,903
	3,365	**3,391**	**3,416**	**3,442**	**41,289**	**54,903**

	2016					
	Thousands of euros					
	2017/18	2018/19	2019/20	2020/21	2021/22 and thereafter	Total
Financial lease	3,999	3,615	3,267	2,954	39,618	53,453
	3,999	**3,615**	**3,267**	**2,954**	**39,618**	**53,453**

(9) Financial Assets

The 2017 and 2016 year-end balances of non-current financial assets are as follows:

	Thousands of euros	
	2017	2016
Trade and other receivables:		
Other receivables	-	53,839
Provision for value impairment	-	(11,120)
Non-current deposits and guarantees arranged	1,547	1,695
Available-for-sale financial assets:		
Measured at cost	14	14
Provision for value impairment	(14)	(14)
Derivative financial instruments (note 14).	507	-
	2,054	**44,414**

The carrying amount of loans and receivables recognised at amortised cost net of impairment does not differ significantly from their fair value.

At 30 September 2016, "Other receivables" included mainly the amount pending payment from Ciudad de las Artes y las Ciencias, S.A. (hereinafter, CACSA) as a result of services pursuant to the contract to operate the Oceanographic park in Valencia entered into by subsidiary Parques Reunidos Valencia, S.A., totalling Euros 48,687 thousand, as well as an impairment of Euros 11,120 thousand in the account. Moreover, pursuant to said contract, the subsidiary had payables to CACSA amounting to Euros 41,369 thousand, respectively, included under "Other non-current liabilities" in the consolidated balance sheet at 30 September 2016.

During 2014, the Group filed a lawsuit claiming payment for the net debt receivable from Ciudad de las Artes y las Ciencias, S.A. In 2015, CACSA responded to this lawsuit, on the one hand, confirming the amount payable, but on the other hand, filing a counterclaim in which it sought payment from the Group of Euros 40.4 million in damages for failure to comply with repairs and maintenance obligations, and for failure to comply with its obligation to introduce killer whales into that park. Based on the analysis conducted with their legal counsel, the Board Directors of Parques Reunidos Valencia, S.A. consider that the counterclaim filed by CACSA is unfounded.

On 30 November 2015 the court held a preliminary hearing in which it issued a ruling on the admissibility of the evidence in the case. Although both parties appealed the court's ruling, the trial date was set for 8 and 9 November 2016. After year ended on 30 September 2016, the Group received notification of the expert ruling of the court expert assessing the cost attributable to the subsidiary for repairs and maintenance at Euros 3,061 thousand. At 30 September 2016, the Group has recognised a provision for this amount (Note 15).

On 19 December 2016, the subsidiary entered into a transactional agreement with CACSA putting an end to all the disputes between the parties. In accordance with this agreement, each party waives all rights and actions against the other, with the subsidiary waiving all rights and actions in its claim and, in turn, Ciudad de las Artes y las Ciencias, S.A. waiving the rights and actions in its counterclaim, and request by both parties of the filing and termination of the court proceedings in progress, without court fees payable by neither party, which will allow this legal procedure to be finally ended via the pertaining Decree of termination and file issued.

In accordance with the aforementioned agreement, Parques Reunidos Valencia S.A., in liquidation, has settled all payable and receivable balances with CACSA, along with provisions recognised. The main effect on the consolidated income statement at 30 September 2017 was the reversal of the provision amounting to Euros 3,061 thousand mentioned above (see Notes 15 and 19 (c)).

In December 2011, the owner of the land where the US park "Mountain Creek" was located, exercised the early cancellation option of the operating lease agreement entered into with the Group, scheduled for 2030. Under the terms of the lease agreement and the calculation made by the Group, the latter should receive compensation from the owner amounting to USD 9,500 thousand, based on the result obtained by the park in the last year. Nevertheless, based on the analysis conducted by Management and its legal advisors, this amount has been gradually reduced, recognising the related loss for unrecoverable trade receivables in the consolidated income statement from December 2011 until the year ended 30 September 2016, when an additional loss of Euros 186 thousand was eventually booked, after the appinted arbitrator set, on 3 October 2016, the amount compensation in Euros 5,147 thousand (USD 5,775 thousand).

During the year ended on 30 September 2017, the Group received updated information regarding the financial situation of the owner of the site, which has entered into bankruptcy, so a loss was recognised in relation to collection rights booked at 30 September 2016 under "Non-current financial assets" of the consolidated balance sheet (Note 19 (c)).

(10) Trade and Other Receivables

Details at 30 September 2017 and 2016 are as follows:

	Thousands of euros	
	2017	2016
Clients from sales and provision of service	28,242	24,555
Other receivables	1,483	1,403
Public Administrations (Note 17)	324	1,739
Personnel	180	302
	30,229	**27,999**

a) Clients from sales and provision of service

Trade receivables in the accompanying consolidated statements of financial position at 30 September 2017 and 2016 mainly comprise the balances receivable on Group sales made to third parties in the ordinary course of business. In general, these receivables earn no interest and fall due within 180 days.

The Group does not have a significant concentration of credit risk with regard to its trade receivables, since it has a large number of customers distributed throughout all the countries in which it operates.

At 30 September 2017 and 2016 this item includes provisions for impairment to cover the risk of debtor insolvency. The balance at these dates and movement for the years then ended are as follows:

	Thousands of euros	
	2017	2016
Balance at 1 October	3,471	3,132
Provisions	1,520	648
Amounts used	(285)	(309)
Reversals for unrecoverable loans	(48)	-
Balance at 30 September	**4,658**	**3,471**

The Group recognises a provision for past-due receivables based on a specific analysis thereof. When determining the recoverability of its trade receivables, the Group takes into account any change in credit quality since the date of origination. As a general rule, most impaired receivables are more than 12 months past due.

b) Age of past-due unimpaired financial assets

Trade receivables include amounts past due at 30 September 2017 for which the Group has not recognised a provision for bad debts because there have been no significant changes in the credit ratings of the

debtors and the amounts are deemed to be recoverable. The ageing of past-due unimpaired financial assets at 30 September 2017 and 2016 is as follows:

	Thousands of euros	
	2017	**2016**
Maturity in less than 180 days	4,538	5,608
Maturity between 180 and 360 days	637	293
Maturity over 360 days	205	366
	5,380	**6,267**

As described in note 9 a), the Group also has other past-due receivables, mostly aged over 360 days, on which the Group has recognised an impairment loss.

(11) Cash and other equivalents

Details at 30 September 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Cash on hand	3,710	2,920
Cash in banks	118,506	96,985
Bank deposits	543	4,738
Other restricted liquid assets	-	5,066
Accrued interest receivable	328	242
	123,087	**109,951**

As a result of the financial restructuring implemented by the Group within the framework of the IPO process (see Note 1), at 30 September 2016 there was a restricted deposit made by the US sub-group in the amount of Euros 5,066 thousand (USD 5,678 thousand) to cover commitments to its employees and other general liability policies. On 5 October 2016, the Parent pledged extended guarantees on these commitments, and this balance was therefore released as of that date (see note 18).

At 30 September 2017 and 2016 the Group's cash balances are not subject to any restrictions except for that mentioned.

Bank deposits mature in less than three months and generally earn interest at market rates below 0.5%.

(12) Net Equity

Details of equity and movement during the year are shown in the consolidated statement of changes in equity.

a) Capital subscribed

At 30 September 2015 the share capital of Parques Reunidos Servicios Centrales, S.A. was represented by 23,435,538 ordinary bearer shares of Euros 1 per value each, subscribed and fully paid. These shares had the same voting and profit-sharing rights and all were held by the sole shareholder Centaur Nederland B.V. (see note 1).

On 7 April 2016, the sole shareholder resolved to reduce the par value of the Company's shares by performing a share split of two new shares per old share and amending the articles of association.

On 27 April 2016, as part of the initial public offering (see note 1), the sole shareholder of the Group resolved to increase the share capital by Euros 16,935,484 through the issue and circulation of 33,870,968 new ordinary with a par value of Euros 0.50 each, of the same class and series and with the same rights as the previously issued shares. These shares were issued with a share premium of Euros 15 per share or a total of Euros 508,064,520. As a result, the capital increase and share premium amounted to Euros 525,000,004.

Morgan Stanley & Co. International PLC and Deutsche Bank AG, London Branch, acting as joint global coordinators of the share subscription offer (see note 1) on behalf of the final subscribers of the shares allotted through the subscription offer, have underwritten each of the 33,870,968 new ordinary shares jointly equivalent to Euros 525,000,004, with Centaur Nederland B.V. expressly waiving the right to any preferential subscription rights.

Consequently, at 30 September 2016 the share capital of Parques Reunidos Servicios Centrales, S.A. is represented by 80,742,044 ordinary shares represented by account entries of a single class and series of Euros 0.5 par value each. All shares have been fully subscribed and paid up and grant the same political and economic rights to their holders.

As indicated in note 1, the Parent's shares were admitted to trading on the Madrid, Barcelona, Bilbao, and Valencia stock exchanges on 29 April 2016. According to public information filed with the Spanish National Securities Market Commission, the members of the Board of Directors control approximately 0.32% of the share capital of the Parent Company at 30 September 2017 (0.36% at 30 September 2016).

According to the aforementioned public information, the most significant shareholdings (higher than 10%) at 30 September 2017 are as follows:

	%
Corporación Financiera Alba, S.A.	15.46%
Groupe Bruxelles Lambert (GBL)	15.17%
Morgan Stanley & Co International Plc	12.03%

Capital management

The main objectives of the Group's capital management are to ensure short- and long-term financial stability and the adequate financing of its investments, while maintaining its borrowing levels. All this is aimed at ensuring that the Group maintains its financial strength and the soundness of its financial ratios in order to support its business and maximise value for its shareholders. For the purpose of measuring its capital management the Group uses the financial leverage ratio as an indicator, calculated as follows at 30 September 2017 and 2016:

	Thousands of euros	
	2017	2016
Gross debt		
Debt with credit institutions (note 13)	578,648	593,663
Financial leases (note 8 b))	59,924	58,371
	638,572	652,034
Treasury assets		
Current financial assets on maturity (Note 14)	(39)	-
Cash and other equivalents (note 11))	(123,087)	(109,951)
	(123,126)	(109,951)
Total net debt	**515,446**	**542,083**
Total net equity	**1,108,778**	**1,132,317**
Financial leverage	**0.46**	**0.48**

The Group's financing structure, designed and in application, seeks to optimise equity and take advantage of the external financing capacities, without compromising the investment plans established in the business plan or short term cash needs. The Group manages the efficiency of this structure using the gearing ratio (Debt with credit institutions and obligations, net of cash assets /Net equity). The Board Directors consider that this ratio is suitable for achieving the abovementioned objective.

In addition, most of the financial debt used by the Group matures in May 2022 (see note 13.) The Parent's Board Directors consider that this provides a sufficient period to perform such corporate transactions as might be required, together with the generation of cash from the Group's operations, to restore the balance in its volume of debt before it falls due.

As a result of the seasonal nature of the business, the Group makes treasury forecasts systematically for each business unit and geographical region in order to assess their needs. This liquidity policy followed by the Group ensures that its payment obligations are met without having to resort to high-interest bearing financing, allowing the Group to continuously monitor its liquidity position.

b) Share premium

The share premium is freely distributable, except when, as a result of its distribution, the net equity should fall below the share capital. As mentioned in section a) of this note, during 2016 the Company increased share capital, raising the share premium by Euros 508,065 thousand.

c) Other reserves

- Parent legal reserve and voluntary reserves

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies' Act, which requires that companies transfer 10% of their profits for the year to the legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 30 September 2016 the Company has appropriated this reserve below the minimum limit established in the revised law of the Capital Companies Act. At 30 September 2017, following the appropriation of profits from 2016 (Note 3), the Company has allocated this reserve in accordance with the Capital Companies Act.

At 30 September 2016, the Company's voluntary reserves were reduced by Euros 18,425 thousand (Euros 13,562 thousand considering the tax effect) due to the expenses arising from the capital increase and related advisors, most notably Morgan Stanley & Co. International PLC and Deutsche Bank AG, London Branch, as Global Coordinators, in relation to the Public Offering of shares (see Note 1).

On 16 March 2017 the Company's General Meeting of Shareholders approved the distribution of dividends amounting to Euros 20 million, which was settled in July 2017.

- Reserves in fully consolidated companies

The reserves in consolidated companies included retained profits and accumulated losses to be offset pertaining to the consolidated companies, also considering consolidation adjustments.

- Restriction on the availability of reserves

The net equity of the Company and of some of the subsidiaries which is eliminated as part of the consolidation process includes reserves which, given their nature, are restricted according to the terms established in the legislation applicable to each case.

The main reserves are the legal reserve of the subsidiaries in Spain, Italy, France, Argentina and Belgium. At 30 September 2017 and 2016, these reserves amounted to Euros 25,361 thousand and Euros 19,776 thousand, respectively, including the revaluation reserve resulting from the application of Royal Decree-Law 7/1996 in the Spanish subsidiaries, totalling Euros 6,095 thousand, in both years.

d) Other shareholder contributions

The increase in this caption during 2016 reflects the recognition of Euros 9,811 thousand relating to the exit bonuses that the then sole shareholder approved prior to the initial public offering (see note 19 c)).

e) Other equity instruments

This item reflects the increase in equity resulting from the share-based payment plan detailed in note 4 r). During 2017, an amount of Euros 108 thousand was recognised in connection with the first and second cycles (2016-2019 and 2017-2020) of the long-term incentive plan (see Note 20 (c)). The increase of Euros 423 thousand under this heading at 31 September 2016 corresponded to the first cycle of said plan.

f) Other comprehensive income

- Translation differences:

Exchange differences mainly pertain to the conversion to Euros of the financial statements of the US subgroup, whose working currency is the US Dollar. Movement in 2017 and 2016 is as follows:

	Thousands of euros
Balance at 30 September 2015	**29,887**
Disposals	(702)
Balance at 30 September 2016	**29,185**
Disposals	(11,547)
Balance at 30 September 2017	**17,638**

- Valuation adjustments to equity:

At 30 September 2016, this heading included the net tax effect on the change in value of the financial derivative held by the Group in US dollars and designated as a cash flow hedging instrument. In 2017, the heading was reduced as a result of the ineffective coverage of said derivative (see Notes 4 (i) and 14 (a)).

	Thousands of euros
Balance at 30 September 2015	-
Change in fair value on financial instruments	363
Tax effect	(139)
Balance at 30 September 2016	224
Disposals	(224)
Balance at 30 September 2017	-

g) Non-controlling interests

Details of this item in the accompanying consolidated statement of financial position at 30 September 2017 and 2016 and movement are as follows:

	Thousands of euros		
	Leisure Parks, S.A.	Parques Reunidos Valencia, S.A. in liquidation	Total
Balance at 30 September 2015	414	436	850
Profit / (loss) for the year	-	(378)	(378)
Balance at 30 September 2016	**414**	**58**	**472**
Profit / (loss) for the year	47	-	47
Acquisition of shareholdings	-	(58)	(58)
Other	49	-	49
Balance at 30 September 2017	**510**	**-**	**510**

On 19 December 2016, the subsidiary Parques de Atracciones Madrid, S.A., acquired the shares in the subsidiary Parques Reunidos Valencia, in liquidation, held by minority shareholders (Inmuebles Altia, S.L.U. and Ágora Patrimonial, S.L.U.) for a total of Euros 1,500 thousand.

h) Earnings per share

The basic earnings per share are calculated by dividing the profit / (loss) of the year attributable to the equity holders of the Parent Company by the weighted average number of the ordinary shares outstanding during the year, excluding own shares.

The breakdown of the basic earnings / (losses) per share is as follows:

	2017	2016
Profit / (loss) for the year attributable to Parent Company shareholders (in thousands of euros)	11,330	3,910
Weighted average of ordinary shares in circulation	80,742,044	60,495,850
Basic earnings / (loss) per share (in euros)	**0.14**	**0.06**

On 7 April 2016, there was a doubling of the number of shares outstanding to date, increasing from 23,435,538 shares to 46,871,076 shares. Consequently, in accordance with IAS 33, in the calculation of earnings per share, the share split has been taken into account effectively since the beginning of the year ended 30 September 2016.

The Group does not have any issued financial instruments granting access to capital or to convertible debt, and therefore the diluted earnings per share are the same as the basic earnings.

(13) Loans and borrowings

The classification of financial liabilities by categories and classes, including the comparison of fair value and book value is presented in Appendix IV.

Details of current and non-current loans and borrowings at 30 September 2017 and 2016 are as follows:

	Thousands of euros							
	2017				2016			
	Limit	Current	Non-current	Total	Limit	Current	Non-current	Total
At amortised cost:								
Syndicated loan	565,430	22,617	542,813	565,430	577,229	23,089	554,140	577,229
Revolving credit facility	200,000	-	-	-	200,000	-	-	-
Other bank loans	-	1,305	11,974	13,279	-	910	13,285	14,195
Credit facilities	43,121	-	-	-	43,414	-	-	-
Interests outstanding	-	7,262	-	7,262	-	8,239	-	8,239
	808,551	**31,184**	**554,787**	**585,971**	**820,643**	**32,238**	**567,425**	**599,663**
Syndicated loan fees	-	-	(5,793)	(5,793)	-	-	(5,323)	(5,323)
Revolving credit fees	-	-	(1,965)	(1,965)	-	-	(1,874)	(1,874)
Valued at fair value:								
Derivative financial instruments (note 14)	-	186	249	435	-	755	442	1,197
	808,551	**31,370**	**547,278**	**578,648**	**818,414**	**32,993**	**560,670**	**593,663**

Except for the derivative financial instruments, the financial liabilities are measured at amortised cost, which at 30 September 2017 and 2016 does not differ significantly from their fair value, given the fair value of the syndicated loan at year-end of Euros 603,647 thousand (Euros 582,879 thousand at 30 September 2016). The estimated fair value is Level 2 based on the fair value hierarchy established in IFRS 7.

Other bank loans include a loan entered into by the subsidiary Parque Biológico de Madrid, S.A., whose outstanding balance at 30 September 2017 amounts to Euros 5,618 thousand (Euros 6,195 thousand at 30 September 2016), maturing in 2025 and accruing an annual variable interest rate of Euribor + 5.5 %. Moreover, it also includes a loan whose outstanding balance at 30 September 2017 is of Euros 7,661 thousand (Euros 8,000 thousand at 30 September 2016), entered into by the subsidiary Marineland Resort, S.A.S. maturing in 2027 and at a fixed annual interest rate of 3.8 %.

Non-current loans and borrowings at 30 September 2017 and 2016 mature as follows:

	2017					
	Thousands of euros					
	2018/19	2019/20	2020/21	2021/22	2022/23 and thereafter	Total
Syndicated loan	22,617	22,617	22,617	474,962	-	542,813
Other bank loans	1,366	1,432	1,500	1,573	6,103	11,974
	23,983	**24,049**	**24,117**	**476,535**	**6,103**	**554,787**

	2016					
	Thousands of euros					
	2017/18	2018/19	2019/20	2020/21	2021/22 and thereafter	Total
Syndicated loan	23,089	23,089	23,089	484,873	-	554,140
Other bank loans	1,296	1,360	1,427	1,427	7,775	13,285
	24,385	**24,449**	**24,516**	**486,300**	**7,775**	**567,425**

a) Syndicated loan and revolving credit

On 1 April 2016 the Parent Company and its subsidiary in the US subgroup Festival Fun Parks, LLC, as joint and several borrowers and guarantors, enter into a new syndicated loan with Banco Santander, S.A. (as the agent bank). This funding was used (i) for the repayment of the previous syndicated loan (arranged in 2014), the bonds of the US subgroup and the GE Capital 2011 revolving credit, which were repaid in full using the cash obtained from this financing as well as the amount obtained from the Initial Public Offering (see Note 1) and (ii) pay the fees, commissions and expenses related to this financing. Furthermore, on that date a new revolving credit facility was signed to finance the Group's working capital requirements (including the permitted investments in Capex and business acquisitions).

On 13 February 2017, the Companies that initially entered into the syndicated loan agreed to a non-substantially-modifying renewal of this syndicated loan, implying a reduction of up to 40 basis points in the applicable interest rate spread and an extension of up to 11 months in the maturity schedule thereof, depending on the tranche. An analysis of the renewal determined that modification of the syndicated loan was not substantial, the variation being only 1.52%.

The loan, whose total amount as of 30 September 2017 amounts to Euros 565,430 thousand (Euros 577,229 thousand in 2016), consists of four tranches that have been taken by the Parent Company (two tranches in euros) and Festival Fun Parks, LLC (two tranches in US dollars). Below is a breakdown of the syndicated loan, at 30 September 2017 and 30 September 2016:

Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	2017 Thousands of euros Undrawn	2017 Thousands of euros Drawn down
Tranche A1 (Dollar)	April 2022	6 month Libor + 2.10%	3.97%	104,000	-	88,172
Tranche A2 (Euros)	April 2022	Euribor 6 months + 2.10%	2.24%	138,000	-	138,000
Tranche B1 (Dollar)	May 2022	6 month Libor + 3.85%	3.00%	156,000	-	132,258
Tranche B2 (Euros)	May 2022	Euribor 6 months + 3.85%	3.10%	207,000	-	207,000
Revolving facility (multi-currency)	April 2022	6 month Libor/Euribor + 2.10%	3.40%	200,000	200,000	-
					200,000	**565,430**

Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	2016 Thousands of euros Undrawn	2016 Thousands of euros Drawn down
Tranche A1 (Dollar)	May 2021	6 month Libor + 2.5%	3.65%	104,000	-	92,892
Tranche A2 (Euros)	May 2021	Euribor 6 months + 2.5%	2.75%	138,000	-	138,000
Tranche B1 (Dollar)	Sept 2021	6 month Libor + 3.25%	4.36%	156,000	-	139,337
Tranche B2 (Euros)	Sept 2021	Euribor 6 months + 3.25%	3.46%	207,000	-	207,000
Revolving facility (multi-currency)	May 2021	6 month Libor/Euribor + 2.5%	2.71%	200,000	200,000	
					200,000	**577,229**

At 30 September 2017 there were no restrictions on drawdowns of the revolving credit facilities.

The agreement establishes a partial repayment schedule for tranches A1 and A2, with 10% of repayment of principal on 31 May each year from 2018 to 2021, and the remaining 60% to be repayed in April 2022. The total repayment of tranches B1 and B2 is set as a single repayment to be made on 31 May 2022. Finally, each drawdown from the revolving credit facility must be repaid on 30 September of each year.

The syndicated loan also requires fulfilment, in each quarter and at the end of the year, of a covenant financial ratio calculated on the consolidated financial statements or consolidated financial accounts of the Group. The Group Corporate Financial Department carries out a detailed follow-up of compliance with such financial ratios, in order to enable early detection of any potential risk of non-compliance. In each quarter since the signing of the agreement and at 30 September 2017, the Board Directors of the Company have confirmed compliance with the following covenant:

Covenant	Definition	Ratio required
Debt	Net financial debt / Consolidated EBITDA	< 4.50

To ensure compliance with its obligations arising from the syndicated loan, the lender entities were provided with the following guarantees:

- A joint and several personal guarantee from Parques Reunidos Servicios Centrales, S.A. and Festival Fun Parks, LLC (including pledge on the shares of the latter). This guarantee is effective the moment that one of the guarantors fails to repay the principal or interest payments for the tranches of debt that each one has arranged. At 30 September 2017, both guarantors are up-to-date with the payments, so the guarantee has not been executed, and the Company has not needed to recognize and additional liability corresponding to the Festival Fun Parks, LLC.
- Pledge on the shares of Parque de Atracciones Madrid, S.A.U., Madrid Theme Park Management, S.L.U., Leisure Parks, S.A., Zoos Ibéricos, S.A., Gestion Parque de Animales Madrid, S.L.U., Centaur Nederland 2 B.V., Grant Leisure Group Ltd, Tusenfryd AS, Pleasantville B.V., Marineland SAS, Movie Park Germany GmbH and Centaur Nederland 3 B.V.
- In addition, with a personal guarantee, as additional guarantors, the dependent companies are: Parque de Atracciones Madrid, S.A.U., Madrid Theme Park Management, S.L.U., Leisure Parks, S.A., Zoos Ibéricos, S.A., Gestion Parque de Animales Madrid, S.L.U., Centaur Nederland 2 B.V., Grant Leisure Group Ltd, Tusenfryd AS, Pleasantville B.V., Marineland SAS Parco della Standiana SRL, Movie Park Germany GmbH and Centaur Nederland 3 B.V.

(14) Derivative financial instruments

Details of the derivative financial instruments included in the consolidated balance sheet under "Loans and borrowings" and "Other financial assets" at 30 September 2016 and 2017 are as follows:

	2017		
	Thousands of Euros		
	Current	Non-current	Total
Assets			
Interest rate hedges	39	507	546
Liabilities			
Interest rate hedges	186	249	435

	2016		
	Thousands of euros		
	Current	Non-current	Total
Liabilities			
Interest rate hedges	755	442	1,197

a) Interest rate derivatives and hedge accounting

Details of derivative financial instruments and their corresponding fair values at 30 September 2017, together with the outstanding notional amounts to which they are linked, are provided below. At 30 September 2017 the Group applies hedge accounting to these derivatives.

Instrument	Interest rate swap	Interest rate swap	Interest rate swap
Fixed interest payable	-0.064%	1.394%	1.399%
Variable interest receivable	6-month Euribor	6 month Libor	6 month Libor
Date arranged	25/05/2016	31/05/2016	31/05/2016
Start of hedge	30/06/2016	30/06/2016	30/06/2016
Expiry date	30/06/2019	30/06/2019	30/06/2019
Notional (thousands)	200,000 (Euros)	55,000 (USD)	55,000 (USD)
Interest payments	Half-yearly (31 March and 30 September)	Half-yearly (31 March and 30 September)	Half-yearly (31 March and 30 September)
Fair value of swap (thousands of Euros)	(435)	268	278
Accrued interest payable (thousands of Euros)	-	-	-
Total fair value (thousands of Euros)	(435)	268	278

The Group uses interest rate swaps (IRS or fixed rate swaps) to hedge the risk of variations in interest rates on its syndicated loan (see note 13). These financial instruments have been classified as Level 2 according to the rank established in IFRS 7.

With IRS, interest rates are interchanged so that the Group receives a variable interest rate from the bank in exchange for a payment of fixed interest on the nominal amount. The variable interest rate received for the derivative offsets the interest paid on the hedged financing. The end result is the payment of fixed interest on the hedged financing. To determine the fair value of interest rate derivatives, the Group discounts cash flows based on implicit rates determined through the Euro and US dollar interest rate curves depending on market conditions at the measurement date.

At 30 September 2016, the IRS hedges of the tranche denominated in dollars was effective. Accordingly, the amount recognised for the change in fair value from the initial date of the derivative up to 30 September 2016, was recognised directly in consolidated equity for the year 2016 under "Equity – valuation adjustments" in a negative amount, net of taxes, of Euros 224 thousand. Conversely, the variation in fair value from the initial date of the IRS in euros considered to be ineffective was booked under "Finance expenses" in the negative amount of Euros 834 thousand.

At 30 September 2017, the Group derecognised the amount of Euros 224 thousand corresponding to the IRS of the tranches in US dollars and recognised the related expense under "Changes in the fair value of interest rate derivatives" in the consolidated income statement for 2017 (see Note 12 (f)). Moreover, said heading also includes a profit of Euros 1,308 thousand corresponding to the change in fair value from the start of the year until 30 September 2017 in IRS in both euros and dollars.

Finally in 2016, these derivative financial instruments have accrued interest totalling Euros 305 thousand, which is recognised under finance costs in the consolidated income statement (see note 19 f)).

b) Sensitivity analysis

Details of the sensitivity analysis of the derivatives held by the Group at the 2017 reporting date are as follows:

	Thousands of euros		
	Result – (Expense) / Income		
	SPAIN	USA	Total
Sensitivity	2017	2017	2017
+ +0.50 points (rise in the interest rate curve)	1,011	503	1,514
- 0.50 points (rise in the interest rate curve)	(1,011)	(503)	(1,514)

The impact on results reflects the effect that variations in the interest rate applicable to derivatives would have had on finance costs accrued during the year.

The sensitivity of the derivatives at 30 September 2017 will affect the Group's equity to the extent that market conditions, specifically the future interest rate curve, may change.

(15) Provisions

Details of non-current provisions at 30 September 2017 and 2016 and the main movements therein during the years then ended are as follows:

	Thousands of euros		
	Provision for pensions and sundry items	Other provisions	Total
Balance at 30 September 2015	633	11,061	11,694
Provisions / Amounts used	(62)	(185)	(247)
Balance at 30 September 2016	**571**	**10,876**	**11,447**
Provisions	-	3,182	3,182
Amounts used / Reversals	(92)	(3,647)	(3,739)
Balance at 30 September 2017	**479**	**10,411**	**10,890**

The provision for pensions and similar commitments mainly comprises the amount accrued at 30 September 2017 and 2016 in respect of the remuneration payable to Group employees in Italy when they leave the Group (see note 20).

In 2010, the group company Parco de la Standiana S.R.L. (Italy) received a claim for termination of a contract with Indiana Mistery Criações Temáticas ltda. In 2017, a court ordered the Group company to pay a total of Brazilian Reals 913,000 (Euros 275 thousand) plus interest and legal costs, amounting Euros 914 thousand at sentence date. Nevertheless, in 2017, the company reached an agreement with the counterparty to pay a final amount in relation to the claim of Euros 320 thousand, which is provisioned at 30 September 2017 under the heading "Other provisions". Moreover, at 30 September 2017, said item included provisions for litigation related to the subsidiary Leisure Parks, S.A. (Spain) in the amount of Euros 486 thousand.

"Other provisions" at 30 September 2017 and 2016 also include a liability of Euros 5,758 thousand and Euros 6,344 thousand, respectively, to cover the Group's employment-related obligations to its US employees in connection with healthcare coverage and other items (see Note 20 b)), as well as provisions for probable third-party liabilities arising from litigation in progress or from outstanding obligations of an undetermined amount. Finally, at 30 September 2016, this heading included the provision for the CACSA legal claim in the amount of Euros 3,061 thousand, which was reversed in 2017 (see Notes 9 and 19(c)).

(16) Trade and other accounts payable

Details at 30 September 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Trade payables	66,901	64,731
Public Administrations (Note 17)	11,370	10,599
Personnel	17,574	18,816
Other current liabilities	20,199	15,588
	116,044	**109,734**

Trade payables reflect balances payable arising from the Group's commercial activity, which is its statutory activity. In general, these payables are not interest-bearing and fall due within 120 days.

At 30 September 2017 and 2016 "Other non-trade payables" include Euros 19,627 thousand and Euros 14,971 thousand, respectively, due to the acquisition of assets. These payables fall due in less than 12 months and do not generally bear any interest.

At 30 September 2017 and 2016, the group has confirming balances with suppliers in the amount of Euros 22,210 thousand and Euros 21,160 thousand, of which, at 30 September 2017 and 2016, Euros 16,576 thousand and Euros 18,287 thousand, respectively, correspond to "Trade payables" and the rest to "Other non-trade payables".

a) Average Supplier Payment Period. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010

Pursuant to Law 15/2010, which stipulates measures to combat late payments in commercial transactions, the information on the average payment period to suppliers of the parent company and the Spanish subsidiaries at 30 September 2017 and 2016 is as follows:

	Days	
	2017	**2016**
Average supplier payment period	42	42
Transactions paid ratio	39	41
Transactions payable ratio	69	62

	Amount (thousands of Euros)	
	2017	**2016**
Total payments made	107,820	109,896
Total payments outstanding	11,184	6,564

The payments to suppliers of the Spanish consolidated companies reflected in the above table are trade payables as they relate to goods and services. The Group takes the confirmation date to its suppliers as the payment date.

(17) Income tax

Details of balances with public entities at 30 September 2017 and 2016 are as follows:

	Thousands of euros			
	2017		2016	
	Non current	Current	Non current	Current
Assets				
Deferred tax assets	17,989	-	14,179	-
Tax loss carryforwards	60,416	-	34,577	-
Withholdings and prepayments	-	588	-	663
Value added tax	-	-	-	-
Other items	-	324	-	1,739
	78,405	**912**	**48,756**	**2,402**
Liabilities				
Deferred tax liabilities	278,099	-	246,925	-
Corporate Income Tax	-	6,091	-	1,911
Personal income tax	-	1,049	-	1,375
Social Security, payable	-	2,649	-	2,336
Value added tax	-	4,124	-	4,192
Other items	-	3,548	-	2,696
	278,099	**17,461**	**246,925**	**12,510**

Pursuant to the Law 27/2014, of 27 November 2014, of Income Taxes, the Parent heads the consolidated tax group comprising Parque de Atracciones Madrid, S.A.U., Zoos Ibéricos, S.A., Parques de la Naturaleza Selwo, S.L., Leisure Parks, S.A., Parque de Atracciones San Fernando de Henares S.L.U., Aquopolis de Cartaya, S.L.U., Madrid Theme Park Management, S.L.U., Gestión Parque de Animales Madrid, S.L.U., Travelpark Viajes, S.L.U. Parques Reunidos Valencia, S.A., Parque Biológico de Madrid, S.A.U., Mall Entertainment Centre Murcia, S.L.U., Mall Entertainment Arroyomolinos Centre, S.L.U. y Mall Entertainment Centre Acuario Arroyomolinos, S.L.U. which annually declare their income taxes jointly. The other subsidiaries did not meet the criteria set forth in Spanish tax legislation on consolidated tax returns and as such have not been included within this tax group.

According to the legislation in force in Spain, taxes cannot be considered definitive until they have been inspected and agreed by the tax authorities, or a prescription period of four years has elapsed. At 30 September 2017 the Parent and its subsidiaries located in Spain forming the consolidated tax group have open to inspection by the taxation authorities all main applicable taxes for the last four years. With regard to the US subgroup, the years 2003-2016 and 2005-2014 are open for inspection by the Federal and State tax authorities respectively. As for the rest of the entities in the Group, the years as established in their pertaining local jurisdictions are open for inspection.

Due to the treatment permitted by fiscal legislation of certain transactions in each country in which the Group operates, additional tax liabilities could arise in the event of an inspection. In any case, the Parent's Board Directors do not consider that any such liabilities that could arise would have a significant effect on the consolidated financial statements.

In accordance with applicable tax legislation in Spain and the other countries in which the Group operates, losses declared may be carried forward to be offset against future profits within the period stipulated by the tax legislation prevailing in each country (indefinitely in the case of Spain). Losses are offset when the tax returns are filed, without prejudice to the taxation authorities' power of inspection.

On the basis of the income tax returns filed by the companies forming the Spanish tax group, the result of the tax inspection that took place, mentioned in section c) herein, and the estimated consolidated tax return for 2017 that the Parent expects to file, the tax group companies do not have loss carryforwards from the consolidated group to be offset against future profits:

Some of the companies in the consolidated tax group headed by the Parent had tax losses prior to their inclusion in the tax group, which may only be offset against profits generated on an individual basis. There follows a breakdown thereof taking into account the aforementioned review and the estimate of the consolidated tax declaration for 2017:

	Thousands of euros					
Year of origin	Parques de la Naturaleza Selwo, S.L.	Aquopolis Cartaya, S.L.U.	Parque de Atracciones San Fernando de Henares, S.L.U.	Parque de Atracciones Madrid, S.A.U.	Parque Biológico de Madrid, S.A.U.	Total
1997	-	-	291	-	-	291
1998	-	698	210	-	-	908
1999	-	242	149	-	2	393
2000	-	267	443	-	13	723
2001	-	139	-	-	2,948	3087
2002	-	2	-	-	-	2
2003	-	380	16	415	-	811
2005	-	9	15	2,042	-	2066
2006	2,175	10	86	29,473	-	31,744
2010	-	-	-	-	2,568	2568
2011	-	-	-	-	3,588	3588
2012	-	-	-	-	2,616	2616
2013	-	-	-	-	326	326
2014	-	-	-	-	852	852
2015	-	-	-	-	138	138
	2,175	**1,747**	**1,210**	**31,930**	**13,051**	**50,133**

In 2017, the Spanish tax Group conducted an analysis on the existence of sufficient estimated future tax benefits to offset the tax loss carryforwards mentioned, as well as other deferred tax assets. Based on said analysis, the Group has recognised deferred tax assets in the consolidated balance sheet as indicated in section b) of this Note.

Law 27/2014 on corporate income tax applicable to Spanish companies was approved on 27 November 2014 and introduces completely new legislation. The Law revokes the previous revised Royal Legislative Decree 4/2004 of 5 March 2004. The numerous developments contained in this new legislation include the progressive reduction of tax rates, from 28% for the year beginning on 1 October 2015 to the current 25% from 2016 onwards. Furthermore, a limit of 70% of previous taxable income is established for offsetting carryforwards and the 18-year period for offsetting tax loss carryforwards is replaced by an indefinite period for tax periods starting on or after 1 October 2015. Moreover, on 2 December 2016, the Royal Decree 3/2016 introduce a transitional provision in which a limit of 25% for offsetting tax loss carryforwards is established for Companies which revenues are over Euros 60 millions.

At 30 September 2017 the US subgroup has federal and state tax loss carryforwards. Details are as follows:

Thousands of euros				Maturity	
Federal		State		Federal	State
Euros	Dollars	Euros	Dollars		
109,380	120,865	117,655	130,009	2028	2023

At 30 September 2017 and 2016 the Group has recorded all of this subgroup's tax credits under deferred tax assets in the consolidated statement of financial position, on considering that their recovery is likely based on the estimated future taxable income of the subsidiaries that gave rise to the credits.

Finally, at 30 September 2017, Group companies in Germany, Norway and France have the following negative tax loss carryforwards:

Thousands of euros		
Germany	Norway	France
8,766	835	8,890

At 30 September 2017, the Group companies in France have not recognised tax credits for tax losses to be offset their negative tax bases since their recoverability, based on future tax projections, is not probable in a reasonable period. On the other hand, the Group companies in Germany and Norway have recognised credits for losses to be offset against negative tax bases as their recoverability, based on future tax projections, is considered probable.

a) Reconciliation of taxable income/(tax loss) with the income tax expense/(income)

The income tax of each consolidated company is calculated based on accounting income obtained under generally accepted accounting principles in each country, which is not necessarily the same as taxable income. Subsidiaries located abroad calculate the income tax expense in accordance with the respective legislation and the tax rates in force in that country.

A reconciliation of the accounting profit and income tax expense is as follows:

	2017		2016	
	Thousands of euros	%	Thousands of euros	%
Profit before income tax	**23,149**		**5,361**	
Tax calculated at the applicable rate in Spain	(5,787)	(25%)	(1,501)	28%
Effect of permanent differences	6,367	28%	762	14%
Effect of tax credits	1,901	8%	685	13%
Consolidated adjustments and other permanent differences	698	3%	5,504	103%
Expenses at foreign subsidiaries and other adjustments	(14,495)	(65%)	(7,279)	(136%)
Consolidated tax expense	**(11,772)**	**51%**	**(1,829)**	**(34%)**

In 2016, the Company recognised directly in equity the tax effect of the fair value of the derivative financial instruments, as well as the tax impact corresponding to the expenses associated with the public share offering (see Note 1).

Details by geographical area of the current and deferred income tax expense/income, calculated in accordance with the different tax legislation in force in each country, are as follows:

	Thousands of euros	
	2017	2016
Italy	5,074	156
France	1,325	56
Spain	(3,185)	(4,480)
United States	1,293	2,303
Norway	800	1,595
Belgium	1,458	972
Rest of countries	5,007	1,227
	11,772	**1,829**

b) Recognised deferred tax assets and liabilities

Movement in "Deferred tax liabilities" heading of the consolidated financial statements, in which deferred tax assets and liabilities are presented offset, in 2017 and 2016 is as follows:

	Thousands of euros					
	Deferred tax assets		Deferred tax liabilities		Total	
	2017	2016	2017	2016	2017	2016
Balance at 1 October	48,756	37,235	(246,925)	(242,197)	(198,169)	(204,962)
Exchange differences	(1,757)	94	5,016	(258)	3,259	(164)
Capitalisations / (cancellations)	31,406	11,427	(36,190)	(4,470)	(4,784)	6,957
Balance at 30 September	**78,405**	**48,756**	**(278,099)**	**(246,925)**	**(199,694)**	**(198,169)**

i. Deferred tax assets

Details of deferred tax assets (including tax loss carryforwards) by geographical area at 30 September 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
United States	58,469	34,576
Spain	17,359	11,141
Germany	1,473	2,258
Rest of countries	1,104	781
	78,405	**48,756**

Based on the best estimate of the Group and the individual subsidiaries' future profits, including certain tax planning initiatives, the Parent's Board Directors consider that recovery of the deferred tax assets detailed above is probable and they have therefore been recognised in the consolidated statement of financial position.

Deferred tax assets arise mainly as a result of provisions recognised, which will become deductible in the year in which they are used, and due to the different tax treatment of the depreciation and amortisation of certain fixed assets.

Deferred tax assets corresponding to the US sub-group include primarily tax loss carryforwards from said sub-group. Moreover, deferred tax assets corresponding to Spain include Euros 12 million corresponding to non-deductible financial expenses and Euros 2 million to tax credits generated by tax loss carryforwards pending offsetting generated prior to the entry of the companies that contribute them to the Spanish tax group.

ii. Deferred tax liabilities

Details of deferred tax liabilities by geographical area at 30 September 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Spain	40,219	41,758
United States	122,898	98,729
Italy	59,527	55,216
Germany	16,630	16,792
France	14,581	13,255
Netherlands	5,155	5,254
Rest of countries	19,089	15,921
	278,099	**246,926**

At 30 September 2017, deferred tax liabilities include Euros 88,293 thousand (Euros 93,029 thousand at 30 September 2016) due to the tax effect of the merger of Parque de Atracciones Madrid, S.A.U. and Centaur Spain Bidco, S.L.U. in March 2007. This item also includes Euros 7,291 thousand (Euros 7,924 thousand at 30 September 2016) arising from the business combination to acquire Movie Park in Germany in 2010, Euros 4,540 thousand (Euros 4,639 thousand at 30 September 2016) derived from the business combination in 2012 for the acquisition of the Dutch park Slagharen, as well as other amounts deriving from business combinations of US subsidiaries and the tax effect of other temporary differences

totalling Euros 125,898 thousand due to the measurement of the property, plant and equipment and intangible assets of these companies (Euros 98,729 thousand at 30 September 2016).

In addition, deferred tax liabilities include the effect of the difference of Euros 45,759 thousand (Euros 39,980 thousand at 30 September 2016) between the consolidated carrying amount and the carrying amount in the local financial statements of certain assets of European Group companies, the useful lives and depreciation or amortisation of which have been harmonised in the consolidation process.

Lastly, adjustments to Spanish income tax bases have been included as a result of various Spanish subsidiaries availing of Royal Decree 3/1993 of 26 February 1993 on accelerated depreciation in 1993 and 1994, other deferred taxes generated as a result of the temporary differences arising from the acquisition of capital goods under finance leases and other taxable temporary differences.

c) Years open to tax inspection

In February 2015, Spanish taxation authority informed the Group that it was commencing an inspection at the Spanish tax group in relation to the main taxes for the years 2009 to 2012. On 25 November 2016, the Group signed assessments on uncontested basis in connection with this tax inspection. The settlement amount contained in those assessments led to the adjustment of the tax loss carryforwards of the tax consolidation group since its incorporation in 2007/2008 and resulted in no amount payable by the Group. Likewise, the amounts paid in subsequent years have not been increased as a result of these reports. Lastly, the inspection did not consider that any infraction have been committed, thus ruling out any penalties payable.

The Group's accounting policy in relation to tax inspections is to record the amount payable for the nature of the tax, penalties in the other income line on the income statement, and interest in arrears as a financial expense.

In the opinion of the Parent's Board Directors the provisions made represent the best quantification of the liability that could arise from the resolution of the aforementioned appeals filed.

(18) Commitments and Contingencies

At 30 September 2017, the Group has guarantees in Spain, United States, Italy and Norway amounting to Euros 10,020 thousand (Euros 13,012 thousand at 30 September 2016) in respect of the contractual guarantees required in the ordinary course of business. The Board Directors consider that no significant liabilities will be generated for the Group as a result of the aforementioned guarantees.

A summary of the types of guarantee per country, amounts, guarantor and beneficiary at 30 September 2017 is provided below:

Type	Country	Thousands of euros	Guarantor	Beneficiary
Arising from park operating agreement	Spain	2,814	Financial entities	Municipal entities
Social Security	Spain	32	Financial entities	Social Security
Counter-guarantees	Spain	1,581	Financial entities	Financial entities
Warner theme park licences	Spain	3,737	Financial entities	Warner Bros
Arising from park operating agreement	USA	345	Financial entities	Parques Reunidos and other obligors
Inherent to activity agreement	Italy	534	Financial entities	Several
Taxes	Norway	372	Financial entities	Municipal entities
Other	Norway	32	Financial entities	Several
Leases	Germany	573	Financial entities	Several
		10,020		

Furthermore, as stated in note 13 a), the Group has pledged shares and interests in certain Group companies to guarantee it will meet its obligations in relation to the syndicated loan.

At 30 September 2017 and 2016, the Group has taken out insurance policies to cover possible damage to property, plant and equipment, loss of profit and third-party liability, as well as obligations to employees (see note 20 b)). In the opinion of the Board Directors of the Parent Company, the insured capital covers the abovementioned assets and risks.

Certain lawsuits brought against the Group are in progress at 30 September 2017 and 2016. Based on the estimates of the Board Directors and the legal advisors of the Group, the possible loss would not have a significant impact on the consolidated financial statements.

Occasionally the Group is involved in litigation as a result of its ordinary course of business. At 30 September 2017 and 2016, there are legal contingencies derived from the Group's involvement in certain legal proceedings. In the opinion of management and their legal advisors the outcome of these, on an individual or aggregate basis, would not have a significant adverse impact on the Group's consolidated income statement.

(19) Income and expense

a) Ordinary income

Details for 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Income from tickets	310,015	311,465
Income from food services	129,379	129,124
Income from merchandising	34,462	35,540
Games and gaming machines	26,261	26,845
Parking income	16,595	16,184
Sale of hotel packages	14,730	14,446
Exclusivity income	12,106	13,719
Other income	35,786	31,237
	579,334	**578,560**

A breakdown of the Group's revenue for 2017 and 2016 by geographical area is as follows:

	Thousands of euros	
	2017	**2016**
United States	220,762	230,877
Spain	149,307	142,636
Italy	43,896	43,024
Germany	39,868	38,905
France	29,976	27,002
Norway	25,435	25,093
Netherlands	27,599	23,912
Belgium	19,026	20,751
Rest of countries	23,465	26,360
	579,334	**578,560**

b) Other operating income

On 3 October 2015, severe flooding caused serious damage at the French park Marineland. Nevertheless, under the terms and conditions of the insurance policy the insurance company has covered most of the damage as well as the loss of profit. Therefore, in 2016 the Group has recognised income of Euros 5,425 thousand in respect of the loss of profit under other operating income in the consolidated income statement.

c) Other results

Details of non-recurring income and expenses included in the consolidated income statement for 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Indemnities paid to third parties	2,105	2,411
Other non-recurring income	(4,134)	(9,239)
Other non-recurring expenses	12,451	32,382
	10,422	**25,554**

Indemnities paid to third parties in 2017 and 2016 primarily comprise those arising from workforce restructuring processes carried out in the parks.

Other non-recurring expenses in 2017 includes Euros 5,147 thousand arising from the cancellation of the Group's long-term debt to Mountain Creek (Note 9)), and provisioned litigation costs at Parco de la Standiana S.R.L. (Italy) and Leisure Parks, S.A (Spain) in the amounts of Euros 320 thousand and Euros 486 thousand, respectively (Note 15). Furthermore, at 30 September 2017, this heading includes various expenses amounting to Euros 1,978 thousand, considered to be non-recurring, for the services of independent professionals linked to the review of the conditions of the syndicated loan, as well as due to insurance penalties for certain claims and expenses generated by the tax inspection mentioned in Note 17.

In 2016 mainly Other non-recurring expenses comprised Euros 2,819 thousand of advisory fees related to the public offering (see note 1), Euros 2,289 for consulting expenses in the contracting of the new financing structure, Euros 9,811 thousand for the exit bonus paid to certain employees (see note 20 d)), Euros 4,701 thousand of expenses derived from the flood damage to Marineland and Euros 5,440 thousand for expenses related to litigation.

Other non-recurring income in 2017 include mainly the reversal of the provision relating to the litigation with CACSA in the amount of Euros 3 million (see Notes 9 and 15), and income amounting to Euros 600 thousand linked to a compensation payment through an agreement with external advisors. In 2016 mainly comprises Euros 8,425 thousand from the insurance compensation received to cover expenses due to the deterioration of property, plant and equipment and other expenses related to the adaptation of the park for its re-opening.

d) Supplies

Details for 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Good and supplies purchased	48,388	48,700
Work carried out by other companies	14,407	14,519
Changes in inventories	3,379	2,516
	66,174	**65,735**

e) Other operating expenses

Details of other operating expenses in the consolidated income statement for 2017 and 2016 are as follows:

	Thousands of euros	
	2017	**2016**
Advertising and propaganda	30,855	31,608
Leases and rental (note 8)	16,970	16,446
Utilities	35,398	34,451
Repairs and conservation	17,183	16,501
Taxes	11,495	11,390
Guarding, cleaning and gardening	11,275	10,626
Independent professional services	16,563	15,031
Insurance premiums	8,962	7,336
Other expenses	20,011	19,110
	168,712	**162,499**

Other expenses, at 30 September 2017, mainly includes royalties amounting to Euros 13,672 thousand (Euros 11,715 thousand on 30 September 2016).

f) Financial expenses

A breakdown of this item in the consolidated income statement for 2017 and 2016 is as follows:

	Thousands of euros	
	2017	**2016**
Interest expenses	35,283	87,715
Interest rate derivative expenses	387	305
Change in the fair value of interest rate derivatives	(1,084)	803
	34,586	**88,823**

Financial expenses at 30 September 2017 and 2016 include interest on the syndicated loan amounting to Euros 20,022 thousand and Euros 33,077 thousand, respectively. Moreover, in 2016, interest of Euros 21,416 thousand was generated by the US bonds redeemed in 2016 (see Note 1).

Financial expenses in 2016 also include Euros 12,129 thousand and Euros 4,915 thousand related to the issue costs of the syndicated loan that were pending recognition and the aforementioned US bonds.

g) Foreign currency transactions

The Group's foreign currency transactions, performed in currencies other than the functional currency of each component, are not significant.

(20) Employee remuneration expenses

A breakdown of this item in the consolidated income statement is as follows:

	Thousands of euros	
	2017	2016
Salaries and wages	136,249	132,952
Social Security	29,298	29,921
Severance pay	725	567
Other social expenses	4,129	3,942
	170,401	**167,382**

a) Employee Information

The average headcount of the Group in 2017 and 2016, distributed by category, is as follows.

	Number	
	2017	2016
Board members	1	1
Senior management personnel	9	4
Management	38	61
Department directors	129	128
Other qualified personnel	139	154
Managers	456	458
Operating personnel	4,350	5,294
Administrative staff	355	362
Maintenance	581	574
Lifeguards and carers	1,255	1,361
	7,313	**8,397**

At the 2017 and 2016 year ends, the distribution by gender of personnel and the members of the board of directors of the Parent is as follows:

	Number					
	2017			2016		
	Male	Female	Total	Male	Female	Total
Board members	6	-	6	7	-	7
Senior management personnel	6	3	9	4	-	4
Management	32	7	39	47	14	61
Department directors	95	45	140	76	40	116
Other qualified personnel	75	56	131	72	58	130
Managers	286	190	476	287	197	484
Operating personnel	2,224	2,717	4,941	2,303	2,889	5,192
Administrative staff	113	252	365	118	256	374
Maintenance	566	34	600	522	40	562
Lifeguards and carers	778	757	1,535	793	867	1,660
	4,181	**4,061**	**8,242**	**4,229**	**4,361**	**8,590**

On 30 September 2017, five of the Board Members are not employees by the Parent Company.

In 2017 and 2016, the Group employed 7 persons with 33% disability or more.

In 2017, the Parent Company management has revised the criteria to determine the definition of the personnel considered as senior management that is reported in section C.1.16 of the Annual Corporate Governance Report related to *"Identify the members of senior management who are not also executive directors"*. This definition is detailed in the explanatory note 5 of this report. These consolidated financial statements apply this criteria to the corresponding breakdowns.

b) Employee benefits under defined benefit plans and other employee benefits

(i) Defined benefit plans

The Group currently has defined benefit commitments with certain serving employees in Spain, in the form of retirement benefits and indemnities in the event of death or disability, as set forth in the respective collective labour agreements applicable to the different work centres.

The Group has not recorded any provision or asset deriving from these commitments in its consolidated financial statements as it considers that at 30 September 2017 and 2016, the present value of these defined benefit obligations does not differ significantly from the fair value of the plan assets.

Retirement benefits

The Group has externalised the retirement benefit defined in its collective labour agreements through a collective policy arranged with a financial institution. This obligation comprises an indemnity payable to workers who retire whilst employed at the company.

The obligation has been insured and updated at 31 December 2015 through an insurance policy compliant with the first additional provision of Royal Legislative Decree 1/2002 of 29 November 2002, approving the revised Law on the Regulation of Pension Plans and Funds, and Royal Decree 1588/1999 of 15 October 1999, approving the Regulation on the implementation of companies' pension obligations to employees and beneficiaries. Said policy is renewed every two years, and the next renewal is due on 31 December 2017.

The main actuarial assumptions used to update the policy in 2017 and 2016 were as follows:

- The cumulative annual salary growth rate is 2%.
- The mortality tables used to calculate the defined benefit obligation were PERM/F 2000 New Production.
- Decrease in workforce due to staff turnover, based on the Group's historical information.
- The employees to be insured are those who will retire before expiry of the concession in force.

At 30 September 2017 and 2016, the value or mathematical provision of the policy arranged to insure retirement benefits amounted to Euros 6 thousand in both cases. This amount corresponds mainly to the premium paid to the insurer and its returns.

Obligations in the event of death or disability

The obligations in the event of death or disability have been insured and updated at 30 September 2017 through an insurance policy compliant with the first additional provision of Royal Legislative Decree 1/2002 of 29 November 2002, approving the revised Law on the Regulation of Pension Plans and Funds, and Royal Decree 1588/1999 of 15 October 1999, approving the Regulation on the implementation of companies' pension obligations to employees and beneficiaries. The net premium paid in 2017 and 2016 is immaterial.

(ii) Defined contribution plans

The Group has arranged a mixed collective insurance policy with an insurance company to finance a defined contribution benefit scheme (savings plan) for a specific group of employees based in Spain.

The Group makes annual contributions in the form of the policy premium payments. The amount of these contributions is determined each year by the Group. In 2017, the Group made no policy premium payments to the insurance company in this connection (Euros 45 thousand in 2016).

(iii) Benefits payable to employees in Italy

Pursuant to legislation in force in Italy, employees are entitled to receive an exceptional payment upon leaving the company, voluntarily or otherwise. The projected unit credit method was used to calculate this obligation. Provisions in the accompanying consolidated statement of financial position (see note 15) include a liability accrued for this item at 30 September 2017 and 2016, based on the latest actuarial studies available conducted by an independent expert.

Details of the main assumptions used in this actuarial study, which is the basis for the liability recognised at 30 September 2017 and 2016 are as follows:

- Discount rate of 4.40%.
- Expected annual salary growth rate of 3%.
- Expected rate of return on plan assets of 3%.

(iv) Commitments with employees in the United States

The US subgroup has arranged a programme to cover the employment-related obligations to its employees in connection with healthcare coverage and other items. These commitments are calculated annually in accordance with a study carried out by an independent expert, based on the use of different actuarial methods applied to the historical information of the US subgroup, as well as sector information. "Personnel", under current liabilities and non-current provisions in the accompanying consolidated balance sheet at 30 September 2017 include Euros 4.511 thousand (Euros 3,949 thousand at 30 September 2016) and Euros 5,758 thousand (Euros 6,344 thousand at 30 September 2016), respectively, in connection with this subgroup's obligations in this connection.

c) Long-term incentive plan

In April 2016, prior to the Initial Public Offer, the Offer for Sale and the Admission to Trading (see note 1), the Single Shareholder Centaur Nederland, B.V. approved, for several Senior Executives of the Group and Board Directors of the Company, the implementation of a 2016-2020 long term incentive plan payable by way of Parent Company shares.

This Plan consists of two share delivery cycles, each with a measurement period of three years. At the start of each cycle, a number of shares is allocated to each beneficiary on the basis of his salary level, as well as the estimated compliance with conditions of permanence and estimated degree of achievement of certain financial targets. The first cycle (Cycle 2016/2019) began on 1 May 2016 (valuation date) and the second cycle (Cycle 2017/2020) began on 1 January 2017.

For the 2016/2019 Cycle, the Group has estimated a 100% compliance with the terms and conditions and, at the measurement date, it estimated that a total of 204,573 shares, with a weighted average fair value of Euros 14.75 per share, are to be delivered to Board Directors and executives. This fair value was determined on the basis of the trading price of the Company shares on the valuation date. At 30 September 2017, the Company

re-estimated compliance with the terms and conditions for both cycles, resulting in 0% compliance for employees and management subjected to the Plan. For some Board Directors who benefit from the restricted stock units incentive, the compliance is a 100% given that their objectives are not subject to a degree of compliance but to the mere acceptance of the position as Board Director.

The impact of this plan in 2017 resulted in the recognition of an expense totalling Euros 375 thousand corresponding to the Board Director and an reversion of Euros 267 thousand corresponding, respectively, to the management of the Company (expense of Euros 158 thousand and Euros 265 thousand in 2016), under the heading "Personnel expenses" of the income statement. The balancing entry has been recognised under other equity instruments (see note 12 (e)).

d) Exit bonus

In 2016, members of the Group's management team, and a certain number of employees in management positions within the Group, received an exit bonus accrued as a result of the Company's admission to trading. The members of the management team received a discretionary amount set by the shareholders of Centaur Luxco S.a.r.l. (sole shareholder of Centaur Nederland, B.V.) at their general meeting. For employees in management positions within the Group, the Exit Bonus was set at an amount equal to 1 % of the sole shareholder's capital gain on the sale of its shares in the public offering. The total amount of the two exit bonuses, recognised in the consolidated income statement for 2016, was Euros 9.811 thousand. Taking into account that the payment of these bonuses was fully assumed by Centaur Nederland, B.V. (Sole Shareholder of the Company until its flotation), the Group recognised a shareholder's contribution to the consolidated equity in that amount (Note 12 d)).

(21) Related Party Balances and Transactions

a) Related party balances and transactions

In 2017 and 2016 balances and transactions with related parties only reflect the remuneration paid to Group Board Directors and senior management personnel.

b) Information on Board Directors of the Parent Company and Senior Executive personnel

The remuneration received by the directors as members of the Parent's board of directors, including those who are also members of senior management during 2017 and 2016, was as follows:

	Thousands of euros	
	2017	2016
Fixed remuneration	1,295	887
Variable remuneration	88	218
Other	9	218
	1,392	**1,323**

In relation to the previous remuneration, Euros 707 and 971 thousand in 2017 and 2016, respectively, correspond to those received by members of senior management.

The remuneration received in 2017 and 2016 by members of senior management (other than those who are also members of the board of directors, whose remuneration was indicated above), was as follows:

	Thousands of euros	
	2017	**2016**
Salaries and wages	1,998	1,455
Insurance premiums	16	2
	2,014	**1,457**

At 30 September 2017 and 2016, the Company has balances payable to Senior Management amounting to Euros 114 thousand and Euros 21 thousand, respectively. At 30 September 2017 and 2016, the Company has no outstanding balances with the Board Directors. At 30 September 2017 and 2016 the Company has not extended any advances to the Board Directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the defined contribution plans for senior management detailed in note 20.

As described in Note 20 a), in 2017, for corporate purposes, the Parent Company management has revised criteria to determine the personnel defined as senior management personnel.

The amount of the civil liability insurance of the Board Directors and Senior Management paid by the Company amounts to Euros 67 thousand in 2017.

c) Transactions other than ordinary business or under terms differing from market conditions carried out by the Board Directors of the Parent and their related parties

In 2017 and 2016 the Parent's Board Directors and their related parties did not carry out any transactions other than ordinary business with the Group or applying terms that differ from market conditions.

d) Conflicts of interest concerning the Board Directors

The Board Directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(22) Risk policy and management

Management of the risks to which the Group is exposed in the performance of its activities is one of the basic pillars of its effort to preserve the value of its assets and, consequently, the value of shareholders' investment. The risk management system is structured and defined for the achievement of the strategic and operational objectives of the Group.

The management of the Group's financial risk is centralised in the Corporate Financial Department. This Department has established the necessary mechanisms to control, according to the structure and financial position of the Group and the economic variables of the environment, the exposure to the changes in interest and currency rates, as well as the risks of credit and liquidity by resorting, if necessary, to occasional hedge transactions and establishing, if deemed necessary, the pertaining credit limits and establishing policies for the provision of credit insolvencies.

The following describes the principal financial risks and the corresponding Group policies:

Foreign exchange risk

The Group is exposed to very limited exchange rate fluctuations since practically all of the transactions of the Group companies are made in their functional currencies. The Group's presentation currency is the euro, but some of the subsidiaries use other currencies, namely the US dollar, the Danish krone, the Norwegian krone, and the British

pound. In fiscal year 2017, 53% of revenues were generated in euros and 38% in US dollars (51% and 40%, respectively, in 2016). As a consequence of foreign currency exchange rate fluctuations, the Group's financial statements are subject to fluctuations arising from the process of translating financial information into currencies other than the euro.

The following table shows the impact that a movement of 5%-10% in US dollar value would have had on the consolidated P&L of the year:

	Millions of euros	
	Result – (Expense) / Income	
	2017	2016
Appreciation of 5%	(1.6)	0.3
As % of consolidated result for the year	(13.8%)	*7.8%*
Devaluation of 5%	1.4	(0.3)
As % of consolidated result for the year	12.5%	*7.1%*
Appreciation of 10%	(3.3)	0.6
As % of consolidated result for the year	(29.1%)	*16.5%*
Devaluation of 10%	2.7	(0.5)
As % of consolidated result for the year	23.8%	*13.5%*

Credit risk

The main financial assets of the Group are cash and cash equivalents as well as trade and non-trade debtors. Generally, the Group deposits its cash and cash equivalents with a highly rated entities.

The Group does not have a significant concentration of credit risk with third parties since most of its revenue is paid in cash and the risk is distributed among a large number of customers with short collection periods.

The Group monitors the balances receivable from and payable to these debtors in order to control the net position risk and to adopt suitable measures to prevent undesirable situations arising.

Details of the estimated maturities of the Group's financial assets reflected in the consolidated statements of financial position at 30 September 2017 and 2016 are as follows. The accompanying tables reflect the analysis of the maturities of financial assets at 30 September 2017 and 2016.

	2017			
	Thousands of euros			
	Less than 3 months	More than 6 months and less than 1 year	More than 1 year	Total
Non-current deposits and guarantees arranged	-	-	1,547	1,547
Trade debtors and other accounts receivable	30,229	-	507	30,736
	30,229	**-**	**2,054**	**32,283**

	2016			
	Thousands of euros			
	Less than 3 months	More than 6 months and less than 1 year	More than 1 year	Total
Non-current deposits and guarantees arranged	-	-	1,695	1,695
Trade debtors and other accounts receivable	27,999	-	42,719	70,718
	27,999	**-**	**44,414**	**72,413**

Liquidity risk

The various acquisitions that have taken place in recent years have been carried out through appropriate financing structures. However, these structures lead to the fulfilment of certain commitments with financial institutions that facilitate such financing, so monitoring compliance with them is a very important task.

The Corporate Financial Department performs a detailed monitoring of compliance with these commitments, in order to detect any potential risk of default thereof well in advance. In the event of such a risk being detected, the General Management is notified so that the appropriate decisions to correct the situation may be taken. As of 30 September 2017 and 2016, the Group has not identified any breach of the financial ratios committed with the financial entities with which the loans have been subscribed.

The exposure to adverse situations in the debt or capital markets may hinder or prevent the procurement of the financing required by the Group to adequately conduct its business activities and implement its strategic plan.

The Group's exposure to liquidity risk at 30 September 2017 and 2016 is shown below. These tables present an analysis of financial liabilities (including interest payable in the future) by remaining contractual maturity dates.

	2017					
	Thousands of euros					
	Less than 1 month	From 2 to 3 months	From 4 months to 1 year	From 2 to 5 years	More than five years	Total
Financial liabilities with credit institutions						
Syndicated loan at floating interest rate	-	-	37,462	592,626	-	630,088
Other loans at floating interest rate	-	-	915	3,697	1,404	6,016
Other loans at fixed interest rate	-	-	953	3,811	4,289	9,053
Financial lease creditors	-	-	5,021	20,338	106,970	132,329
Trade creditors and other accounts payable	-	66,901	-	-	-	66,901
	-	66,901	44,351	620,472	112,663	844,387

	2016					
	Thousands of euros					
	Less than 1 month	From 2 to 3 months	From 4 months to 1 year	From 2 to 5 years	More than five years	Total
Financial liabilities with credit institutions						
Syndicated loan at floating interest rate	-	-	42,207	624,004	-	666,211
Other loans at floating interest rate	-	-	904	3,665	3,260	7,829
Other loans at fixed interest rate	-	-	481	3,851	5,296	9,628
Financial lease creditors	-	-	4,918	19,920	111,687	136,525
Trade creditors and other accounts payable	-	64,732	-	-	-	64,732
	-	**64,732**	**48,510**	**651,440**	**120,243**	**884,925**

Also, as detailed in note 13 of this report, the Group has credit lines that are not available for a significant amount. Therefore, the Group considers that the liquidity risk is adequately managed as of 30 September 2017.

Interest rate risk

The Group's financial assets and liabilities are exposed to interest rate fluctuations which could have an adverse effect on its results and cash flow.

In accordance with the information requirements of IFRS 7, the Group has performed a sensitivity analysis of the potential interest rate fluctuations that could occur in the markets in which it operates. Based on these requirements, the Group considers that an increase of 0.50 points in the interest rates to which each of the loans composing the Group's financial debt is tied would give rise to an increase of Euros 3,011 thousand in finance costs in 2017 (Euros 3,656 thousand in 2016). Nonetheless, as indicated in note 14, the Group has entered into interest rate swap contracts to hedge the interest rate risk of the syndicated loan held as of 30 September 2017.

(23) Audit Fees

KPMG Auditores, S.L., and other related companies as defined in the fourteenth additional provision of legislation governing the reform of the financial system, rendered professional services to the Group during the years ended 30 September 2017 and 2016, the fees and expenses for which are as follows:

	2017			
	Thousands of euros			
	KPMG Auditores, S.L.	**Other entities affiliated with KPMG International**	**Other auditors**	**Total**
Audit and other assurance services	366	565	47	978
Tax advisory services	-	20	-	20
Other services	-	130	-	130
	366	**715**	**47**	**1,128**

	2016			
	Thousands of euros			
	KPMG Auditores, S.L.	**Other entities affiliated with KPMG International**	**Other auditors**	**Total**
Audit and other assurance services	1,362	533	30	1,925
Tax advisory services	-	140	-	140
Other services	368	1	-	369
	1,730	**674**	**30**	**2,434**

Other assurance services in 2016 amounted to Euros 1,105 thousand and basically consist of audit services related to the initial public offering. Other services in 2016 correspond to non-audit services related to the initial public offering.

The amounts detailed in the above table include the total fees for 2017 and 2016, irrespective of the date of invoice.

(24) Subsequent Events

There were no significant events subsequent to closure that have a material impact on the annual financial statements for the year ended on 30 September 2017.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Details of Subsidiaries
at 30 September 2017

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Parque de Atracciones Madrid, S.A.U.	(2)	KPMG	Amusement park	100%	1,833,524	2,131,633	(298,109)	(63,237)
Zoos Ibéricos, S.A.	(2)	KPMG	Zoo	100%	108,350	47,972	60,377	3,356
Leisure Parks, S.A.	(3)	KPMG	Water parks and cable cars	99.25%	130,647	60,886	69,762	6,980
Parques de la Naturaleza Selwo, S.L.	(3)	KPMG	Nature parks, botanical gardens and zoos	100%	16,332	35,659	(19,327)	411
Aquopolis Cartaya, S.L.U.	(3)	Unaudited	Water park	100%	2,930	1,463	1,467	(23)
Parque de Atracciones San Fernando de Henares, S.L.U.	(3)	Unaudited	Water park	100%	1,995	3,063	(1,067)	(438)
Madrid Theme Park Management, S.L.U.	(3)	KPMG	Amusement park	100%	158,086	115,208	42,878	7,519
Travelpark Viajes, S.L.U.	(3)	Unaudited	Bookings	100%	6,734	5,515	1,220	304
Parque Biológico de Madrid, S.A.U.	(3)	Unaudited	Nature parks, botanical gardens and zoos	100%	15,859	6,238	9,621	(30)
Parques Reunidos Valencia, S.A. in liquidation	Valencia	KPMG	In liquidation	100%	8,672	6,182	2,490	2,571
Gestión Parque de Animales Madrid, S.L.U.	(3)	KPMG	Management of Faunia	100%	7,674	6,024	1,650	471
Mall Entertainment Centre Murcia, S.L.U.	(3)	Unaudited	Dormant company	100%	7,117	7,065	52	(23)
Mall Entertainment Centre Acuario Arroyomolinos, S.L.U.	(3)	Unaudited	Dormant company (9)	100%	2,554	2,484	70	(6)
Mall Entertainment Centre Temático Arroyomolinos, S.L.U.	(3)	Unaudited	Dormant company (9)	100%	912	841	71	(4)
Lisbon Theme Mall Entertainment Centre, Unipessoal, LDA.	Portugal	Unaudited	Dormant company (9)	100%	1,361	1,299	62	(13)
Plunimar, S.A.	Argentina	KPMG	Water park	100%	1,018	820	198	(229)
Bobbejaanland B.V.B.A.	Belgium	KPMG	Amusement park	100%	198,263	101,543	96,720	2,015
Travel parks B.V.B.A.	Belgium	Unaudited	Bookings	100%	67	17	50	(11)
BO Sommarland AS	Norway	KPMG	Water park	100%	2,990	823	2,167	403
Tusenfryd AS	Norway	KPMG	Amusement park	100%	34,481	32,266	2,215	1,331
Parkferie AS	Norway	Unaudited	Bookings	100%	28	15	13	2
Centaur Holding France 1 S.A.	France	Unaudited	Holding company	100%	176,171	98,757	77,414	(2,777)
Centaur Holding France 2 S.A.	France	Unaudited	Holding company	100%	131,791	94	131,697	(20)
Delphinus S.A.	France	Unaudited	Holding company	100%	26,407	5,303	21,104	(65)
Marineland S.A.S.	France	KPMG	Marine park	100%	59,974	27,933	32,041	(5,191)
SCI Col Vert	France	Unaudited	Land owner	100%	2,574	2,561	13	12
LB Investissement S.A.	France	KPMG	Water park	100%	2,649	3,519	(870)	(443)
Travel parks S.A.S.	France	Unaudited	Bookings	100%	592	1,029	(437)	(123)
Marineland Resort, S.A.S.	France	Unaudited	Hotel management	100%	12,198	9,142	3,056	(665)
Centaur Holding Italy S.r.l.	Italy	Unaudited	Holding company	100%	156,078	62,994	93,084	1,498
Parco della Standiana S.r.l.	Italy	KPMG (8)	Amusement park	100%	82,473	9,711	72,762	3,066

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Details of Subsidiaries
30 September 2017

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Travelmix S.r.l.	Italy	KPMG (8)	Bookings	100%	1,743	1,215	528	47
Travelparks Italy S.r.l.	Italy	Unaudited	Bookings	100%	58	(3)	61	(13)
Grant Leisure Group Limited	United Kingdom	KPMG	Zoo	100%	15,398	2,670	12,728	2,924
Real Live Leisure Company Limited	United Kingdom	KPMG	Aquariums	100%	5,501	1,144	4,357	595
Lakeside Mall Entertainment Centre Limited	United Kingdom	KPMG	(9)	100%	1,053	1,053	-	-
Bon-Bon Land A/S	Denmark	KPMG	Amusement park	100%	19,228	2,405	16,823	(849)
Centaur Holding Denmark A/S	Denmark	Unaudited	Holding company	100%	34,422	102	34,320	(8)
BonBon Rejser Danmark A/S	Denmark	Unaudited	Bookings	100%	146	174	(28)	(24)
Centaur Nederland 2 B.V.	Netherlands	Unaudited	Holding company	100%	363,587	150,129	213,458	(849)
Centaur Holding Germany, GmbH.	Germany	Unaudited	Holding company	100%	8,758	11,575	(2,817)	(440)
Movie Park Germany GmbH	Germany	KPMG	Theme park	100%	35,856	25,367	10,489	4,641
Movie Park Germany Services GmbH.	Germany	Unaudited	Bookings	100%	835	784	51	-
Centaur Nederland 3.B.V.	Netherlands	Unaudited	Holding company	100%	302,195	259	301,936	(36)
Pleasantville, B.V and subsidiaries (4)	Netherlands	BDO	(5)	100%	42,026	36,941	5,085	1,689
Centaur Holding US Inc. and subsidiaries (6)	United States	KPMG	(7)	100%	502,076	289,674	212,402	(5,471)

(1) Only Parque de Atracciones Madrid, S.A.U., Centaur Nederland 3.B.V. and Marineland Resorts, S.A.S, are direct subsidiaries of the Company. For the rest of the Group companies, the percentage ownership shown reflects indirect ownership.

(2) Casa de Campo s/n, Madrid.

(3) In 2017, the Company changed its registered address to Paseo de la Castellana 216, planta 16, 28046, Madrid.

(4) This line includes the figures reflecting the assets, liabilities, equity and profit or loss of the consolidated subgroup formed by Pleasantville, B.V., Bembom Brothers Beheer B.V., Attractie-en Vakantiepark Slagharen B.V. (previously called Shetland Ponypark Slagharen B.V.), Wigwam Wereld Slagharen B.V., Bembom Rides B.V. and Horeca Exploittatie Slagharen, B.V.

(5) Equity investment management firms and operators of a theme park.

(6) This line includes the figures reflecting the assets, liabilities, equity and profit or loss of the consolidated subgroup of Centaur Holding II United States, Inc., Centaur Holding United States, Inc., Palace Entertainment Holdings, Llc., Festival Fun Parks, Llc. Dallas Speedzone Club, Llc., BR Beverage Company Llc., DD Pacific Investors, Llc., Sea Life Services, Llc., DD Parks, Llc., Oahu Entertainment Parks, LP and Attractions Hawaii, LP.

(7) Equity investment management firms and operators of theme parks, water parks, zoos and nature parks, and family entertainment centres.

(8) The statutory audit is carried out by a local audit firm.

(9) Incorporation in the consolidated Group during 2017.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Details of Subsidiaries
at 30 September 2016

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Parques Reunidos Servicios Centrales, S.A.	(2)	KPMG	Structure services	100%	1,908,843	421,864	1,486,979	59,885
Parque de Atracciones Madrid, S.A.U.	(2)	KPMG	Amusement park	100%	1,726,410	1,973,763	(247,353)	(62,666)
Zoos Ibéricos, S.A.	(2)	KPMG	Zoo	100%	62,840	8,808	54,033	4,169
Leisure Parks, S.A.	(2)	KPMG	Water parks and cable cars	99.25%	87,486	24,705	62,782	7,787
Parques de la Naturaleza Selwo, S.L.	(2)	KPMG	Nature parks, botanical gardens and zoos	100%	9,326	29,311	(19,985)	323
Aquopolis Cartaya, S.L.U.	(2)	Unaudited	Water park	100%	2,303	813	1,490	36
Parque de Atracciones San Fernando de Henares, S.L.U.	(2)	Unaudited	Water park	100%	2,723	3,353	(630)	(276)
Madrid Theme Park Management, S.L.U.	(2)	KPMG	Amusement park	100%	117,129	81,770	35,359	4,973
Travelpark Viajes, S.L.U.	(2)	Unaudited	Bookings	100%	3,240	2,324	916	129
Parque Biológico de Madrid, S.A.U.	(2)	Unaudited	Nature parks, botanical gardens and zoos	100%	16,413	6,762	9,652	(408)
Parques Reunidos Valencia, S.A. in liquidation	Valencia	KPMG	Management of Oceanogràfic	75.08%	49,997	49,765	232	(2,047)
Gestión Parque de Animales Madrid, S.L.U.	(2)	KPMG	Management of Faunia	100%	6,423	5,245	1,179	170
Mall Entertainment Centre Murcia, S.L.U.	(2)	Unaudited	(8)	100%	999	923	76	-
Plunimar, S.A.	Argentina	KPMG	Water park	100%	1,274	1,305	(31)	(243)
Bobbejaanland B.V.B.A.	Belgium	KPMG	Amusement park	100%	200,863	106,158	94,704	1,605
Travel parks B.V.B.A.	Belgium	Unaudited	Bookings	100%	83	22	61	(14)
BO Sommarland AS	Norway	KPMG	Water park	100%	3,778	1,375	2,403	319
Tusenfryd AS	Norway	KPMG	Amusement park	100%	38,091	37,162	929	2,886
Parkferie AS	Norway	Unaudited	Bookings	100%	44	32	12	1
Centaur Holding France 1 S.A.	France	Unaudited	Holding company	100%	177,028	96,837	80,191	(5,359)
Centaur Holding France 2 S.A.	France	Unaudited	Holding company	100%	131,796	80	131,716	(19)
Delphinus S.A.	France	Unaudited	Holding company	100%	26,367	5,198	21,169	(190)
Marineland S.A.S.	France	KPMG	Marine park	100%	60,371	21,823	38,548	1,737
SCI Col Vert	France	Unaudited	Land owner	100%	2,669	2,710	(40)	(41)
LB Investissement S.A.	France	KPMG	Water park	100%	2,941	3,368	(427)	(271)
Travel parks S.A.S.	France	Unaudited	Bookings	100%	493	807	(314)	(122)
Marineland Resort, S.A.S.	France	Unaudited	Hotel management	100%	13,652	9,927	3,725	(295)
Centaur Holding Italy S.r.l.	Italy	Unaudited	Holding company	100%	156,046	64,460	91,586	(373)
Parco della Standiana S.r.l.	Italy	KPMG (7)	Amusement park	100%	82,644	10,448	72,197	3,013
Travelmix S.r.l.	Italy	KPMG (7)	Bookings	100%	1,621	1,140	481	46
Travelparks Italy S.r.l.	Italy	Unaudited	Bookings	100%	10	(4)	14	(4)
Grant Leisure Group Limited	United Kingdom	KPMG	Zoo	100%	15,644	4,026	11,618	2,211
Real Live Leisure Company Limited	United Kingdom	KPMG	Aquariums	100%	5,965	1,119	4,846	751
Bon-Bon Land A/S	Denmark	KPMG	Amusement park	100%	21,676	4,024	17,652	(439)
Centaur Holding Denmark A/S	Denmark	Unaudited	Holding company	100%	34,390	98	34,292	(6)

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Details of Subsidiaries
30 September 2016

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Travelparks Denmark A/S	Denmark	Unaudited	Bookings	100%	106	111	(5)	(17)
Centaur Nederland 2 B.V.	Netherlands	Unaudited	Holding company	100%	366,239	151,931	214,308	(4,463)
Centaur Holding Germany, GmbH.	Germany	Unaudited	Holding company	100%	9,014	11,392	(2,378)	(615)
Movie Park Germany GmbH	Germany	KPMG	Theme park	100%	29,961	24,112	5,849	4,557
Movie Park Germany Services GmbH.	Germany	Unaudited	Bookings	100%	786	735	51	-
Centaur Nederland 3.B.V.	Netherlands	Unaudited	Holding company	100%	302,198	220	301,978	(41)
Pleasantville, B.V and subsidiaries (3)	Netherlands	BDO	(4)	100%	30,295	26,899	3,396	(322)
Centaur Holding US Inc. and subsidiaries (5)	United States	KPMG	(6)	100%	548,561	319,558	229,002	(10,661)

(1) Only Parque de Atracciones Madrid, S.A.U., Centaur Nederland 3.B.V. and Marineland Resorts, S.A.S, are direct subsidiaries of the Company. For the rest of the Group companies, the percentage ownership shown reflects indirect ownership.

(2) Casa de Campo s/n, Madrid.

(3) This line includes the figures reflecting the assets, liabilities, equity and profit or loss of the consolidated subgroup formed by Pleasantville, B.V., Bembom Brothers Beheer B.V., Attractie-en Vakantiepark Slagharen B.V. (previously called Shetland Ponypark Slagharen B.V.), Wigwam Wereld Slagharen B.V., Bembom Rides B.V. and Horeca Exploittatie Slagharen, B.V.

(4) Equity investment management firms and operators of a theme park.

(5) This line includes the figures reflecting the assets, liabilities, equity and profit or loss of the consolidated subgroup of Centaur Holding II United States, Inc., Centaur Holding United States, Inc., Palace Entertainment Holdings, Llc., Festival Fun Parks, Llc. Dallas Speedzone Club, Llc., BR Beverage Company Llc., DD Pacific Investors, Llc., Sea Life Services, Llc., DD Parks, Llc., Oahu Entertainment Parks, LP and Attractions Hawaii, LP.

(6) Equity investment management firms and operators of theme parks, water parks, zoos and nature parks, and family entertainment centres.

(7) The statutory audit is carried out by a local audit firm.

(8) Incorporation in the consolidated Group during 2016.

Appendix II

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Segment Reporting
at 30 September 2017 and 2016

Thousands of euros

	United States		Spain		Rest of the world		Central Offices – Non-Operating		Total	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Ordinary income (a)	219,871	229,906	141,046	137,338	209,265	210,473	9,152	6,268	579,334	583,985
Supplies	(19,446)	(19,859)	(16,824)	(16,418)	(29,904)	(29,458)	-	-	(66,174)	(65,735)
Fixed expenses (b)	(136,010)	(132,098)	(66,096)	(65,277)	(112,875)	(111,057)	(24,132)	(21,449)	(339,113)	(329,881)
Amortisation and depreciation (c)	(54,915)	(17,875)	981	37,317	(23,742)	(76,345)	(25,076)	(13,935)	(102,752)	(70,838)
Variation in traffic provisions	(577)	(66)	(746)	(79)	(197)	(422)	48	(267)	(1,472)	(834)
Other results (d)	(1,371)	(4,841)	1,847	(3,686)	(3,066)	(49)	(7,833)	(16,977)	(10,422)	(25,554)
Operating profit / (loss)	**7,552**	**55,167**	**60,208**	**89,195**	**39,481**	**(6,858)**	**(47,841)**	**(46,360)**	**59,401**	**91,143**
Net financial expenses (e)	(1,012)	(2,821)	(8,294)	(4,601)	(13,649)	(17,255)	(13,297)	(61,105)	(36,252)	(85,782)
Pre-tax Profit / (Loss)	**6,540**	**52,346**	**51,914**	**84,594**	**25,832**	**(24,113)**	**(61,138)**	**(107,465)**	**23,149**	**5,361**
Corporate Income Tax	-	-	21,500	(6,067)	(13,763)	(1,719)	(19,509)	5,957	(11,772)	(1,829)
Profit / (loss) for the year	**6,540**	**52,346**	**73,414**	**78,527**	**12,069**	**(25,832)**	**(80,647)**	**(101,508)**	**11,377**	**3,532**
Non-controlling interests	-	-	47	(378)	-	-	-	-	47	(378)
Profit / (loss) for the year attributable to the shareholders of the Parent Company	**6,540**	**52,346**	**73,367**	**78,905**	**12,069**	**(25,832)**	**(80,647)**	**(101,508)**	**11,330**	**3,910**
Additions to PPE and intangible assets	22,968	29,082	18,384	11,646	33,566	38,866	8,825	6,830	83,743	86,424
Amortisation and depreciation (c)	(54,915)	(17,875)	981	37,317	(23,742)	(76,345)	(25,076)	(13,935)	(102,752)	(70,838)
Total assets	607,947	676,889	801,040	762,663	640,119	678,287	45,005	41,359	2,094,111	2,159,198
Total liabilities	102,027	103,911	233,125	259,765	57,043	61,954	593,138	601,251	985,333	1,026,881

(*) Restated figures

(a) Includes the headings "Ordinary Income" and "Other operating income".
(b) Includes the headings "Employee remuneration expenses" and "Other operating costs" in the consolidated income statement.
(c) Includes the headings "Amortisation expenses" and "Net impairment losses and disposal of non-current assets" in the consolidated income statement.
(d) Comprises the following items from the consolidated income statement: income/expenses from business combinations and other income/expenses.
(e) Includes the headings "Financial Income", "Financial Expenses" and "Exchange differences" in the consolidated income statement.

This appendix forms an integral part of note 4 (u) to the consolidated financial statements for 2017, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Detail of concession arrangements
30 September 2017 and 2016

Name of the park	Type of deed	Owner of contract	Owner of good	Term	Review of prices and rates	Early cancellation	Fee/revenues and review thereof	Reversion of installations
AMUSEMENT PARK	Public concession	PARQUE DE ATRACCIONES MADRID, S.A.U.	Municipal government of Madrid	Term ends: 5 October 2026.	Access rates are approved annually by the municipal government of Madrid. Increases in line with CPI are envisaged.	Early cancellation is envisaged in cases of (i) essential non-compliance by the concessionaire; (ii) bankruptcy of the concessionaire; (iii) destruction; (iv) mutual agreement; (v) abandonment; and (vi) withdrawal (bailout), in which case the indemnity is subject to the general framework.	Euros 0.138 per visitor (with a guaranteed minimum equal to 2,500,000 visitors).The fee for 2017 amounted to Euros 345,584.	The installations will revert to the council when the concession expires.
MADRID CABLE CAR	Administrative concession of management of public service.	LEISURE PARKS, S.A.	Municipal government of Madrid	Term ends: 31 December 2017.	Access rates are approved annually by the municipal government of Madrid. Increases in line with CPI are envisaged.	Early cancellation is envisaged in cases of (i) essential non-compliance by the concessionaire; (ii) bankruptcy of the concessionaire; (iii) destruction; (iv) mutual agreement; (v) abandonment; and (vi) withdrawal (bailout), in which case the indemnity is subject to the general framework.	Fixed fee of Euros 2,194 per quarter. The fee in 2017 totals Euros 8,775.	The installations will revert to the council when the concession expires.
AQUÓPOLIS TORREVIEJA	"Lease agreement for the Hoya Grande estate". Lease agreement relating to a private property.	LEISURE PARKS, S.A.	Municipal government of Torrevieja	Term ends: 20 February 2032.	LEISURE PARKS is free to set the prices to access the park and the rest of services.	No clause is envisaged concerning early cancellation, and the agreement is subject to the general framework for contracts.	Euros 54,555 per year, reviewed in line with the CPI (last available revenue paid: Euros 58,565) until 20 February 2017. From that date on, the annual fee totals Euros 248,622 , updated in line with CPI.	The installations will revert to the council when the concession expires.
AQUOPOLIS SEVILLA	"25-year administrative concession for the use of the site and facilities of Parque Acuático de Sevilla, owned by the municipality". Concession for the private use of a public good.	LEISURE PARKS, S.A.	Municipal government of Seville	Term ends: 18 May 2020.	LEISURE PARKS is free to set the prices to access the park and the rest of services, but these may not exceed the normal rates for this kind of establishment.	Early cancellation is envisaged in cases of (i) non-compliance by the concessionaire; (ii) mutual agreement; (iii) destruction of the facilities; (iv) abandonment or withdrawal by the concessionaire; and (v) inactivity of the facilities for a period of one year. No specific indemnities or penalties are established, except for compensation in the event of a new adjudication before the term ends.	Euros 31,200 per year reviewed in line with the CPI (last fee paid: Euros 52,824).	The installations will revert to the council when the concession expires.
AQUOPOLIS COSTA DORADA	"Agreement to build and operate under administrative concession a water park in Vila Seca i Salou".	LEISURE PARKS, S.A.	Municipal government of Vila-Seca	Term ends: 31 December 2021.	The rates must be approved by the municipal government. Increases in line with CPI are envisaged.	The municipal government is entitled to bail out from the concession early if this is justified by the public interest, most notably for reasons of urban planning. The concessionaire will be duly compensated in accordance with the general	In 1998 a fee of Euros 102,000 per year was established, which was to be reviewed in line with	The installations will revert to the council when the concession expires.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Detail of concession arrangements
30 September 2017and 2016

Name of the park	Type of deed	Owner of contract	Owner of good	Term	Review of prices and rates	Early cancellation	Fee/revenues and review thereof	Reversion of installations
	Administrative concession of works and services.					framework, except in the case of fraud or criminal liability by the concessionaire.	the CPI (last fee paid: Euros 193,775).	
AQUOPOLIS CARTAYA	"Administrative agreement for the installation of a 'water park' with sundry facilities (restaurant, etc.), and subsequent operation of the 'Malpica' site, in the adjacent common lot known as 'Playas de Cartaya'"	AQUOPOLIS CARTAYA, S.L.U.	Municipal government of Cartaya	Term ends: 15 March 2024.	No framework is specified.	The potential for bailout is provided in the event of non-compliance by the concessionaire; withdrawal of the concessionaire; the property ceases to be included in the public domain and for reasons of the public interest. The concessionaire will be compensated—where applicable—in accordance with the general framework.	Euros 12,000 per year reviewed in line with the CPI (latest fee paid: Euros 20,114).	The land and the installations will revert to the council when the concession ends (except any own tools used to perform the activity).
AQUOPOLIS SAN FERNANDO DE HENARES	"Assignment of use of a municipal site". This is a contract for the usage of a site owned by the municipality.	PARQUE DE ATRACCIONES SAN FERNANDO DE HENARES, S.L.U.	Municipal government of San Fernando de Henares	Term ends: 23 November 2019.	No specific restrictions are established for the contractor in relation to access rates.	Early termination is specifically provided in the event the fee is not paid for four months, or by mutual agreement or due to abandonment of the site.	Annual minimum of Euros 24,000 plus a variable fee in line with ticket office revenues. (latest fee paid: Euros 24,040).	The installations will revert to the council when the concession expires.
AQUOPOLIS VILLANUEVA DE LA CAÑADA	Right of surface occupation	LEISURE PARKS, S.A.	Municipal government of Villanueva de la Cañada	Term ends: 23 July 2026.	No framework is specified.	Envisaged in the event of non-compliance by superficiary.	Euros 50,000 per year reviewed in line with CPI (latest fee paid: Euros 54,746).	The installations will revert to the council when the surface right expires.
ZOO-AQUARIUM DE MADRID	"Concession for the construction, maintenance and operation of a zoo in Madrid's Casa de Campo". Public concession.	ZOOS IBÉRICOS, S.A.	Municipal government of Madrid	Term ends: 18 April 2034.	The rates must be approved annually by the municipal government. Updates in line with CPI are envisaged.	Early cancellation is envisaged in cases of (i) essential non-compliance by the concessionaire; (ii) bankruptcy of the concessionaire; (iii) destruction; (iv) mutual agreement; (v) abandonment; and (vi) withdrawal (bailout), in which case the indemnity is subject to the general framework.	Euros 25,000 per year + 45,000 tickets per year. Paid in 2017: Euros 25,000.	The installations will revert to the council when the concession expires.
AQUOPOLIS CULLERA	"Lease agreement for municipal land to build and install a sports, water and amusement park"	LEISURE PARKS, S.A.	Municipal government of Cullera	Term ends: 31 December 2033.	No framework is specified.	Provision for termination in case of essential and continual non-compliance by the concessionaire.	Euros 3,000 per year reviewed in line with the CPI (latest fee paid: Euros 7,212).	The installations will revert to the council when the concession expires.
FAUNIA	"Concession for the use of the site known as 'Parque Biológico' in Plan Especial Norte, PAU.-4, Valdebernardo, Madrid". Administrative concession of a public good.	PARQUE BIOLÓGICO DE MADRID, S.A.	Department of the Environment, Madrid regional government	Term ends: 22 July 2048.	No specific restriction is established for the concessionaire when it comes	Envisaged in the event of non-compliance by concessionaire. While no cause is specified, in the event of it being terminated early due to causes imputable to the	Last amount paid: Euros 1,032.317 (reviewable annually in line with CPI).	The installations will revert to the Madrid city council when the concession ends.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Detail of concession arrangements
30 September 2017 and 2016

					to setting access rates and service prices.	Administration, the concessionaire will be entitled to receive compensation (in accordance with the general framework).		
Selwo Aventura	"Agreement for the creation, installation and operation of an integrated park and establishment of right of surface occupation". Right of surface occupation	PARQUES DE LA NATURALEZA SELWO, S.L.	Municipal government of Estepona	Term ends: 08 February 2072.	No specific restriction is established for the concessionaire when it comes to setting access rates and service prices.	Due to non-compliance by the superficiary, especially in the event the park remains closed for six months.	Last amount paid: Euros 83,569 (to be reviewed annually in line with CPI).	The installations will revert to Estepona municipal council.
SELWO MARINA	"Construction, execution of works and operation of a nature park in Benalmádena, and to operate the Benalmádena-Calamorro public transport cable car under a lease". Right of surface occupation	LEISURE PARKS, S.A.	Municipal government of Benalmádena	Term ends: 27 June 2075.	No specific restriction is established for the superficiary when it comes to setting access rates and service prices.	No framework is specified, so the general framework applies.	Latest fee paid: Euros 85,983). Fixed amount with a fixed annual increase of 2.5%.	The installations will revert to Benalmádena municipal council.
BENALMÁDENA CABLE CAR	"Construction, execution of works and operation of a nature park in Benalmádena, and to operate the Benalmádena-Calamorro public transport cable car under a lease". Public service lease.	LEISURE PARKS, S.A.	Municipal government of Benalmádena	Term ends: 27 June 2075.	Access rates for the cable car must be approved by the municipal government. Authorisation must be requested for any modification other than an increase in line with CPI.	No framework is specified, so the general framework applies.	Latest fee paid: Euros 171,966). Fixed amount with a fixed annual increase of 2.5%.	The installations will revert to Benalmádena municipal council.

This appendix forms an integral part of note 8 a) to the consolidated financial statements for 2017, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Financial Liabilities by category
30 September 2017 and 2016

	Thousands of euros							
	2017							
	Non current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Book value	Fair Value	At fair value	Total	Net book value	Fair Value	At fair value	Total
Bank borrowings (Note 13)								
Floating rate								
Syndicated loan	542,813	579,584	-	542,813	22,617	24,149	-	22,617
(Arrangement expenses pending amortisation)	(7,758)	(7,758)	-	(7,758)	-	-	-	-
Other bank borrowings	11,974	11,974	-	11,974	8,567	8,567	-	8,567
	547,029	583,800	-	547,029	31,184	32,716	-	31,184
Finance lease payables (see Note 8)	54,903	69,776	-	54,903	5,021	6,459	-	5,021
Other financial liabilities (Note 9 a))	1,573	1,573	-	1,573	12,469	12,469	-	12,469
	56,476	71,349	-	56,476	17,490	18,928	-	17,490
Trade and other accounts payable (see Note 16)								
Suppliers					66,901	66,901	-	66,901
Other accounts payable	-	-	-	-	49,143	49,143	-	49,143
	-	-	-	-	116,044	116,044	-	116,044
Hedge derivatives (Note 14)								
Arranged in non-organised markets	-	-	249	249	-	-	186	186
	-	-	249	249	-	-	186	186
Total financial liabilities	**603,505**	**655,149**	**249**	**603,754**	**164,718**	**167,688**	**186**	**164,904**

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Financial Liabilities by category
30 September 2017 and 2016

	Thousands of euros							
	2016							
	Non current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Net book value	Fair Value	At fair value	Total	Net book value	Fair Value	At fair value	Total
Bank borrowings (Note 13)								
Floating rate								
Syndicated loan	554,140	559,564	-	554,140	23,089	23,315	-	23,089
(Arrangement expenses pending amortisation)	(7,197)	(7,197)	-	(7,197)	-	-	-	-
Other bank borrowings	13,285	13,285	-	13,285	9,149	9,149	-	9,149
	560,228	565,652	-	560,228	32,238	32,329	-	32,238
Finance lease payables (see Note 8)	53,453	69,776		53,453	4,918	6,459	-	4,918
Other financial liabilities (Note 9 a))	43,847	43,847		43,847	9,739	9,739	-	9,739
	97,300	113,623	-	97,300	14,657	16,198	-	14,657
Trade and other accounts payable (see Note 16)								
Suppliers	-	-	-	-	64,731	64,731	-	64,731
Other accounts payable	-	-	-	-	45,003	45,003	-	45,003
					109,734	109,734		109,734
Hedge derivatives (Note 14)								
Arranged in non-organised markets	-	-	442	442	-	-	755	755
			442	442			755	755
Total financial liabilities	**657,528**	**679,275**	**442**	**657,970**	**156,629**	**158,261**	**755**	**157,384**

This appendix forms an integral part of note 13 to the consolidated financial statements for 2017, in conjunction with which it should be read

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Directors' Report

2017

1. Business performance and situation of the Group

The Group's main financial figures are presented below, adjusted for comparable exchange rates so as to eliminate any effects that might distort the comparison between 2017 and 2016.

The table below shows the group's main financial figures that have been harmonised for comparison purposes:

Group			
€ bn	2016	2017	Change
Visitors ('000)	**19,814**	**19,636**	**(0.9%)**
Total Income Per capita [(1)]	**29.5**	**29.5**	**0.1%**
Per capital ticket revenue	15.7	15.8	0.5%
Per capita internal consumption revenue	11.8	11.9	0.9%
Total income	**583.8**	**579.3**	**(0.8%)**
EBITDA [(2)]	**188.2**	**174.0**	**(7.5%)**
% margin	*32.2%*	*30.0%*	

Method of calculation:

(1) Total per capita revenue = Total revenue *1000/Visitors

(2) EBITDA = Operating profit / (loss) – amortisation and depreciation expenses – Net losses due to impairment and disposal of non-current assets – Valuation of traffic provisions – Other results

In the off-peak season, the Group managed to log good results. However, it was subsequently hit by adverse weather, impacting the business in both the US and Central Europe in the fourth quarter. Specifically, in the United States, hurricanes Irma and Harvey respectively affected the Miami park and the parks located in the North-West US, undermining the results in the region.

However, the robust results in Spain and the rest of Europe (excluding Marineland) partially offset those impacts.

In October 2015, Marineland Park (Antibes, France) was damaged by a devastating storm that forced the park to close for reconstruction work from 4 October 2015 to 21 March 2016. This event, along with the terrorist attacks in France in that year, triggered a decline in results that continued into this year, and the park's recovery was further delayed by more stringent rules on obtaining construction permits.

The overall impact of these circumstances was a 0.8% decline in income due to a 0.9% reduction in visitor numbers compared with 2016 — an effect that is partly offset by the 0.1% increase in per capita income — and a 7.6% setback in EBITDA.

2. Business performance by geographical area

Below is a comparison of the main figures by segment (geographical area):

Spain

In 2017, Spanish parks logged significant growth compared with the previous year.

Spain			
€ bn	2016	2017	Change
Visitors ('000)	**6,357**	**6,495**	**2.2%**
Total Income Per capita	**21.6**	**21.7**	**0.5%**
Per capital ticket revenue	12.3	12.3	0.3%
Per capita internal consumption revenue	8.4	8.5	2.2%
Total income	**137.3**	**141.0**	**2.7%**
EBITDA (2)	**55.6**	**58.1**	**4.5%**
% margin	*40.5%*	*41.2%*	

Method of calculation:

(1) Total per capita revenue = Total revenue *1000/Visitors

(2) EBITDA = Beneficio / (Pérdida) de explotación – Gastos por amortización – Pérdidas netas por deterioro y enajenación de activos no corrientes – Valoración de las provisiones de tráfico – Otros resultados

The main drivers of this improvement (2.7% growth in income and 4.5% in EBITDA), in addition to an ongoing improvement in macroeconomic conditions in Spain, were:

- Successful commercial policies implemented by the parks. In this connection, we highlight the positive impact of the decision to strengthen season tickets, which led to robust growth in the sales thereof.
- The exceptional performance of off-season events.
- New attractions and improvements in existing ones, including the first virtual reality attraction in Spain.

Moreover, note that growth in the year was curbed by adverse weather in summer, which affected the portfolio of water parks in Spain.

Rest of Europe

To analyse the geographic segment Rest of Europe, with a view to showing the information excluding non-recurring effects that distort comparison, and considering the aforementioned adverse episodes at Marineland, the main figures for these parks are shown separately from the rest of the segment:

Rest of Europe (excluding Marineland)			
€ bn	2016	2017	Change
Visitors ('000)	**6,648**	**6,584**	**(1.0%)**
Total Income Per capita	**27.1**	**27.7**	**2.3%**
Per capital ticket revenue	14.5	14.9	2.6%
Per capita internal consumption revenue	10.5	10.7	2.0%
Total income	**179.9**	**182.3**	**1.4%**
EBITDA (2)	**61.6**	**61.7**	**0.3%**
% margin	*34.2%*	*33.9%*	

Method of calculation:

(1) Total per capita revenue = Total revenue *1000/Visitors

(2) EBITDA = Beneficio / (Pérdida) de explotación – Gastos por amortización – Pérdidas netas por deterioro y enajenación de activos no corrientes – Valoración de las provisiones de tráfico – Otros resultados

With regard to the European segment (excluding Marineland) turnover improved compared with the previous year, by 1.4%, buoyed by significant growth in of 2.3% in per capita revenue, leading to a slight increase of 0.3% in EBITDA.

In 2017, park visitor numbers fell due to adverse weather in central European countries in July and August, with more rainy days than usual.

In relation to the expansion projects and new attractions introduced, it is worth highlighting the following aspects:

- An investment of around Euros 8 million in expanding accommodation in Slagharen (Netherlands).
- Launch of Star Trek Operation Enterprise roller coaster at Movie Park (Germany).
- Launch of Master Thai virtual reality roller coaster in Mirabilandia (Italy).

Marineland			
€ bn	2016	2017	Change
Visitors ('000)	**699**	**809**	**15.8%**
Total Income Per capita (1)	**n.m**	**33.3**	**n.m**
Per capital ticket revenue	n.m	17.0	**n.m**
Per capita internal consumption revenue	n.m	13.3	**n.m**
Total income	**29.1**	**27.0**	**(7.5%)**
EBITDA (2)	**7.9**	**4.7**	**(39.9%)**
% margin	*27.1%*	*17.6%*	

Method of calculation:

(1) Total per capita revenue = Total revenue *1000/Visitors

(2) EBITDA = Beneficio / (Pérdida) de explotación – Gastos por amortización – Pérdidas netas por deterioro y enajenación de activos no corrientes – Valoración de las provisiones de tráfico – Otros resultados

As the table shows, the main financial figures at Marineland are unfavourable, due to the aforementioned external factors: difficulties arising from flooding that kept the park closed from October 2015 through March 2016 and the terrible terrorist attacks in Nice just as the park was gearing up for peak season. All of these factors led to a decline in sales and EBITDA. Furthermore, the local authorities approved a new anti-flood plan which implied a review of construction permits pending approval, as well as additional restrictions for new permits. All of this prevented the season's investment plan from being implemented. Nevertheless, action plans are underway to foster the recovery: actions to promote the park, improve customer service, cut prices to boost visitor numbers, attract more schools and local visitors — in short, increases in both marketing and operating expenses which have had a strong impact on EBITDA but have helped boost visitor numbers by 15.8% compared with the previous year.

United States

United States			
€ bn	2016	2017	Change
Visitors ('000)	**6,110**	**5,747**	**(5.9%)**
Total Income Per capita [1]	**37.8**	**38.3**	**1.1%**
Per capital ticket revenue	20.4	20.5	0.5%
Per capita internal consumption revenue	16.7	17.0	2.1%
Total income	**231.2**	**219.9**	**(4.9%)**
EBITDA [2]	**78.4**	**64.4**	**(17.8%)**
% margin	*33.9%*	*29.3%*	

Method of calculation:

(1) Total per capita revenue = Total revenue *1000/Visitors

(2) EBITDA = Beneficio / (Pérdida) de explotación – Gastos por amortización – Pérdidas netas por deterioro y enajenación de activos no corrientes – Valoración de las provisiones de tráfico – Otros resultados

Results in the US (visitors down 5.9% and revenues 4.9% lower) were especially punished by the adverse weather conditions in the fourth quarter: an especially rainy summer coupled with the havoc wreaked by Irma and Harvey. This hit both results and visitor numbers at the water parks.

Moreover, in addition to these factors, EBITDA was eroded by operating expenses, which increased after two flat years.

Central Offices – Non-Operating

Central Offices – Non-Operating			
€ bn	2016	2017	Change
Total income	**6.3**	**9.2**	**46.0%**
EBITDA [1]	**(15.2)**	**(15.0)**	**1.3%**
% margin			

Method of calculation:

(1) EBITDA = Beneficio / (Pérdida) de explotación – Gastos por amortización – Pérdidas netas por deterioro y enajenación de activos no corrientes – Valoración de las provisiones de tráfico – Otros resultados

Total revenues increased substantially thanks to management contracts. However, the high operating costs associated with the Group's IPO, as well as those linked to growth in management contracts, had a negative impact on EBITDA.

3. Foreseeable strategy and performance of the Group

The main action lines envisaged to achieve greater growth at the Group are as follows:

Organic growth

- Annual passes: increase sales of annual passes, attract a larger number of loyal customers and thereby reduce the impact of external factors.
- Commercial Licence agreements, which the Group currently operates over brands that are easily recognised in the market: Nickelodeon, Walking Dead, Star Trek, among others, that act as a clear enticement to visitors and will therefore continue operating in the future. In addition to the existing attractions, we highlight the future launch of a Ducatti-licensed theme area in the Mirabilandia park.
- Ticketing income: increase in this income based on the Dynamic Price strategy. Furthermore, actions will be implemented through channel management and improvements to promotions.
- Actions to boost consumption in the parks (restaurants and store).
- The Group remains committed to improving the offering by opening new attractions and incorporating new virtual reality technologies, as well as expanding existing attractions.
- Improvement in operating leverage

Management Contracts: Progress in negotiations on potential projects.

Mall Entertainment Centres: Notable are not only the new contracts signed in the year, but also the advanced negotiations taking place to secure additional contracts. A large number of agreements was signed over a short period and this successful trend is expected to continue. Seven projects linked to this new business line are currently in the pipeline and the first centres are expected to open in 2018.

Acquisitions: The Group continues to seek opportunities to acquire assets with potential for operating improvements to strengthen the existing portfolio.

4. Research and Development

In 2017, the Group continued to conduct internal R&D&I projects. Mainly in the area of software applications as well as the new business model in shopping malls (Mall Entertainment Centers).

5. Own Shares

The Parent Company has not carried out any transactions with own shares.

6. Financial Instruments

To hedge against the risk of interest rate fluctuations in the syndicated loan, in 2017 the Group arranged interest rate swaps (IRS).

The Group has designated the hedge operations pertaining to 30 September 2017, having performed the pertaining prospective and retrospective effectiveness tests. As a result, hedges are ineffective in the tranches in both US dollars and Euros. These transactions are designed to hedge against fluctuations in the Euribor floating rate (for tranches in Euros) and Libor floating rate (for tranches in USD) of the funding being hedged.

At 30 September 2017, the Group derecognised the amount of Euros 224 thousand corresponding to the IRS of the tranches in US dollars and recognised the related expense under "Changes in the fair value of interest rate derivatives" in the consolidated income statement for 2017. Moreover, said heading also includes a profit of Euros 1,308 thousand corresponding to the change in fair value from the start of the year until 30 September 2017 in IRS in both euros and dollars.

Finally in 2017, these derivative financial instruments have accrued interest totalling Euros 410 thousand, which is recognised under "Finance expenses" in the consolidated income statement.

7. Subsequent events

There were no significant events subsequent to closure that have a material impact on the annual financial statements for the year ended on 30 September 2017.

8. Risk policy and management

Management of the risks to which the Group is exposed in the performance of its activities is one of the basic pillars of its effort to preserve the value of its assets and, consequently, the value of shareholders' investment. The risk management system is structured and defined for the achievement of the strategic and operational objectives of the Group.

The management of the Group's financial risk is centralised in the Corporate Financial Department. This Department has established the necessary mechanisms to control, according to the structure and financial position of the Group and the economic variables of the environment, the exposure to the changes in interest and currency rates, as well as the risks of credit and liquidity by resorting, if necessary, to occasional hedge transactions and establishing, if deemed necessary, the pertaining credit limits and establishing policies for the provision of credit insolvencies.

The following describes the principal financial risks and the corresponding Group policies:

Foreign exchange risk

The Group is exposed to very limited exchange rate fluctuations since practically all of the transactions of the Group companies are made in their functional currencies. The Group's presentation currency is the euro, but some of the subsidiaries use other currencies, namely the US dollar, the Danish krone, the Norwegian krone, and the British pound. In fiscal year 2017, 53% of revenues were generated in euros and 38% in US dollars (51% and 40%, respectively, in 2016). As a consequence of foreign currency exchange rate fluctuations, the Group's financial statements are subject to fluctuations arising from the process of translating financial information into currencies other than the euro.

The following table shows the impact that a movement of 5%-10% in US dollar value would have had on the consolidated P&L of the year:

	Millions of euros	
	Result – (Expense) / Income	
	2017	2016
Appreciation of 5%	(1.6)	0.3
As % of consolidated result for the year	(13.8%)	*7.8%*
Devaluation of 5%	1.4	(0.3)
As % of consolidated result for the year	12.5%	*7.1%*
Appreciation of 10%	(3.3)	0.6
As % of consolidated result for the year	(29.1%)	*16.5%*
Devaluation of 10%	2.7	(0.5)
As % of consolidated result for the year	23.8%	*13.5%*

Credit risk

The main financial assets of the Group are cash and cash equivalents as well as trade and non-trade debtors. Generally, the Group deposits its cash and cash equivalents with a highly rated entities.

The Group does not have a significant concentration of credit risk with third parties since most of its revenue is paid in cash and the risk is distributed among a large number of customers with short collection periods.

The Group monitors the balances receivable from and payable to these debtors in order to control the net position risk and to adopt suitable measures to prevent undesirable situations arising.

Details of the estimated maturities of the Group's financial assets reflected in the consolidated statements of financial position at 30 September 2017 and 2016 are as follows. The accompanying tables reflect the analysis of the maturities of financial assets at 30 September 2017 and 2016.

	2017			
	Thousands of euros			
	Less than 3 months	More than 6 months and less than 1 year	More than 1 year	Total
Non-current deposits and guarantees arranged	-	-	1,547	1,547
Trade debtors and other accounts receivable	30,229	-	507	30,736
	30,229	**-**	**2,054**	**32,283**

	2016			
	Thousands of euros			
	Less than 3 months	More than 6 months and less than 1 year	More than 1 year	Total
Non-current deposits and guarantees arranged	-	-	1,695	1,695
Trade debtors and other accounts receivable	27,999	-	42,719	70,718
	27,999	**-**	**44,414**	**72,413**

Liquidity risk

The various acquisitions that have taken place in recent years have been carried out through appropriate financing structures. However, these structures lead to the fulfilment of certain commitments with financial institutions that facilitate such financing, so monitoring compliance with them is a very important task.

The Corporate Financial Department performs a detailed monitoring of compliance with these commitments, in order to detect any potential risk of default thereof well in advance. In the event of such a risk being detected, the General Management is notified so that the appropriate decisions to correct the situation may be taken. As of 30 September 2017 and 2016, the Group has not identified any breach of the financial ratios committed with the financial entities with which the loans have been subscribed.

The exposure to adverse situations in the debt or capital markets may hinder or prevent the procurement of the financing required by the Group to adequately conduct its business activities and implement its strategic plan.

The Group's exposure to liquidity risk at 30 September 2017 and 2016 is shown below. These tables present an analysis of financial liabilities (including interest payable in the future) by remaining contractual maturity dates.

	2017					
	Thousands of euros					
	Less than 1 month	From 2 to 3 months	From 4 months to 1 year	From 2 to 5 years	More than five years	Total
Financial liabilities with credit institutions						
Syndicated loan at floating interest rate	-	-	37,462	592,626	-	630,088
Other loans at floating interest rate	-	-	915	3,697	1,404	6,016
Other loans at fixed interest rate	-	-	953	3,811	4,289	9,053
Financial lease creditors	-	-	5,021	20,338	106,970	132,329
Trade creditors and other accounts payable	-	66,901	-	-	-	66,901
	-	**66,901**	**44,351**	**620,472**	**112,663**	**844,387**

	2016					
	Thousands of euros					
	Less than 1 month	From 2 to 3 months	From 4 months to 1 year	From 2 to 5 years	More than five years	Total
Financial liabilities with credit institutions						
Syndicated loan at floating interest rate	-	-	42,207	624,004	-	666,211
Other loans at floating interest rate	-	-	904	3,665	3,260	7,829
Other loans at fixed interest rate	-	-	481	3,851	5,296	9,628
Financial lease creditors	-	-	4,918	19,920	111,687	136,525
Trade creditors and other accounts payable	-	64,732	-	-	-	64,732
	-	**64,732**	**48,510**	**651,440**	**120,243**	**884,925**

Also, as detailed in note 13 of this report, the Group has credit lines that are not available for a significant amount. Therefore, the Group considers that the liquidity risk is adequately managed as of 30 September 2017.

Interest rate risk

The Group's financial assets and liabilities are exposed to interest rate fluctuations which could have an adverse effect on its results and cash flow.

In accordance with the information requirements of IFRS 7, the Group has performed a sensitivity analysis of the potential interest rate fluctuations that could occur in the markets in which it operates. Based on these requirements, the Group considers that an increase of 0.50 points in the interest rates to which each of the loans composing the Group's financial debt is tied would give rise to an increase of Euros 3,011 thousand in finance costs in 2017 (Euros 3,656 thousand in 2016). Nonetheless, as indicated in note 14, the Group has entered into interest rate swap contracts to hedge the interest rate risk of the syndicated loan held as of 30 September 2017.

9. Dividend Policy

The Group aims to distribute dividends between 20% and 30% of the Net Profit of the Group, once the impact of non-recurring effects has been eliminated.

10. Average supplier payment period

Pursuant to Law 15/2010, which stipulates measures to combat late payments in commercial transactions, the information on the average payment period to suppliers of the parent company and the Spanish subsidiaries at 30 September 2016 is as follows:

	Days	
	2017	2016
Average supplier payment period	42	42
Transactions paid ratio	39	41
Transactions payable ratio	69	62

	Amount (thousands of Euros)	
	2017	2016
Total payments made	107,820	109,896
Total payments outstanding	11,184	6,564

The payments to suppliers of the Spanish consolidated companies reflected in the above table are trade payables as they relate to goods and services.

The data shown in the previous table regarding supplier payments refers to the Spanish group of companies belonging to the consolidated group and correspond to debts owed to the commercial creditors for goods and services. Likewise, the Group uses the transfer date as payment date as confirmation to all of its suppliers.

The group is currently making the necessary changes to of its internal processes. What is more, in its payment terms policy subject to Law 15/2010, which establishes measures to combat late payment in commercial transactions with third parties in order to reduce the average payment period up to a maximum of thirty calendar, the limit currently established within regulations.

11. Other aspects

Given the activity of the Group, it has no responsibilities, expenses, assets, provisions or contingencies of an environmental nature that are significant in relation to the equity, financial situation and results thereof.

Fixed asset investments are the main assets of the Group, and the risks thereof have been appropriately covered on the basis of the experience in this type of business accumulated over recent years.

As for Social Corporate Responsibility, the Parent Company of the Group Parques Reunidos Servicios Centrales, S.A. carries out its activity with the aim of becoming a role model in terms of responsible conduct, creating shared value at an economic, social and environmental level wherever it is present.

One of the fundamental cornerstones supporting this commitment is the Fundación Parques Reunidos (the "Foundation"), created in 2010. The Foundation is a private non-profit organisation whose purposes can be summarised as the defence of the environment and biodiversity, the promotion of sustainable development and sustainable use of resources, the conservation of the natural heritage (particularly regarding endangered species and those threatened with extinction), the protection of children and the defence of the democratic principles of encouragement of tolerance and values, focusing its efforts on social awareness of such matters.

Thus, since its creation, the Foundation has taken part in many programmes of research, reproduction and conservation of animal species, either of its own accord or in collaboration with other national and international bodies and organisations. In addition, it has taken part in many actions mainly addressing children at risk of social exclusion or with serious health problems.

In addition to the Foundation, Parques Reunidos has a number of policies applicable to all its activities, designed, on the one hand, to meet its absolute commitment to guarantee sustainability and conservation of the environment in all its facilities, ensuring compliance with standards of quality and regulation – Environmental Policy; Energy Savings and Efficiency Policy, etc. – and, on the other hand, to encourage ethical conduct – Mission, Vision and Values Policy; Code of Conduct, etc.

12. Other disclosures

The Annual Corporate Governance Report of Parques Reunidos is a part of this consolidated management report and available through the website www.parquesreunidos.com, and published as a Significant Disclosure in the CNMV website.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Authorisation for Issue of the Consolidated Financial Statements and Directors' Consolidated Report for 2017

At their meeting held on 28 November 2017, pursuant to the requirements of article 253.2 of the Revised Spanish Companies Act and article 37 of the Spanish Code of Commerce, the Board Directors of Parques Reunidos Servicios Centrales, S.A. authorised for issue the consolidated financial statements and consolidated directors' report for the period from 01 October 2016 to 30 September 2017. The consolidated financial statements comprise the documents that precede this certification.

Signed:

Mr Peter James Long (Chairman)	Mr Félix Fernando Eiroa Giménez (Managing Director)
Mr Dag Erik Johan Svanstrom Member	Mr Nicolás Villén Jiménez Member
Mr Javier Fernández Alonso Member	Mr Collin Hall Member