Parques Reunidos Servicios Centrales, S.A.

Annual Accounts

30 September 2017

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 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 Annual Accounts

Opinion

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

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 30 September 2017, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 4 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

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 Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the 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 investments in Group companies (See notes 2(d), 4(d), 9, 10, y 17(a))	
Key Audit matter	*How the matter was addressed in our audit*
As described in the notes to the annual accounts, the Company has recognised an amount of Euros 1.941.786 thousand under non-current investments in Group companies and associates at 30 September 2017. The recoverable amount of these investments is calculated by applying valuation techniques which require the exercising of judgement by the Directors and the use of assumptions and estimates. Due to the uncertainty and judgement associated with the aforementioned estimates, as well as the significant carrying amount of the investments, we have considered their valuation to be a key audit matter.	Our audit procedures have comprised, inter alia: - An assessment of the design and implementation of the relevant controls established by Company management for estimating the recoverable amount of investments in Group companies. - An assessment of the criteria used by the Group's Directors and management to identify indications of impairment of investments in Group companies. - An assessment of the methodology and assumptions used by Company management in estimating the recoverable amount of investments in Group companies, 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 business plans approved by management of the corresponding investee. - 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. In addition, we have evaluated whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

Other Information. Directors' Report

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

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the 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 directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned 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 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 directors' report is consistent with that disclosed in the 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 Annual Accounts

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

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

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

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

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

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 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 Company by its 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.

Annual Accounts and Directors' Report
for the year ended
30 September 2017

(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.

Balance Sheets

30 September 2017 and 2016

(Thousand Euros)

Assets	*Note*	*2017*	*2016*
Intangible fixed assets	**5**	**4,835**	**5,210**
Development		1,422	960
Industrial property		26	47
Computer software		3,387	4,203
Tangible fixed assets	**6**	**3,279**	**3,526**
Land and buildings		364	404
Technical installations and other items		1,695	1,057
Property, plant and equipment under construction		1,220	2,065
Non-current investments in Group companies and associates		**1,941,786**	**1,832,878**
Equity instruments	**9**	333,070	332,905
Loans to group companies	**10 and 17 (a)**	1,541,982	1,440,034
Other financial assets	**10 and 17 (a)**	66,734	59,939
Non-current investments	**10**	**4**	**155**
Deferred tax assets	**15**	**228**	**285**
Total non-current assets		**1,950,132**	**1,842,054**
Trade debtors and other accounts receivable		**181,837**	**138,175**
Trade receivables	**10**	4,228	802
Trade receivables with group companies	**10 and 11(b)**	177,424	135,720
Personnel	**10**	108	122
Public entities, other	**15**	77	1,531
Current investments in Group companies and associates	**10 and 17 (a)**	**11,307**	-
Loans to group companies		10,016	-
Other financial assets		1,291	-
Current financial assets	**10 and 11 (a)**	**284**	**284**
Prepayments for current assets		**265**	**546**
Cash and cash equivalents	**4 (f)**	**76,780**	**5,826**
Total current assets		**270,473**	**144,831**
Total assets		**2,220,605**	**1,986,885**

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

Parques Reunidos Servicios Centrales, S.A.

Balance Sheets

30 September 2017 and 2016

(Thousand Euros)

Equity and Liabilities	*Note*	*2017*	*2016*
Equity	**12**	**1,540,664**	**1,486,979**
Capital		40,371	40,371
Issue premium		1,327,528	1,327,528
Reserves		88,509	53,487
Other shareholder contributions		10,148	10,148
Other equity instruments		531	423
Result for the year		73,577	55,022
Total net equity		**1,540,664**	**1,486,979**
Non-current payables		**326,403**	**327,129**
Loans and borrowings	13	326,154	326,783
Derivatives	13	249	346
Group companies and associates, non-current	**13 and 17 (a)**	**121,427**	**98,053**
Total non-current liabilities		**447,830**	**425,182**
Current payables		**17,891**	**18,904**
Loans and borrowings	13	17,705	18,416
Derivatives	13	186	488
Trade creditors and other accounts payable		**214,220**	**55,790**
Suppliers	13	2,578	1,392
Suppliers, group companies and short term associates	13 and 17 (a)	199,245	43,908
Other creditors	13	1,376	1,472
Current tax liabilities	14	6,333	1,559
Public entities, other	14	2,011	1,731
Personnel (salaries payable)	13	1,121	917
Other current liabilities	13	1,556	4,811
Prepayments for current assets		-	**30**
Total current liabilities		**232,111**	**74,724**
Total equity and liabilities		**2,220,605**	**1,986,885**

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

Parques Reunidos Servicios Centrales, S.A.

Income Statements
for the years ended
30 September 2017 and 2016

(Thousand Euros)

	Note	*2017*	*2016*
Revenue	**16 (a)**	**106,044**	**88,192**
Services rendered		4,602	1,190
Financial income from holding activity		101,442	87,002
Work done by the company for its assets		**892**	**715**
Other operating income	**16 (b)**	**24,341**	**23,769**
Non-trading and other operating income		24,341	23,769
Personnel expenses	**16 (c)**	**(10,321)**	**(9,040)**
Salaries and wages		(8,904)	(7,763)
Employee benefits expense		(1,417)	(1,277)
Other operating expenses		**(7,461)**	**(5,500)**
External services	16 (d)	(7,470)	(5,234)
Taxes		(39)	-
Impairment losses from trading activities	11 (b)	48	(266)
Amortisation and depreciation	**5 and 6**	**(2,404)**	**(2,290)**
Impairment and Losses from tangible and intangible assets		**(36)**	-
Other P&L	**16 (e)**	**(1,377)**	**(14,077)**
Operating result		**109,678**	**81,769**
Financial income		**82**	**64**
Marketable securities and other financial instruments			
Other		82	64
Financial expenses		**(13,863)**	**(4,864)**
Group companies and associates		(2,954)	-
Other	13	(10,909)	(4,864)
Change in fair value of financial instruments	**14**	**399**	**(834)**
Exchange differences		**55**	**899**
Net financial income/loss		**(13,327)**	**(4,735)**
Profit before income tax		**96,351**	**77,034**
Income tax	**15**	**(22,774)**	**(22,012)**
Result for the year		**73,577**	**55,022**

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

Parques Reunidos Servicios Centrales, S.A.

Statements of Changes in Equity
for the years ended
30 September 2017 and 2016

A) Statements of recognised Income and Expenses
for the years ended
30 September 2017 and 2016

(Thousand Euros)

	Note	*2017*	*2016*
Profit for the year		**73,577**	**55,022**
Income and expense recognised directly in equity		-	-
Amounts transferred to the income statement		-	-
Total recognised income and expense		**73,577**	**55,022**

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

Parques Reunidos Servicios Centrales, S.A.

Statements of Changes in Equity
for the years ended
30 September 2017 and 2016

B) Total Statements of Changes in Equity for the years ended
30 September 2017 and 2016

(Thousand Euros)

	Share Capital	Issue premium	Reserves	Other shareholder contributions	Other equity instruments	Result for the year	Total
Balance at 30 September 2015	**23,436**	**819,463**	**7,930**	**337**	**-**	**59,119**	**910,285**
Recognised income and expense	-	-	-	-	-	55,022	55,022
Transactions with shareholders or owners							
Distribution of 2015 profits	-	-	59,119	-	-	(59,119)	-
Increase in capital	16,935	508,065	-	-	-	-	525,000
Transaction costs	-	-	(13,562)	-	-	-	(13,562)
Share based payments	-	-	-	-	423	-	423
Other movements	-	-	-	9,811	-	-	9,811
Balance at 30 September 2016	**40,371**	**1,327,528**	**53,487**	**10,148**	**423**	**55,022**	**1,486,979**
Recognised income and expense	-	-	-	-	-	73,577	73,577
Transactions with shareholders or owners							
Distribution of 2016 profits	-	-	55,022	-	-	(55,022)	-
Distribution of dividends	-	-	(20,000)	-	-	-	(20,000)
Share based payments	-	-	-	-	108	-	108
Balance at 30 September 2017	**40,371**	**1,327,528**	**88,509**	**10,148**	**531**	**73,577**	**1,540,664**

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

Parques Reunidos Servicios Centrales, S.A.

Cash Flow Statements
for the years ended
30 September 2017 and 2016

(Thousand Euros)

	Note	2017	2016
Cash flows from operating activities			
Profit of the year before taxes		**96,351**	**77,034**
Adjustments for:			
Amortisation and depreciation	5 and 6	2,404	2,290
Impairment losses on trade receivables	11 (b)	(48)	266
Profit/loss on retirements and disposals		36	-
Financial income	10 and 16 (a)	(101,524)	(87,066)
Financial expenses		13,863	4,864
Exchange differences		(55)	(899)
Change in fair value on financial instruments	14	(399)	834
Other income and expenses		172	8,835
Changes in working capital			
Trade and other receivables		(43,559)	(1,582)
Other current assets		281	17
Trade and other payables		158,533	4,633
Other cash flows from operating activities			
Payment of interest		(10,336)	-
Income tax payments	15	(968)	(5,207)
Cash flows from operating activities		**114,751**	**4,019**
Cash flows from investing activities			
Payments for investments			
Group companies and associates		(18,755)	(119,488)
Intangible fixed assets	5	(926)	(1,764)
Tangible fixed assets	6	-	(1,494)
Proceeds from sale of investments			
Other financial assets		151	3,929
Cash flows from investing activities		**(19,530)**	**(118,817)**
Cash flows from financing activities			
Proceeds / (payments) for equity instruments			
Equity instruments issuance		-	506,575
Proceeds / (payments) for financial liability instruments			
Loans and borrowings		(1,340)	340,583
Group companies and associates		(2,927)	(776,053)
Dividend payments and remuneration on other equity instruments			
Dividends	12	(20,000)	-
Cash flows from financing activities		**(24,267)**	**71,105**
Effect of Exchange rate fluctuations		-	899
Net Increase/Decrease in cash and cash equivalents		**70,954**	**(42,794)**
Cash and cash equivalents at beginning of year		5,826	48,620
Cash and cash equivalents at year end		76,780	5,826

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

Parques Reunidos Servicios Centrales, S.A.

Notes to the Annual Accounts

(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 of 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.

The Company's corporate purpose, according to its bylaws, is as follows:

- The promotion, development, construction, installation, and operation of all kinds of businesses and sports and leisure activities, on its own property or on lease, surface right, administrative concession and any other form of assignment of right of use.

- Providing management services, administration, or consultancy services related to the development, strategic growth, and planning of investments to companies in which the Company holds an equity interest, directly or indirectly.

- Advisory services to companies in which the Company holds (directly or indirectly) a share interest, such advice being related to potential investments or acquisitions in the domestic or international market in the sector of management and operation of any kind or any other Sector corresponding to a related activity, antecedent, consequent or in any way related to the aforementioned.

- The holding, administration, acquisition and disposal of transferable securities and corporate shares of companies.

The main activity of the Company, as the head of the group, consists of the acquisition, holding and disposal of shares, as well as the provision of centralised management services to all entities of the group, including the financing of group companies.

The Company has holdings in subsidiaries. Information related to the interests of the Group companies is presented in note 9. As a consequence, the Company is the parent of a group of companies in accordance with current legislation and is obliged to prepare consolidated annual accounts. The Company prepares these consolidated annual accounts in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS - EU) and other provisions of the applicable financial reporting framework.

On 28 November 2017, the Directors have formulated the consolidated annual accounts of Parques Reunidos Servicios Centrales, S.A. and subsidiaries for the year ended 30 September 2017 (28 November 2016 for the year ended 30 September 2016), which show consolidated profits of Euros 11,377 thousand (profits of Euros 3,532 thousand in 2016) and a consolidated net worth of 1,108,778 thousand euros (1,132,317 thousand euros in 2016). The consolidated annual accounts will be deposited in the Mercantile Register of Madrid.

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Parques Reunidos Servicios Centrales, S.A.

Notes to the Annual Accounts

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 33,870,968 ordinary shares of Euros 0.50 per 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) A public offering for the sale of 4,850,000 shares representing 21% of the capital was approved. The shares were sold at Euros 15.5 each, raising a total amount 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.

The Parent closed the share subscription period on 27 April 2016. On 28 April 2016 the public deed was executed, the capital increase closed and the shares were allocated at the offering price of Euros 15.5 per share, with the new shares admitted to trading 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 (d)) and the remaining Euros 2,819 thousand was allocated to the public offering and, therefore, recognised in the consolidated income statement (see note 16 (e)).

Lastly, using the proceeds of the initial public offering, the Group restructured its financial debt, and arranged a further syndicated loan (see note 13 (a)).

(2) Bases for presentation

(a) True and fair view

The annual accounts have been prepared on the basis of the accounting records of the Company in accordance with prevailing legislation and the Spanish General Chart of Accounts to give a true and fair view of the equity and financial position at 30 September 2017 and results of operations, changes in equity, and cash flows for the year then ended.

The Company's Directors expect the 2017 annual financial statements, prepared on 28 November 2017, will be approved at the General Shareholders' Meeting without modification.

(b) Comparison of information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2017 include comparative figures for the previous year, which formed part of the annual accounts for the year 2016 approved by the General Meeting of Shareholders on 16 March 2017.

(It continues)

(c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency, rounded off to the nearest thousand.

(d) Relevant accounting estimates, assumptions and judgements used when applying accounting principles

In preparing the annual accounts, estimates have been made by the board of directors of the Company to assess some of the assets, liabilities, income, expenses, and commitments that have been recorded. Basically, these estimates refer to the evaluation of possible impairment losses of its main non-current assets, consisting of investments in subsidiaries and receivables from group companies.

To the extent that there are indications of impairment of investments in subsidiaries, the Company tests for impairment of such investments. The recoverable amount is the higher of fair value less costs to sell and value in use. Based on the foregoing, the Company 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 the management.

Given that the Company has holdings in companies that are in turn holding entities of a larger subgroup, in assessing the impairment of its investments, the Company has calculated the cash flows of the subgroup of which each investee is dominant. In this way, the flows of these subgroups are composed of the aggregation of the flows of each Cash Generating Unit (CGU) as defined in the consolidated annual accounts of the Company, that is, each individual park. In this sense, for both components whose parks are owned and operated through concession or lease contracts, cash flow discount calculations are based on business plans (composed of the budget for 2018 and projections for the period 2019-2022) of each park, approved by the management.

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 Company has drawn up EBITDA projections for the next five years on the basis of past experience, the estimated growth 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 Company periodically reviews its business plan, updating it at least once a year.

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. Likewise, in the case of the US parks, the calculations of the recoverable value have been performed by an independent expert.

The main assumptions used to estimate the recoverable value were:

(It continues)

- 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 the case of the impairment test that the Company has in the North American subgroup (USA), headed by the Dutch company Centaur Nederland 3 BV, the current value of the cash flows, prepared in US dollars, is translated to euros, using the year-end exchange rate. In all other cases, cash flows have been determined directly in euros irrespective of the functional currency of the country in which each component is located.

Although estimates are calculated by the Company's directors based on the best information available at each financial year end, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(3) Distribution of Profits

Distribution of the Company's profits for the year ended 30 September 2016, in the amount of Euros 55,022,049.22, approved at the General Shareholders' Meeting of 16 March 2017, consisted of the transfer of Euros 5,502,204.92 to the legal reserve, Euros 29,519,844.30 to voluntary reserves, and Euros 20,000,000 in dividend payments settled on 19 July 2017.

The distribution of the Parent's Euros 73,576,568.53 profit for the year ended 30 September 2017, proposed by the Directors and pending of approval at the General Shareholder's Meeting, consists of transferring to the voluntary reserve an amount of Euros 53,576,568.53, and paying a dividend of Euros 20,000,000.

(4) Significant Accounting Policies

In preparing its annual financial statements for the year ended 30 September 2017, the Company has applied the main recording and valuation criteria in accordance with the Spanish Chart of Accounts, as follows:

(a) Intangible assets

Intangible assets are initially recognised at cost of acquisition or development and subsequently measured at cost less accumulated amortisation and impairment.

- Industrial property straight-line depreciation over a period of up to 5 years.
- Computer software is measured at acquisition cost and amortised on a straight-line basis over 4 years. Computer software maintenance costs are charged as expenses when incurred.

- The Company capitalises development expenses incurred by specific projects for each activity that meets the following conditions:

  - - Costs are clearly allocated, assigned and timed for each project.

  - - There is evidence of the project's technical success and economic-commercial feasibility.

The Company reviews the residual value, useful life and amortisation method for intangible assets (over a period of up to 5 years). If there are doubts as to the technical success or economic profitability of the project, then the amounts booked in respect of these assets are recognised directly in the income statement of the year.

(It continues)

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

The Company measures and determines impairment to be recognised or reversed based on the criteria in section (b) of this note.

(b) Tangible fixed assets

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

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

The Company 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.

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, installations and equipment	10 to 18
Furniture and fixtures	15
Information technology equipment	4
Other tangible fixed assets	10 to 15

Subsequent to initial recognition of the asset, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalised. The carrying amount of parts that are replaced is derecognised. Costs of day-to-day servicing are recognised in profit and loss as incurred.

The Company 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 recoverable amount is the higher of the fair value less costs to sell and the value in use.

Impairment losses are recognised in profit or loss. A reversal of an impairment loss is recognised in the income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.

However, if the specific circumstances of the assets indicate an irreversible loss, this is recognised directly in losses on the disposal of fixed assets in the income statement.

(It continues)

(c) Leases

The Company has been assigned, as lessee, the right to use certain assets under lease agreements. The Company 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 at the start of the lease period, otherwise they are classified as operating leases.

All leases arranged by the Company are classified as 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.

(d) 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.

Financial instruments are classified into different categories based on the nature of the instruments and the Company's intentions on initial recognition.

A financial asset and a financial liability are offset only when the Company 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) *Investments and Trade receivables*

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.

(ii) *Investments held to maturity*

Investments held to maturity correspond to bank deposits arranged by the Company. They entail a fixed maturity date, fixed or determinable collection amounts and the Company has the effective intention and capacity to hold them to maturity. The measurement criteria applicable to financial instruments classified in this category are those applicable to loans and receivables.

Some of these investments are classified under cash and cash equivalents in accordance with the criteria defined in section (f) of this note.

(iii) *Investments in Group companies*

Group companies are those over which the Company, either directly, or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce, or when the companies are controlled by one or more individuals or entities acting jointly or under the same management through agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

Investments in Group companies, associates and jointly controlled entities are initially recognised at cost, which

(It continues)

is equivalent to the fair value of the consideration given. The cost of investments in Group companies acquired before 1 January 2010 includes any transaction costs incurred.

(iv) *Deposits*

Deposits as a result of the lease contracts are recorded at their nominal value since the difference between that and fair value is not significant

(It continues)

(v) *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 Company has substantially transferred all the risks and rewards of ownership.

(vi) *Impairment of financial assets*

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises impairment of loans and receivables when a reduction or delay is incurred in the estimated future cash flows, due to debtor insolvency.

In the event of signs of impairment, the Company conducts impairment tests on holdings in group companies. Impairment in investments in group companies is calculated as the difference between the (higher) carrying amount of the investment and its recoverable amount, the latter of which is understood as the higher of the asset's value in use and fair value less costs to sell.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised. The loss or impairment reversal is recognised in the income statement.

(vii) *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.

(viii) *Derecognition and modifications of financial liabilities*

The Company 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 Company 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 Company 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.

The Company renewed its syndicated loan during 2017, establishing that there has been no substantial modification in the liability (Note 13 (a))

The Company has contracted with various financial institutions to confirm payment management to suppliers. The Company 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

(It continues)

settlement is managed by the financial institutions are shown in the item commercial creditors and other accounts payable, to the extent that the Company has only ceded the payment management to financial institutions, maintaining itself as the primary obligor to the payment of debts to commercial creditors.

(ix) *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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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

(It continues)

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.

(e) Own equity instruments held by the Company

Capital increases are recognised in equity, provided they have been registered in the Companies Register prior to preparing the annual financial statements. Otherwise, they are presented under the heading "Current payables" of the balance sheet. Transaction costs related to own equity instruments, including issue costs related to a business combination, are accounted for as a deduction from reserves, net of any tax effect.

(f) 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.

(g) Foreign currency transactions and balances

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.

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.

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.

(h) Income from services rendered

Income and expenses are recognised on an accruals basis, irrespective of collections and payments. Income is measured at the fair value of the consideration received, less discounts and tax.

At 30 September 2017 and 2016, income invoiced and not accrued are booked under "Current accruals" in current liabilities in the accompanying balance sheet.

The interest received on financial assets is recognised using the effective interest rate method, and dividends when the shareholder's right to receive them is declared. In any event, the interest and dividends on financial assets accrued after the acquisition date are recognised as income in the income statement.

(i) Income tax

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

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.

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.

(It continues)

The Parent has availed of the tax regime applicable to groups of Spanish companies as permitted by Law 27/2014 of 27 November, of Corporate Income Tax, and is the parent of the tax group (see note 15).

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated Group companies, these tax credits for loss carry forward are recognised as deferred tax assets, considering the tax group as a taxable entity for their recovery and following the criteria explained on the following section "Recognition of deferred tax assets".

The Parent of the Group records the total consolidated income tax payable (recoverable) with a debit (credit) to receivables (payables) from/to Group companies and associates.

The amount of the debt (credit) relating to the subsidiaries is recognised with a credit (debit) to payables (receivables) to/from Group companies and associates.

(i) Recognition of deferred tax liabilities

The Company 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.

(ii) Recognition of deferred tax assets

The Company recognises deferred tax assets provided that it is likely that sufficient taxable profits will be obtained in the future to offset those items, or when tax legislation allows for the future conversion of deferred tax assets into an enforceable credit in respect of the Public Administration.

However, assets arising 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.

It is considered probable that the Company 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.

The Company recognises deferred tax assets not previously recognised because they were not expected to be utilised within the ten-year recovery period, in as much as the future reversal period does not exceed ten years from the end of the reporting period or when there are sufficient taxable temporary differences.

(It continues)

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

(iii) 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 Company 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 Company 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.

(iv) Offset and classification

The Company 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.

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

(j) Provisions

(i) *General Criteria*

Provisions are recognised when the Company has a current obligation, whether legal, contractual, implicit or tacit, as a result of a past event; there is likely to be an outflow of resources requiring future profits to cancel the obligation; and it is possible to reliably estimate the amount of the obligation.

The financial effect of provisions, where applicable, is recognised as finance expenses in the income statement. Moreover, provisions do not include the tax effect, or estimated profits on asset disposals or withdrawals.

(ii) *Provisions for redundancy benefits and restructuring*

Termination benefits for involuntary redundancies or restructuring processes are recognised when the Company has 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.

(k) Defined benefit plans

The Company 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.

The Company recognises 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. Income or expense related to defined benefit plans is recognised as employee benefits.

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.

(It continues)

(l) Defined contribution plans

The Company recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Company. 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 Company 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.

(m) Share-based payments for services

The Company 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 Company 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 Company 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 Company 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, 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

(It continues)

arises as a result of the time difference between the accounting recognition of the expense and its tax-deductibility.

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 Company. 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 Company. The Parent has estimated the total obligation derived from these plans and the part of this obligation accrued at 30 September 2017 and 2016 based on the extent to which the conditions for receipt have been met (see note 18 (b)).

(n) Classification of assets and liabilities as current and non-current

The Company 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 Company'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 Company 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 annual accounts are authorised for issue.

(o) Transactions between Group companies

Transactions between Group companies are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

Additionally, transfer prices are sufficiently documented, so the Company Directors do not consider that significant risks exist in this connection that could lead to material liabilities in the future.

(p) Assets and liabilities of an environmental nature

At 30 September 2017 and 2015 the Company 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 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.

(It continues)

(5) Intangible assets

The movement in the various components of property, plant and equipment in 2017 and 2016 and the related accumulated amortisation was the following:

	Thousands of euros							
	Balance at 30/09/2015	Additions	Transfers	Balance at 30/09/2016	Additions	Disposals	Transfers	Balance at 30/09/2017
Cost								
Development	245	892	18	1,155	515		158	1,828
Industrial property	92	-	6	98	-		-	98
Computer software	8,559	872	648	10,079	411	(48)	595	11,037
	8,896	1,764	672	11,332	926	(48)	753	12,963
Amortisation								
Development	(142)	(53)	-	(195)	(211)		-	(406)
Industrial property	(30)	(21)	-	(51)	(21)		-	(72)
Computer software	(4,298)	(1,578)	-	(5,876)	(1,786)	12	-	(7,650)
	(4,470)	(1,652)	-	(6,122)	(2,018)	12	-	(8,128)
Net book value	4,426	112	672	5,210	(1,092)	(36)	753	4,835

Additions in 2017 and 2016 primarily reflect the costs incurred in developing leisure parks in shopping centres (MECs or Mall Entertainment Centres) and acquisitions of computer software as part of the upgrading and renovation of the Company's IT systems.

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

	Thousands of euros	
	2017	2016
Development	174	174
Industrial property	16	16
Computer software	3,714	2,783
	3,904	2,973

(It continues)

(6) Tangible fixed assets

The movement in the various components of property, plant and equipment in 2017 and 2016 and the related accumulated depreciation was the following:

	Thousands of euros						
	Balance at 30/09/2015	Additions	Transfers	Balance at 30/09/2016	Additions	Transfers	Balance at 30/09/2017
Cost							
Constructions	691	-	-	691	-	-	691
Machinery, installations and equipment	1,729	3	-	1,732	878	13	2,623
Furniture and fixtures	176	-	-	176	-	-	176
Information technology equipment	3,495	39	144	3,678	-	93	3,771
Other tangible fixed assets	1	-	-	1	-	-	1
Property, plant and equipment under construction	1,429	1,452	(816)	2,065	14	(859)	1,220
	7,521	1,494	(672)	8,343	892	(753)	8,482
Amortisation							
Constructions	(247)	(40)	-	(287)	(40)	-	(327)
Machinery, installations and equipment	(983)	(124)	-	(1,107)	(142)	-	(1,249)
Furniture and fixtures	(128)	(14)	-	(142)	(11)	-	(153)
Information technology equipment	(2,820)	(460)	-	(3,280)	(193)	-	(3,473)
Other tangible fixed assets	(1)	-	-	(1)	-	-	(1)
	(4,179)	(638)	-	(4,817)	(386)	-	(5,203)
Net book value	3,342	856	(672)	3,526	507	(753)	3,279

The increases for fiscal year 2017 and 2016 basically include, the investments in improvements in the facilities where their offices are located and the updating of the computer equipment.

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

	Thousands of euros	
	2017	2016
Machinery, installations and equipment	652	402
Furniture and fixtures	90	52
Information technology equipment	3,084	2,933
Other property, plant and equipment	1	1
	3,827	3,388

The Company takes out insurance policies to cover the possible risks affecting its property, plant and equipment. The Parent's directors consider that these policies are sufficient to cover the risks inherent in the Company's activity at 30 September 2017.

(It continues)

(7) Operating Leases - Lessee

The Company has signed operating lease agreements for vehicles and office buildings.

Operating lease expenses totalled Euros 386 thousand and Euros 193 thousand at 30 September 2017 and 2016, respectively (see note 16 (d).

The most significant operating lease agreement refers to the Company's main office building in which it conducts its business in Madrid. Said agreement was signed on 26 July 2016 and ends on 30 June 2021, and entails two five-year extensions unless otherwise indicated by the lessee. The annual rent amounts to Euros 339 thousand plus community charges. The lease agreement also provides a grace period until 1 March 2017.

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

	Thousands of euros	
	2017	2016
Up to one year	559	88
One to five years	1,447	100
	2,006	188

(8) Risk Management Policy

Management of the risks to which the Company is exposed in its day-to-day operations is one of the pillars of its effort to protect the value of its assets and thereby defend its shareholders' investment. The system of risky management is structured and defined by the accomplishment of strategic objectives and operations of the Company.

The management of the Group's financial risks is centralised on the Corporate Financial Management. Management has established the necessary mechanisms to control said risks, depending on the Group's structure and financial position and the economic variables of the environment, as well as the risk of exposure to changes in interest rates and exchange rates, plus credit and liquidity risk, by resorting, if necessary, to specific hedging transactions and establishing, if necessary, the corresponding credit limits and establishing policies for the provision of credit insolvencies.

(i) *Credit risk*

The principal financial assets of the Company are cash and other cash equivalents, as well as commercial and non-commercial debtors. In general, the Company deposits its cash and cash equivalents with highly rated entities.

The Company does not have a significant concentration of third-party credit risk. In relation to the balances with group companies, the Corporate Financial Management controls them by both their origin (commercial transactions, fiscal consolidation, cash pooling, etc.) and the ability of debtors to meet commitments, evaluating the recovery of the balances receivable from group companies together with the business they represent.

The Company considers that the exposure to credit risk of its financial assets at 30 September 2017 is not material.

(ii) *Liquidity risk*

The syndicated loan signed in 2016 and reviewed in February 2017 (Note 13 (a)) entails the fulfilment of certain commitments with the financial entities that facilitate such financing, so monitoring compliance with them is a very important task for the Company.

(It continues)

The Corporate Financial Department closely monitors the fulfilment of 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, the Group has not identified any breach of the financial ratios committed with the financial entities with which the loans have been subscribed.

On the other hand, the Company has to face payments derived, mainly, from the usual commercial operations in the development of its activity. The expected results for the coming years, as well as the mechanisms available in the Group of which it is the dominant company (such as cash pooling) guarantee the provision of sufficient cash to ensure liquidity and to meet all payment commitments. Also, as detailed in note 13 of this report, the Company 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.

(iii) *Market risk*

The main market risks to which the Company is exposed are the risk of interest rate, exchange rate and other price risks.

The Company is exposed, in relation to its financial assets, to fluctuations in interest rates that could have an adverse effect on its results and cash flows. However, the Company substantially mitigates this risk to the extent that the interest-bearing financial assets are Group companies.

In relation to financial liabilities, mainly the syndicated loan, the Company is exposed to the variability of interest rates. However, as indicated in note 14, the Company has entered into an interest rate swap agreement, designed to hedge the interest rate risk of the syndicated loan held as of 30 September 2017.

In relation to exchange rate risk, the Company is exposed to the effect that this may entail in the calculation of the cash flows of investments with currencies other than the euro in relation to impairment tests. In this connection, the risk is mitigated to the extent that countries outside the Euro Area where the Parques Group operates historically maintain stable exchange rates.

In relation to price risk, the Company is exposed to the impact that a significant fall in sales of the companies of the Parques Reunidos Group may entail in the income from services rendered to group companies (see note 16 (b)) because These revenues depend on the volume of sales of the same, which have a stable behaviour. In this sense, the Parques Reunidos Group applies policies aimed at increasing revenues in all branches and maximizing profits in the parks

(9) Investments in Equity Instruments of Group Companies

The information related to the investments in companies of the group is presented in Annex I. The detail and movement of the cost of investments in equity instruments of group companies in the years 2017 and 2016 is as follows:

	Thousands of euros						
Investment	**Balance at 30/09/2015**	**Additions**	**Disposals**	**Balance at 30/09/2016**	**Additions**	**Disposals**	**Balance at 30/09/2017**
Centaur Nederland 3 B.V.	151,098	119,412	-	270,510	-	(64)	270,446
Parque de Atracciones Madrid, S.A.U.	58,319	-	-	58,319	-	-	58,319
Marineland Resort S.A.S.	4,000	-	-	4,000	-	-	4,000
Mall Entertainment Centre Murcia, S.L.U.	-	76	-	76	-	-	76
Mall Entertainment Centre Acuario Arroyomolinos, S.L	-	-	-	-	76	-	76

(It continues)

Mall Entertainment Centre Temático Arroyomolinos, S.L	-	-	-	-	76	-	76
Lisbon Theme Mall Entertainment Centre, Unipessoal LDA	-	-	-	-	76	-	76
Lakeside Mall Entertainment Centre Limited	-	-	-	-	1	-	1
	213,417	**119,488**	**-**	**332,905**	**229**	**(64)**	**333,070**

Additions in 2017 correspond to the incorporation of various companies the purpose of which is to operate leisure venues inside shopping malls. The following companies were incorporated with share capital amounting to Euros 76 thousand each: Mall Entertainment Centre Acuario Arroyomolinos, S.L.U., Mall Entertainment Centre Temático Arroyomolinos, S.L.U. and Lisbon Theme Mall Entertainment Centre, Unipessoal LDA.; Lakeside Mall Entertainment Centre Limited was incorporated with share capital amounting to Euros 1 thousand.

Moreover, in 2017, the Company recognised a lower investment in Centaur Nederland 3, B.V., due to the impact of the first cycle of the Employee Incentive Plan at the US subsidiary (Note 18 (b)).

In 2016, additions corresponded mainly to the capital increase at Centaur Nederland 3, B.V. in the amount of Euros 118,012 thousand, fully subscribed by the Company, aimed at cancelling the US sub-group's subsidiary's debt (bonds) prior to the IPO to which Note 1 refers. Also recognised is a higher investment in Centaur Nederland 3, B.V. for an amount of Euros 1,400 thousand, in relation to the exit bonus paid to the employees of the US subsidiary (see Note 18 (c)) as well as the accrual in 2016 of the Employee Incentive Plan of said subsidiary (Note 18 (b)).

Also recognised is the incorporation on 6 May 2016 of the company Mall Entertainment Centre Murcia, S.L.U. with a capital of Euros 76 thousand.

None of the companies in which the Company invests is publicly traded.

At 30 September 2017, the Company conducted impairment tests on Parque de Atracciones de Madrid, S.A.U., Centaur Nederland 3 B.V. and Marineland Resort, S.A.S. In this connection, the recoverable value exceeds the book value of the investment, so no valuation adjustments have been made for impairment.

The discount rate used by the Company in the context of the impairment test of its participants is between 7.5% and 8,5% before the tax effect as of 30 September 2017 (11% and 15% before the fiscal effect as of 30 September 2016). In order to calculate the aforementioned rate, the Company uses the Capital Asset Pricing Model (CAPM) methodology applied to the capital structure obtained from a number of comparable companies listed on the market and adjusted both by the risk free rate of the country where each subsidiary is operating, as per the specific premium associated with each of them. The remaining key assumptions considered in the impairment tests are detailed in note 2 (d).

(10) Financial Assets by Category

The classification of the financial assets by category, except for the investments in subsidiaries, as of 30 September 2017 and 2016, is as follows:

(It continues)

	Thousands of euros					
	At amortised cost or cost					
	2017			2016		
	Non-current	Current	Total	Non-current	Current	Total
Investments and Trade receivables						
Loans to group companies (note 17 (a))	1,541,982	10,016	1,551,998	1,440,034	-	1,440,034
Other receivables from group companies (Note 17 (a))	66,734	1,291	68,025	59,939	-	59,939
Deposits	4	284	288	155	284	439
Trade debtors and other accounts receivable						
Clients from sales and provision of service	-	4,228	4,228	-	802	802
Trade receivables – group (note 17 (a))	-	177,424	177,424	-	135,720	135,720
Personnel	-	108	108	-	122	122
	1,608,720	193,351	1,802,071	1,500,128	136,928	1,637,056
Investments held to maturity	-	-	-	-	4,341	4,341
Total financial assets	1,608,720	193,351	1,802,071	1,500,128	141,269	1,641,397

The carrying amount of financial assets at 30 September 2017 and 2016 does not differ significantly from their fair value.

Held-to-maturity investments, at 30 September 2016, correspond to bank deposits for the amount of Euros 4,341, and are remunerated at market interest rates of 0.10%. Said deposits have a maturity of less than three months and are therefore recognised under "Cash and cash equivalents" on the balance sheet.

The amount of finance income on the income statement relating to financial assets with third-parties in 2017 and 2016 amounts to Euros 82 thousand and Euros 64 thousand, respectively. The financial income from the holding activity is included in net revenue (see note 16 (a)).

(11) Investments and Trade Receivables

(a) Current financial assets

At 30 September 2016 and 2017 this item of the statement of financial position primarily comprised deposits totalling Euros 284 thousand.

(b) Trade debtors and other accounts receivable

Details at 30 September 2016 and 2015 are as follows:

	Thousands of euros	
	2017	2016
Company (note 17 (a))		
Current and non-current payables	1,551,998	1,440,034
Clients	177,424	135,720
Not related		
Clients	4,228	802
Personnel	108	122
	1,733,758	1,576,678

At 30 September 2017, the Company had allocated a provision of Euros 290 thousand, movement of which in the year consisted in a reversal of Euros 48 thousand.

(It continues)

(12) Equity

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

(a) Capital

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.

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 Company 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 and 2017 the share capital of Parques Reunidos Servicios Centrales, S.A. is represented by 80,742,044 ordinary bearer shares 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 Company'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 at 30 September 2017 (0.36% at 30 September 2016).

According to the aforementioned public information, the most significant shareholdings (more 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	12.04%

(b) Issue premium

The issue premium is non-restricted, 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.

(It continues)

(c) Legal reserve

At 30 September 2017 and 2016, legal reserves stood at Euros 10,189 and Euros 4,687, respectively. That 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 2017 the Company has appropriated this reserve above the minimum limit established in the revised law of the Capital Companies Act.

(d) Voluntary reserve

Voluntary reserves are distributable provided that equity does not fall below share capital as a result of its distribution.

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 General Meeting of Shareholders approved the distribution of dividends amounting to Euros 20 million, which was settled in July 2017.

(e) Other shareholder contributions

The increase in this caption during 2016 reflected the recognition of Euros 9,811 thousand relating to the exit bonuses that the then sole shareholder approved prior to the initial public offering of the Company (see note 18 c)).

(f) Other equity instruments

This item reflects the increase in equity resulting from the share-based payment plan detailed in note 4 (m). 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 18 (b)). The increase of Euros 423 thousand under this heading at 31 September 2016 corresponded to the first cycle of said plan.

(13) Financial liabilities

The classification of financial liabilities by categories and classes at 30 September 2017 and 2016 is as follows:

(It continues)

	Thousands of euros							
	2017				2016			
	Limit	Current	Non-current	Total	Limit	Current	Non-current	Total
At amortised cost:								
Syndicated loan	345,000	13,800	331,200	345,000	345,000	13,800	331,200	345,000
Revolving credit facility	200,000	-	-	-	200,000	-	-	-
Interests outstanding	-	3,905	-	3,905	-	4,616	-	4,616
Transaction costs	-	-	(5,046)	(5,046)	-	-	(4,417)	(4,417)
	545,000	**17,705**	**326,154**	**343,859**	**545,000**	**18,416**	**326,783**	**345,199**
Valued at fair value:								
Derivative financial instruments (note 14)	-	186	249	435	-	488	346	834
	545,000	**17,891**	**326,403**	**344,294**	**545,000**	**18,904**	**327,129**	**346,033**
Trade creditors and other accounts payable								
Suppliers	-	2,578	-	2,578	-	1,392	-	1,392
Suppliers, related entities (note 17 (a))	-	199,245	121,427	320,672	-	43,908	98,053	141,961
Other creditors	-	1,376	-	1,376	-	1,472	-	1,472
Personnel	-	1,121	-	1,121	-	917	-	917
Other	-	1,556	-	1,556	-	4,811	-	4,811
	-	**205,876**	**121,427**	**327,303**	**-**	**52,500**	**98,053**	**150,553**

Trade and other payables are measured at amortised cost or cost, which does not differ substantially from fair value. The syndicated loan is measured at amortised cost, its fair value at 30 September 2017 and 2016 being estimated at Euros 347,960 thousand and Euros 347,278 thousand, respectively.

The amount of finance expenses derived from financial liabilities in the income statement in 2017 and 2016, is as follows:

	Thousands of euros	
	2017	2016
Financial expenses based on amortised costs	13,863	4,864
Total	**13,863**	**4,864**

(It continues)

a) Loans and borrowings

On 1 April 2016 the Company and its subsidiary in the US subgroup Festival Fun Parks, LLC enter into, as joint and several borrowers and guarantors, 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 (entered into 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 that obtained from the Initial Public Offering (see Note 1) and (ii) towards the payment of fees, commissions and expenses associated with this financing. Furthermore, on that date the current 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 Company agreed to renew this syndicated loan, implying a reduction of 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.

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 Company (two tranches in euros) and Festival Fun Parks, LLC (two tranches in US dollars). The amount as of 30 September 2017 of the tranches taken by Festival Fun Parks, LLC amounts to Euros 220,430 thousand (Euros 232,229 thousand in 2016). A detail of the tranches of the loan taken by the Company, as of 30 September 2017 and 2016, is as follows:

					2017	
					Thousands of euros	
Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	Undrawn	Drawn down
Tranche A2 (Euros)	April 2022	Euribor 6 months + 2.10%	2.24%	138,000	-	138,000
Tranche B2 (Euros)	May 2022	Euribor 6 months + 2.85%	3.45%	207,000	-	207,000
Revolving facility (multi-currency)	April 2022	6 month Libor/Euribor + 2.10%	3.40%	200,000	200,000	-
					200,000	**345,000**

					2016	
					Thousands of euros	
Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	Undrawn	Drawn down
Tranche A2 (Euros)	May 2021	Euribor 6 months + 2.5%	2.75%	138,000	-	138,000
Tranche B2 (Euros)	Sept 2021	Euribor 6 months + 3.25%	3.46%	207,000	-	207,000
Revolving facility (multi-currency)	May 2021	Euribor 6 months + 2.5%	2.71%	200,000	200,000	-
					200,000	**345,000**

At 30 September 2016 and 2017 there were no restrictions on drawdowns of the revolving credit facilities.

The agreement establishes a partial repayment schedule of tranche A2, namely repayment of 10% of the principal on 31 May each year from 2018 until 2021 and repayment of the remaining 60% in April 2022. The entire principal of tranche B2 is to be settled in a single repayment on 31 May 2022. Lastly, revolving credit draw-downs must be repaid in their entirety before 30 September of each year.

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

(It continues)

	2017					
	Thousands of euros					
	2018/19	2019/20	2020/21	2021/22	2022/23 and thereafter	Total
Syndicated loan	13,800	13,800	13,800	289,800	-	331,200
	13,800	**13,800**	**13,800**	**289,800**	**-**	**331,200**

	2016					
	Thousands of euros					
	2017/18	2018/19	2019/20	2020/21	2021/22 and thereafter	Total
Syndicated loan	13,800	13,800	13,800	289,800	-	331,200
	13,800	**13,800**	**13,800**	**289,800**	**-**	**331,200**

Under the syndicated loan agreement, every six months and year end the Group has to comply with a financial covenant calculated on the basis of its consolidated financial statements or its consolidated annual accounts. 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 half since the signing of the agreement and at 30 September 2017, the Directors of the Company have confirmed compliance with the following covenant:

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

In order to guarantee fulfilment of the obligations arising from the syndicated loan, the lender entities were provided with the following guarantees:

- Personal, joint and several guarantee by Parques Reunidos Servicios Centrales, S.A. and Festival Fun Parks, LLC (including pledge on the shares of the latter). This guarantee is enforceable as soon as any such guarantors should fail to fulfil the commitments of amortisation of principal or payment of interest for the debt tranches drawn down by each. At 30 September 2017, both guarantors are current with the payments and therefore the guarantee has not been enforced and, therefore, the Company has not had to recognise an additional liability pertaining to the debt of 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, the following subsidiaries have furnished a personal guarantee: 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.

(It continues)

b) 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 Company at 30 September 2017 and 2016 is as follows:

	Days	
	2017	**2016**
Average supplier payment period	38	33
Transactions paid ratio	37	33
Transactions payable ratio	57	54

	Amount (thousands of Euros)	
	2017	**2016**
Total payments made	23,602	27,806
Total payments outstanding	964	854

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

(14) Derivative financial instruments

The Company 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). 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 Company does not apply hedge accounting to these derivatives.

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

With IRS, interest rates are interchanged so that the Company 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 Company discounts cash flows based on implicit rates determined through the Euro interest rate curves depending on market conditions at the measurement date.

The amount recognised in the 2017 income statement, due to the change in fair value from the 1 October 2017 through 30 September 2017, amounts to profit of Euros 399 thousand (a negative amount of Euros 834 thousand in 2016), recognised under the heading "Changes in fair value of financial instruments" in the accompanying income statement.

(It continues)

Finally, in 2017, these derivative financial instruments have accrued interest expenses totalling Euros 320 thousand (Euros 111 thousand in 2016), which are recognised under "Finance expenses" in the income statement.

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

	Thousands of euros
Sensitivity	Result – (Expense) / Income
+ 0.50 points (rise in the variable interest rate curve)	1,011
- 0.50 points (decrease in variable interest rate curve)	(1,011)

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 Company's equity to the extent that market conditions, specifically the future interest rate curve, may change.

(15) Tax situation

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	228	-	285	-
Personal income tax		77	-	1,531
	228	**77**	**285**	**1,531**
Liabilities				
Current tax	-	6,333	-	1,559
Value added tax	-	1,762	-	1,525
Personal income tax	-	137	-	97
Social Security	-	112	-	109
	-	**8,344**	**-**	**3,290**

Pursuant to the revised text approved by the Law 27/2014 of November 27, regarding Corporate Income Tax, the Company 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 de San Fernando de Henares S.L.U., Aquopolis de Cartaya, S.L., Madrid Theme Park Management, S.L., Gestión Parque de Animales Madrid, S.L., Travelpark Viajes, S.L.U., Parque Biológico de Madrid, S.A.U., Parques Reunidos de Valencia, S.A., Mall Entertainment Centre Murcia S.L.U, Mall Entertainment Centre Acuario Arroyomolinos S.L.U, and Mall Entertainment Centre Tematico Arroyomolinos S.L.U.

The profits, determined in according with the tax legislation, are subject to a tax of 25% on the base. The corporate income tax for 2017 generated accounts receivable and accounts payable from other companies in the tax consolidation for Euros 7,443 thousand and Euros 23,374 thousand, respectively (Euros 6,974 thousand and Euros 23,748 thousand, respectively, at 30 September 2016) which are included in the balances with Group companies (see note 17 (a)).

In accordance with legislation in force in Spain, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At 30 September 2017 the Company 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.

(It continues)

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

In accordance with Corporate Income Tax Law and pursuant to regulations determining companies' taxable income, losses declared may be carried forward to be offset against future profits indefinitely, the amount being distributed as deemed appropriate. Losses are offset when the tax returns are filed, without prejudice to the taxation authorities' power of inspection.

In February 2015, Spain's tax authority informed the Company 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 a record of conformity in connection with said tax inspection. The settlement amount contained in those conformity reports led to the adjustment of the tax loss carry forwards 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 any infringement having been committed, thus ruling out any penalties payable.

In accordance with the corporate income tax returns filed by the companies within the tax group and the estimated consolidated tax return for the year 2017, neither the Company nor the tax group have tax loss carry forwards to be offset against future profits subsequent to the date of entry of each of the companies into the consolidated tax group. Moreover, tax loss carry forwards generated by members of the consolidated tax group prior to the entry of each company into the group amount to Euros 50,113 thousand (none of which is contributed by the Company).

Law 27/2014 on Corporate Income Tax applicable to Spanish companies was approved on 27 November 2014 and introduces new legislation. The Law revokes the 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 25% from years beginning from 1 October 2016 onwards. Furthermore, a limit of 70% of previous taxable income is established for offsetting carry forwards and the 18-year period for offsetting tax loss carry forwards is replaced by an indefinite period for tax periods starting on or after 1 October 2015. Moreover, on December 2, 2016 Royal Decree 3/2016 introduces a transitory disposition that has established a new limit of a 25% to the offsetting of the carry forwards. This new limit applies to those companies with net revenue higher than 60 million.

Due to the tax legislation rules, accounting profit or loss differs from the taxable income or tax loss. The reconciliation of the accounting loss for the years ended on 30 September 2016 and 2017 with the taxable income that the tax group expects to declare after approval of the annual financial statements is as follows:

(It continues)

	2017	2016		
	Income statement	Income statement	Reserves	Total
Profit before income tax	96,351	77,034	-	77,034
Permanent differences				
Non-deductible expenses	126	9,011	-	9,011
Deductible expenses recognised in equity	-	-	(17,368)	(17,368)
Taxable accounting income/(loss)	96,477	86,045	(17,368)	68,677
Temporary differences				
Originating in current year				
Non-deductible financial expenses	-	1,137	-	1,137
Originating in prior years				
Amortisation	(114)	(114)	-	(114)
Taxable income/(Tax loss) of the Parent	96,363	87,068	(17,368)	69,700
Tax losses contributed by companies forming part of the tax group	(63,452)	(59,909)	-	(59,909)
Aggregate taxable income/(tax loss)	32,911	27,159	(17,368)	9,791
Offset of tax loss carryforwards	(7,606)	(2,448)	-	(2,448)
Consolidated taxable income/(tax loss)	25,305	24,711	(17,368)	7,343
Gross tax at 25% (28% in 2016)	6,326	6,919	(4,863)	2,056
Deductions	(308)	(497)	-	(497)
Prior year adjustments	315	-	-	-
Income tax payable	6,333	6,422	(4,863)	1,559

Permanent differences in 2016 and 2017 include non-deductible expenses from gifts and penalties, as well as the non-deductible expense in connection with the share-based payment plan (Note 16 (c)). In addition, in 2016 permanent differences included non-deductible expenses, primarily relating to the exit bonus paid to the Company's employees (Note 18 (c)) and deductible expenses incurred as a result of the Public Offering and recognised in net equity under the Equity reserves heading (Note 12 (d)).

(It continues)

The relationship between the income tax expense and profit for 2017 and 2016 is as follows:

	Thousands of euros	
	2017	2016
Profit for the year before tax	96,351	77,034
Tax at 25 % (28% in 2016)	24,088	21,570
Non-deductible expenses	32	2,523
Temporary differences treated as permanent	-	286
Recognition of prior years' temporary differences	-	(285)
Expense due to reduction of deferred tax assets	29	-
Tax effect of offsetting tax loss carryforwards	(1,902)	(685)
Prior years adjustments	539	(1,395)
Other	(12)	(2)
Income tax expense	**22,774**	**22,012**

Details of the income tax expense for 2017 and 2016 are as follows:

	Thousands of euros	
	2017	2016
Current tax		
Present year	24,120	24,091
Deferred tax		
Origin and reversal of temporary differences	29	286
Previously unrecognised tax credits applied	(1,902)	(685)
Recognition of prior years' temporary differences	-	(285)
Prior years adjustments	539	(1,395)
Others	(12)	-
	22,774	**22,012**

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	Thousands of euros			
	2017		2016	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Assets				
Amortisation and depreciation	912	228	1,140	285
Total	**912**	**228**	**1,140**	**285**

(It continues)

(16) Income and expense

(a) Revenue

A detail of revenue for the years ended 30 September 2017 and 2016 is as follows:

	Thousands of euros	
	2017	2016
Income from services rendered to Group companies (note 17)	1,547	-
Income from management services rendered to third parties	3,055	1,190
Financial income from holding activity (note 17)	101,442	87,002
	106,044	**88,192**

Income from services rendered to third parties was generated in US dollars. The rest of income was generated entirely in Spain and in euros.

(b) Other operating income

The composition of this line item in the income statement for the years ended as of 30 of September 2017 and 2016, is as follows:

	Thousands of euros	
	2017	2016
Services rendered to Group companies (note 17)	21,159	20,114
Income from patronage and exclusivity with third parties	2,745	3,338
Other income with Group companies (note 17)	437	317
	24,341	**23,769**

"Services rendered to group companies" includes:

- Invoicing to other Group companies of costs incurred by the Company pursuant to the contracts signed between them for the provision of centralised services. Such costs are charged with a margin of 6%.
- Fees billed by the Company in relation to exploitation and use by the Group companies of the intangibles which are property of Parques Reunidos Servicios Centrales, S.A. In this sense, the Company signed with those Group companies the corresponding contracts based on which the Company charges annually a fee. These fees include a margin of 4%.
- Within these services, it is included, reducing this income, the expenses billed to the Company from the Group companies in Spain in relation to sponsorship and marketing services by amount of Euros 2,484 thousands in 2017 (Euros 3,438 thousands in 2016).

Income from patronage and exclusivity with third parties relates to sponsorship and advertising of third party trademarks in the Spanish parks.

(It continues)

The breakdown by geographical market of "services rendered to companies of the group" and "Other income with group companies" is the following:

	Thousands of euros	
	2017	2016
Spain	7,805	6,974
United States	1,820	1,435
France	1,896	2,030
Belgium	1,016	1,064
Italy	2,490	2,391
Norway	1,506	1,571
United Kingdom	859	897
Denmark	496	541
Germany	2,108	2,044
Argentina	140	222
Netherlands	1,460	1,262
	21,596	20,431

(c) Personnel expenses

A detail of personnel expenses for the years ended 30 September 2017 and 2016 is as follows:

	Thousands of euros	
	2017	2016
Salaries and wages		
Salaries and wages	7,781	6,690
Severance pay	951	712
Share based payments (note 18 (b))	172	361
	8,904	7,763
Employee benefits expense		
Social Security	1,241	1,006
Other social expenses	176	271
	1,417	1,277
	10,321	9,040

(d) External services

A detail of external services for the years ended 30 September 2017 and 2016 is as follows:

	Thousands of euros	
	2017	2016
Leases	386	193
Repairs and conservation	676	638
Independent professional services	2,251	1,798
Transportation	2	6
Insurance premiums	83	94
Bank charges	1,679	589
Advertising and publicity	793	877
Utilities	24	15
Other services	1,576	1,024
	7,470	5,234

Other services as of 30 September 2017 and 2016 include travel expenses amounting to Euros 711 thousand and Euros 541 thousand, respectively.

(It continues)

(e) Other P&L

At 30 September 2017, this heading includes various expenses considered to be non-recurring and linked mainly 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 15. Also included is an income of Euros 600 thousand associated with a compensation agreement reached with external advisors.

At 30 September 2016, this heading mainly includes non-recurring consultancy expenses related to the Public Offering amounting to Euros 2,819 thousand, Euros 2,289 thousand for advisory costs in relation to the new financial structure and the exit bonus paid to certain employees amounting to Euros 8,322 thousand (see Note 18 (c)).

(17) Related Party Transactions and Balances

(a) Related party balances and transactions

At 30 September 2017 and 2016, balances and transactions with related parties are shown in Appendix II.

The conditions of the transaction with related parties are equivalent to those made at market conditions. Services are normally negotiated with related parties on a margin over cost basis, applying market margins.

a. Loans

A summary of the main characteristics of loans granted to Group companies as of 30 September 2017 and 2016, is as follows:

						Thousands of euros	
						Non current	
Type	Original currency	% Type of interest (1)	Initial date	Expiry date	Nominal value (thousand)	2017	2016
Profit Participating Loans							
Parque de Atracciones Madrid, S.A.U.	Euros	(2)	Sept 13	March 19	351,079	558,409	517,473
Parque de Atracciones Madrid, S.A.U.	Euros	(3)	Sept 13	Feb 20	130,336	207,072	164,259
						765,481	681,732

(1) The variable interest rate corresponds to the applied as of 30 September 2017 and 2016. Interest accrued each year are not settled but capitalised in the amount of the debt.

(2) Fixed interest of 6.188% plus variable interest depending on the EBITDA of Parque de Atracciones Madrid, S.A.U. being 0% up to Euros 10 million, 2.968% up to Euros 20 million and 5.937% above Euros 20 million.

(3) Fixed interest of 6.188% plus variable interest depending on the EBITDA of Parque de Atracciones Madrid, S.A.U. being 0% up to Euros 10 million, 2.9529% up to Euros 20 million and 5.90575% above Euros 20 million.

The EBITDA of Parque de Atracciones Madrid, S.A.U. is defined as the operating profit less amortization and depreciation in accordance with its audited accounts annual.

Furthermore, during 2016, after completing the IPO and refinancing (see Notes 1 and 13, respectively), the Company transferred the funds obtained to its subsidiary Parque de Atracciones Madrid, S.A.U. in order to allow the latter to cancel the syndicated loan that it maintained. At 30 September 2017 and 2016, this loan amounted to Euros 776,501 thousand and Euros 758,302 thousand, respectively, accruing interest at a rate of 2.4% in 2017 and 3.3% in 2016. Moreover, from that date on, the Company has managed the cash pooling of the companies belonging to the Parques Reunidos Group in Spain. Interest accrued during 2017 due to this cash pooling amounts to Euros 2,954 thousand.

(It continues)

The Company also holds loans with other subsidiaries:

- Loan for a nominal amount of Euros 9,300 thousand granted to Marineland S.A.S. with an outstanding amount of Euros 9,483 thousand at 30 September 2017. This loan accrues interest at 12-month Euribor plus a spread of 1.748% and matures in July 2018.

- Loan for a nominal amount of Euros 3,000 thousand granted to Movie Park Germany GmbH with an outstanding amount of Euros 533 thousand at 30 September 2017. This loan accrues interest at 12-month Euribor plus a spread of 2.01% and matures in March 2018.

The amount included in Credits granted in the balance sheet as of 30 September 2017 and 2016 includes accrued interest, which matures on the same date as the principal.

b. Other receivables

The heading "Financial assets, Group Companies" of the accompanying balance sheet includes a receivable pursuant to a payment plan arranged with the subsidiary of the US sub-group to pay various management fee invoices amounting to a total of Euros 7,905 thousand (Euros 7,262 thousand at 30 September 2016). Said payment plan determines the annual payment of invoices corresponding to the fifth year prior to the year underway. At 30 September 2017, said current receivable amounts to Euros 1,291.

Moreover, the heading mentioned in the previous paragraph also includes long-term payables and receivables at 30 September 2017, in the amounts of Euros 60,120 thousand and Euros 121,427 thousand, respectively (Euros 52,677 thousand and Euros 98,053 thousand at 30 September 2016), corresponding to the cumulative balance generated by taxable incomes offset between companies belonging to the consolidated tax group which the Company heads.

The rest of current payables to and receivables from Group companies originate mainly from the normal commercial transactions between the Company and the other Group companies. The balances with these companies accrue an annual market interest.

(b) Information relating to the directors and senior management of the Parent

The remuneration received by the directors as members of the Company'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**

(It continues)

Salaries and wages	1,726	1,455
Insurance premiums	3	2
	1,729	1,457

On 30 September 2017, the Company has credit balances with Senior Management amounting to Euros 114 thousand (Euros 21 thousand with Senior Management at 30 September 2016). At 30 September 2017 and 2016, the Company has no balances outstanding with the Directors. At 30 September 2017 and 2016 the Company had not extended any advances to the 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 18.

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

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

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

(d) Conflicts of interest concerning the directors

The 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.

(18) Employee Information

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

	Number	
	2017	**2016**
Board members	1	1
Senior management personnel	8	4
Department directors	28	29
Other qualified personnel	38	30
Administrative staff	29	30
	104	**94**

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:

(It continues)

	Number					
	2017			2016		
	Female	Male	Total	Female	Male	Total
Board members	-	6	6	-	7	7
Senior management personnel	3	5	8	-	4	4
Department directors	6	24	30	4	23	27
Other qualified personnel	22	21	43	16	19	35
Administrative staff	18	11	29	19	13	32
	49	**67**	**116**	**39**	**66**	**105**

In 2017 and 2016, the Company had no employees with 33% disability or more.

During Fiscal Year 2017, the management of the Group has reviewed the criteria established to determine which employees are reported on Section C.1.16 of the Corporate Governance Annual Report, which refers to Senior Management for commercial purposes, as described on clarifying note number 5 of such report. These criteria have been applied to the break down depicted on these Annual Accounts.

(a) Employee benefits under defined benefit plans and other employee benefits

- Defined benefit plans

The Company 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 Company has not recorded any provision or asset deriving from these commitments in its consolidated annual accounts as it considers that the present value of these defined benefit obligations does not differ significantly from the fair value of the plan assets.

- Defined contribution plans

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

(b) Long-term incentive plan

In April 2016, prior to the public offering for the subscription, sale and admission to trading (see note 1), the sole shareholder Centaur Nederland, B.V. approved the implementation of a long-term incentive plan for 2016-2020 for several of the Company's executives and directors, payable in shares of the Company.

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 Company forecast 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 Directors and executives. This fair value was determined on the basis of the trading

(It continues)

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 100% compliance for Directors.

The impact of this plan in 2017 resulted in the recognition of an expense totalling Euros 375 thousand and an income of Euros 204 thousand corresponding, respectively, to the Directors and senior executives of the Company (expense of Euros 158 thousand and Euros 203 thousand in 2016), under the heading "Personnel expenses" of the income statement (Note 16 (c)). The balancing entry has been recognised under other own equity instruments (see note 12 (f)).

(c) 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. As for the group of employees in management positions in the Group, the Exit Bonus was established at an amount equal to 1 % of the capital gains received by the Single Shareholder for the sale of his shares in the flotation. The total amount of the two exit bonuses received by employees of the Company, recognised in the income statement for 2016, was Euros 8,322 thousand. The amount received by employees of other Group companies was Euros 1,489 thousand (see note 9). Taking into account that the payment of these bonuses was fully assumed by Centaur Nederland, B.V. (Single Shareholder of the Company until its flotation), the Group recognised a shareholder contribution to the consolidated net equity in that amount (Note 12 (e)).

(19) 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 Company during the years ended 30 September 2017 and 2016, the fees and expenses for which are as follows:

	Euros					
	2017			2016		
	KPMG Auditores, S.L.	Other entities affiliated with KPMG International	Total	KPMG Auditores, S.L.	Other entities affiliated with KPMG International	Total
Audit and other assurance services	26,780	-	26,780	1,255,170	-	1,255,170
Tax advisory services	-	-	-	-	112,841	112,841
Other services	-	130,000	130,000	368,330	1,055	369,385
	-	130,000	156,780	1,623,500	113,896	1,737,396

Other verification services in 2017 correspond to assistance with ICFR documentation, the Risk Management System (RMS) and, in 2016, the tool linked to audit services in relation with the IPO process.

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

(20) Other contingent liabilities

As of 30 September 2017 and 2016, the Company had provided bank guarantees for the normal course of business in the amounts of Euros 1,044 thousand and Euros 4,320 thousand, respectively. The Company does not expect a material liability to arise as a result of these guarantees.

(It continues)

(21) Subsequent Events

There were no material events subsequent to closure that significantly affect the figures in the financial statements as at 30 September 2017.

(It continues)

Parques Reunidos Servicios Centrales, S.A.

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	(9)	100%	2,554	2,484	70	(6)
Mall Entertainment Centre Temático Arroyomolinos, S.L.U.	(3)	Unaudited	(9)	100%	912	841	71	(4)
Lisbon Theme Mall Entertainment Centre, Unipessoal, LDA.	Portugal	Unaudited	(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

(It continues)

Parques Reunidos Servicios Centrales, S.A.

Details of Subsidiaries
at 30 September 2017

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Parco della Standiana S.r.l.	Italy	KPMG (8)	Amusement park	100%	82,473	9,711	72,762	3,066
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	25,102	10,754	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 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.

(It continues)

Parques Reunidos Servicios Centrales, S.A.

Details of Subsidiaries
at 30 September 2016

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%	1,726,410	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	In liquidation	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

This appendix forms an integral part of note 9 to the consolidated annual accounts for 2017, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A.

Details of Subsidiaries
at 30 September 2016

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros: Assets	Liabilities	Equity	Profit/(loss)
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)
BonBon Rejser Danmark 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.

This appendix forms an integral part of note 9 to the consolidated annual accounts for 2017, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A.

Detail of balances and transactions with related parties
30 September 2017

	Thousands of euros						
	Balances				Transactions		
	Debtors		Creditors		Income		Expenses
	Long term debtors	Trade debtors	Long term creditors	Short term creditors	Services rendered	Financial income	Financial expenses
Aquopolis Cartaya, S.L.	153	112	-	(923)	55	7	15
Bobbejaanland BVBA	-	1,054	-	-	1,008	-	-
Bonbon Land A/S	-	547	-	(170)	487	-	-
Bonbon RejserDanmark A/S	-	9	-	-	9	-	-
Centaur Holding United States Inc.	6,614	1,291	-	-	1,820	191	-
Centaur Nederland 2 B.V.	-	185	-	-	-	-	-
Centaur Nederland 3 B.V.	-	166	-	-	-	-	-
BØ Sommarland AS	-	316	-	-	305	-	-
Gestión Parque de Animales Madrid, S.L.	712	835	-	(2,693)	663	-	57
Grant Leisure Ltd.	-	597	-	-	532	-	-
Lakeside Mall Entertainment Center Limited	-	756	-	-	484	-	-
LB Investissement S.A.	-	178	-	-	177	-	-
Leisure Parks, S.A.	19,782	2,973	-	(63,905)	1,330	210	965
Lisbon Theme Mall Entertainment Centre, Unipessoal, LDA	-	748	-	-	354	-	-
Madrid Theme Park Management, S.L.	15,385	4,651	-	(46,879)	3,412	86	605
Mall Entertainment Centre Acuario Arroyomolinos, S.L.	-	2,432	(7)	(3)	442	-	3
Mall Entertainment Centre Murcia, S.L.U.	-	3,930	(7)	(3)	267	-	1
Mall Entertainment Centre Temático Arroyomolinos, S.L.	-	482	(6)	(1)	-	-	1
Marineland S.A.S.	-	11,120	-	-	1,530	158	-
Marineland Resort S.A.S.	-	163	-	(12)	163	-	-
Movie Park Germany GmbH	-	2,617	-	-	1,984	33	-
Movie Park Germany Services GmbH	-	125	-	-	125	-	-
Palace Entertainment Holdings LLC	-	154	-	(1,552)	-	-	-
Parco Della Standiana S.r.l.	-	2,221	-	-	2,157	-	-
Parkferie AS	-	39	-	-	39	-	-
Parque Biológico de Madrid	-	28	(359)	(253)	-	28	6
Parques Reunidos Valencia, S.A.	5,708	-	-	(8,282)	21	-	74
Parques de la Naturaleza Selwo, S.L.	-	389	(1,724)	(4,046)	179	5	137
Parque de Atracciones Madrid, S.A.U	1,541,982	144,094	(118,512)	(4,334)	1,103	100,703	39
Parque de Atracciones San Fernando, S.A.	-	498	(812)	(51)	49	8	9
Plunimar, S.A.	-	725	-	-	140	-	-
Shetland Ponypark Slagharen B.V.	-	1,509	-	-	1,460	-	-
The Real Live Leisure Comp. Ltd.	-	341	-	-	326	-	-
Travelmix, Srl	-	334	-	-	334	-	-
Travelpark Viajes, S.L.	498	231	-	(3,221)	183	13	62
Travelpark S.A.S.	-	26	-	-	26	-	-
Travelpark B.V.B.A.	-	9	-	-	8	-	-
Tusenfryd A/S	-	1,206	-	-	1,161	-	-
Zoos Ibéricos, S.A.	17,880	1,640	-	(62,917)	810	-	980
	1,608,714	**188,731**	**(121,427)**	**(199,245)**	**23,143**	**101,442**	**2,954**
	note 11 (b)	note 11 (b)	note 13	note 13	note 16 (a)/(b)	note 16 (a)	

This appendix forms an integral part of note 17 to the consolidated annual accounts for 2017, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A.

Detail of balances and transactions with related parties
30 September 2016

	Thousands of euros						
	Balances				Transactions		
	Debtors		Creditors		Income		Expenses
	Long term debtors	Trade debtors	Long term creditors	Short term creditors	Services rendered	Financial income	Services received
Aquopolis Cartaya, S.L.	162	-	-	(61)	84	-	28
Bobbejaanland BVBA	-	1,105	-	(10)	1,055	-	9
Bonbon Land A/S	-	586	-	(69)	531	-	69
Bonbon RejserDanmark A/S	-	-	-	-	9	-	-
Centaur Holding United States Inc.	-	-	-	-	1,435	184	-
Centaur Nederland 2 B.V.	-	90	-	-	-	-	-
Centaur Nederland 3 B.V.	-	119	-	-	-	-	-
BØ Sommarland AS	-	328	-	-	315	-	-
Gestión Parque de Animales Madrid, S.L.	557	198	-	(138)	587	-	25
Grant Leisure Ltd.	-	604	-	-	568	-	-
LB Investissement S.A.	-	190	-	-	188	-	-
Leisure Parks, S.A.	17,323	-	-	(12,330)	2,082	-	873
Madrid Theme Park Management, S.L.	13,120	-	-	(7,090)	3,551	-	551
Mall Entertainment Centre Murcia, S.L.U.	-	2,638	-	-	-	-	-
Marineland S.A.S.	-	11,066	-	-	1,701	25	-
Marineland Resort S.A.S.	-	144	-	-	144	-	-
Movie Park Germany GmbH	-	1,946	-	-	1,912	-	-
Movie Park Germany Services GmbH	-	132	-	-	132	-	-
Palace Entertainment Holdings LLC	7,262	154	-	(1,033)	-	-	161
Parco Della Standiana S.r.l.	-	2,138	-	(21)	2,083	-	29
Parkferie AS	-	43	-	-	43	-	-
Parque Biológico de Madrid	-	-	(234)	-	-	-	-
Parques Reunidos Valencia, S.A.	4,912	-	-	(4,486)	41	-	-
Parques de la Naturaleza Selwo, S.L.	-	2,215	(1,722)	(143)	280	-	120
Parque de Atracciones Madrid, S.A.U	1,440,034	106,131	(95,452)	(4,520)	1,756	86,793	980
Parque de Atracciones San Fernando, S.A.	-	776	(645)	(132)	101	-	39
Plunimar, S.A.	-	1,280	-	-	222	-	-
Shetland Ponypark Slagharen B.V.	-	1,268	-	-	1,262	-	15
The Real Live Leisure Comp. Ltd.	-	338	-	-	329	-	-
Travelmix, Srl	-	308	-	-	308	-	-
Travelpark Viajes, S.L.	392	651	-	-	183	-	-
Travelpark S.A.S.	-	21	-	-	21	-	-
Travelpark B.V.B.A.	-	9	-	-	9	-	-
Tusenfryd A/S	-	1,242	-	-	1,212	-	-
Zoos Ibéricos, S.A.	16,211	-	-	(13,875)	1,223	-	539
	1,499,973	**135,720**	**(98,053)**	**(43,908)**	**23,367**	**87,002**	**3,438**
	note 11 (b)	note 11 (b)	note 13	note 13	note 16 (a)/(b)	note 16 (a)	note 16 (b)

This appendix forms an integral part of note 17 to the consolidated annual accounts for 2017, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A.

Directors' Report

2017

1 Business performance and situation of the Group

The Company, following its politics of supporting the parks of the Group, goes on conducting R+D projects to develop new commercial channels that allows improving the quality of the parks of the Group, as searching new business lines that allow the Group Parques Reunidos reaching a higher expansion, which reinforces its leading position on the international sector of leisure parks.

2 Own Shares

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

3 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.

The amount recorded at 30 September 2017 on the P&L account amounts to Euros 399 thousand, under "Changes in the fair value of interest rate derivatives" in the income statement for 2017. These derivative financial instruments have accrued interest totaling Euros 320 thousand, which are recognized under "Finance expenses" in the consolidated income statement.

4 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.

5 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 centralized 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.

(i) *Credit risk*

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

The company 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.

In relation to the balances with group companies, the Financial Department keeps track of them both by their origin (commercial transactions, tax consolidation, cash pooling, etc.) and by the debtors' ability to meet the commitments, evaluating the recoverability of balances receivable from group companies together with the business that they represent.

The Company considers that the level of exposure to credit risk of its financial assets as of September 30, 2017 is not significant.

(ii) *Liquidity risk*

The syndicated loan subscribed in 2016 entails the fulfillment of certain commitments with the financial entities that facilitate such financing, so monitoring their compliance is a very important task.

The Corporate Finance Department closely monitors compliance with these commitments, to detect in advanced the potential risk of non-compliance with these commitments. If this risk is noticed, it is brought to the attention of the General Management, to take the appropriate decisions to correct this situation.

As of September 30, 2017, the Company has not identified any breach of the financial ratio committed with the financial entities with which the syndicated loan has been subscribed.

On the other hand, the Company has to face payments derived, basically, from the usual commercial operations in the development of its activity. Expectations of results for the coming years, as well as the mechanisms available to the group of which it is a Parent Company (such as cash pooling), ensure sufficient treasury availability to ensure liquidity and be able to meet all the payment commitments that they are derived from their activity.

Likewise, the Company has lines of credit that are not available for a significant amount.

Therefore, the Company considers that the liquidity risk is adequately managed as of September 30, 2017.

(iii) *Market risk*

The main market risks to which the Company is exposed are interest rate risk, exchange rate risk and other price risks.

The Company is exposed, in relation to its financial assets, to fluctuations in interest rates that could have an adverse effect on its results and cash flows. However, the Company substantially mitigates this risk to the extent that financial assets that accrue interest are granted to related parties.

In relation to financial liabilities, mainly the syndicated loan, the Company is exposed to the variability of interest rates. However, the Company has entered into an interest rate swap agreement, which is intended to hedge the risk due to variations in the interest rates of the syndicated loan held as of September 30, 2017.

In relation to foreign exchange risk, the Company is exposed to the effect that this may entail in the calculation of the cash flows of investments with a currency other than the euro in relation to impairment tests. In this sense, the risk is mitigated to the extent that countries located outside the Euro environment where the Parques Group operates historically maintain stable exchange rates.

In relation to price risk, the Company is exposed to the impact that a significant drop in sales in the Parques Reunidos Group companies may imply in the income from services provided to group companies, since said revenues depend on the sales volume of the Group. In this sense, the Parques Reunidos Group applies policies aimed at increasing revenues in all subsidiaries and maximizing profitability in the parks.

6 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.

7 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
Average supplier payment period	38
Transaction paid ratio	37
Transaction payable ratio	57

	Amount (thousand of Euros)
Total payments made	23,602
Total payments outstanding	964

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 to reduce the average payment period up to a maximum of thirty calendar, the limit currently established within regulations.

8 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 organization whose purposes can be summarized as the defense 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 defense 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 programs of research, reproduction and conservation of animal species, either of its own accord or in collaboration with other national and international bodies and organizations. 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.

9 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.

Authorisation for Issue of the Consolidated Annual Accounts 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 Directors of Parques Reunidos Servicios Centrales, S.A. authorised for issue the Annual Accounts and Directors' Report for the period from 1 October 2016 to 30 September 2017. The Annual Accounts 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