Parques Reunidos Servicios Centrales, S.A. and subsidiaries

Consolidated Annual Accounts

30 September 2018

Consolidated Directors' Report

2018

(With Independent Auditor's Report Thereon)

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

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

Independent Auditor's Report on the Consolidated Annual Accounts

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

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

Report on the Consolidated Annual Accounts

Opinion

We have audited the consolidated annual accounts of Parques Reunidos Servicios Centrales, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 30 September 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 30 September 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

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

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

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

© 2018 KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Filed at the Madrid Mercantile Register in volume 11.961, Sheet. 90,
Section 8, page number M -188.007, entry number 9
Tax identification number (N.I.F). B-78510153

KPMG

Key Audit Matters

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

Recoverable amount of non-current assets (See notes 2 (c), 4 (e), 4 (f), 4(g), 6, 7, and 8)	
Key matter	*How the matter was addressed in our audit*
The Group has property, plant and equipment and intangible assets amounting to Euros 1,413,946 thousand and goodwill amounting to Euros 555,169 thousand allocated to the related cash-generating units (CGUs). For the purposes of evaluating impairment, each park constitutes a cash-generating unit. In this regard, intangible assets (primarily administrative concessions) and goodwill have been allocated to a significant portion of the CGUs. There is a risk that the carrying amount of cash-generating units may exceed their recoverable amount in those parks in which there is a decline in the number of visitors. Factors such as the weather, investments in fixed assets in each park (CAPEX), competition or promotional and marketing activities affect the number of visitors to each park. Group management, with the assistance of independent experts, calculates the recoverable amount of goodwill and tests property, plant and equipment and intangible assets for indications of impairment on an annual basis, for the purpose of determining their recoverable amount. These recoverable amounts, estimated by determining the fair value less costs to sell, are obtained based on the Projections approved by the Board of Directors, by applying valuation techniques that require the exercise of judgement by the Directors and management and the use of estimates.	Our audit procedures have comprised, inter alia: • Understanding the control environment and assessing the design and implementation of the most relevant controls established by Group management related to the process of estimating the recoverable amount of intangible assets and other non-current assets, • Assessing the criteria used by Group management to identify indications of impairment in property, plant and equipment and intangible assets other than goodwill, • Assessing the methodology and assumptions used by Company management, with the involvement of our valuation specialists, to estimate the recoverable amount, by determining fair value less costs to sell based on discounted cash flows at cash-generating unit level, • Comparing the forecasts of the main variables of the financial projections estimated in prior years with the actual data obtained, • Contrasting the information contained in the model used to calculate the recoverable amount with the Group's Projections approved by the Board of Directors, • Analysing the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such

Recoverable amount of non-current assets (See notes 2 (c), 4 (e), 4 (f), 4(g), 6, 7, and 8)	
Key matter	*How the matter was addressed in our audit*
Due to the complexity of the calculation of the recoverable amount, the high level of judgement when estimating the key assumptions and the associated uncertainty, as well as the significance of the carrying amount of the non-current assets, the valuation process regarding the aforementioned assets has been considered a key audit matter.	as the discount rate, the expected future growth rate and future cash flows. We also assessed whether the information disclosed in the consolidated annual accounts meets the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2018 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility as regards the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to the consolidated statement of non-financial information, as well as certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the consolidated directors' report or, where applicable, that the consolidated directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information referred to in a) above has been provided in the consolidated directors' report and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2018, and that the content and presentation of the report are in accordance with applicable legislation.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors.

- Conclude on the appropriateness of the Company's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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 audit committee of the Company, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which 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 audit committee of Parques Reunidos Servicios Centrales, S.A. dated 27 November 2018.

Contract Period

We were appointed as auditor of the Group by the shareholders of the Company at the ordinary general meeting on 21 March 2018 for a period of one year, from the year ended 30 September 2017.

Previously, we were appointed for a period of six 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.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(*Signed on original in Spanish*)

Gustavo Rodríguez Pereira

On the Spanish Official Register of Auditors ("ROAC") with No. 17564

27 November 2018

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

Consolidated Financial Statements and Consolidated Directors' Report for the year ended 30 September 2018
prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS - EU)

(With Auditor's Report thereon)

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

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2018 AND 2017
(Thousands of Euros)

ASSETS	Notes	30.09.2018	30.09.2017
Property, plant and equipment	8	984.220	900.192
Goodwill	7	555.169	562.433
Intangible assets	6	429.726	442.358
Non-current financial assets	10	1.368	2.054
Total non-current assets		**1.970.483**	**1.907.037**
Inventories	4 i)	21.373	24.585
Trade and other receivables	11	43.859	30.229
Current tax assets	18	588	588
Other current financial assets	15	838	39
Other current assets		8.358	8.546
Cash and cash equivalents	12	54.875	123.087
Total current assets		**129.891**	**187.074**
Total assets		**2.100.374**	**2.094.111**

LIABILITIES AND NET EQUITY	Notas	30.09.2018	30.09.2017
Share capital		40.371	40.371
Share premium		1.327.528	1.327.528
Other reserves		(296.894)	(288.599)
Other comprehensive income		21.606	17.638
Retained earnings attributable to the shareholders of the Parent		12.978	11.330
Equity attributable to the shareholders of the Parent		**1.105.589**	**1.108.268**
Non-controlling interests		554	510
Total equity	13	**1.106.143**	**1.108.778**
Loans and borrowings	14 a)	529.425	547.278
Finance lease	9	56.505	54.903
Deferred tax liabilities	18	199.772	199.694
Provisions	16	9.779	10.890
Other non-current liabilities	14 b)	13.461	1.573
Total non-current liabilities		**808.942**	**814.338**
Loans and borrowings	14 a)	33.486	31.370
Finance lease	9	5.102	5.021
Trade and other payables	17	125.497	116.044
Current tax liabilities	18	6.466	6.091
Other current liabilities	14 b)	14.738	12.469
Total current liabilities		**185.289**	**170.995**
Total equity and liabilities		**2.100.374**	**2.094.111**

The accompanying notes form an integral part of the consolidated annual financial statements for 2018.

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.

AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED
30 SEPTEMBER 2018 AND 2017

(Thousands of Euros)

PROFIT AND LOSS	Notes	30.09.2018	30.09.2017
Revenue	20 a)	583.089	579.334
Supplies	20 b)	(66.048)	(66.174)
Personnel expenses	21	(175.776)	(170.401)
Amortisation and depreciation	6 y 8	(80.892)	(71.640)
Net losses on impairment and disposals of non-current assets	6, 7 y 8	(25.686)	(31.112)
Changes in trade provisions		(2.360)	(1.472)
Other operating expenses	20 c)	(168.008)	(168.712)
Other results	20 d)	(8.420)	(10.422)
Operating profit		**55.899**	**59.401**
Finance income		208	336
Finance costs	20 e)	(37.250)	(34.586)
Exchange losses		(1.027)	(2.002)
Profit before income tax		**17.830**	**23.149**
Income tax	18	(4.808)	(11.772)
Profit for the year		**13.022**	**11.377**
Profit for the year attributable to:			
the shareholders of the Parent		12.978	11.330
Non-controlling interests		44	47
		13.022	**11.377**
Basic earnings per share (expressed in Euros)		*0,16*	0,14
Diluted earnings per share (expressed in Euros)		*0,16*	0,14

The accompanying notes form an integral part of the consolidated annual financial statements for 2018.

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.U.

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 30 SEPTEMBER 2018 AND 2017
(Thousands of Euros)

					Other reserves			Other comprehensive income					
					of the Parent								
	Share capital	Share premium	Other shareholder contributions	Other equity instruments	Reserves (legal and voluntary)	Prior years' losses	Reserves in fully consolidated companies	Translation differences	Valuation adjustments to equity	Retained earnings attributable to the shareholder of the Parent	**Total**	Non-controlling interests	**Total equity**
Balance at 30 September 2016	**40.371**	**1.327.528**	**10.148**	**423**	**53.487**	**(11.920)**	**(321.063)**	**29.185**	**(224)**	**3.910**	**1.131.845**	**472**	**1.132.317**
Consolidated comprehensive income for 2017	–	–	–	–	–	–	–	(11.547)	224	11.330	7	47	54
Transactions with shareholders or owners													
Distribution 2016 profits (note 3)	–	–	–	–	55.023	–	(51.113)	–	–	(3.910)	–	–	–
Distribution of dividends (Note 13 c))	–	–	–	–	(20.000)	–	–	–	–	–	(20.000)	–	(20.000)
Acquisition of shares from external partners (note 13 g))	–	–	–	–	–	–	(1.500)	–	–	–	(1.500)	–	(1.500)
Share based payments (Note 21 c))	–	–	–	108	–	–	–	–	–	–	108	–	108
Other movements (note 4 n))	–	–	–	–	–	(2.192)	–	–	–	–	(2.192)	(9)	(2.201)
Balance at 30 September 2017	**40.371**	**1.327.528**	**10.148**	**531**	**88.510**	**(14.112)**	**(373.676)**	**17.638**	**–**	**11.330**	**1.108.268**	**510**	**1.108.778**
Consolidated comprehensive income for 2018	–	–	–	–	–	–	–	3.968	–	12.978	16.946	44	16.990
													–
Transactions with shareholders or owners													–
Distribution 2017 profits (note 3)	–	–	–	–	73.577	–	(62.247)	–	–	(11.330)	–	–	-
Distribution of dividends (Note 13 c))	–	–	–	–	(20.000)	–	–	–	–	–	(20.000)	–	(20.000)
Share based payments (Note 21 c))	–	–	–	375	–	–	–	–	–	–	375	–	375
													–
Balance at 30 September 2018	**40.371**	**1.327.528**	**10.148**	**906**	**142.087**	**(14.112)**	**(435.923)**	**21.606**	**–**	**12.978**	**1.105.589**	**554**	**1.106.143**

The accompanying notes form an integral part of the consolidated annual financial statements for 2018.

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

CONSOLIDATED STATEMENT OF GLOBAL P&L
FOR THE YEARS ENDED
30 September 2018 AND 2017
(Thousands of Euros)

	Notes	2018	2017
Profit for the year		**13.022**	**11.377**
Other comprehensive income	**13 e)**		
Translation differences of financial statements of foreign operations		3.968	(11.547)
Cash flow hedges		-	224
Tax effect		-	-
Other comprehensive income for the year, net of tax		**3.968**	**(11.323)**
Total comprehensive income for the year		**16.990**	**54**
Total comprehensive income attributable to:			
The shareholder of the Parent		16.946	7
Non-controlling interests	**13 e)**	44	47
		16.990	**54**

The accompanying notes form an integral part of the consolidated annual financial statements for 2018

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.U.

AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED 30 SEPTEMBER 2018 AND 2017
(Thousands of Euros)

	Notes	2018	2017
Cash flows from operating activities			
Profit for the year		13.022	11.377
Adjustments for:			
Depreciation and amortisation	6 y 8	80.892	71.640
Impairment losses on trade receivables		2.360	1.472
Variations from provisions		(736)	(557)
Finance income		(208)	(336)
Finance costs	20 (e)	37.250	34.586
(Gains)/losses on sale of property, plant and equipment	6, 7 y 8	25.686	31.112
Income tax	18	4.808	11.772
Adjusted profit for the year		163.074	161.066
Changes in working capital			
Inventories		3.437	(733)
Trade and other receivables		(4.896)	(1.625)
Other current assets		901	(1.549)
Trade and other payables		5.820	5.834
Cash flows from operating activities		168.336	162.993
Income tax payments		(7.976)	(2.180)
Net cash flows from operating activities		**160.360**	**160.813**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	6 y 8	1.082	2.297
Interest received		208	336
Proceeds/(payments) from financial assets		(292)	(402)
Acquisition of subsidiaries, net of cash and cash equivalents	5	(24.676)	(1.500)
Acquisition of property, plant and equipment	8 y 17	(122.360)	(74.524)
Acquisition of intangible assets	6	(5.603)	(5.212)
Net cash flows used in investing activities		**(151.641)**	**(79.005)**
Cash flows from financing activities			
Repayment of loans and borrowings		(23.771)	(916)
Interest paid		(33.064)	(36.209)
Dividends paid	13	(20.000)	(20.000)
Net cash flows used in financing activities		**(76.835)**	**(57.125)**
Net increase/(decrease) in cash and cash equivalents		**(68.116)**	**24.683**
Cash and cash equivalents at 1 October	12	**123.087**	**109.951**
Efecto de las diferencias de cambio en el efectivo		**(96)**	**(11.547)**
Cash and cash equivalents at 30 September	12	**54.875**	**123.087**

The accompanying notes form an integral part of the consolidated annual financial statements for 2018.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements

30 September 2018

(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 modification of the company name to the current one and transformation into a limited company.

In March 2007, the Company acquired the leisure group Parques Reunidos, having begun its activity following such acquisition.

On 23 March 2007, its Sole Shareholder approved the Amendment of the Corporate Bylaws, establishing the closing date of its financial year as 30 September of each year. However, in the Ordinary General Shareholders' Meeting of 21 March 2018, the decision was made to modify the Corporate Bylaws, specifically that relating to its financial year, setting the closing date at 31 December of every year. For the correct implementation of this change, it has also been agreed that the fiscal year that started on 1 October 2018 will be irregular in length and will end on 31 December 2018.

Its business address is Paseo de la Castellana 216, planta 16 in Madrid. As of 29 April 2016, the Company shares have been traded on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Parques Reunidos Servicios Centrales, S.A. is the Parent Company of a Group (hereinafter, the Group) formed by subsidiaries whose main activity is the exploitation of amusement parks, animal parks, water parks and, in general, leisure facilities, including the new Indoor Entertainment Centres (IECs), indoor leisure venues located in shopping areas with a large number of visitors. Details of the parks operated by the Group under lease (in most cases only land lease) or administrative concessions are included in note 9. The breakdown of the companies in the Group included in the consolidation and information thereon can be found in Annex I.

During 2018, four new dependent companies have been added to the scope of consolidation: Indoor Entertainment Príncipe Pío, S.L.U., (Spain) Parques Reunidos Atlántica, S.L.U, (Spain) Nature Park Germany GmbH (Germany) and Event Park GmbH, (Germany) the latter as a result of the business combination described in note 5.

Four new subsidiaries were included in the consolidation scope in 2017: Mall Entertainment Centre Acuario Arroyomolinos, S.L.U., (Spain), Mall Entertainment Centre Temático Arroyomolinos, S.L., (Spain), Lisbon Theme Mall Entertainment Centre (Portugal), Unipessoal, LDA and Lakeside Mall Entertainment Centre Limited (United Kingdom) (see Annex I). In addition, on 19 December 2016, the subsidiary Parque de Atracciones Madrid, S.A.U. acquired the shares representative of 24.92% of the subsidiary Parques Reunidos Valencia, S.A. which had been in the hands of minority shareholders, for Euros 1,500 thousand, making it a fully-owned subsidiary.

The reporting date of the Group companies' financial statements used to prepare the consolidated financial statements is 30 September 2018 (16 September 2018 in the case of the subsidiaries belonging to the Centaur Holding II United States Inc. subgroup) (17 September 2017 in 2017).

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 with share premium of Euros 525,000 thousand through the issue of 33,870,960 ordinary shares of Euros 0.50 par value each and a share premium of Euros 15 each. The new shares were sold via a subscription offer (see note 13 a)) for a price of Euros 15.5 per share.

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

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

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

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 and the remaining Euros 2,819 thousand was allocated to the public offering and, therefore, recognised in the consolidated income statement.

Lastly, using the proceeds of the initial public offering, the Group has restructured its financial debt, settling the bonds issued in the United States and the existing contracted syndicated loan and arranging a further syndicated loan (see note 14).

(2) Basis for presentation

The accompanying consolidated financial statements have been prepared on the basis of the accounting records of Parques Reunidos Servicios Centrales, S.A. and the consolidated companies. The consolidated financial statements for 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Parques Reunidos Servicios Centrales, S.A. and subsidiaries at 30 September 2018 and consolidated financial performance, consolidated cash flows, and changes in consolidated equity corresponding for the year then ended.

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

The consolidated financial statements for the year ended 30 September 2018, which were authorised for issue by the Board Directors of the Parent on 27 November 2017, and the individual financial statements of Parques Reunidos Servicios Centrales, S.A. and of each of the consolidated companies, will be submitted for approval by the shareholders at the respective annual general meetings. It is considered that they will be approved with no changes.

The Group's consolidated financial statements for 2017 were approved at the Ordinary General Shareholders' Meeting of the Parent on 21 March 2018.

a) Basis of preparation of the consolidated financial statements

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

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

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

b) Comparative information

As required by IAS 1, the accompanying consolidated financial statements for 2018 also include comparative figures for the prior year, which formed part of the consolidated financial statements for 2017 approved at the Ordinary General Shareholders' Meeting on 21 March 2018.

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

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

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

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

Every year, at year end and with the assistance of an independent expert, the Group performs an impairment test on the goodwill and, in the event of evidence of impairment, of the tangible and intangible assets to calculate their recoverable value. Recoverable value is defined as the greater value between the fair value minus the cost of sale and the value in use. Based on the foregoing, the Group calculates the recoverable value on the basis of fair value minus cost of sale, applying discounted cash flow methods at Cash-Generating Unit level (hereinafter, "CGU"). In this regard, the determination of recoverable value requires the use of Management estimates.

Cash-generating units (CGUs) are the smallest groups of assets that generate independent cash inflows. The Group considers that each of its parks constitutes an independent cash-generating unit. The Group prepares individual projections for each CGU on the basis of past experience and of the best estimates available, which are consistent with the Group's business plans.

Although assets in each of the Group's parks are tested for impairment on an individual basis, goodwill is allocated to the CGU or the group of CGUs when there are economic grounds for applying this criterion (see note 7). In no event do the groups of CGUs exceed the operating segments established by the Group.

As a result of the analysis of the impairments tests performed by the Group at 30 September 2018, asset impairments have been registered in two parks in the United States amounting to 13,402 thousand Euros, as well as a reversal of 2,662 thousand Euros in the asset impairment in the Parques de la Naturaleza Selwo and of 8,569 thousand Euros in the Parque de Atracciones Madrid (see notes 6 and 8). In addition, as a result of the analysis of the impairment of goodwill, an impairment of the goodwill allocated to the French park Marineland amounting to 6,358 thousand Euros and of the goodwill associated with the parks of Raging Waters Sacramento, Raging Waters San José, Water Country, Sea Life Park and Idlewild of 17,023 thousand Euros has been posted (see note 7).

In turn, as a result of the analysis of the impairment tests carried out by the Group at 30 September 2017, asset impairments have been posted for two parks in the United States amounting to 2,587 thousand Euros, as well as a reversal of 563 thousand Euros in the Parques de la Naturaleza Selwo (see note 8). Impairment reversals were also posted in certain Spanish parks amounting to 22,005 thousand Euros and in one Italian park amounting to 17,497 thousand Euros due to the improvement in the prospects for such parks (see note 6). Moreover, as a result of the analysis of goodwill impairment, an impairment in the goodwill allocated to the French park Marineland of 26,835 thousand Euros and on the goodwill associated with the US parks Miami Seaquarium, Water Country, Noah´s Ark, Sandcastle, Sacramento and San José of 38,098 thousand Euros (see note 7).

Justification of the assumptions used in the impairment tests

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

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

a) Five-year EBITDA projections

As mentioned in note 1, in addition to its own parks, the Group operates certain parks under lease or concession. In all cases, the cash flow discounting calculations are based on the projections approved by the Group for each park for the period 2019-2023.

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

The Group has drawn up EBITDA projections for the next five years on the basis of past experience, the estimated growth of the sector in each country (taking into account any

differences between forecasts made in previous years and the actual figures) and the specific prospects of each park. The Group periodically reviews its business plan, updating it at least once a year it´s projections.

b) Projected years, additional extensions and growth rates

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

As a general rule, for fully-owned parks the forecasts have been made for a five-year period. However, when this period does not allow for the EBITDA to be normalised, the extension of this period to up to ten years' forecast has been considered.

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, except for those specific cases where expansion Capex enables growth rates above the constant growth rate to be forecast. In the case of fully owned parks, as of the last year of forecast the cash flow considers a terminal value calculated on the basis of a growth rate in perpetuity.

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: European Central Bank and International Monetary Fund).

In the case of the US parks, the terminal value has been calculated using the EBITDA multiples method.

c) Discount rates

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

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

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

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

iv. an alpha coefficient which represents an additional risk premium taking into account aspects such as size and lack of liquidity in the country (source: D&P Small Stock Premium),

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

Main impairment test assumptions

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

- Average compound annual growth of EBITDA of 7.6% (8.9% in 2017). 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, generally, up to 30% of annual EBITDA. When significant investments in new attractions are projected, the capex increase is higher.

- In 2018 and 2017, the pre- and post-tax discount rates and estimated compound annual growth rates used in each country in which the Group is present are as follows:

	2018			2017		
Country	**After-tax discount rate**	**Pre-tax discount rate**	**Estimated constant (or perpetual) growth rate**	**After-tax discount rate**	**Pre-tax discount rate**	**Estimated constant (or perpetual) growth rate**
Spain	7.65%	9.94%	2.0%	7.90%	11.1%	2.2%
Italy	8.40%	10.50%	2.0%	8.23%	10.1%	1.65%
France	7.06%	9.20%	2.0%	7.00%	14.3%	1.7%
United Kingdom	7.52%	9.48%	2.0%	8.10%	9.6%	1.9%
Norway	7.05%	10.22%	2.0%	7.28%	10.7%	2.6%
Belgium	7.09%	9.43%	2.0%	7.01%	15.4%	1.65%
Denmark	7.09%	8.18%	2.0%	7.40%	8.1%	2.0%
Germany	6.60%	8.49%	2.0%	7.05%	9.1%	1.75%
Netherlands	7.12%	8.75%	2.0%	7.28%	14.9%	1.7%
United States	9.61%	10.10%	(1)	9.50%	10.0%	(1)
Argentina	13.02%	23.46%	3.0%	11.30%	15.2%	6.0%

(1) To calculate the terminal value, the US subgroup has used the multiples method, applying a multiple of between 10 and 10.5 times EBITDA in 2018 and 2017.

Sensitivity analysis

The estimates, including the methodology used, could have a significant impact on values and impairment of some CGUs. It must be pointed out that in previous years the EBITDA based on the budgeted figures has not shown significant negative variations with regard to the forecast growth rate. In any event, any deviations that may have taken place in previous years have been considered in the impairment test performed.

The parks with a recoverable amount which far exceeds their carrying amount correspond to the parks Marineland (France), Mirabilandia (Italy) y Bobbejaanland (Belgium). Therefore, any reasonable variations in the key assumptions on which the Group Management has based the calculation of the recoverable amount could lead to the carrying value thereof exceeding the recoverable amount.

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

Taking into account the previous sensitivity analysis carried out at 30 September 2018 and 2017, as well as any variations in the discount rate (an increase or decrease of 1% being considered reasonable), details of the effect on profit or loss are as follows:

Sensitivity	Thousands of euros (expense) / income	
	2018	2017
+ 1 percentage point in discount rates	(83,064)	(70,470)
- 1 percentage point in discount rates	9,036	37,629
Extensions not obtained in concessions/leases	(88,108)	(68,166)
With a 10% reduction in EBITDA in the next five years	(21,917)	(16,723)
-1 percentage point in estimated future growth rate (perpetual or constant)	(58,375)	(54,025)

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

- Parks in Spain: The main impact observed is in the parks for which impairment has been reversed this year (Parque de la Naturaleza Selwo) in 0.6 million euros. In addition, a reduction of one percentage point in this rate would result in a lesser reversal by 0.4 million Euros. Likewise, a reduction of one percentage point in the growth rate would lead to an impairment of approximately 3 million Euros in Zoo-Aquarium de Madrid. None of improvements in the assumptions used would have an impact on Parque de Atracciones de Madrid given that the assumptions made in the test have managed to achieve complete reversal.

  On the other hand, the increase by one percentage point in the discount rate would fully reduce the reversal made in the year in Parque de Atracciones de Madrid and by 0.8 million Euros in that of Parques de la Naturaleza Selwo. In addition, an impairment of 5.6 million Euros would result for Zoo Aquarium de Madrid. On the contrary, its reduction by one percentage point would lead to an additional reversal of 0.8 million Euros in the impairment of Parques de la Naturaleza Selwo.

  As for the EBITDA forecast for the next five years, a drop of 10 % would reduce the reversals carried out by approximately 2 million Euros.

  Lastly, the failure to consider extensions would lead to impairment of 76 million Euros in the Spanish parks.

- In US groups of CGUs, an increase of one percentage point in the discount rate would result in an impairment of Euros 2.3 million in the American parks and a 10% decrease in EBITDA would lead to an impairment of Euros 4.7 million in the next 5 years. Also, considering that the impairment tests in the U.S. are realized considering a method of multiples of EBITDA, if one point is reduced, the considered multiple would produce an impairment of approximately Euros 4.8 million. In the aforementioned sensitivities, the parks that would see the largest impairment would be Water Country, Idlewild park, Miami Seaquarium and Sea Life Park.

- Parks in the rest of the world: The main impact would correspond to the Marineland, Bobbejaanland and Mirabilandia parks located in France, Italy and Belgium, respectively. An increase of one percentage point in the discount rate would generate an expense of Euros 72 million and a decrease of one percentage point would not cause deterioration in any of the aforementioned parks. As in the previous case, a reduction of one percentage point in the growth rates at the aforementioned parks would have a negative impact on the bottom line of Euros 49 million.

In relation to the EBITDA, a reduction of 10% would produce an additional impairment in Marineland and Bobbejaland of Euros 1 million and Euros 15 million.

Note, with regard to the goodwill associated with the Europe CGU group comprising amusement parks, any of the hypothesis considered separately would have a significant effect on the estimated impairment of such parks.

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

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

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

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

The Group analyses the contractual and legal characteristics of concession arrangements and leases. As a result of this analysis, the Group determined in preceding years that the administrative concessions for the Parque de Atracciones de Madrid, the Zoo de la Casa de Campo in Madrid and the Teleférico de Madrid were subject to IFRIC, and had therefore applied this standard, in all significant aspects, to these concessions in the consolidated financial statements under IFRS-EU at 30 September 2018 and 2017.

The Group analyses the initial contractual terms of leases, and subsequent amendments, to determine their adequate classification as operating or finance leases. The Group has also performed an analysis of the possible existence of business leases over which the Group may hold control. As a result of these analyses, the Group has determined that there are no business leases at 30 September 2018 and 2017, as all leases are for assets that do not constitute a business.

In addition, despite the fact that the estimates made by the Board Directors have been calculated on the basis of the best information available on 30 September 2018, it may be the case that future events will require the modification thereof in coming years. Pursuant to IAS 8, any effect on the consolidated financial statements of adjustments to be made in subsequent years would be recognised prospectively.

d) Standards and interpretations applicable to this period

The standards, issued by the International Accounting Standards Board (IASB), and adopted by the European Union, with effective application for annual periods beginning on or after 1 October 2017 have not had an impact on these consolidated financial statements.

At the date of presentation of these consolidated annual financial statements, the following IFRS standards have been issued by the IASB and adopted by the European Union but are effective only in the next few years and therefore their application is not yet mandatory:

a) Effective for annual reporting periods on or after 1 January 2018:

- IFRS 15 – Revenue from contracts with clients. Entities must apply a five-step model to

determine when these should be recognised and by what amount. The model specifies that the revenues must be recognised when the control of the goods or services is transferred to the clients. According to whether certain criteria are met, the revenues are recognised over time, reflecting the best performance of the company; or at a point in time, when the control of the goods or services is transferred to the client. Its voluntary adoption in advance is allowed.

- IFRS 9 – Financial instruments. This standard, which is the first part of the standards to replace IAS 39, among other functions, improves and simplifies the information on financial instruments by the use of a single criterion to determine whether a financial asset should be measured at amortised cost or fair value. Its voluntary adoption in advance is allowed.

- IFRS 2 – Classification and valuation of share-based payments.

- Annual IFRS improvement project 2014-2016. Introduces small amendments and clarifications to IRFS 1- First-time adoption of International Financial Reporting Standards and IAS 28 – Investments in Associates and Joint Ventures. Application in advance for IAS 28 Amendments allowed.

- IFRIC 22 – Foreign currency transactions and advance considerations. Establishes the transaction date for the purpose of determining the exchange rate applicable to transactions in foreign currency prepayments.

- Amendments to IAS 40 – Investment property. The amendment clarifies that a reclassification of an investment from or to investment property is only allowed when there is evidence of change of use.

- Amendments to IFRS 4 (application of IFRS 9 on Financial Instruments with regard to IFRS 4 Insurance contracts). Allows entities under the scope of the IFRS to elect to either apply IFRS 9 or the temporary exemption therefrom.

b) Effective for annual reporting periods on or after 1 January 2019

- IFRS 16 – Leases. This standard will require the recognition of all contracts identified in the lessee’s balance sheet, with limited exceptions, replacing IAS 17 currently in force. The advance application is allowed for entities applying IFRS 15 before or on the date of initial application of IFRS 16.

- Amendment of IFRS 9. Prepayment features with negative compensation. This amendment will enable the measurement at amortised cost of certain financial assets eligible for early cancellation for an amount that is lower than the outstanding principal and interest thereon.

- IFRIC 23 – Uncertainty over income tax treatments. This interpretation clarifies how to apply the recognition and measurement of IAS 12 when there is uncertainty as to the acceptability by a taxation authority of a certain taxation treatment used by the entity.

Given that these can be considered to be the most relevant standards in terms of the next few financial years, the Group Management has carried out an analysis on the effects of IFRS 9, 15 and 16. The conclusion reached by this analysis is that the only standard with a relevant effect in the coming years is IFRS 16. In this regard, the most important conclusions reached in this analysis are shown below:

- <u>IFRS 15 – Revenues from Ordinary Activities related to Client Contracts</u>

  This standard will replace the following standards currently in effect:

- IAS 18 Revenue from ordinary activities,
- IAS 11 Construction Contracts,
- IFRIC 13 Client loyalty programmes,
- IFRIC 15 Agreements for the construction of real estate,
- IFRIC 18 Transfers of assets from clients and
- SIC- 31 Revenue- Barter transactions involving Advertising Services.

This standard is effective for financial years commencing on or after 1 January 2018; therefore, the Group must apply IFRS 15 for the first time in the three-month period commencing 1 October 2018.

According to this standard, revenue must be recognised so that the transfer of goods or services to clients is shown for an amount that reflects the consideration that the entity expects to receive in exchange for such goods or service. This approach is based on five steps:

1. Identify the contract(s) with the client.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to each performance obligation.
5. Recognise revenue when (or insofar as) a performance obligation is satisfied.

In accordance with IFRS 15, revenue must be recognised as the performance obligations in the contract are satisfied. In addition, more detailed breakdowns of information are required.

With the help of an independent expert, the Group has performed a measurement of the first-time application of the standard, identifying the projects and services whose Revenue Recognition Method used to date must be adapted to the new standards. To this end the Group:

a) Has performed a review of all its contracts and classified them by type.
b) It has submitted each type to the pertaining five step analysis required by IFRS 15, establishing the revenue recognition policy for each type in accordance with the standard.
c) It has then allocated each contract to one of these types, thus having defined the revenue recognition policy to apply to each contract.
d) By comparing it to the revenue recognition policies currently being applied, differences have been identified and impacts have been quantified.

After this analysis, the Group Management concluded that the effect of the transition to IFRS 15 on the date of first-time application will not have a significant impact on the financial and income situation of the Group.

For this reason, from among the possibilities of transition to the standard, the Group has elected the modality of full retrospective application at 1 October 2018, but without requiring the restatement of comparative figures due to the absence of significant impact.

- <u>IFRS 9 – Financial Instruments</u>

This standard replaces IAS 39 and includes financial asset impairment and hedge accounting as requirements for the financial classification and measurement of financial instruments. In this regard, the Group has carried out an assessment of the impact that this change of standard might have on its consolidated financial statements. This assessment is based

on information currently available and may be subject to variation due to additional information that becomes available when the Group adopts the IFRS 9.

The classification criterion for financial assets will depend both on the business model used for their management and on the characteristics of their contractual cash flows. Based on the foregoing, financial assets will be measured at amortised cost, at fair value with changes in equity or at fair value with value changes in the profit and loss for the period. Specifically, loans, as well as trade debtors, are held to receive contractual flows and are expected to generate flows that only represent payments of principal and interest.

On the other hand, the classification of financial liabilities under IFRS 9 remains similar to that of IAS 29. Generally, financial liabilities will be measured at amortised cost, except financial liabilities held for trading, such as derivatives, for instance, which will be measured at fair value with value changes in profit and loss.

The new impairment model of IFRS 9 is based on expected loss, unlike the incurred loss impairment model of IAS 39. According to IFRS 9, the entity shall measure the loss allowance at an amount equal to 12-month expected credit losses or to lifetime expected credit losses depending on the significant increase of the credit risk.

As for debt restructuring, IFRS 9 brings about a number of differences with regard to IAS 39 in terms of recording profit and loss impact. According to IFRS 9 the non-substantial modification of a financial liability is treated like a change in the estimate of cash flows from a financial instrument at the amortised cost. This adjustment means that the new amortised cost must be calculated on the transition date, deducting future cash flows estimated at the effective rate of the original liability. The difference between this amount and the previous amortised cost is recorded in reserves. In this regard, on 13 February 2017, the Group entered into a non-substantial novation of the syndicated loan, which resulted in a reduction of 40 basis points in the spread of the interest rate on the loan, and an extension of up to 11 months in the repayment schedule thereof, by tranches. As a result of the application of IFRS 9 to this novation, the impact on the date of transition has been estimated at 2.5 million Euros in less debt and more reserves.

As for the transition option, the Group has decided not to restate the comparative period on the grounds of its impact not being significant.

- IFRS 16 – Leases

This standard is effective for annual reporting periods starting on or after 1 January 2019, although earlier application is permitted provided IFRS 15 is also applied. The Board of Directors of the Company has assessed the potential effect of the application of IFRS 16 on the Group Annual Accounts and has opted for early application in the three-month period starting 1 October 2018.

This standard replaces IAS 17 and the current associated interpretations associated to that standard.

IAS 17 does not require the recognition of any asset or liability under right-of-use for future payments under such leases; on the other hand, certain information must be disclosed as operating leases commitment in the notes.

The main novelty of the IFRS 16 is the existence of a single lessee accounting model requiring lessees to recognise all leases in the balance sheet (with a few limited exceptions) with an impact similar to that of current financial leases (with amortisation of the asset due to right-of-use and a financial cost due to the amortised cost of the liability, with cost accrual

being faster under IFRS 16).

When applying IFRS 16, which impact has been quantified with the collaboration of an independent expert, the Company has taken the following decisions and conclusions into consideration:

a) The Group has elected the full retrospective method with restatement of comparative figures. To apply this method, after first taking care to identify the perimeter of contracts affected to ensure the integrity of the population, the Group has traced the contract back to its origin. It is necessary to take into account that the great majority of leasing contracts of the Parques Reunidos Group are long-term and that, at the moment of the transition to IFRS 16, they are still in the minimum contractual period initially agreed, and there has been no modification to these contracts nor exercise of renewal options.

b) The contracts related with IFRIC 12 mentioned in Notes 4 e) and 9 of the consolidated report have not been included in the analysis, pursuant to IFRS 16.

c) The group will apply the exemptions of low value and short-term leases.

d) The Group has decided not to apply the standard to intangible assets.

e) On the other hand, no Group contracts not currently recognised as leases that should be classified as such under IFRS 16 are expected to exist (moreover taking into account the exemption set forth in the standard for contracts the pertaining analysis would have been performed under the previous standard).

f) The term of the contract for purpose of IFRS 16 corresponds with the agreed contractual minimum, given the term of the leasing contracts of Parques Reunidos Group. Given the level of certitude required in IFRS 16 regarding renewal options, the Group has considered that these options (i.e., those that depend exclusively on Parques Group) do not reach the threshold of reasonable certainty. This is due to the fact that the contracts related with rental of parks have an agreed contractual minimum that is in the distant future and there are no significant assets pending amortisation beyond that contractually agreed minimum and also to the fact that the rest of assets related with leasing contracts are not strategic and can in any case be easily substituted. Regarding the rest of assets other than the contracts for parks, the contractually agreed minimum has likewise been considered without unilateral renewals, since it is understood that there are no economic or business circumstances that would enable us to assert that the unilateral exercise of renewal options by the lessee is reasonably certain.

g) It has been possible to estimate the historic rents for the retrospective calculations since, although a large part of the contracts has been in place for a rather long time, the rents established in these contracts are fixed rents, updated if applicable due to inflation, and they have not been affected by contractual modifications.

h) Given the characteristics of the Group’s business, other factors such as direct costs, incentives of the lessor, grace periods, etc., are not usually taken into consideration with the exception of some contracts that have been concluded recently (in which their effect has indeed been considered).

i) When it has not been possible to apply the implied interest rate, due to the difficulties of its determination, (paragraph 26 of IFRS 16) the group has calculated the incremental interest rate on the basis of the bond interest rate of the country in question plus, where appropriate the pertaining adjustments required to adapt the rate to the term of the lease,

to the underlying asset and the spreads of credit risk to be applied to Group companies (given comparable financing information is available).

Based on the analysis performed by the Group on the date of preparation of these consolidated annual accounts, which the Group will conclude in the next months, as of 1 October 2018 the application of IFRS 16 would result in the following levels of impact: an increase in the assets and liabilities and a reduction in the Group reserves of between 70 – 80, 145 – 160 and 75 – 80 million Euro, respectively. Moreover, once the IFRS 16 is applied retroactively on 1 October 2017, the estimated impact on the consolidated income statement of the FY ending on 30 September 2018 will be approximately 2 million Euro less income.

As far as reconciliation with the leasing commitments from note 9 of the Consolidated Report, the difference between the liability that arises due to application of IFRS 16 and those future commitments, (if we do not take into consideration renewal options in IFRS 16 as commented above), is due to the effect of the discount rates applied for purposes of IFRS 16.

In other respects, the rents considered for purposes of that note are practically the same as those considered in the calculation of the effect of IFRS 16, and the only difference is the rents corresponding to leasing contracts that fall under the exemption of short-term contracts or of low value assets, which do not form part of the basis of calculation for the IFRS 16. These differences are not very significant, and hence they do not have an impact for the purposes of this reconciliation.

e) Going concern.

On 30 September 2018, the Group presents a negative working capital of 55,398 thousand Euros (positive working capital of 16,079 thousand Euros at 30 September 2017). The deterioration of this working capital has been mainly due to the reduction in treasury that took place in the year mainly as a result of the acquisitions of new parks and other property, plant and equipment.

In this regard, the Directors have prepared these consolidated annual accounts under the going concern principle, having considered that the cash forecasts of the Group are sufficient to guarantee its short-term payment obligations. In addition, as is stated in note 14 (a) of these Notes, the Group has an undrawn balance in the revolving credit facility associated with the syndicated loan amounting to 200 million Euros, maturing in April 2022.

(3) Distribution of the Parent's Profits

The distribution of the Parent's Euros 73,576,568.53 profit for the year ended 30 September 2017, was approved at 21 March 2018 at the Shareholders' Meeting and have consisted of transferring to voluntary l reserve an amount of 53,576,568.53 and a dividend distribution for an amount of Euros 20,000,000, paid on 19 July 2018.

The appropriation of the Parent's Euros 58,473,783.97 profit for the year ended 30 September 2018, proposed by the Board Directors and pending approval by Shareholders of the Parent Company, consisted of transferring to voluntary reserves an amount of Euros 58,473,783.97, and paying a dividend of Euros 20,000,000.

(4) Significant Accounting Policies

a) Subsidiaries

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

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

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

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

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

b) Business combinations

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

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

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

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

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

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

c) Non-controlling interests

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

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

d) Foreign currency transactions and balances

(i) *Functional and presentation currency*

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

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

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

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

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

(iii) *Translation of foreign operations*

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

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

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

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

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

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

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

(iv) *Conversion of foreign transactions*

The annual accounts of the Group companies whose working currency is that of a hyper-inflationary economy, are restated at the measuring unit current at the balance sheet date.

If at the closing date of the annual accounts of the consolidated companies is different to that of the Company, the annual accounts are adjusted to the measuring unit current at the date of the balance sheet of the Company.

The profit and loss and financial situation of the Group's foreign business whose working currency is that of a hyper-inflationary economy are converted to Euros as follows:

- Assets and liabilities, including goodwill and adjustments made to net assets arising from business acquisitions, net equity items, income and expenses and cash flow, are converted at the closing exchange rate on the date of the most recent balance sheet;

- The comparative balances are those that were presented in the consolidated annual accounts of the previous year and are not adjusted on the basis of subsequent variations that have taken place in prices or exchange rates. The effect of the adjustment on the balances of the previous year is recognised as a revaluation reserve in other overall P&L/exchange differences or other overall P&L/net equity reserves.

Due to Argentina having been considered a hyper-inflationary economy in 2018, the Group Management has performed an analysis of the potential effects of this fact on the annual accounts of 2018, having concluded that this has not had a significant effect on such consolidated accounts. Therefore, the balances pertaining to dependent company Plunimar, S.A. based in Argentina have been consolidated on the assumption that its working currency does not pertain to a hyper-inflationary economy.

e) Intangible assets and goodwill

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

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

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

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

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

- *Goodwill*

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

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

Internally generated goodwill is not recognised as an asset.

- *Administrative concessions*

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

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

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

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

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

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

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

Administrative concessions are amortised on a straight-line basis over the concession period (see note 6). Lastly, the cost of any concession assets that require a substantial period of time to get ready for their intended use includes the borrowing costs incurred until the assets become operational, provided that these qualify for capitalisation. No borrowing costs have been capitalised at 30 September 2018 or 2017.

- *Industrial property*

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

- *Computer software*

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

- *Other intangible assets*

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

f) Property, plant and equipment

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

The cost of assets acquired or produced that require a substantial period of time to get ready for their intended use includes the borrowing costs incurred until the assets become operational, provided that these qualify for capitalisation. At 30 September 2018 and 2017 no borrowing costs were capitalised under property, plant and equipment as no assets of this nature had been acquired.

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

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

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

expected lifespan of each species acquired with a monetary consideration, which is between 10 and 50 years.

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

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

The items of property, plant and equipment whose useful life exceeds the term of the administrative concessions or operating leases are depreciated on a straight-line basis over the term of the related concession or lease (see note 9). Land not assigned to concessions is considered to have an indefinite useful life and is therefore not depreciated.

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

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

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

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

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

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

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

h) Leases

The Group classifies leases as finance leases when substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee under the terms and conditions

of the lease, otherwise they are classified as operating leases. Otherwise they are classified as operating leases.

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

- Lessee accounting - Finance leases

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

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

- Lessee accounting - Operating leases

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

i) Financial instruments

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

For measurement purposes, financial instruments are classified into the following categories: financial assets and financial liabilities at fair value through profit or loss, separating those initially designated as such from those held for trading; loans and receivables; held-to-maturity investments; available-for-sale financial assets; and financial liabilities at amortised cost. Financial instruments are classified into different categories based on the nature of the instruments and the Group's intentions on initial recognition.

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

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

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

These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method. Nevertheless, financial assets

which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

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

(ii) *Impairment and uncollectibility of financial assets*

The Group recognises impairment to cover its exposure to bad debt risk. Provisions for impairment are calculated based on the probability of recovery of the debt, taking into account its ageing and the debtor's solvency. At 30 September 2018 and 2017 the fair value of these assets does not differ significantly from their carrying amount.

(iii) *Derecognition of financial assets*

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

(iv) *Financial liabilities*

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

(v) *Derecognition and modifications of financial liabilities*

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

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

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

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

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

(vi) *Derivative financial instruments*

To mitigate the risk associated with any fluctuations in cash flow (cash flow hedges) that might arise due to changes in interest rates, in 2016 the Group has arranged interest rate swaps for its syndicated loans (see note 15).

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.

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

j) Valuation techniques and assumptions applicable when measuring fair value

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

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

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

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

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

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

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

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

At 30 September 2018, the Group's financial assets and financial liabilities at fair value comprise the derivative financial instruments mentioned in Note 15.

k) Cash and cash equivalents

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

l) Inventory

Inventories in the consolidated statement of financial position at 30 September 2018 and 2017 comprise the raw materials, spare parts and other supplies required to carry out the Group's activities. Inventories mainly comprise catering and merchandising items that are measured at the lower of average purchase price and net realisable value. Obsolete, faulty or slow-moving inventories have been written down to their expected realisable value.

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

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

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

– Liabilities are classified as current when they are expected to be settled within 12 months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

– Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the consolidated financial statements are authorised for issue.

n) Recognition of income and expenses

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

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

Certain parks in the Group sell annual passes and season tickets. The annual passes are booked as unearned income at the date of sale and recognised on a following financial criteria in the consolidated income statement over their validity period.

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

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

o) Capital grants

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

At 30 September 2018, the balance of the grants not yet taken to the consolidated income statement was included under other non-current liabilities in the accompanying consolidated statement of financial position.

p) Income tax

The Parent has availed of the tax regime applicable to groups of companies as permitted by the revised text approved by Law 27/2014, of 27 November 2014, of Income Tax and is the parent of the tax group (see note 18).

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

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

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

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

- *Recognition of deferred tax liabilities*

The Group recognises all deferred tax liabilities except where:

– they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income;

– they are associated with investments in subsidiaries and joint ventures for which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

- *Recognition of deferred tax assets*

The Group recognises deferred tax assets provided that:

– it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income;

– the temporary differences are associated with investments in subsidiaries and joint ventures that will reverse in the foreseeable future and sufficient taxable profit is expected to be generated against which the temporary differences can be offset.

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

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

- *Measurement of deferred tax assets and liabilities*

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

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

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

- *Offset and classification*

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

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

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

q) Commitments with employees

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

- *Defined benefit plans*

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

Where applicable, the Group should recognise defined benefit liabilities in the statement of financial position reflecting the present value of defined benefit obligations at the reporting date, minus the fair value of plan assets at that date. In the event that the difference results in an asset, the Group measures the resulting asset at the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Economic benefits are available to the Group when they are realisable at some point during the life of the plan or on settlement of plan liabilities, even when not immediately realisable at the reporting date.

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

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

- *Defined contribution plans*

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

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

- *Other employee benefits*

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

- *Termination benefits*

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

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

r) Share-based payments for services

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

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

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

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

– If the equity instruments granted vest immediately on the grant date, the services received are recognised in full and with a corresponding increase in equity;

– If the equity instruments granted do not vest until the employees complete a specified period of service, those services are accounted for during the vesting period, with a charge to profit and a corresponding increase in equity.

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

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

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

- *Tax effect*

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

In April 2016, prior to the Offer for Admission to trading (see note 1), the sole shareholder, Centaur Nederland, B.V., approved a long-term incentive plan for 2016-2020 to be settled through the delivery of shares in the Parent. Beneficiaries were informed of the plan regulations in May of 2016. According to the Incentive Plan, the delivery of shares is subject to the fulfilment of certain performance conditions, as well as the continued employment in the Parques Group. The Parent has estimated the total obligation derived from these plans and the part of this obligation accrued at 30 September 2018 based on the extent to which the conditions for receipt have been met (see note 21 c)).

s) Provisions and contingencies

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

– Provisions: balances payable for current obligations deriving from past events, settlement of which will probably require an outflow of undetermined resources as regards the amount and/or settlement date.

– Contingent liabilities: possible obligations arising from past events, the future materialisation of which is conditional on the occurrence or not of one or more future events beyond the Group’s control.

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

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

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

t) Assets and liabilities of an environmental nature

At 30 September 2018 and 2017 the Group does not have any assets earmarked for the protection and improvement of the environment, nor has it incurred relevant costs of this nature during the years then ended.

The Parent's Board Directors consider that no significant contingencies exist concerning the protection and improvement of the environment and, accordingly, no provision has been made in this regard at 30 September 2018 or 2017.

u) Segment reporting

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

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

Segment assets and liabilities include all items directly or indirectly attributable to a segment. No significant assets are shared between segments. The financial costs associated with the syndicated loan at 30 September 2018 and 2017, and the relating finance expense, are included in the "Head office - non-operating" segment.

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

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

(5) Business Combination

On 14 February 2018 and through the acquisition of 100 % of its shares, the Group obtained the control of the company Event Park GmbH. This company is based in Germany and its main activity is the operation of an amusement park known as "Belantis" located in Leipzig, Germany, focused on family entertainment. This German company has been added for accounting purposes on 1 March 2018 as the effect of not considering the exact date of acquisition is not significant.

As allowed by IFRS 3, the initial recognition of this business combination is incomplete at the date of preparation of these Consolidated Annual Accounts. However, the provisional breakdown of the price paid, the fair value of the assets acquired and liabilities recognised on the date of acquisition and the resulting goodwill is as follows:

	Thousand of euros
Intangible assets	2,806
Lands	4,142
Buildings and other constructions	5,002
Other property, plant and equipmment	9,666
Inventories	225
Other current assets	533
Cash and cash equivalents	743
Current liabilities	(2,356)
Non-current liabilities	(7,269)
Net assets acquired	13,492
Consideration provided	25,419
Goodwill (Note 7)	**11,927**

The profit and revenues obtained by the business added in 2018 and included in the consolidated annual accounts for the financial year ended 30 September 2018 amount to a profit of 2,642 thousand Euros and revenues of 10,899 thousand Euros, respectively. This German company has been included for accounting purposes on 1 March 2018. If it had been acquired on 1 October 2017, the revenues contributed to the Group would have been up by 1,245 thousand Euros and the profit would have dropped by 2,406 thousand Euros, compared to these Consolidated Annual Accounts.

In addition, during January 2018, dependent company Palace Entertainment Holdings, LLC based in the United States of America acquired a hotel close to the Dutch Wonderland park located in Pennsylvania for 4.9 million Euros. The purchase price mainly pertains to land and buildings for 3.1 and 1.2 million Euros respectively (see note 8).

(6) Intangible Assets

Movement under this heading of the consolidated balance sheet in 2018 and 2017 is as follows:

	2018						
	Thousand of euros						
	Balance at 30.09.17	Additions	Disposals	Transfers (note 8)	Business Combination	Exchange differences	Balance at 30.09.18
Cost							
Administrative concessions	783,840	3,384	(560)	3,805	-	-	790,469
Industrial property	43,192	172	-	174	2,729	698	46,965
Computer software	16,393	1,876	(770)	455	77	(4)	18,027
Other intangible assets	29,740	171	-	210	-	2	30,123
Total, cost	**873,165**	**5,603**	**(1,330)**	**4,644**	**2,806**	**696**	**885,584**
Depreciation and amortisation							
Administrative concessions	(375,921)	(28,650)	443	-	-	-	(404,128)
Industrial property	(23,378)	(2,083)	-	-	-	(303)	(25,764)
Computer software	(11,127)	(2,367)	770	-	-	3	(12,721)
Other intangible assets	(11,812)	(777)	-	-	-	(656)	(13,245)
Total, amortisation	**(422,238)**	**(33,877)**	**1,213**	**-**	**-**	**(956)**	**(455,858)**
Impairment	**(8,569)**	-	8,569	-	-	-	**-**
	442,358	**(28,274)**	**8,452**	**4,644**	**2,806**	**(260)**	**429,726**

	2017					
	Thousands of euros					
	Balance at 30.09.16	Additions	Disposals	Transfers (note 8)	Exchange differences	Balance at 30.09.17
Cost						
Administrative concessions	779,989	3,454	-	397	-	783,840
Industrial property	40,429	93	-	(41)	2,711	43,192
Computer software	15,212	872	(287)	595	1	16,393
Other intangible assets	29,428	144	-	158	10	29,740
Total cost	**865,058**	**4,563**	**(287)**	**1,109**	**2,722**	**873,165**
Depreciation and amortisation						
Administrative concessions	(348,236)	(27,685)	-	-	-	(375,921)
Industrial property	(20,161)	(2,292)	-	-	(925)	(23,378)
Computer software	(14,525)	(2,210)	240	-	(1)	(11,127)
Other intangible assets	(6,224)	(219)	-	-	-	(11,812)
Total amortisation	**(389,146)**	**(32,406)**	**240**	**-**	**(926)**	**(422,238)**
Impairment	**(48,071)**	-	39,502	-	-	**(8,569)**
	427,841	**(27,843)**	**39,455**	**1,109**	**1,796**	**442,358**

Additions in 2018 and 2017 primarily comprise investments in the concessions for the Parque de Atracciones de Madrid and the Zoo de Madrid. Translation differences comprise the effect of fluctuations in the exchange rates used to translate the various line items reflecting intangible assets located in countries with a functional currency other than the Euro. Details of additions by operating segment are provided in the accompanying Appendix II.

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

	Thousands of euros	
	2017	**2016**
Parque de Atracciones de Madrid	102,863	100,376
Zoo de Madrid	102,520	108,753
Spanish water parks (Parques Acuáticos)	41,159	47,830
Parque de Atracciones Mirabilandia	137,153	139,245
Parque Acuático de Mar del Plata	977	1,303
Parque Biológico de Madrid	1,669	1,726
Other	-	117
	386,341	**399,350**
Impairment	-	8,569
Total	**386,341**	**407,919**

Of the above amount, Euros 205,383 thousand at 30 September 2018 (Euros 209,246 thousand at 30 September 2017) correspond to concessions recognised under IFRIC 12 criteria.

At 30 September 2018 and 2017, the Group carried out an impairment test on all intangible assets showing evidence of impairment according to the methodology described in note 2 c). As a result of this impairment test, the impairment of the intangible fixed assets recognised in previous years in Parque de Atracciones Madrid, S.A. of 8,569 million Euros was reversed. On 30 September 2017, impairments in intangible fixed assets recognised in previous years in Spanish parks amounting to 22,005 thousand Euros were reversed. Moreover, in 2017, in the Italian park Mirabilandia, impairments recognised in 2016 and amounting to Euros 17,497 thousand were reversed as a result of the improvement in the outlook for revenues growth at the park on the back of a specific asset investment plan implemented there.

At the date of authorisation for issue of these consolidated financial statements, the Parent's Board Directors consider that no additional events have occurred which would require amendments to the estimates made at the 2018 reporting date in respect of the impairment testing carried out.

Details, by category, of fully amortised intangible assets at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Administrative concessions	31,599	32,042
Industrial property	881	801
Computer software	11,713	9,531
Other intangible assets	498	443
	44,691	**42,817**

(7) Goodwill

Details and movement under this heading of the consolidated balance sheet in 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Balance at 1 October	562,433	640,631
Business combinations (note 5)	11,927	-
Impairments (note 2 c))	(23,381)	(64,933)
Exchange differences	4,190	(13,265)
Balance at 30 September	**555,169**	**562,433**

Translation differences comprise the effect of fluctuations in the exchange rates used to convert the goodwill in countries with a functional currency other than the Euro, essentially the United States, the impact of which was far greater in 2018 than in 2017 owing to changes in the exchange rate.

At 30 September 2018 and 2017 the Group has tested all goodwill for impairment in accordance with accounting principles, using the methodology described in note 2 c). As a result of this test, at 30 September 2018 an impairment of 6,358 thousand Euros (26,835 thousand Euros at 30 September 2017) was recognised in the goodwill associated with the French animal park Marineland. In this regard, the park was reopened in 2016 after severe flooding in 2015 leading to its temporary closure. Since then, cash flow projections have not yet reached the forecast levels.

Likewise, in the aftermath of bad results of US parks due to adverse weather conditions (heavy rains and hurricanes), in 2018 the Group recognised impairments in goodwill associated with Raging Waters Sacramento, Raging Waters San José, Water Country, Sea Life Park e Idlewild in the amount of Euros 17,023 thousand euro (Euro 68,098 thousand in and Miami Seaquarium, Watercountry, Noah´s Ark, Sandcastle, Sacramento and San José during 2017).

At the date of authorisation for issue of these consolidated financial statements, the Parent's Board Directors consider that no additional events have occurred which would require amendments to the estimates made at the 2018 reporting date in respect of the impairment testing carried out.

Goodwill has been allocated to CGUs and/or groups of CGUs. Details of this goodwill and its carrying amount at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Spain parks		
Parque Warner	39,085	39,085
US theme parks		
Kennywood	56,403	55,400
Idlewild	6,529	15,429
Lake Compounce	8,566	8,413
Storyland	12,789	12,563
Dutch Wonderland	194	190
US animal parks		
Sea Life Park	8,250	8,195
Miami Seaquarium	-	-
US water parks		
Sandcastle	-	-
San Dimas	27,710	27,218
Sacramento	817	2,173
San Jose	4,951	9,091
Splish Splash	33,327	32,734
Water County	15,096	16,915
Wet 'n Wild Emerald Pointe	22,737	22,332
Noah's Ark	7,944	7,493
Amusement parks in Europe		
CGU parks in Europe	75,000	75,000
Bobbejaanland	100,000	100,000
Bonbonland	2,500	2,500
Tusenfryd	33,403	33,403
Slagharen	2,922	2,922
Belantis	11,927	-
Animal parks in Europe		
Marineland	65,998	72,356
UK Zoos and aquariums	12,302	12,302
Water parks in Europe		
BoSommarland	6,719	6,719
	555,169	**562,433**

(8) Property, plant and equipment

Movement under this heading of the consolidated balance sheet at 30 September 2018 and 2017 is as follows:

2018

	Thousand of euros						
	Balance at 30.09.17	Additions	Disposals	Transfers (note 6)	Business combination	Exchange differences	Balance at 30.09.18
Cost							
Land	84,159	3,375	–	–	4,142	554	92,230
Buildings and other structures	624,462	19,661	(6,553)	5,179	5,002	1,683	649,434
Plant, machinery and tools	599,888	30,281	(6,466)	13,586	9,151	2,549	648,989
Furniture and fixtures	43,672	3,116	(512)	551	165	(62)	46,930
Information technology equipment	24,528	3,140	(1,391)	565	40	199	27,081
Vehicles	54,340	6,483	(764)	597	34	814	61,504
Other property, plant and equipment	151,848	5,611	(5,268)	2,031	276	403	154,901
Assets under construction	40,439	54,251	(70)	(27,153)	-	254	67,721
Total cost	**1,623,336**	**125,918**	**(21,024)**	**(4,644)**	**18,810**	**6,394**	**1,748,790**
Depreciation							
Buildings and other structures	(216,468)	(4,305)	5,971	–	–	(973)	(215,775)
Plant, machinery and tools	(326,657)	(29,525)	10,166	–	–	(1,558)	(347,574)
Furniture and fixtures	(26,103)	(1,479)	481	–	–	27	(27,074)
Information technology equipment	(17,952)	(3,158)	1,350	–	–	(147)	(19,907)
Vehicles	(27,172)	(5,098)	639	(13)	–	(560)	(32,204)
Other property, plant and equipment	(89,358)	(3,450)	1,451	13	–	(172)	(91,516)
Total accumulated depreciation	**(703,710)**	**(47,015)**	**20,058**	**–**	**–**	**(3,383)**	**(734,050)**
Impairment	**(19,434)**	(13,402)	2,662	–	–	(346)	**(30,520)**
	900,192	**65,501**	**1,696**	**(4,644)**	**18,810**	**2,665**	**984,220**

2017

	Thousands of euros					
	Balance at 30.09.16	Additions	Disposals	Transfers (note 6)	Exchange differences	Balance at 30.09.17
Cost						
Land	85,668	372	(121)	-	(1,760)	84,159
Buildings and other structures	623,689	12,910	(4,119)	1,371	(9,389)	624,462
Plant, machinery and tools	590,016	22,455	(2,684)	1,372	(11,271)	599,888
Furniture and fixtures	30,136	13,907	(707)	789	(453)	43,672
Information technology equipment	23,558	2,892	(1,436)	300	(786)	24,528
Vehicles	51,646	4,833	(557)	727	(2,309)	54,340
Other property, plant and equipment	153,112	2,168	(1,916)	2	(1,518)	151,848
Assets under construction	27,060	19,643	(92)	(5,658)	(514)	40,439
Total cost	**1,584,885**	**79,180**	**(11,632)**	**(1,097)**	**(28,000)**	**1,623,336**
Depreciation						
Buildings and other structures	(206,008)	(19,847)	3,556	-	5,831	(216,468)
Plant, machinery and tools	(332,537)	(3,933)	2,441	(12)	7,384	(326,657)
Furniture and fixtures	(22,467)	(5,823)	803	1,075	309	(26,103)
Information technology equipment	(16,815)	(5,868)	1,616	2,349	766	(17,952)
Vehicles	(24,882)	(1,782)	315	(2,349)	1,526	(27,172)
Other property, plant and equipment	(87,463)	(1,981)	651	(1,075)	510	(89,358)
Total accumulated depreciation	**(690,172)**	**(39,234)**	**9,382**	**(12)**	**16,326**	**(703,710)**

Impairment	**(17,410)**	(2,587)	563	-	-	**(19,434)**
	877,303	**37,359**	**(1,687)**	**(1,109)**	**(11,674)**	**900,192**

Additions in 2018 and 2017 mainly include investments in maintenance made in the various parks operated by the consolidated companies, as well as investments in new attractions. In this regard, the investments made in the new IECs of the Group, mainly those located in Spain (Murcia and Arroyomolinos), as well as those made in the Parque de Atracciones de Madrid and Parque Warner in Spain, Mirabilandia in Italy, Movie Park Germany in Germany and Slagharen in the Netherlands, as well as those made in US parks. In 2017, the main investments made in European parks were those made in Parque de Atracciones Madrid and Parque Warner in Spain, Movie Park Germany in Germany and Slagharen in the Netherlands, as well as in US parks. The breakdown of new capital additions by operating segment is shown in Annex II attached hereto.

At 30 September 2018 and 2017 the Group has carried out impairment testing on all property, plant and equipment that presented indications of impairment, using the methodology described in note 2 c). As a result of the tests, asset impairments amounting to Euros 13,748 thousand were booked at two parks in the US (Euros 2,587 thousand at 30 September 2017). As a result of the strong performance and positive outlook for the Spanish parks, impairment of Euros 2,662 thousand on property, plant and equipment recognised in previous years in the Spanish park Selwo was reversed (Euros 563 thousand at 30 September 2017). At the date of authorisation for issue of these consolidated financial statements, the Parent's Board Directors consider that no additional events have occurred which would require amendments to the estimates made at the 2018 reporting date in respect of the impairment testing carried out.

Details, by category, of the fully depreciated items of property, plant and equipment in use at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Buildings and other structures	186,654	164,667
Plant, machinery and tools	299,032	284,755
Furniture and fixtures	18,847	16,756
Information technology equipment	18,742	16,511
Vehicles	26,266	26,637
Other property, plant and equipment	33,395	31,251
	582,936	**540,577**

The Group takes out insurance policies to cover the possible risks affecting its property, plant and equipment, and for the intangible asset items relating to administrative concessions recognised in note 6 as a result of the application of IFRIC 12. The Parent's Board Directors consider that these policies are sufficient to cover the risks inherent in the Group's activity at 30 September 2018.

At 30 September 2018 and 2017, items of property, plant and equipment located abroad, mainly in the United States, Germany, France, Italy, Norway, Denmark, the United Kingdom and the Netherlands, amount to Euros 502,479 and Euros 453,049 thousand, respectively (of which 222,129 and Euros 195,004 thousand, respectively, in the United States), net of accumulated depreciation and impairment.

(9) Leases and concession agreements

a) Operating leases and concession agreements

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

Country	Location	Type of park	Description	Maturity
Spain	Alicante	Water park	Parque acuático de Torrevieja	2032 (1)
Spain	Madrid	Water park	Parque acuático de Villanueva de la Cañada	2026 (1)
Spain	Valencia	Water park	Parque acuático de Cullera	2033 (1)
Spain	Madrid	Water park	Parque acuático de S. F. de Henares	2019 (1)
Spain	Seville	Water park	Parque acuático de Sevilla	2020 (1)
Spain	Tarragona	Water park	Parque acuático de Salou	2021 (1)
Spain	Huelva	Water park	Parque acuático de Cartaya	2024 (1)
Spain	Madrid	Animal park	Zoológico de Madrid	2034 (1)
Spain	Madrid	Animal park	Faunia (Parque Biológico Madrid)	2048 (1)
Spain	Madrid	Amusement park	Parque de atracciones de Madrid	2026 (1)
Spain	Madrid	Other leisure centres	Teleférico de Rosales	2017 (1)(4)
Spain	Málaga	Other leisure centres	Teleférico de Benalmádena	2075 (1)
Spain	Málaga	Animal park	Parque de la naturaleza Selwo	2072 (1)
Spain	Málaga	Animal park	Parque Selwo Marina	2075 (1)
France	Le Touquet	Water park	Aqualud	2034
Italy	Ravena	Amusement park	Mirabilandia (2 parques)	2072 (2)
United Kingdom	Blackpool	Animal park	Zoológico de Blackpool	2033
United Kingdom	Windermere	Animal park	Acuario de Lake Windermere	2047
United Kingdom	Bournemouth	Animal park	Acuario de Bournemouth	2097 (3)

(1) The assets invested in for these parks must be returned at the end of the administrative concession. At 30 September 2018 and 2017, the net book value of property, plant and equipment and intangible assets at these parks amounted to 160,443 and Euros 157,329 thousand, respectively.

(2) Several contracts on different parcels with maturities in 2062 (automatically renewable for another 25 years), 2072 and 2070 (automatically renewable).

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

(4) Reverted to the Madrid City Council definitively on January 1, 2018. The assets associated with said facility were delivered in perfect conditions on the aforementioned date and, therefore, there has been no significant adverse impact on the accounts, consolidated annual accounts for the 2018 financial year.

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

At the end of the concession periods, of the aforementioned surface rights or leases, the facilities will revert to the granting authority in accordance with the signed agreements. Nevertheless, the Group's experience in the sector suggests that it is possible to extend the contracts for additional periods through the contract financial and economic equilibrium. In most cases, one year prior to expiry, the concession operator must carry out at its own cost the construction and other work required for the facilities and structures to be handed over in perfect condition for rendering the services for which they were intended.

During the term of the agreement, concession operators are required to renovate and improve the facilities. As such, the concession operator undertakes to carry out the conservation and maintenance of the facilities. The Group considers that the ordinary maintenance carried out on the park facilities

held under the concession is so comprehensive that no additional provisions are required in order to meet the contractual obligations.

In addition, in the case of Parque de Atracciones de Madrid, Zoo de Madrid, Teleférico de Benalmádena and Aquopolis Costa Dorada, entrance prices are controlled by the competent Authority, as they must be authorised on a yearly basis by the Authority after the request for review presented by the Group.

In light of the foregoing, the entertainment parks of Parque de Atracciones de Madrid and Zoo de Madrid are recognised under IFRIC 12 (see note 4 e)).

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

In 2018 and 2017 the Group has operated a group of parks and other leisure facilities, for which it has signed operating lease agreements for the land on which they are built, Details of these parks and leisure facilities are as follows:

Country	Location	Operating segment	Description	Maturity
Germany	Dusseldorf	Amusement park	Movie Park	2062 (1)
Argentina	Mar de Plata	Animal park	Mar de Plata Aquarium	2021 (2)
United States	California	Family entertainment centres	Palm Springs	2027
United States	Georgia	Family entertainment centres	Marietta Mountasia	2026
United States	Georgia	Family entertainment centres	Norcross Malibu	2026
United States	Florida	Family entertainment centres	Greater Ft, Lauderdale	2033
United States	California	Family entertainment centres	Vista	2033
United States	New York	Family entertainment centres	Medford	2034
United States	California	Water park	Sacramento	2025
United States	California	Water park	San Jose Raging Waters	2025
United States	New York	Water park	Splish Splash	2034
United States	California	Water park	San Dimas Raging Waters	2034
United States	New Hampshire	Water park	Water County	2034
United States	North Carolina	Water park	Wet 'n Wild Emerald Pointe	2037
United States	Hawaii	Animal park	Sea Life Hawaii	2027
United States	Florida	Animal park	Miami Seaquarium	2031
United States	California	Amusement park	Castle park	2037
Norway	Telemark	Water park	BO Sommarland	2026 (3)
Norway	Oslo	Amusement park	Tusenfryd AS	2025
Spain	Murcia	Family entertainment centre	Nickelodeon Adventure	2037 (4)

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

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

(3) This contract allows five-year renewals indefinitely,

(4) Includes two (2) extensions of five (5) years each

All the parks and leisure centres detailed in the previous table were also exploited in fiscal year 2017 except for the IEC of Murcia Nickelodeon Adventure inaugurated at the beginning of the financial year 2018.

At 30 September 2018 and 2017, future minimum lease payments under non-cancellable operating leases and concession arrangements are as follows:

	Thousands of euros	
	2018	**2017**

Less than one year	16,218	11,397
Two and five years	54,186	42,655
Over five years	184,704	165,041
	255,108	**219,093**

Operating lease and administrative concession fee expenses totalled Euros 17,334 thousand and Euros 16,970 thousand at 30 September 2018 and 2017, respectively (see note 20 c)).

b) Financial leases

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

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

There follows a breakdown of the assets classified as finance leases at 30 September 2018 and 2017:

	Thousands of euros				
	Land	**Constructions**	**Plant, machinery and tools**	**Other property, plant and equipment**	**Total**
Cost at 30/09/2018	15,744	21,917	19,618	191	57,470
Accumulated depreciation at 30/09/2018	-	(1,571)	(5,022)	(107)	(6,700)
Net accounting value at 30/09/2018	**15,744**	**20,346**	**14,596**	**84**	**50,770**
Cost at 30/09/2017	15,744	21,917	19,618	191	57,470
Accumulated depreciation at 30/09/2017	-	(1,132)	(3,621)	(77)	(4,830)
Net accounting value at 30/09/17	**15,744**	**20,785**	**15,997**	**114**	**52,640**

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

	Thousands of euros					
	2018			**2017**		
	Minimum payments	**Interest**	**Present value**	**Minimum payments**	**Interest**	**Present value**
Less than one year	5,102	-	5,102	5,021	-	5,021
Two and five years	20,663	(6,948)	13,715	20,338	(6,724)	13,614
Over five years	101,993	(59,203)	42,790	106,970	(65,681)	41,289
Minus current share	(5,102)	-	(5,102)	(5,021)	-	(5,021)
Total non-current	**122,656**	**(66,151)**	**56,505**	**127,308**	**(72,405)**	**54,903**

At 30 September 2018 and 2017, the long-term maturity of finance lease debts is as follows:

	2018					
	Thousands of euros					
	2019/20	2020/21	2021/22	2022/23	2023/24 and thereafter	Total
Financial lease	3,391	3,416	3,442	3,468	42,788	56,505
	3,391	**3,416**	**3,442**	**3,468**	**42,788**	**56,505**

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

The financial expenses accrued by the finance lease during the year ended September 30, 2018 and 2017 amounted to 6,758 and 6,550 thousand euros, respectively.

(10) Financial Assets

The 2018 and 2017 year-end balances of non-current financial assets are as follows:

	Thousands of euros	
	2018	**2017**
Trade and other receivables:		
Other receivables	12	-
Non-current deposits and guarantees arranged	1,705	1,547
Available-for-sale financial assets:		
Measured at cost	14	14
Provision for value impairment	(363)	(14)
Derivative financial instruments (note 15).	-	507
	1,368	**2,054**

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

(11) Trade and Other Receivables

Details at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Clients from sales and provision of service	40,845	28,242
Other receivables	2,671	1,483
Public Administrations (Note 18)	197	324
Personnel	146	180
	43,859	**30,229**

a) Clients from sales and provision of service

Trade receivables in the accompanying consolidated statements of financial position at 30 September 2018 and 2017 mainly comprise the balances receivable on Group sales made to third parties in the ordinary course of business. In general, these receivables earn no interest and fall due within 180 days.

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

At 30 September 2018 and 2017 this item includes provisions for impairment to cover the risk of debtor insolvency. The balance at these dates and movement for the years then ended are as follows:

	Thousands of euros	
	2018	**2017**
Balance at 1 October	4,658	3,471
Provisions	1,732	1,520
Amounts used	(815)	(285)
Reversals for unrecoverable loans	(759)	(48)
Balance at 30 September	**4,816**	**4,658**

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

b) Age of past-due unimpaired financial assets

Trade receivables include amounts past due at 30 September 2018 for which the Group has not recognised a provision for bad debts because there have been no significant changes in the credit ratings of the debtors and the amounts are deemed to be recoverable. The ageing of past-due unimpaired financial assets at 30 September 2018 and 2017 is as follows:

	Thousands of euros	
	2018	**2017**
Maturity in less than 180 days	10,302	8.413
Maturity between 180 and 360 days	187	796
Maturity over 360 days	205	367
	10,694	**9.576**

(12) Cash and other equivalents

Details at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Cash on hand	5,060	3,710
Cash in banks	48,450	118,506
Bank deposits	691	543
Accrued interest receivable	674	328
	54,875	**123,087**

At 30 September 2018 and 2017 the Group's cash balances are not subject to any restrictions except for that mentioned.

Bank deposits mature in less than three months and generally earn interest at market rates below 0,5%.

(13) Net Equity

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

a) Capital subscribed

Consequently, at 30 September 2016 the share capital of Parques Reunidos Servicios Centrales, S.A. is represented by 80,742,044 ordinary shares represented by account entries of a single class and series of Euros 0,5 par value each. All shares have been fully subscribed and paid up and grant the same political and economic rights to their holders.

As indicated in note 1, the Parent's shares were admitted to trading on the Madrid, Barcelona, Bilbao, and Valencia stock exchanges on 29 April 2016. According to public information filed with the Spanish National Securities Market Commission, the members of the Board of Directors control approximately 0,84% of the share capital of the Parent Company at 30 September 2018 (0,32% at 30 September 2017).

According to the aforementioned public information, the most significant shareholdings (higher than 10%) at 30 September 2018 are as follows:

	%
Corporación Financiera Alba, S.A.	20.01
Groupe Bruxelles Lambert (GBL)	20.99

Capital management

The main objectives of the Group's capital management are to ensure short- and long-term financial stability and the adequate financing of its investments, while maintaining its borrowing levels. All this is aimed at ensuring that the Group maintains its financial strength and the soundness of its financial ratios in order to support its business and maximise value for its shareholders. For the purpose of measuring its capital management the Group uses the financial leverage ratio as an indicator, calculated as follows at 30 September 2018 and 2017:

	Thousands of euros	
	2018	**2017**
Gross debt		
Debt with credit institutions (note 14)	562,911	578,648
Financial leases (note 9 b))	61,607	59,924
	624,518	638,572
Treasury assets		
Current financial assets on maturity (Note 15)	(838)	(39)
Cash and other equivalents (note 12)	(54,875)	(123,087)
	(55,173)	(123,126)
Total net debt	**568,805**	**515,446**
Total net equity	**1,106,143**	**1,108,778**
Financial leverage	**0,51**	**0,46**

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

In addition, most of the financial debt used by the Group matures in May 2022 (see note 14) The Parent's Board Directors consider that this provides a sufficient period to perform such corporate transactions as might be required, together with the generation of cash from the Group's operations, to restore the balance in its volume of debt before it falls due.

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

b) Share premium

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

c) Other reserves

- Parent legal reserve and voluntary reserves

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

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

At 30 September 2017 the Company has appropriated this reserve above the minimum limit established in the revised law of the Capital Companies Act.

On 21 March 2018 the Company's General Meeting of Shareholders approved the distribution of dividends amounting to Euros 20 million, which was settled in July 2018.

- Reserves in fully consolidated companies

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

- Restriction on the availability of reserves

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

The main reserves are the legal reserve of the subsidiaries in Spain, Italy, France, Argentina and Belgium. At 30 September 2018 and 2017, these reserves amounted to Euros 25,461 thousand and Euros 25,361 thousand, respectively, including the revaluation reserve resulting from the application of Royal Decree-Law 7/1996 in the Spanish subsidiaries, totalling Euros 6,095 thousand, in both years.

d) Other shareholder contributions

This heading mainly includes Exit Bonuses received by members of the Group's senior management team and a certain number of employees in management positions, which the then Sole Shareholder (Centaur Nederland, B.V.) had assumed prior to the flotation of the Company.

e) Other equity instruments

This heading includes an increase in net equity as a result of the share-based payment schedule detailed in note 4 r), During 2018 and 2017, with regard to the first and second cycles (2016-2019 and 2017-2020) of the long-term Incentives Plan (see note 21 c)), 375 and 108 thousand Euros have been respectively recognised.

f) Other comprehensive income

- Translation differences:

Exchange differences mainly pertain to the conversion to Euros of the financial statements of the US subgroup, whose working currency is the US Dollar. Movement in 2018 and 2017 is as follows:

	Thousands of euros
Balance at 30 September 2016	**29,185**
Disposals	(11,547)
Balance at 30 September 2017	**17,638**
Disposals	3,968
Balance at 30 September 2018	**21,606**

- Valuation adjustments to equity:

At 30 September 2016, this heading included the net tax effect on the change in value of the financial derivative held by the Group in US dollars and designated as a cash flow hedging instrument. In 2017, the heading was reduced as a result of the ineffective coverage of said derivative (see Notes 4 (i) and 15 (a)). During 2018, no movements have taken place since the coverage of the derivate continues to be ineffective.

	Thousands of euros
Balance at 30 September 2016	(224)
Change in fair value on financial instruments	224
Tax effect	-
Balance at 30 September 2017	-
Additions/Disposals	-
Balance at 30 September 2018	-

g) Non-controlling interests

Details of this item in the accompanying consolidated statement of financial position at 30 September 2018 and 2017 and movement are as follows:

	Thousands of euros		
	Leisure Parks, S.A.	Parques Reunidos Valencia, S.A. in liquidation	Total
Balance at 30 September 2016	**414**	**58**	**472**
Profit / (loss) for the year	47	-	47
Acquisition of shareholdings	-	(58)	(58)
Other	49	-	49
Balance at 30 September 2017	**510**	**-**	**510**
Profit / (loss) for the year	44	-	44
Acquisition of shareholdings	-	-	-
Balance at 30 September 2018	**554**	**-**	**554**

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

h) Earnings per share

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

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

	2018	**2017**
Profit / (loss) for the year attributable to Parent Company shareholders (in thousands of euros)	12,978	11,330
Weighted average of ordinary shares in circulation	80,742,044	80,742,044
Basic earnings / (loss) per share (in euros)	**0,16**	**0,14**

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

(14) Loans and borrowings

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

a) Loans and borrowings with credit institutions

Details of current and non-current loans and borrowings at 30 September 2018 and 2017 are as follows:

	Thousands of euros							
	2018				2017			
	Limit	Current	Non-current	Total	Limit	Current	Non-current	Total
At amortised cost:								
Syndicated loan	565,644	22,777	523,867	546,644	565,430	22,617	542,813	565,430
Revolving credit facility	200,000	-	-	-	200,000	-	-	-
Other bank loans	-	2,332	11,703	14,035	-	1,305	11,974	13,279
Credit facilities	38,233	-	-	-	43,121	-	-	-
Interests outstanding	-	8,118	-	8,118	-	7,262	-	7,262
	784,877	**33,227**	**535,570**	**568,797**	**808,551**	**31,184**	**554,787**	**585,971**
Syndicated loan fees	-	-	(4,600)	(4,600)	-	-	(5,793)	(5,793)
Revolving credit fees	-	-	(1,545)	(1,545)	-	-	(1,965)	(1,965)
Valued at fair value:								
Derivative financial instruments (note 15)	-	259	-	259	-	186	249	435
	784,877	**33,486**	**529,425**	**562,911**	**808,551**	**31,370**	**547,278**	**578,648**

Non-current loans and borrowings at 30 September 2018 and 2017 mature as follows:

	2018					
	Thousands of euros					
	2019/20	2020/21	2021/22	2022/23	2023/24 and thereafter	Total
Syndicated loan	22,777	22,777	478,313	-	-	523,867
Other bank loans	2,363	2,387	3,005	824	3,124	11,703

25,140	**25,164**	**481,318**	**824**	3,124	**535,570**

	2017					
	Thousands of euros					
	2017/18	2018/19	2019/20	2020/21	2021/22 and thereafter	Total
Syndicated loan	22,617	22,617	22,617	474,962	-	542,813
Other bank loans	1,366	1,432	1,500	1,573	6,103	11,974
	23,983	**24,049**	**24,117**	**476,535**	**6,103**	**554,787**

(i) Syndicated loan and revolving credit

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

On 13 February 2017, the Companies that initially entered into the syndicated loan agreed to a non-substantially-modifying renewal of this syndicated loan, implying a reduction of up to 40 basis points in the applicable interest rate spread and an extension of up to 11 months in the maturity schedule thereof, depending on the tranche. An analysis of the renewal determined that modification of the syndicated loan was not substantial, the variation being only 1,52%.

The loan, consists of four tranches that have been taken by the Parent Company (two tranches in euros) and Festival Fun Parks, LLC (two tranches in US dollars), Below is a breakdown of the syndicated loan, at 30 September 2018 and 30 September 2017:

					2018	
					Thousands of euros	
Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	Undrawn	Drawn down
Tranche A1 (Dollar)	April 2022	6 month Libor + 2.35%	3.97%	93,718	-	80,792
Tranche A2 (Euros)	April 2022	Euribor 6 months + 2.35%	2.24%	124,200	-	124,200
Tranche B1 (Dollar)	May 2022	6 month Libor + 3.10%	3.00%	156,197	-	134,652
Tranche B2 (Euros)	May 2022	Euribor 6 months + 3.10%	3.10%	207,000	-	207,000
Revolving facility (multi-currency)	April 2022	Libor/Euribor + 2.35%	3.40%	200,000	200,000	-
					200,000	**546,644**

					2017	
					Thousands of euros	
Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	Undrawn	Drawn down
Tranche A1 (Dollar)	April 2022	6 month Libor + 2.10%	3.97%	104,131	-	88,172
Tranche A2 (Euros)	April 2022	Euribor 6 months + 2.10%	2.24%	138,000	-	138,000
Tranche B1 (Dollar)	May 2022	6 month Libor + 3.85%	3.00%	156,197	-	132,258
Tranche B2 (Euros)	May 2022	Euribor 6 months + 3.85%	3.10%	207,000	-	207,000
Revolving facility (multi-currency)	April 2022	Libor/Euribor + 2.10%	3.40%	200,000	200,000	-
					200,000	**565,430**

The fair value of the syndicated loan at 30 September 2018 is of 584,149 thousand Euros (603,647 thousand Euros on 30 September 2017). The estimated fair value is Level 2 based on the fair value hierarchy established in IFRS 7.

At 30 September 2018 there were no restrictions on drawdowns of the revolving credit facilities.

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

The syndicated loan also requires fulfilment, in each quarter and at the end of the year, of a covenant financial ratio calculated on the consolidated financial statements or consolidated financial accounts of the Group. The Group Corporate Financial Department carries out a detailed follow-up of compliance with such financial ratios, in order to enable early detection of any potential risk of non-compliance. In each quarter since the signing of the agreement and at 30 September 2018, the Board Directors of the Company have confirmed compliance with the following covenant:

Covenant	**Definition**	**Ratio required**
Debt	Net financial debt / Consolidated EBITDA	< 4,50

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

- A joint and several personal guarantee from Parques Reunidos Servicios Centrales, S.A. and Festival Fun Parks, LLC (including pledge on the shares of the latter). This guarantee is effective the moment that one of the guarantors fails to repay the principal or interest payments for the tranches of debt that each one has arranged. At 30 September 2018, both guarantors are up-to-date with the payments, so the guarantee has not been executed, and the Company has not needed to recognize and additional liability corresponding to the Festival Fun Parks, LLC.
- Pledge on the shares of Parque de Atracciones Madrid, S.A.U., Madrid Theme Park Management,S.L.U., Leisure Parks, S.A., Zoos Ibéricos, S.A., Gestion Parque de Animales

Madrid, S.L.U., Centaur Nederland 2 B.V., Grant Leisure Group Ltd, Tusenfryd AS, Pleasantville B.V., Marineland SAS, Movie Park Germany GmbH and Centaur Nederland 3 B.V.

- In addition, with a personal guarantee, as additional guarantors, the dependent companies are: Parque de Atracciones Madrid, S.A.U., Madrid Theme Park Management, S.L.U., Leisure Parks, S.A., Zoos Ibéricos, S.A., Gestion Parque de Animales Madrid, S.L.U., Centaur Nederland 2 B.V., Grant Leisure Group Ltd, Tusenfryd AS, Pleasantville B.V., Marineland SAS Parco della Standiana SRL, Movie Park Germany GmbH and Centaur Nederland 3 B.V.

(ii) Other bank loans and credits:

Other bank loans include a loan of dependent company Parque Biológico de Madrid, S.A., with an outstanding balance at 30 September 2018 of 5,315 thousand Euros (5,618 thousand Euros on 30 September 2017), maturing in 2022 and at a variable annual interest rate of Euribor + 2,55 %. In addition, there is also a loan with an outstanding balance on 30 September 2018 of 6,971 thousand Euros (7,661 thousand Euros on 30 September 2017), pertaining to dependent company Marineland Resort, S.A.S., and maturing in 2027 at a fixed annual interest rate of 3,8 %. Lastly, as a result of the acquisition and integration of the new company Event Park mentioned in note 5, this heading includes a loan of this Company with an outstanding balance on 30 September 2018 of 1,750 thousand Euros maturing in 2022 at a fixed annual interest rate of 1,76 %.

At 30 September 2018 and 2017, several Group companies have credit facilities amounting to a total 38,233 and 43,121 thousand Euros respectively. These credit facilities are extended on a yearly basis. The drawdowns made at 30 September 2018 are mainly a result of the seasonal nature of the Group's activity and the temporary cash requirements of some of the parks. Moreover, the syndicated loan includes a Revolving Credit Facility of 200,000 thousand Euros maturing in April 2022.

b) Other liabilities

Other non-current liabilities in the attached consolidated financial balance sheet mainly include the contributions granted to the Spanish companies Mall Entertainment Centre Murcia, S.L. and Mall Entertainment Centre Acuario Arroyomolinos, S.L. of 7,000 and 5,739 thousand Euros respectively, by the owners where the IEC adaptation works are being executed.

The cancellation of these liabilities is posted to the heading "Other operating expenses", with the lease expense being reduced as the financed assets are amortised, as mentioned in note 4 o). In 2018, 337 thousand Euros pertaining to the Murcia centre have been posted to the consolidated income statement. As for the Arroyomolinos centre, nothing has been posted as the adaptation works of this IEC have not yet been completed.

In addition, as a result of the business combination described in note 5, the amount of 685 thousand Euros is added to this heading.

At 30 September 2018 and 2017, the heading "Other current liabilities" in the attached consolidated balance sheet includes revenues billed and unearned by such dates from visits pertaining to yearly passes. In this regard, during 2017 the Group recognised 2 million Euros pertaining to unearned income at 30 September 2016 for visits related to yearly passes still outstanding in the first quarter of tax year 2017.

(15) Derivative financial instruments

Details of the derivative financial instruments included in the consolidated balance sheet under "Loans and borrowings" and "Other financial assets" at 30 September 2018 and 2017 are as follows:

	2018		
	Thousands of Euros		
	Current	**Non-current**	**Total**
Assets			
Interest rate hedges	838	-	**838**
Liabilities			
Interest rate hedges	259	-	**259**

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

a) Interest rate derivatives

Details of derivative financial instruments and their corresponding fair values at 30 September 2018, together with the outstanding notional amounts to which they are linked, are provided below. At 30 September 2018 the Group does not applies hedge accounting to these derivatives.

Instrument	Interest rate swap	Interest rate swap	Interest rate swap
Fixed interest payable	-0.064%	1.394%	1.399%
Variable interest receivable	6 month Libor	6 month Libor	6 month Libor
Date arranged	25/05/2016	31/05/2016	31/05/2016
Start of hedge	30/06/2016	30/06/2016	30/06/2016
Expiry date	30/06/2019	30/06/2019	30/06/2019
Notional (thousands)	184.000 (Euros)	52.800 (USD)	55.000 (USD)
Interest payments	Half-year (31 March y 30 September)	Half-year (31 March y 30 September)	Half-year (31 March y 30 September)
Fair value of swap (thousands of Euros)	(259)	410	428
Accrued interest payable (thousands of Euros)	-	-	-
Total fair value (thousands of Euros)	(259)	410	428

The Group hedges against the risk of variations in the interest rate of the syndicated loan using Interest Rate Swaps (IRSs). These financial instruments have been classified as Level 2 in the hierarchy established in IFRS 7.

With IRS, interest rates are interchanged so that the Group receives a variable interest rate from the bank in exchange for a payment of fixed interest on the nominal amount. The variable interest rate received for the derivative offsets the interest paid on the hedged financing. The end result is the payment of fixed interest on the hedged financing. To determine the fair value

of interest rate derivatives, the Group discounts cash flows based on implicit rates determined through the Euro and US dollar interest rate curves depending on market conditions at the measurement date.

At 30 September 2018, the Group has recognised, in the heading "Variation in fair value of interest rate derivatives" of the consolidated balance sheet for 2018, a profit of 468 thousand Euros pertaining to the variation in fair value since the start of the year until 30 September 2018 both of the IRS in Euros and the one in USD (see note 20 e)).

At 30 September 2017, the Group derecognised the amount of Euros 224 thousand corresponding to the IRS of the tranches in US dollars and recognised the related expense under "Changes in the fair value of interest rate derivatives" in the consolidated income statement for 2017 (see Note 13 e)). Moreover, said heading also includes a profit of Euros 1,308 thousand corresponding to the change in fair value from the start of the year until 30 September 2017 in IRS in both euros and dollars.

Lastly, in financial year 2018 and 2017, these derivative instruments accrued interest income for the amount of 101 and interest expense for an amount of 410 thousand euros, respectively, which are included in the "Financial Expenses" caption of the account, of consolidated results (see note 20 e)).

b) Sensitivity analysis

Details of the sensitivity analysis of the derivatives held by the Group at the 2018 reporting date are as follows:

	Thousands of euros		
	Result – (Expense) / Income		
Sensitivity	**SPAIN**	**USA**	**Total**
+ +0,50 points (rise in the interest rate curve)	971	449	1,420
- 0,50 points (decrease in the interest rate curve)	(971)	(449)	(1,420)

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 2018 will affect the Group's equity to the extent that market conditions, specifically the future interest rate curve, may change.

(16) Provisions

Details of non-current provisions at 30 September 2018 and 2017 and the main movements therein during the years then ended are as follows:

	Thousands of euros		
	Provision for pensions and sundry items	Other provisions	Total
Balance at 30 September 2016	**571**	**10,876**	**11,447**
Provisions / Amounts used	(92)	(465)	(557)
Balance at 30 September 2017	**479**	**10,411**	**10,890**
Provisions	12	472	484
Amounts used / Reversals	(1)	(1,594)	(1,595)
Balance at 30 September 2018	**490**	**9,289**	**9,779**

The provision for pensions and similar commitments mainly comprises the amount accrued at 30 September 2018 and 2017 in respect of the remuneration payable to Group employees in Italy when they leave the Group (see note 21).

"Other provisions" at 30 September 2018 and 2017 also include a liability of Euros 5,222 thousand and Euros 5,758 thousand, respectively, to cover the Group's employment-related obligations to its US employees in connection with healthcare coverage and other items (see Note 21 b)). Likewise, an amount of 400 thousand euros corresponding to provisions for litigation of the Leisure Parks component, S.A. (Spain), as well as an amount of 434 thousand euros corresponding to the company Event Park GmbH (see note 5).

In 2010, the group company Parco de la Standiana S.R.L. (Italy) received a claim for termination of a contract with Indiana Mistery Criações Temáticas ltda. In 2017, a court ordered the Group company to pay a total of Brazilian Reals 913,000 (Euros 275 thousand) plus interest and legal costs, amounting Euros 914 thousand at sentence date, Nevertheless, in 2017, the company reached an agreement with the counterparty to pay a final amount in relation to the claim of Euros 320 thousand, which is provisioned at 30 September 2017 under the heading “Other provisions”, and payed throughout 2018.

(17) Trade and other accounts payable

Details at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Trade payables	69,328	66,901
Public Administrations (Note 18)	13,910	11,370
Personnel	18,663	17,574
Other current liabilities	23,596	20,199
	125,497	**116,044**

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

At 30 September 2018 and 2017, "Other non-trade debt" includes, among other items, debts from fixed asset acquisitions amounting to 23,185 and 19,627 thousand Euros, respectively. These debts have maturities of less than 12 months and, in general, do not accrue interest.

At 30 September 2018 and 2017, the Group has supplier balances under reverse factoring amounting to 26,384 and 22,210 thousand Euros, respectively. Of such balances under reverse factoring, at 30 September 2018 and 2017, 17,635 and 16,576 thousand Euros respectively pertain to "Debts from purchases and service provisions" and the remainder to "Other non-trade debt".

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

Pursuant to Law 15/2010, which stipulates measures to combat late payments in commercial transactions, the information on the average payment period to suppliers of the parent company and the Spanish subsidiaries at 30 September 2018 and 2017 is as follows:

	Days	
	2018	**2017**
Average supplier payment period	42	42
Transactions paid ratio	41	39
Transactions payable ratio	47	69

	Amount (thousands of Euros)	
	2018	**2017**
Total payments made	118,364	107,820
Total payments outstanding	7,485	11,184

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

(18) Income tax

Details of balances with public entities at 30 September 2018 and 2017 are as follows:

	Thousands of euros			
	2018		2017	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	20,502	-	17,989	-
Tax loss carryforwards	44,857	-	60,416	-
Withholdings and prepayments	-	588	-	588
Value added tax	-	-	-	-
Other items	-	197	-	324
	65,359	**785**	**78,405**	**912**
Liabilities				
Deferred tax liabilities	265,131	-	278,099	-
Corporate Income Tax	-	6,466	-	6,091
Personal income tax	-	2,495	-	1,049
Social Security, payable	-	2,682	-	2,649
Value added tax	-	4,954	-	4,124
Other items	-	3,779	-	3,548
	265,131	**20,376**	**278,099**	**17,461**

The Parent Company is the leading company in the tax consolidation group, in accordance with Act 27/2014 of 27 November on Corporate Income Tax, formed by the companies Parque de Atracciones Madrid, S.A.U., Zoos Ibéricos, S.A., Parques de la Naturaleza Selwo, S.L., Leisure Parks, S.A., Parque de Atracciones San Fernando de Henares, S.L.U., Aquopolis de Cartaya, S.L.U., Madrid Theme Park Management, S.L.U., Gestión Parque de Animales Madrid, S.L.U., Travelpark Viajes, , S.L.U., Parques Reunidos Valencia, S.A., Parque Biológico de Madrid, S.A.U., Mall Entertainment Centre Murcia, S.L.U., Mall Entertainment Arroyomolinos Centre, S.L.U., Mall Entertainment Centre Acuario Arroyomolinos, S.L.U., Indoor Entertainment Príncipe Pío, S.L.U., and Parques Reunidos Atlántica S.L.U. All other dependent companies have not been included within this tax group due to not having met the criteria established by Spanish tax regulations regarding the Consolidated Tax Return System.

As set forth in the legislation in force in Spain, taxes cannot be considered as definitively paid until the returns presented have been inspected by the tax authorities, or the statute of limitations of four years has passed. At 30 September 2018 the parent Company and the rest of its subsidiaries in Spain, with which it forms the tax consolidation group, have all main taxes applicable to them in the last four years open for review. With regard to the US subgroup, the years 2003-2016 and 2005-2014 are open for review by federal and state tax authorities, respectively. As for the rest of the entities in the Group, all the years established by their respective local jurisdictions are open for review.

As a result, among others, of the different possible interpretations of the tax legislation in force in each country where the Group is present, additional liabilities resulting from a review might arise. In any event, the Directors of the parent Company consider that such liabilities, should they arise, would not affect the consolidated annual accounts in any significant manner.

In accordance with the Corporate Income Tax Law in Spain, and in other countries in which the Group operates, if pursuant to the laws applicable to calculate the taxable base of the companies, this were to be negative, it could be offset against positive income from tax periods ending in subsequent years in accordance with the tax legislation of each country (in the case of Spain, with no time limits). The offset will be made when presenting the Corporate Income Tax return, notwithstanding the powers of review that pertain to the tax authorities.

In accordance with the Corporate Income Tax returns presented by the companies in the Spanish tax group, the result of the tax inspection performed as mentioned in paragraph c) of this note and the estimated consolidated tax return for 2018 expected to be presented by the parent Company, there are no negative taxable bases of the consolidated group to offset against potential tax benefits.

On the other hand, within the tax group of which the parent Company is the leader, certain companies have negative taxable bases generated prior to their becoming part of the tax group and that can only be offset against positive results that have been individually generated. A breakdown thereof considering the aforementioned adjustment and the estimated consolidated tax return for 2018 is as follows:

	Thousands of euros					
Year of origin	**Parques de la Naturaleza Selwo, S.L.**	**Aquopolis Cartaya, S.L.U.**	**Parque de Atracciones San Fernando de Henares, S.L.U.**	**Parque de Atracciones Madrid, S.A.U.**	**Parque Biológico de Madrid, S.A.U.**	**Total**
1997	-	-	291	-	-	291
1998	-	698	210	-	-	908
1999	-	242	149	-	2	393
2000	-	267	443	-	13	723
2001	-	139	-	-	2,948	3087
2002	-	2	-	-	-	2
2003	-	380	16	415	-	811
2005	-	9	15	2,042	-	2,066
2006	662	10	86	29,473	-	30,231
2010	-	-	-	-	2,568	2568
2011	-	-	-	-	3,588	3588
2012	-	-	-	-	2,616	2616
2013	-	-	-	-	326	326
2014	-	-	-	-	852	852
2015	-	-	-	-	138	138
	662	**1,747**	**1,210**	**31,930**	**13,051**	**48,600**

During financial year 2018, the Spanish tax group has performed an analysis on the existence of sufficient estimated future tax profits to offset the aforementioned negative taxable bases, as well as other deferred tax assets. This analysis has shown that the Group has deferred tax assets recognised in the consolidated balance sheet as mentioned in paragraph b) of this note.

On 27 November 2014 Act 27/2014 on the corporate income tax applicable to Spanish companies, including a new regulatory text for this tax, was approved. The act repeals the previous recast text, Royal Legislative Decree 4/2004 of 5 March. Among the many novelties introduced by this new act is the gradual reduction of tax rates, from 28 % for the financial year beginning on 1 October 2015, to the current rate of 25 % as of 1 October 2016. In addition, it establishes an offset limit of 70 % of the previous taxable base and eliminates the 18-year period for offsetting negative taxable bases, making it indefinite for tax periods commencing as of 1 October 2015. In addition, on 2 December 2016 Royal Decree 3/2016 introduces a transitory provision establishing a limit of 25 % on the offset of negative taxable bases for companies with a net business turnover in excess of 60 million.

On 22 December 2017, a tax reform in the United States of America effective as of 1 January 2016 was introduced, in which, among other measures, the corporate income tax rate in that country was reduced. This tax reform has generated income of approximately 10 million USD, recognised in the Consolidated Income Statement.

On its part, the US subgroup at 30 September 2018 has federal and state negative tax bases, broken down as follows:

Thousands of euros				**Maturity**	
Federal		**State**		**Federal**	**State**
Euros	**Dollars**	**Euros**	**Dollars**		
125,014	148,767	112,840	134,279	2028	2023

At 30 September 2018 and 2017 the Group has recorded all of this subgroup's tax credits under deferred tax assets in the consolidated statement of financial position, on considering that their recovery is likely based on the estimated future taxable income of the subsidiaries that gave rise to the credits.

Finally, at 30 September 2018, Group companies in Germany, France, Denmark and The Netherlands have the following negative tax loss carryforwards:

Miles de euros			
Germany	**France**	**Denmark**	**Netherlands**
4,633	9,942	7,237	16,481

At 30 September 2018, the Group companies in France, Denmark and the Netherlands have not posted tax loss carryforwards relating to their negative taxable bases given that their recoverability, based on future tax projections, is not likely over a reasonable period of time. On their part, the companies of the Group in Germany have partially posted tax loss carryforwards relating to negative taxable bases, given that their recoverability, based on future tax projections, is deemed likely.

a) Reconciliation of the accounting result and the taxable base and the Corporate Income Tax expense/(income)

The Corporate Income Tax of every company included in the scope of consolidation is calculated on the basis of the financial or accounting result, obtained by applying accounting principles generally accepted in each country, which does not necessary match the tax result, this being understood as

the taxable base of the tax. The various dependent foreign companies calculate the corporate income tax expense in accordance with their pertaining legislation and the tax rates in force in each country.

The reconciliation of the accounting result and the Corporate Income Tax expense is as follows:

	2018		2017	
	Thousands of euros	%	Thousands of euros	%
Profit before income tax	**17,830**		**23,149**	
Tax calculated at the applicable rate in Spain	(4,457)	(25%)	(5,787)	(25%)
Effect of permanent differences in Spain	10,571	59%	6,367	28%
Effect of tax credits	378	2%	1,901	8%
Consolidated adjustments and other permanent differences	(2,227)	(12%)	698	3%
Expenses at foreign subsidiaries and other adjustments	(9,073)	(51%)	(14,495)	(65%)
Consolidated tax expense	**(4,808)**	**(27%)**	**(11,772)**	**51%**

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

	Thousands of euros	
	2018	2017
Italy	445	5,074
France	899	1,325
Spain	(605)	(3,185)
United States	(1,513)	1,293
Norway	1,000	800
Belgium	1,272	1,458
Rest of countries	3,310	5,007
	4,808	**11,772**

b) Recognised deferred tax assets and liabilities

Movement in "Deferred tax liabilities" heading of the consolidated financial statements, in which deferred tax assets and liabilities are presented offset, in 2018 and 2017 is as follows:

	Thousands of euros					
	Deferred tax assets		Deferred tax liabilities		Total	
	2018	2017	2018	2017	2018	2017
Balance at 1 October	78,405	48,756	(278,099)	(246,925)	(199,694)	(198,169)
Exchange differences	1,021	(1,757)	(1,393)	5,016	(373)	3,259
Capitalisations / (cancellations)	(14,067)	31,406	14,361	(36,190)	295	(4,784)
Balance at 30 September	**65,359**	**78,405**	**(265,131)**	**(278,099)**	**(199,772)**	**(199,694)**

i. Deferred tax assets

Details of deferred tax assets (including tax loss carryforwards) by geographical area at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
United States	43,903	58,469
Spain	20,046	17,359
Germany	453	1,473
Rest of countries	957	1,104
	65,359	**78,405**

The deferred tax assets mentioned earlier have been recognised in the consolidated balance sheet insofar as the Directors of the parent Company have considered that, in accordance with the best estimate of the future results of the Group and the individual companies, as the case may be, including certain tax planning actions, the recovery of such assets is deemed likely.

Deferred tax assets are generated, mainly, from tax credits generated by negative taxable bases pending offset, the tax effect of financial expenses to be deducted in subsequent years, recognised provisions to be deducted in the year in which they are realised, as well as a result of difference that arise from the tax treatment of the amortisation of certain fixed assets.

Deferred tax assets pertaining to the US subgroup mainly include, tax loss carryforwards of that subgroup. In addition, deferred tax assets in Spain include 10 million Euros pertaining to the tax effect of non-deductible financial expenses, 8 million Euros in tax credits from tax loss carryforwards of the dependent companies Parque de Atracciones Madrid, S.A., and Parques de la Naturaleza Selwo, S.L., generated prior their entry in the Spanish tax consolidation group and 2 million Euros of tax credits for amortisation expenses whose deductibility has been Deferred tax liabilities.

ii. Deferred tax liabilities

Details of deferred tax liabilities by geographical area at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Spain	39,765	40,219
United States	103,982	122,898
Italy	59,615	59,527
Germany	20,872	16,630
France	15,480	14,581
Netherlands	5,370	5,155
Rest of countries	20,047	19,089
	265,131	**278,099**

At 30 September 2018, deferred tax liabilities include Euros 84,094 thousand (Euros 88,293 thousand at 30 September 2017) due to the tax effect of the merger of Parque de Atracciones

Madrid, S.A.U. and Centaur Spain Bidco, S.L.U. in March 2007. This item also includes Euros 7,129 thousand (Euros 7,291 thousand at 30 September 2017) arising from the business combination to acquire Movie Park in Germany in 2010, Euros 4,441 thousand (Euros 4,540 thousand at 30 September 2017) derived from the business combination in 2012 for the acquisition of the Dutch park Slagharen, Euros 4,204 thousand derived from the business combination described in note 5 as well as other amounts deriving from business combinations of US subsidiaries and the tax effect of other temporary differences totalling Euros 110,187 thousand due to the measurement of the property, plant and equipment and intangible assets of these companies (Euros 122,898 thousand at 30 September 2017).

In addition, deferred tax liabilities include the effect of the difference of Euros 47,954 thousand (Euros 45,759 thousand at 30 September 2017) between the consolidated carrying amount and the carrying amount in the local financial statements of certain assets of European Group companies, the useful lives and depreciation or amortisation of which have been harmonised in the consolidation process.

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

c) Years open to tax inspection

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

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

In the opinion of the Directors of the parent Company provisions are maintained for the amounts corresponding to the best quantification of the liabilities that, in their judgement, could arise from the resolution of the aforementioned appeals.

(19) Commitments and Contingencies

A summary of the types of guarantee per country, amounts, guarantor and beneficiary at 30 September 2018 is provided below:

Type	Country	Thousand of euros		Guarantor	Beneficiary
		2018	2017		
Arising from park operating agreement	Spain	2,782	2,814	Financial entities	Municipal entities
Social Security	Spain	23	32	Financial entities	Social Security
Counter-guarantees	Spain	1,006	1,581	Financial entities	Financial entities
Warner theme park licences	Spain	3,796	3,737	Financial entities	Warner Bros
Arising from park operating agreement	USA	-	345	Financial entities	Parques Reunidos and other obligors
Inherent to activity agreement	Italy	528	534	Financial entities	Several
Taxes	Norway	370	372	Financial entities	Municipal entities
Other	Norway	31	32	Financial entities	Several
Leases	Germany	1,293	573	Financial entities	Several
		9,829	**10,020**		

In addition, as mentioned in note 14, in order to guarantee fulfilment of the obligations arising from the syndicated loan, the Group has provided guarantees on the stocks and shares of certain Group companies. The Directors consider that no significant additional liabilities will be generated for the Group as a result of the aforementioned guarantees and sureties.

At 30 September 2018 and 2017, the Group has insurance policies to cover against the risk of damage to material property, loss of profit and civil liability, as well as employee obligations. The insured capital is deemed to be sufficient by the Directors of the parent Company, is sufficient to cover said assets and risks.

Occasionally, the Group is involved in legal actions regarding complaints arising from transactions in the ordinary course of business. At 30 September 2018 and 2017, there are legal contingencies relating to the Group's participation in certain legal proceedings, the result of which, in the opinion of the Management and legal advisers, individually or as a whole, would not have a significant adverse effect on the consolidated income statement of the Group.

(20) Income and expense

a) Ordinary income

Details for 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Tickets	312,286	310,015
Food services	128,345	129,379
Merchandising	34,371	34,462
Games and gaming machines	22,964	26,261
Parking	17,179	16,595
Sale of hotel packages	14,123	14,730
Subconcessions	13,737	12,638
Exclusivity	8,591	8,014
Events	7,983	4,863
Other income	23,510	22,377
	583,089	**579,334**

A breakdown of the Group's revenue for 2018 and 2017 by geographical area is as follows:

	Thousands of euros	
	2018	**2017**
United States	206,068	220,762
Spain	153,819	149,307
Italy	45,483	43,896
France	28,181	39,868
Norway	25,624	29,976
Germany	52,610	25,435
Belgium	19,101	27,599
Netherlands	28,312	19,026
Rest of countries	23,891	23,465
	583,089	**579,334**

b) Supplies

Details for 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Good and supplies purchased	47,991	48,388
Work carried out by other companies	14,338	14,407
Changes in inventories	3,719	3,379
	66,048	**66,174**

c) Other operating expenses

Details of other operating expenses in the consolidated income statement for 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Advertising and propaganda	30,878	30,855
Leases and rental (note 9)	17,334	16,970
Utilities	35,322	35,398
Repairs and conservation	16,368	17,183
Taxes	11,474	11,495
Guarding, cleaning and gardening	10,912	11,275
Independent professional services	17,385	16,563
Insurance premiums	8,303	8,962
Other expenses	20,032	20,011
	168,008	**168,712**

Other expenses, at 30 September 2018, mainly includes royalties amounting to Euros 13,307 thousand (Euros 13,672 thousand on 30 September 2017).

d) Other results

Details of non-recurrent income and expenses included in the consolidated income statement for 2018 and 2017 are as follows:

	Thousands of euros	
	2018	**2017**
Indemnities paid to third parties	1,755	2,105
Other non-recurring income	(4,670)	(4,134)
Other non-recurring expenses	11,335	12,451
	8,420	**10,422**

Indemnities paid to third parties in 2018 and 2017 primarily comprise those arising from workforce restructuring processes carried out in the parks.

Other non-recurring expenses in 2018 mainly include attorneys' and legal advice fees amounting to 1,624 thousand Euros, as well as consulting fees amounting to 3,100 thousand Euros related to expansion projects of the Group. On the other hand, expenses relating to the refurbishment of the US park in Miami following the hurricane of September 2017 amounting to 871 thousand Euros have been included. In addition, 658 thousand Euros for insurance penalties for certain claims and 373 thousand Euros for expenses related to the termination of the concession of Teleférico de Madrid and ensuing exit thereof from the scope of consolidation. On the other hand, the parent Company has posted expenses deemed definitively non-recoverable amounting to 600 thousand Euros as a result of the renegotiation of a management contract.

Other non-recurring expenses in 2017 includes Euros 5,147 thousand arising from the cancellation of the Group's long-term debt to Mountain Creek (Note 9), and provisioned litigation costs at Parco de la Standiana S.R.L., (Italy) and Leisure Parks, S.A. (Spain) in the amounts of Euros 320 thousand and Euros 486 thousand, respectively (Note 16). Furthermore, at 30 September 2017, this heading includes various expenses amounting to Euros 1,978 thousand, considered to be non-recurring, for the services of independent professionals linked to the review of the

conditions of the syndicated loan, as well as due to insurance penalties for certain claims and expenses generated by the tax inspection mentioned in Note 18.

Other non-recurring income in 2018 mainly includes 1,100 thousand Euros from the favourable outcome of a resolution obtained in Slagharen (Netherlands) regarding a social security amount paid in previous years as well as the profit of 1,048 thousand Euros pertaining to the sale of fixed assets in the United States companies. In 2017, this mainly included the reversal of the provision relating to the legal proceedings that the dependent company Parques Reunidos Valencia, S.A., in liquidation had with CACSA amounting to 3 million Euros, as well as income of 600 thousand Euros associated with an indemnity arising from an agreement reached with external advisers.

e) Financial expenses

A breakdown of this item in the consolidated income statement for 2018 and 2017 is as follows:

	Thousands of euros	
	2018	**2017**
Interest expenses	37,819	35,283
Interest rate derivative expenses	(101)	387
Change in the fair value of interest rate derivatives	(468)	(1,084)
	37,250	**34,586**

Financial expenses at 30 September 2018 and 2017 include interest on the syndicated loan amounting to Euros 18,766 thousand and Euros 20,022 thousand, respectively.

f) Foreign currency transactions

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

(21) Employee remuneration expenses

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

	Thousands of euros	
	2018	**2017**
Salaries and wages	141,355	136,249
Social Security	28,819	29,298
Severance pay	795	725
Other social expenses	4,807	4,129
	175,776	**170,401**

a) Employee Information

The average headcount of the Group in 2018 and 2017, distributed by category, is as follows:

	Number	
	2018	**2017**
Board members	1	1
Senior management personnel	9	9
Management	53	52
Department directors	144	137
Other qualified personnel	187	178
Managers	788	748
Operating personnel	4,237	4,073
Administrative staff	457	396
Maintenance	724	705
Lifeguards and carers	1,843	1,786
	8,443	**8,085**

At the 2018- and 2017-year ends, the distribution by gender of personnel and the members of the board of directors of the Parent is as follows:

	Number					
	2018			**2017**		
	Male	Female	Total	Male	Female	Total
Board members	8	2	10	6	–	6
Senior management personnel	5	3	8	6	3	9
Management	40	11	51	37	11	48
Department directors	92	52	144	98	49	147
Other qualified personnel	77	84	161	87	75	162
Managers	604	474	1,078	609	465	1,074
Operating personnel	2,018	2,775	4,793	1,719	2,185	3,904
Administrative staff	171	318	489	135	308	443
Maintenance	618	123	741	618	125	743
Lifeguards and carers	1,077	1,167	2,244	1,086	1,158	2,244
	4,710	**5,009**	**9,719**	**4,401**	**4,379**	**8,780**

On 30 September 2018, nine of the Board Members are not employees by the Parent Company.

In 2018 and 2017, the Group employed 27 and 7 persons, respectively, with 33% disability or more.

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

(i) Defined benefit plans

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

The Group has not recorded any provision or asset deriving from these commitments in its consolidated financial statements as it considers that at 30 September 2018 and 2017, the present value of these defined benefit obligations does not differ significantly from the fair value of the plan assets.

Retirement benefits

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

The obligation has been insured and updated at 31 December 2015 through an insurance policy compliant with the first additional provision of Royal Legislative Decree 1/2002 of 29 November 2002, approving the revised Law on the Regulation of Pension Plans and Funds, and Royal Decree 1588/1999 of 15 October 1999, approving the Regulation on the implementation of companies' pension obligations to employees and beneficiaries. Said policy is renewed every two years, and the next renewal is due on 31 December 2019.

The main actuarial assumptions used to update the policy in 2018 and 2017 were as follows:

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

At 30 September 2018 and 2017, the value or mathematical provision of the policy arranged to insure retirement benefits amounted to Euros 6 thousand in both cases. This amount corresponds mainly to the premium paid to the insurer and its returns.

Obligations in the event of death or disability

The obligations in the event of death or disability have been insured and updated at 30 September 2018 through an insurance policy compliant with the first additional provision of Royal Legislative Decree 1/2002 of 29 November 2002, approving the revised Law on the Regulation of Pension Plans and Funds, and Royal Decree 1588/1999 of 15 October 1999, approving the Regulation on the implementation of companies' pension obligations to employees and beneficiaries. The net premium paid in 2018 and 2017 is 54 thousand euros.

(ii) Defined contribution plans

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

The Group makes annual contributions in the form of the policy premium payments. The amount of these contributions is determined each year by the Group. In the year 2018, the Group has paid the amount of 30 thousand euros to the insurance company for this concept (In 2017, the Group made no policy premium payments to the insurance company in this connection).

(iii) Benefits payable to employees in Italy

Pursuant to legislation in force in Italy, employees are entitled to receive an exceptional payment upon leaving the company, voluntarily or otherwise. The projected unit credit method was used to calculate this obligation. Provisions in the accompanying consolidated statement of financial

position (see note 16) include a liability accrued for this item at 30 September 2018 and 2017, based on the latest actuarial studies available conducted by an independent expert.

Details of the main assumptions used in this actuarial study, which is the basis for the liability recognised at 30 September 2018 and 2017 are as follows:

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

(iv) Commitments with employees in the United States

The US subgroup has arranged a programme to cover the employment-related obligations to its employees in connection with healthcare coverage and other items. These commitments are calculated annually in accordance with a study carried out by an independent expert, based on the use of different actuarial methods applied to the historical information of the US subgroup, as well as sector information, "Personnel", under current liabilities and non-current provisions in the accompanying consolidated balance sheet at 30 September 2018 include Euros 3,709 thousand (Euros 4,511 thousand at 30 September 2017) and Euros 5,222 thousand (Euros 5,758 thousand at 30 September 2017), respectively, in connection with this subgroup's obligations in this connection.

c) Long-term incentive plan

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

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

For the 2016/2019 Cycle, the Group has estimated a 100% compliance with the terms and conditions and, at the measurement date, it estimated that a total of 204,573 shares, with a weighted average fair value of Euros 14,75 per share, are to be delivered to Board Directors and executives. This fair value was determined on the basis of the trading price of the Company shares on the valuation date. At 30 September 2017, the Company re-estimated compliance with the terms and conditions for both cycles, resulting in 0% compliance for employees and management subjected to the Plan. For some Board Directors who benefit from the restricted stock units incentive, the compliance is a 100% given that their objectives are not subject to a degree of compliance but to the mere acceptance of the position as Board Director.

The impact of this plan in 2018 resulted in the recognition of an expense totalling Euros 375 thousand corresponding to the Board Director (expense of Euros 375 thousand and Euros 267 thousand in 2017), under the heading "Personnel expenses" of the income statement. The balancing entry has been recognised under other equity instruments (see note 13 (e)).

(22) Related Party Balances and Transactions

a) Related party balances and transactions

In 2018 and 2017 balances and transactions with related parties only reflect the remuneration paid to Group Board Directors and senior management personnel.

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

The remuneration received by the directors as members of the Parent's board of directors, including those who are also members of senior management during 2018 and 2017, was as follows:

	Thousands of euros	
	2018	**2017**
Fixed remuneration	1,449	1,295
Variable remuneration	108	88
Other	10	9
	1,567	**1,392**

In relation to the previous remuneration, Euros 718 and 707 thousand in 2018 and 2017, respectively, correspond to those received by members of Senior Management.

The remuneration received in 2018 and 2017 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	
	2018	**2017**
Salaries and wages	2,189	1,998
Insurance premiums	12	16
	2,201	**2,014**

At 30 September 2018, the Company has no balances payable to Senior Management (amounting to Euros 114 thousand in 2017). At 30 September 2018 and 2017, the Company has no outstanding balances with the Board Directors. At 30 September 2018 and 2018 the Company has not extended any advances to the Board Directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the defined contribution plans for senior management detailed in note 21.

The amount of the civil liability insurance of the Board Directors and Senior Management paid by the Company amounts to Euros 64 thousand in 2018 and Euros 67 thousand in 2017.

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

In 2018 and 2017 the Parent's Board Directors and their related parties did not carry out any transactions other than ordinary business with the Group or applying terms that differ from market conditions.

d) Conflicts of interest concerning the Board Directors

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

(23) Risk policy and management

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

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

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

Foreign exchange risk

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

In fiscal year 2018, 56% of revenues were generated in euros and 35% in US dollars (53% and 38%, respectively, in 2017). As a consequence of foreign currency exchange rate fluctuations, the Group's financial statements are subject to fluctuations arising from the process of translating financial information into currencies other than the euro.

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

	Millions of euros	
	Result – (Expense) / Income	
	2018	**2017**
Appreciation of 5%	(0,4)	(1,6)
As % of consolidated result for the year	(3,1%)	(13,8%)
Devaluation of 5%	0,4	1,4
As % of consolidated result for the year	2,8%	12,5%
Appreciation of 10%	(0,8)	(3,3)
As % of consolidated result for the year	(6,4%)	(29,1%)
Devaluation of 10%	0,7	2,7
As % of consolidated result for the year	5,3%	23,8%

Credit risk

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

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

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

Details of the estimated maturities of the Group's financial assets reflected in the consolidated statements of financial position at 30 September 2018 and 2017 are as follows. The accompanying tables reflect the analysis of the maturities of financial assets at 30 September 2018 and 2017.

	2018			
	Thousands of euros			
	Less than 3 months	More than 6 months and less than 1 year	More than 1 year	Total
Non-current deposits and guarantees arranged	-	-	1,368	1,368
Trade debtors and other accounts receivable	43,859	-	-	43,859
	43,859	**-**	**1,368**	**45,227**

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

Liquidity risk

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

The Corporate Financial Department performs a detailed monitoring of compliance with these commitments, in order to detect any potential risk of default thereof well in advance. In the event of such a risk being detected, the General Management is notified so that the appropriate decisions to correct the situation may be taken. As of 30 September 2018 and 2017, the Group has not identified any breach of the financial ratios committed with the financial entities with which the loans have been subscribed.

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

The Group's exposure to liquidity risk at 30 September 2018 and 2017 is shown below. These tables present an analysis of financial liabilities (including interest payable in the future) by remaining contractual maturity dates.

	2018					
	Thousands of euros					
	Less than 1 month	From 2 to 3 months	From 4 months to 1 year	From 2 to 5 years	More than five years	Total
Financial liabilities with credit institutions						
Syndicated loan at floating interest rate	-	-	38,218	561,962	-	600,180
Other loans at floating interest rate	-	-	1,181	4,134	-	5,315
Other loans at fixed interest rate	-	-	1,153	4,443	3,125	8,721
Financial lease creditors	-	-	5,102	20,663	101,993	127,758
Trade creditors and other accounts payable	-	69,328	-	-	-	69,328
	-	**69,328**	**45,654**	**591,202**	**105,118**	**811,302**

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

Also, as detailed in note 14 of this report, the Group has credit lines that are not available for a significant amount. Therefore, the Group considers that the liquidity risk is adequately managed as of 30 September 2018.

Interest rate risk

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

In accordance with the reporting requirements of IFRS 7, the Group has performed sensitivity analysis on the possible interest rate fluctuations that might occur in the markets in which it operates. Based on such requirements, the Group estimates that an increase of 0,50 points in the reference interest rates of the syndicated loan would imply an increase in the financial expenses thereof of 2,139 thousand Euros in 2018 (3,011 thousand Euros in 2017). However, as mentioned note 15, the Group has interest rate swaps designed to hedge against the risk of fluctuations in the interest rate of this syndicated loan as 30 September 2018.

(24) Audit Fees

KPMG Auditores, S.L., and other related companies as defined in the fourteenth additional provision of legislation governing the reform of the financial system, rendered professional services to the Group during the years ended 30 September 2018 and 2017, the fees and expenses for which are as follows:

	2018			
	Thousands of euros			
	KPMG Auditores, S.L.	Other entities affiliated with KPMG International	Other auditors	Total
Audit and other assurance services	278	530	46	854
Tax advisory services	87	51	-	138
Other services	2	11	-	13
	367	**592**	**46**	**1,005**

	2017			
	Thousands of euros			
	KPMG Auditores, S.L.	Other entities affiliated with KPMG International	Other auditors	Total
Audit	277	563	47	887
Other assurance services	87	2	-	89
Tax advisory services	-	20	-	20
Other services	2	130	-	132
	366	**715**	**47**	**1,128**

Other assurance services include, mainly, limited review of the Condensed Consolidated Interim Financial Statements for the six-month period ending 31 March 2018 and other accorded upon-procedures

performed by the auditors. Additionally, Other services include consulting services related to the Crime Prevention Model established by the parent Company and ratio covenant reports.

The amounts detailed in the above table include the total fees for 2018 and 2017, irrespective of the date of invoice.

(25) Subsequent Events

On 4 October 2018, the Chief Executive Officer of the Company resigned from his position as CEO and member of the Board of Directors, extending this resignation to all positions held by him in the Company as of said date.

On 2 October 2018 the Group acquired the Wet'n'Wild Sydney water park, considered the most modern in Australia and the country's second most visited park.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Details of Subsidiaries at 30 September 2018

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%	1,568,801	1,953,734	(384,933)	(86,146)
Zoos Ibéricos. S.A.	(2)	KPMG	Zoo	100%	69,412	6,605	62,807	2,790
Leisure Parks. S.A.	(3)	KPMG	Water parks and cable cars	99,25%	98,717	23,109	75,608	5,864
Parques de la Naturaleza Selwo. S.L.	(3)	KPMG	Nature parks, botanical gardens and zoos	100%	13,091	30,801	(17,710)	1,625
Aquopolis Cartaya. S.L.U.	(3)	No auditada	Water park	100%	2,316	867	1,449	(18)
Parque de Atracciones San Fernando de Henares. S.L.U.	(3)	No auditada	Water park	100%	2,232	3,730	(1,498)	(430)
Madrid Theme Park Management. S.L.U.	(3)	KPMG	Amusement park	100%	139,523	87,534	51,989	9,641
Travelpark Viajes. S.L.U.	(3)	No auditada	Bookings	100%	3,023	1,651	1,372	151
Parque Biológico de Madrid. S.A.U.	(3)	No auditada	Nature parks, botanical gardens and zoos	100%	15,378	5,957	9,421	(201)
Parques Reunidos Valencia. S.A. in liquidation	Valencia	KPMG	In liquidation	100%	3,446	335	3,111	621
Gestión Parque de Animales Madrid. S.L.U.	(3)	KPMG	Management of Faunia	100%	7,938	6,227	1,711	321
Mall Entertainment Centre Murcia. S.L.U.	(3)	No auditada	Dormant company	100%	9,959	10,989	(1,030)	(1,082)
Mall Entertainment Centre Acuario Arroyomolinos. S.L.U.	(3)	No auditada	Dormant company (9)	100%	19,751	19,837	(86)	(156)
Mall Entertainment Centre Temático Arroyomolinos. S.L.U.	(3)	No auditada	Dormant company (9)	100%	5,478	5,421	57	(14)
Lisbon Theme Mall Entertainment Centre. Unipessoal. LDA.	Portugal	No auditada	Dormant company (9)	100%	1,632	1,589	43	(19)
Plunimar. S.A.	Argentina	KPMG	Water park	100%	554	954	(400)	(782)
Bobbejaanland B.V.B.A.	Bélgica	KPMG	Amusement park	100%	203,805	105,453	98,352	1,718
Travel parks B.V.B.A.	Bélgica	No auditada	Bookings	100%	72	39	33	(16)
BO Sommarland AS	Noruega	KPMG	Water park	100%	3,418	1,360	2,058	1,176
Tusenfryd AS	Noruega	KPMG	Amusement park	100%	34,879	29,566	5,313	3,146
Parkferie AS	Noruega	No auditada	Bookings	100%	100	87	13	(10)
Centaur Holding France 1 S.A.	Francia	No auditada	Holding company	100%	176,573	101,778	74,795	(2,619)
Centaur Holding France 2 S.A.	Francia	No auditada	Holding company	100%	131,795	119	131,676	(21)

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Delphinus S.A.	Francia	No auditada	Holding company	100%	26,411	5,336	21,075	(29)
Marineland S.A.S.	Francia	KPMG	Marine park	100%	58,729	31,255	27,474	(4,566)
SCI Col Vert	Francia	No auditada	Land owner	100%	2,674	2,649	25	24
LB Investissement S.A.	Francia	KPMG	Water park	100%	2,514	3,910	(1,396)	(526)
Travel parks S.A.S.	Francia	No auditada	Bookings	100%	157	1,086	(929)	(493)
Marineland Resort. S.A.S.	Francia	No auditada	Hotel management	100%	11,228	8,895	2,333	(723)
Centaur Holding Italy S.r.l.	Italia	No auditada	Holding company	100%	157,162	65,390	91,772	(1,312)
Parco della Standiana S.r.l.	Italia	KPMG (8)	Amusement park	100%	92,320	16,561	75,759	3,121
Travelmix S.r.l.	Italy	KPMG (8)	Bookings	100%	1,861	1,324	537	9
Travelparks Italy S.r.l.	Italy	Unaudited	Bookings	100%	117	12	104	43
Grant Leisure Group Limited	United Kingdom	KPMG	Zoo	100%	15,932	3,397	12,535	2,204
Real Live Leisure Company Limited	United Kingdom	KPMG	Aquariums	100%	6,179	1,372	4,808	503
Lakeside Mall Entertainment Centre Limited	United Kingdom	KPMG	(9)	100%	1,753	1,756	(4)	(4)
Bon-Bon Land A/S	Denmark	KPMG	Amusement park	100%	18,114	2,015	16,099	(425)
Centaur Holding Denmark A/S	Denmark	Unaudited	Holding company	100%	34,341	104	34,237	(10)
BonBon Rejser Danmark A/S	Denmark	Unaudited	Bookings	100%	163	75	89	(17)
Centaur Nederland 2 B.V.	Netherlands	Unaudited	Holding company	100%	354,319	140,852	213,468	18
Centaur Holding Germany. GmbH.	Germany	Unaudited	Holding company	100%	35,870	39,375	(3,505)	(688)
Movie Park Germany GmbH	Germany	KPMG	Theme park	100%	32,751	19,327	13,424	4,515
Movie Park Germany Services GmbH.	Germany	Unaudited	Bookings	100%	1,192	1,141	51	0
Centaur Nederland 3.B.V.	Netherlands	Unaudited	Holding company	100%	302,148	294	301,854	(31)
Pleasantville. B.V and subsidiaries (4)	Netherlands	BDO	(5)	100%	43,658	35,308	8,350	3,292

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Centaur Holding US Inc. and subsidiaries (6)	United States	KPMG	(7)	100%	525,728	293,957	231,771	15,164
Indoor Entertainment Príncipe Pio. S.L.U.	(3)	Unaudited	(9)	100%	188	118	70	(5)
Parques Reunidos Atlántica. S.L.U.	(3)	Unaudited	(9)	100%	3	2	1	(2)
Event Park GmbH	Germany	BDO	(9)	100%	13,223	7,991	5,232	1,814
Nature Park Germany GmbH	Germany	Unaudited	(9)	100%	28	-	28	-

(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) Paseo de la Castellana 216, planta 16, 28046, Madrid.

(4) This line includes the figures reflecting the assets, liabilities, equity and profit or loss of the consolidated subgroup formed by Pleasantville, B.V., Bembom Brothers Beheer B.V., Attractie-en Vakantiepark Slagharen B.V., (previously called Shetland Ponypark Slagharen B.V.), and Slagharen Crew 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 y 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 2018.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Details of Subsidiaries
at 30 September 2017

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Parque de Atracciones Madrid. S.A.U.	(2)	KPMG	Amusement park	100%	1,833,524	2,131,633	(298,109)	(63,237)
Zoos Ibéricos. S.A.	(2)	KPMG	Zoo	100%	108,350	47,9732	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	3,062	(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	5,514	1,220	304
Parque Biológico de Madrid. S.A.U.	(3)	Unaudited	Nature parks, botanical gardens and zoos	100%	15,859	6,238	9,621	(30)
Parques Reunidos Valencia. S.A. in liquidation	Valencia	KPMG	In liquidation	100%	8,672	6,182	2,490	2,571
Gestión Parque de Animales Madrid. S.L.U.	(3)	KPMG	Management of Faunia	100%	7,674	6,024	1,650	471
Mall Entertainment Centre Murcia. S.L.U.	(3)	Unaudited	Dormant company	100%	7,117	7,065	52	(23)
Mall Entertainment Centre Acuario Arroyomolinos. S.L.U.	(3)	Unaudited	Dormant company (9)	100%	2,554	2,484	70	(6)
Mall Entertainment Centre Temático Arroyomolinos. S.L.U.	(3)	Unaudited	Dormant company (9)	100%	912	841	71	(4)
Lisbon Theme Mall Entertainment Centre. Unipessoal. LDA.	Portugal	Unaudited	Dormant company (9)	100%	1,361	1,299	62	(13)
Plunimar. S.A.	Argentina	KPMG	Water park	100%	1,018	820	198	(229)
Bobbejaanland B.V.B.A.	Belgium	KPMG	Amusement park	100%	198,263	101,543	96,720	2,015
Travel parks B.V.B.A.	Belgium	Unaudited	Bookings	100%	67	17	50	(11)
BO Sommarland AS	Norway	KPMG	Water park	100%	2,990	823	2,167	403
Tusenfryd AS	Norway	KPMG	Amusement park	100%	34,481	32,266	2,215	1,331
Parkferie AS	Norway	Unaudited	Bookings	100%	28	15	13	2
Centaur Holding France 1 S.A.	France	Unaudited	Holding company	100%	176,171	98,757	77,414	(2,777)
Centaur Holding France 2 S.A.	France	Unaudited	Holding company	100%	131,791	94	131,697	(20)
Delphinus S.A.	France	Unaudited	Holding company	100%	26,407	5,303	21,104	(65)
Marineland S.A.S.	France	KPMG	Marine park	100%	59,974	27,933	32,041	(5,191)
SCI Col Vert	France	Unaudited	Land owner	100%	2,574	2,561	13	12
LB Investissement S.A.	France	KPMG	Water park	100%	2,649	3,519	(870)	(443)
Travel parks S.A.S.	France	Unaudited	Bookings	100%	592	1,029	(437)	(123)
Marineland Resort. S.A.S.	France	Unaudited	Hotel management	100%	12,198	9,142	3,056	(665)
Centaur Holding Italy S.r.l.	Italy	Unaudited	Holding company	100%	156,078	62,994	93,084	1,498
Parco della Standiana S.r.l.	Italy	KPMG (8)	Amusement park	100%	82,473	9,711	72,762	3,066

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Details of Subsidiaries
30 September 2017

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

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

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

(3) 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 2017.

This appendix forms an integral part of note 1 to the consolidated financial statements for 2018, in conjunction with which it should be read.

Appendix II

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Segment Reporting
at 30 September 2018 and 2017

	Thousands of euros									
	United States		Spain		Rest of the world		Head Office – Non-Operating		Total	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Ordinary income (a)	205,299	219,871	144,501	141,046	223,202	209,265	10,087	9,152	583,089	579,334
Supplies	(18,065)	(19,446)	(16,617)	(16,824)	(31,208)	(29,904)	(158)	-	(66,048)	(66,174)
Fixed expenses (b)	(123,789)	(136,010)	(68,850)	(66,096)	(121,950)	(112,875)	(29,195)	(24,132)	(343,784)	(339,113)
Amortisation and depreciation (c)	(47,639)	(54,915)	(2,647)	981	(27,654)	(23,742)	(28,638)	(25,076)	(106,578)	(102,752)
Variation in traffic provisions	(8)	(577)	(1,827)	(746)	(610)	(197)	85	48	(2,360)	(1,472)
Other results (d)	100	(1,371)	(977)	1,847	(2,940)	(3,066)	(4,603)	(7,833)	(8,420)	(10,422)
Operating profit / (loss)	**15,898**	**7,552**	**53,583**	**60,208**	**38,840**	**39,481**	**(52,422)**	**(47,841)**	**55,899**	**59,401**
Net financial expenses (e)	(2,616)	(1,012)	(4,219)	(8,294)	(12,929)	(13,649)	(18,305)	(13,297)	(38,069)	(36,252)
Pre-tax Profit / (Loss)	**13,282**	**6,540**	**49,364**	**51,914**	**25,911**	**25,832**	**(70,727)**	**(61,138)**	**17,830**	**23,149**
Corporate Income Tax	-	-	18,314	21,500	(7,020)	(13,763)	(16,102)	(19,509)	(4,808)	(11,772)
Profit / (loss) for the year	**13,282**	**6,540**	**67,678**	**73,414**	**18,891**	**12,069**	**(86,829)**	**(80,647)**	**13,022**	**11,377**
Non-controlling interests	-	-	44	47	-	-	-	-	44	47
Profit / (loss) for the year attributable to the shareholders of the Parent Company	**13,282**	**6,540**	**67,634**	**73,367**	**18,891**	**12,069**	**(86,829)**	**(80,647)**	**12,978**	**11,330**
Additions to PPE and intangible assets	46,528	22,968	34,674	18,384	45,342	33,566	4,977	8,825	131,521	83,743
Amortisation and depreciation (c)	(47,639)	(54,915)	(2,647)	981	(27,654)	(23,742)	(28,638)	(25,076)	(106,578)	(102,752)
Total assets	611,199	607,947	731,547	801,040	685,122	640,119	72,506	45,005	2,100,374	2,094,111
Total liabilities	98,334	102,027	224,747	233,125	75,926	57,043	595,224	593,138	994,231	985,333

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

This appendix forms an integral part of note 4 (u) to the consolidated financial statements for 2018, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Detail of concession arrangements
30 September 2018 and 2017

Name of the park	Type of deed	Owner of contract	Owner of good	Term	Review of prices and rates	Early cancellation	Fee/revenues and review thereof	Reversion of installations
PARQUE DE ATRACCIONES DE MADRID	Public concession	PARQUE DE ATRACCIONES MADRID, S.A.U.	Municipal government of Madrid	Term ends: 5 October 2026.	Access rates are approved annually by the municipal government of Madrid. Increases in line with CPI are envisaged.	Early cancellation is envisaged in cases of (i) essential non-compliance by the concessionaire; (ii) bankruptcy of the concessionaire; (iii) destruction; (iv) mutual agreement; (v) abandonment; and (vi) withdrawal (bailout), in which case the indemnity is subject to the general framework.	Euros 0.138 per visitor (with a guaranteed minimum equal to 2,500,000 visitors). The fee for 2017 amounted to Euros 345,584.	The installations will revert to the council when the concession expires.
TELEFÉRICO DE MADRID	Administrative concession of management of public service.	LEISURE PARKS, S.A.	Municipal government of Madrid	Term ends: 31 December 2017. Reverted to the Madrid City Council definitively on January 1, 2018			Fixed fee of Euros 2,194 per quarter. The fee in 2017 totals Euros 8,775.	The installations reverted to the council when the concession expired.
AQUÓPOLIS TORREVIEJA	"Lease agreement for the Hoya Grande estate". Lease agreement relating to a private property.	LEISURE PARKS, S.A.	Municipal government of Torrevieja	Term ends: 20 February 2032.	LEISURE PARKS is free to set the prices to access the park and the rest of services.	No clause is envisaged concerning early cancellation, and the agreement is subject to the general framework for contracts.	Euros 54,555 per year, reviewed in line with the CPI (last available revenue paid: Euros 58,565) until 20 February 2017. From that date on, the annual fee totals Euros 248,622, updated in line with CPI.	The installations will revert to the council when the concession expires.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

**Detail of concession arrangements
30 September 2018 and 2017**

Name of the park	Type of deed	Owner of contract	Owner of good	Term	Review of prices and rates	Early cancellation	Fee/revenues and review thereof	Reversion of installations
AQUOPOLIS SEVILLA	"25-year administrative concession for the use of the site and facilities of Parque Acuático de Sevilla, owned by the municipality". Concession for the private use of a public good.	LEISURE PARKS, S.A.	Municipal government of Seville	Term ends: 18 May 2020.	LEISURE PARKS is free to set the prices to access the park and the rest of services, but these may not exceed the normal rates for this kind of establishment.	Early cancellation is envisaged in cases of (i) non-compliance by the concessionaire; (ii) mutual agreement; (iii) destruction of the facilities; (iv) abandonment or withdrawal by the concessionaire; and (v) inactivity of the facilities for a period of one year. No specific indemnities or penalties are established, except for compensation in the event of a new adjudication before the term ends.	Euros 31,200 per year reviewed in line with the CPI (last fee paid: Euros 52,824).	The installations will revert to the council when the concession expires.
AQUOPOLIS COSTA DORADA	"Agreement to build and operate under administrative concession a water park in Vila Seca i Salou". Administrative concession of works and services.	LEISURE PARKS, S.A.	Municipal government of Vila-Seca	Term ends: 31 December 2021.	The rates must be approved by the municipal government. Increases in line with CPI are envisaged.	The municipal government is entitled to bail out from the concession early if this is justified by the public interest, most notably for reasons of urban planning. The concessionaire will be duly compensated in accordance with the general framework, except in the case of fraud or criminal liability by the concessionaire.	In 1998 a fee of Euros 102,000 per year was established, which was to be reviewed in line with the CPI (last fee paid: Euros 193,775).	The installations will revert to the council when the concession expires.
AQUOPOLIS CARTAYA	"Administrative agreement for the installation of a 'water park' with sundry facilities (restaurant, etc.), and subsequent operation of the 'Malpica' site, in the adjacent common lot known as 'Playas de Cartaya'"	AQUOPOLIS CARTAYA, S.L.U.	Municipal government of Cartaya	Term ends: 15 March 2024.	No framework is specified.	The potential for bailout is provided in the event of non-compliance by the concessionaire; withdrawal of the concessionaire; the property ceases to be included in the public domain and for reasons of the public interest. The concessionaire will be compensated—where applicable—in accordance with the general framework.	Euros 12,000 per year reviewed in line with the CPI (latest fee paid: Euros 20,114).	The land and the installations will revert to the council when the concession ends (except any own tools used to perform the activity).

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Detail of concession arrangements
30 September 2018 and 2017

Name of the park	Type of deed	Owner of contract	Owner of good	Term	Review of prices and rates	Early cancellation	Fee/revenues and review thereof	Reversion of installations
AQUOPOLIS SAN FERNANDO DE HENARES	"Assignment of use of a municipal site". This is a contract for the usage of a site owned by the municipality.	PARQUE DE ATRACCIONES SAN FERNANDO DE HENARES, S.L.U.	Municipal government of San Fernando de Henares	Term ends: 23 November 2019.	No specific restrictions are established for the contractor in relation to access rates.	Early termination is specifically provided in the event the fee is not paid for four months, or by mutual agreement or due to abandonment of the site.	Annual minimum of Euros 24,000 plus a variable fee in line with ticket office revenues. (latest fee paid: Euros 24,040).	The installations will revert to the council when the concession expires.
AQUOPOLIS VILLANUEVA DE LA CAÑADA	Right of surface occupation	LEISURE PARKS, S.A.	Municipal government of Villanueva de la Cañada	Term ends: 23 July 2026.	No framework is specified.	Envisaged in the event of non-compliance by superficiary.	Euros 50,000 per year reviewed in line with CPI (latest fee paid: Euros 54,746).	The installations will revert to the council when the surface right expires.
ZOO-AQUARIUM DE MADRID	"Concession for the construction, maintenance and operation of a zoo in Madrid's Casa de Campo". Public concession.	ZOOS IBÉRICOS, S.A.	Municipal government of Madrid	Term ends: 18 April 2034.	The rates must be approved annually by the municipal government. Updates in line with CPI are envisaged.	Early cancellation is envisaged in cases of (i) essential non-compliance by the concessionaire; (ii) bankruptcy of the concessionaire; (iii) destruction; (iv) mutual agreement; (v) abandonment; and (vi) withdrawal (bailout), in which case the indemnity is subject to the general framework.	Euros 25,000 per year + 45,000 tickets per year. Paid in 2017: Euros 25,000.	The installations will revert to the council when the concession expires.
AQUOPOLIS CULLERA	"Lease agreement for municipal land to build and install a sports, water and amusement park"	LEISURE PARKS, S.A.	Municipal government of Cullera	Term ends: 31 December 2033.	No framework is specified,	Provision for termination in case of essential and continual non-compliance by the concessionaire,	Euros 3,000 per year reviewed in line with the CPI (latest fee paid: Euros 7,212),	The installations will revert to the council when the concession expires,
FAUNIA	"Concession for the use of the site known as 'Parque Biológico' in Plan Especial Norte, PAU,-4, Valdebernardo, Madrid".	PARQUE BIOLÓGICO DE MADRID, S.A.	Department of the Environment, Madrid regional government	Term ends: 22 July 2048.	No specific restriction is established for the concessionaire when it comes to setting access rates and service prices,	Envisaged in the event of non-compliance by concessionaire, While no cause is specified, in the event of it being terminated early due to causes imputable to the Administration, the concessionaire will be entitled to receive compensation (in	Last amount paid: Euros 1,032,317 (reviewable annually in line with CPI),	The installations will revert to the Madrid city council when the concession ends,

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Detail of concession arrangements
30 September 2018 and 2017

Name of the park	Type of deed	Owner of contract	Owner of good	Term	Review of prices and rates	Early cancellation	Fee/revenues and review thereof	Reversion of installations
	Administrative concession of a public good.					accordance with the general framework),		
SELWO AVENTURA	“Agreement for the creation, installation and operation of an integrated park and establishment of right of surface occupation”. Right of surface occupation	PARQUES DE LA NATURALEZA SELWO, S.L.	Municipal government of Estepona	Term ends: 08 February 2072.	No specific restriction is established for the concessionaire when it comes to setting access rates and service prices.	Due to non-compliance by the superficiary, especially in the event the park remains closed for six months.	Last amount paid: Euros 83,569 (to be reviewed annually in line with CPI).	The installations will revert to Estepona municipal council.
SELWO MARINA	“Construction, execution of works and operation of a nature park in Benalmádena, and to operate the Benalmádena-Calamorro public transport cable car under a lease”. Right of surface occupation	LEISURE PARKS, S.A.	Municipal government of Benalmádena	Term ends: 27 June 2075.	No specific restriction is established for the superficiary when it comes to setting access rates and service prices,	No framework is specified, so the general framework applies,	Latest fee paid: Euros 85,983), Fixed amount with a fixed annual increase of 2,5%.	The installations will revert to Benalmádena municipal council.
BENALMÁDENA CABLE CAR	“Construction, execution of works and operation of a nature park in Benalmádena, and to operate the Benalmádena-Calamorro public transport cable car under a lease”. Public service lease.	LEISURE PARKS, S.A.	Municipal government of Benalmádena	Term ends: 27 June 2075.	Access rates for the cable car must be approved by the municipal government, Authorisation must be requested for any modification other than an increase in line with CPI.	No framework is specified, so the general framework applies.	Latest fee paid: Euros 171,966), Fixed amount with a fixed annual increase of 2,5%.	The installations will revert to Benalmádena municipal council.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

**Detail of concession arrangements
30 September 2018 and 2017**

This appendix forms an integral part of note 9 a) to the consolidated financial statements for 2018, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Financial Liabilities by category
30 September 2018 and 2017

	Thousands of euros							
	2018							
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Book value	Fair Value	At fair value	Total	Net book value	Fair Value	At fair value	Total
Bank borrowings								
Floating rate								
Syndicated loan	523,867	559,809	-	523,867	22,777	24,340	-	22,777
(Arrangement expenses pending amortisation)	(6,145)	(6,145)	-	(6,145)	-	-	-	-
Other bank borrowings	11,703	11,703	-	11,703	10,451	10,451	-	10,451
	529,425	565,367	-	529,425	33,228	34,792	-	33,228
Finance lease payables (see Note 9)	56,505	69,776	-	56,505	5,102	6,459	-	5,102
Other financial liabilities	13,461	13,461	-	13,461	14,738	14,739	-	14,738
	69,966	83,237	-	69,966	19,840	21,198	-	19,840
Trade and other accounts payable (see Note 17)								
Suppliers					69,328	69,328	-	69,328
Other accounts payable	-	-	-	-	56,169	56,169	-	56,169
	-	-	-	-	125,497	125,497	-	125,497
Hedge derivatives (Note 15)								
Arranged in non-organised markets	-	-	-	-	-	-	259	259
	-	-	-	-	-	-	259	259
Total financial liabilities	**599,391**	**648,604**	**-**	**599,391**	**178,565**	**181,487**	**259**	**178,824**

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Financial Liabilities by category
30 September 2018 and 2017

	Thousands of euros							
	2017							
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Book value	Fair Value	At fair value	Total	Net book value	Fair Value	At fair value	Total
Bank borrowings								
Floating rate								
Syndicated loan	542,813	579,584	-	542,813	22,617	24,149	-	22,617
(Arrangement expenses pending amortisation)	(7,758)	(7,758)	-	(7,758)	-	-	-	-
Other bank borrowings	11,974	11,974	-	11,974	8,567	8,567	-	8,567
	547,029	583,800	-	547,029	31,184	32,716	-	31,184
Finance lease payables (see Note 9)	54,903	69,776	-	54,903	5,021	6,459	-	5,021
Other financial liabilities	1,573	1,573	-	1,573	12,469	12,469	-	12,469
	56,476	71,349	-	56,476	17,490	18,928	-	17,490
Trade and other accounts payable (see Note 17)								
Suppliers					66,901	66,901	-	66,901
Other accounts payable	-	-	-	-	49,143	49,143	-	49,143
	-	-	-	-	116,044	116,044	-	116,044
Hedge derivatives (Note 15)								
Arranged in non-organised markets	-	-	249	249	-	-	186	186
	-	-	249	249	-	-	186	186
Total financial liabilities	**603,505**	**655,149**	**249**	**603,754**	**164,718**	**167,688**	**186**	**164,904**

This appendix forms an integral part of note 14 to the consolidated financial statements for 2018, in conjunction with which it should be read

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Directors' Report

2018

1. Business performance and situation of the Group

The Group's main financial figures are presented below, adjusted for comparable exchange rates so as to eliminate any effects that might distort the comparison between 2018 and 2017.

Additionally, to this effect, the like-for-like basis of the Group is illustrated. In this respect, the result incorporated into the consolidation of the company Event Park GmbH in 2018, as well as the result of Teleférico de Rosales (included in the company Leisure Parks, S.A.) both in 2018 an in 2017 are excluded from the comparison.

The reconciliation for the year 2018 Is as follows:

€ MM	Income	EBITDA
Annual accounts for the period 2018	**583.1**	**173.6**
Event Park GmbH	(10.9)	(3.3)
Teleférico de Rosales	(0.5)	(0.1)
Comparable period 2018	**571.7**	**170.2**

Based on this criteria, hereunder, the table shows the group's main financial figures that have been harmonised for comparison purposes:

Group			
€ bn	2017	2018	Change
Visitors ('000)	**19,206**	**19,526**	**1.7%**
Total Income Per capita (1)	**29.1**	**29.3**	**(0.7%)**
Per capital ticket revenue	15.5	15.7	(1.3%)
Per capita internal consumption revenue	11.8	11.7	(0.8%)
Other income per capita	1.8	1.8	5.6%
Total income	**558.6**	**571.7**	**(2.3%)**
EBITDA (2)	**167.9**	**170.2.0**	**(0.3%)**
% margin (3)	*30.0%*	*29.8%*	

Method of calculation:

(1) Total Income per capita = Total income *1000/Visitors

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

(3) % margin = EBITDA / Total income

During this FY, the Group has achieved a moderate growth in all regions. Positive results have been obtained in the key investment projects, with especial emphasis on the expansions of Warner Beach in Parque Warner (Spain) and Mirabeach in Mirabilandia (Italy). Likewise, there was record-breaking sales of annual passes, with a growth of 16.1%.

The overall impact of these circumstances was a 2.3% increase in income due to a 1.7% increase in visitor numbers compared with 2017 — an effect that is partly offset by the 0.7% increase in per capita income — and a 1.4% setback in EBITDA.

2. Business performance by geographical area

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

Spain

In 2018, Spanish parks logged significant growth compared with the previous year,

Spain			
€ bn	2017	2018	Change
Visitors ('000)	**6,065**	**6,308**	**4.0%**
Total Income Per capita [(1)]	**22.8**	**22.8**	**40.1%**
Per capital ticket revenue	12.9	12.8	(0.8%)
Per capita internal consumption revenue	9.0	9.2	2.2%
Other income per capita	0.9	0.8	(11.1%)
Total income	**138.4**	**144.0**	**4.1%**
EBITDA [(2)]	**156.4**	**58.9**	**4.4%**
% margin [(3)]	*40.8%*	*40.9%*	

Method of calculation:

(1) Total Income per capita = Total income *1000/Visitors

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

(3) % margin = EBITDA / Total income

The main drivers of this improvement (4.1% growth in income and 4.4% in EBITDA), in addition to an ongoing improvement in macroeconomic conditions in Spain, were:

- Strong increase in the number of visitors (4.0% increase).
- The exceptional performance of off-season events achieved during the fourth quarter.
- Better results than expected at the opening of Warner Beach.

Moreover, performance has been affected by poor weather conditions during Spring, which has been the rainiest since 1965 and affected the parks in Spain. Nevertheless, outstanding performance reached in fourth quarter recording a 9.2% like-for-like revenue growth in the quarter highlights the strength of our portfolio when operating under normal conditions.

Rest of Europe

The main magnitudes of the Rest of Europe segment are shown below:

Rest of Europe			
€ bn	2017	2018	Change
Visitors ('000)	**7,394**	**7,437**	**0.6%**
Total Income Per capita (1)	**28.0**	**28.5**	**2.0%**
Per capital ticket revenue	15.0	15.3	2.0%
Per capita internal consumption revenue	10.9	11.1	1.8%
Other income per capita	2.1	2.1	- %
Total income	**207.0**	**212.3**	**2.5%**
EBITDA (2)	**65.9**	**66.7**	**1.3%**
% margin (3)	*31.8%*	*31.4%*	

Method of calculation:
(1) Total Income per capita = Total income *1000/Visitors
(2) EBITDA = Operating profit / (loss) – amortisation and depreciation expenses – Net losses due to impairment and disposal of non-current assets – Valuation of traffic provisions – Other results
(3) % margin = EBITDA / Total income

With regard to the European segment, the total income improved compared with the previous year by 2.5%, driven by significant growth in of 2.0% in per capita revenue, leading to an increase of 1.3% in EBITDA. Performance throughout the year has been different.

During the off-season, the results achieved exceed those of the previous year:

- Increase of 5.0% of income until the third quarter.

- Increase of income from events by 13.1%.

These results were affected negatively in the high season by a six-week heatwave that have affected the parks in Central Europe during the summer.

The strength of the business is reflected on the significant increase of the season passes sales, which have growth up to 22.5%.

In relation to the expansion projects and the new attractions introduced, it is worth to mention the success in the opening of the Mirabeach expansion in the Mirabilandia park in Italy.

United States

United States			
€ bn	2017	2018	Change
Visitors ('000)	**5,747**	**5,703**	**(0.8%)**
Total Income Per capita [1]	**35.5**	**36.0**	**1.3%**
Per capital ticket revenue	19.1	19.7	3.3%
Per capita internal consumption revenue	15.8	15.4	(2.5%)
Other income per capita	0.6	0.9	50.0%
Total income	**204.2**	**205.3**	**0.6%**
EBITDA	**59.8**	**63.4**	**6.1%**
% margin	*29.3%*	*30.9%*	

Method of calculation:
(1) Total Income per capita = Total income *1000/Visitors
(2) EBITDA = Operating profit / (loss) – amortisation and depreciation expenses – Net losses due to impairment and disposal of non-current assets – Valuation of traffic provisions – Other results
(3) % margin = EBITDA / Total income

The results of the United States segment (drop of 0.8% in visitors and slight increase of 0.6% in income) were notably impaired by the adverse weather conditions during the year, since California and the North-eastern part of the country suffered a season of very low temperatures with a greater number of rainy days. Moreover, the results of SeaLife Hawaii were negatively affected by the decrease in tourism on the islands due to the eruption of the Kīlauea volcano.

In spite of this, we must stress that under normal weather conditions, the segment has achieved good results with an increase in income of 17.7% during the off-season and a growth in sales of annual passes of 9.7%.

Head Office – Non-Operating

Head Office – Non-Operating			
€ bn	2017	2018	Change
Total income	**9,1**	**10,1**	**11,0%**
EBITDA [1]	**(14,3)**	**(18,9)**	**(32,4%)**
% margin			

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

Total revenues increased substantially thanks to management contracts.

The EBITDA was affected by the increase of recurrent expenses at the headquarters to cope with the company's future growth and the costs associated with the search for new opportunities for expansion.

3. Foreseeable strategy and performance of the Group

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

Organic growth

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

Management Contracts: In 2018, the Group has signed a contract with Dubai Zoo and keep looking for new opportunities.

Indoor Entertainment Centres: A large number of agreements was signed over a short period and this successful trend is expected to continue. Seven projects linked to this new business line are currently in the pipeline, one of the centres has opened during 2018 (Murcia) and the opening of two centres in Madrid are scheduled for November and December 2018.

Acquisitions: By acquiring the German park Belantis in February 2018 and the Australian park Wet´n´Wild, in October 2018, the park has expanded its portfolio, as well as its worldwide presence. In this respect, the search continues for opportunities to acquire assets with potential for operational improvements that bolster the existing portfolio.

4. Research and Development

In 2018, the Group continued to conduct internal R&D&I projects, mainly in the area of software applications as well as the new business model in shopping malls (Indoor Entertainment Centres).

5. Own Shares

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

6. Financial Instruments

To hedge against the risk of interest rate fluctuations in the syndicated loan, in 2018 the Group arranged interest rate swaps (IRS).

The Group has designated the hedge operations pertaining to 30 September 2018, 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 Group does not apply hedge accounting to these derivatives.

At 30 September 2018, the Group has recognised, in the heading "Variation in fair value of interest rate derivatives" of the consolidated balance sheet for 2018, a profit of 468 thousand Euros pertaining to the variation in fair value since the start of the year until 30 September 2018 both of the IRS in Euros and the one in USD

Lastly, in financial year 2018 and 2017, these derivative instruments accrued interest income for the amount of 101 and interest expense for an amount of 410 thousand euros, respectively, which are included in the "Financial Expenses" caption of the account, of consolidated results.

7. Subsequent events

On 4 October 2018, the Chief Executive Officer of the Company resigned from his position as CEO and member of the Board of Directors, extending this resignation to all positions held by him in the Company as of said date.

On 2 October 2018 the Group acquired the Wet'n'Wild Sydney water park, considered the most modern in Australia and the country's second most visited park.

8. Risk policy and management

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

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

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

Foreign exchange risk

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

In fiscal year 2018, 56% of revenues were generated in euros and 35% in US dollars (53% and 38%, respectively, in 2017). As a consequence of foreign currency exchange rate fluctuations, the Group's financial statements are subject to fluctuations arising from the process of translating financial information into currencies other than the euro.

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

	Millions of euros	
	Result – (Expense) / Income	
	2018	2017
Appreciation of 5%	(0,4)	(1,6)
As % of consolidated result for the year	(3,1%)	(13,8%)
Devaluation of 5%	0,4	1,4
As % of consolidated result for the year	2,8%	12,5%
Appreciation of 10%	(0,8)	(3,3)
As % of consolidated result for the year	(6,4%)	(29,1%)
Devaluation of 10%	0,7	2,7
As % of consolidated result for the year	5,3%	23,8%

Credit risk

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

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

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

Details of the estimated maturities of the Group's financial assets reflected in the consolidated statements of financial position at 30 September 2018 and 2017 are as follows. The accompanying tables reflect the analysis of the maturities of financial assets at 30 September 2018 and 2017.

	2018			
	Thousands of euros			
	Less than 3 months	More than 6 months and less than 1 year	More than 1 year	Total
Non-current deposits and guarantees arranged	-	-	1,368	1,368
Trade debtors and other accounts receivable	43,859	-	-	43,859
	43,859	**-**	**1,368**	**45,227**

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

Liquidity risk

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

The Corporate Financial Department performs a detailed monitoring of compliance with these commitments, in order to detect any potential risk of default thereof well in advance. In the event of such a risk being detected, the General Management is notified so that the appropriate decisions to correct the situation may be taken. As of 30 September 2018, and 2017, the Group has not identified any breach of the financial ratios committed with the financial entities with which the loans have been subscribed.

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

The Group's exposure to liquidity risk at 30 September 2018 and 2017 is shown below. These tables present an analysis of financial liabilities (including interest payable in the future) by remaining contractual maturity dates.

	2018					
	Thousands of euros					
	Less than 1 month	From 2 to 3 months	From 4 months to 1 year	From 2 to 5 years	More than five years	Total
Financial liabilities with credit institutions						
Syndicated loan at floating interest rate	-	-	38,218	561,962	-	600,180
Other loans at floating interest rate	-	-	1,181	4,134	-	5,315
Other loans at fixed interest rate	-	-	1,153	4,443	3,125	8,721
Financial lease creditors	-	-	5,102	20,663	101,993	127,758
Trade creditors and other accounts payable	-	69,328	-	-	-	69,328
	-	**69,328**	**45,654**	**591,202**	**105,118**	**811,302**

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

Also, the Group has credit lines that are not available for a significant amount. Therefore, the Group considers that the liquidity risk is adequately managed as of 30 September 2018.

Interest rate risk

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

In accordance with the reporting requirements of IFRS 7, the Group has performed sensitivity analysis on the possible interest rate fluctuations that might occur in the markets in which it operates. Based on such requirements, the Group estimates that an increase of 0,50 points in the reference interest rates of the syndicated loan would imply an increase in the financial expenses thereof of 2,139 thousand Euros in 2018 (3,011 thousand Euros in 2017). However, the Group has interest rate swaps designed to hedge against the risk of fluctuations in the interest rate of this syndicated loan as 30 September 2018.

9. Dividend Policy

The Group has as its objective a distribution of dividends of between 20% and 30% of the Group's Net Profit, once the impact of non-recurring effects has been corrected. On 21 March 2018, the General Shareholders Meeting approved the distribution of a dividend totalling 20 million Euro, which was settled in the second half of July 2018.

10. Average supplier payment period

Pursuant to Law 15/2010, which stipulates measures to combat late payments in commercial transactions, the information on the average payment period to suppliers of the parent company and the Spanish subsidiaries at 30 September 2018 is as follows:

	Days	
	2018	**2017**
Average supplier payment period	42	42
Transactions paid ratio	41	39
Transactions payable ratio	47	69

	Amount (thousands of Euros)	
	2017	**2016**
Total payments made	118,364	107,820
Total payments outstanding	7,485	11,184

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

11. Non-financial information report

Below, in accordance with what is set forth in Royal Decree-Act 18/2017 on matters of non-financial information and diversity, the information regarding to environmental and social issues, as well as personnel, respect for human rights and the fight against bribery and corruption is broken down.

The Group has a business model that has been successfully implemented on different regions and is based on the following formats: operation of fully-owned parks, operation of third-party parks, and consultancy for park developers

Environmental issues

For the Parques Reunidos Group the care and conservation of the environment are fundamental values. The principles adopted by the Group in environmental matters, through its policies, concern all the business lines and all the countries in which it operates.

The environmental management model of Parques Reunidos is based on the principle of continuous improvement of environmental performance, establishing a common framework of action that enables the coordination among the various centres. Likewise, it identifies the risks and opportunities to ensure expected improvement and results.

As part of this model, identified environmental aspects such as electricity and water consumption or the generation and management of waste associated with each activity are monitored and measured.

The Group also performs compliance audits, both internal and external, in order to detect improvement opportunities within the organization. These audits consider key aspects such as GHG emissions, energy consumption, waste management and the capture of water and effluent from its activity.

Within the framework of environmental management, the Group has also established a register and classification of environmental incidents that may take place in its facilities. The analysis of these incidents enables prevention and correction measures to be established.

As part of the process of continuous improvement, energy audits are performed in different parks in the group, which help to identify the factors that directly influence energy consumption (water, electricity, etc,) as well as savings possibilities, taking the technical and economic viability of their implementation into account.

Parques Reunidos encourages initiatives designed to minimise, segregate, reuse and recycle all generated waste. In addition, it aims to involve its clients through activities designed, for instance, to perform proper waste separation, the use of biodegradable products, responsible consumption and their participation in the various environmental awareness campaigns,

Social and personnel issues

<u>Personnel issues</u>

The company establishes a number of labour policies and programmes designed to care for people, creating work environments that encourage respect, health, safety, wellbeing at work and equal opportunities.

With an average staff of 8,443 employees, of different nationalities, Parques Reunidos considers that attracting and retaining the best talent is a key factor when competing in a global market and to achieve the strategic goals pursued. Management of human capital at Parques Reunidos is based on the definition of the human resources strategy, which is adjusted every year to new business needs.

In Parques Reunidos, all employees are treated in an equitable manner and the utmost respect for their dignity, with no discrimination on the grounds of race, age, nationality, sex, sexual orientation, marital status, religion or social class. These principles govern the Group's recruitment policy, as well as the collective bargaining and company agreements.

As for gender diversity, in 2018 51.5% of the total workforce are women, accounting for 23.6% of management positions. As for the labour insertion of people with disabilities, the Group has employed 27 people with a disability of 33 % or above in 2018.

Parques Reunidos also supports work-life reconciliation policies, implementing measures that are effective and help its employees to achieve a balance in this regard.

Parques Reunidos considers occupation health and safety to be a fundamental value in all activities carried out. But it is also aware that this must not be reduced to a mere declaration of principles. Therefore, and with the aim of consolidating a true culture of prevention, the company promotes leadership and visible commitment at all levels of the organisation. As a fundamental aspect of occupational health and safety management, a system to register, investigate and monitor incidents that take place in the facilities has been implemented. The aim is to analyse the causes and define prevention and correction measures designed to minimise or remove potential harm to health. In addition, safety audits, both internal and external, are carried out to detect opportunities for improvement within the organisation.

Parques Reunidos also aims to involve its suppliers, clients and visitors in its firm commitment to an effective prevention of the Occupational Risk generated by its activities.

Social issues:

Among the social and environmental initiatives promoted by the Company in all the communities it is involved in, are those related to the health and social integration of children; educational and awareness programmes on caring for the environment; biodiversity projects for the conservation of species and natural ecosystems and, within the area of research, projects in collaboration with zoological institutions, museums, universities and training centres.

Parques Reunidos also wants society as a whole to enjoy its parks and through Espíritu Parques Reunidos it ensures that attendance to its centres is more accessible to the more disadvantaged communities and those at risk of social exclusion. To this end, it collaborates with local, national and even international associations and foundations to contribute towards the benefit and wellbeing of the communities where it is present and provide resources to render its parks more accessible.

The Social Corporate Responsibility Notes of the company include details on the projects that, both the Fundación Parques Reunidos and the various parks in the Group, carry out in social and environmental matters in all its communities and spheres of influence.

Anti-corruption and anti-bribery matters

The policies established by the Parques Reunidos group to fight against bribery and corruption are the following:

Europe:

Since 2012 Parques Reunidos has a programme known as Corporate Defence for the prevention of criminal risk, most recently updated in July 2018 which includes, among other, conducts, bribery and corruption. These are, naturally, also included in the risk and controls matrix prepared for this purpose. The main cornerstones of the Corporate Defence programme related to such conducts are:

- Code of Conduct: it establishes the values that must guide the conduct of all directors, executive managers,

employees and suppliers of the companies of the Parques Reunidos Group. The Code of Conduct, approved in 2009, was reviewed in 2018,

- Institutional Relations Policy: approved in 2011, it establishes the way in which institutional relations must be carried out in order to avoid conducts relating to the crimes of bribery and influence peddling. These goals are supported by other related policies such as Purchases, Management of Invitations, Management of VIP Passes, Personnel Recruitment, etc, that reduce the risk of such behaviours occurring within the company.

In addition, and also included within the Corporate Defence programme, there is an internal complaints cannel where any employee of the company, as well as clients and suppliers, can make confidential complaints regarding any breach of the company policies or the law. These complaints are directly referred to the Surveillance Unit, a collective body comprising the Head of the Legal Department, the Head of the Internal Audit Department, the CFO, the Head of Human Resources, along with a non-member Secretary who is a practising attorney belonging to the Legal Department.

The Surveillance Unit ensures that an exhaustive analysis of potential breaches is carried out regarding any complaints received, ensuring confidentiality of such complaints at all times, as well as preventing any retaliation of any kind to be brought against the complainants, in good faith and respecting, in any case, any persons allegedly involved.

In 2018, 4 communications were received via the Complaints Channel. Of these, 3 were subjected to specific analysis. Only one was related to a potential crime of private corruption. The investigation performed (for which external advisers were brought in), concluded that no criminal conduct was perpetrated – as was the case in the other three complaints investigated, all of a labour nature-.

Both the Code of Conduct and the corporate policies have been communicated to all employees and are published on the company intranet, and must be read and accepted by all employees, Seminars on these matters are held once or twice a year.

<u>United States</u>:

The configuration is somewhat different, although it is based on the same foundations:

- There is a document known as Employee Handbook which includes several sections on ethical conduct, anti-corruption and anti-bribery policies, etc.
- There is also a committee known as the Ethics Committee chaired by the General Counsel and comprising the most senior executive positions that meets to discuss potential breaches of ethics in order to investigate these and, as the case may be, adopt disciplinary measures for the specific breach and detect improvements both in policies and controls.
- Training sessions on these matters are held every year for employees and executives, In October 2018 a “Boot Camp” was held to discuss these issues.
- There is also an internal complaints channel, Between 1 October 2017 and 30 September 2018 a total of 16 complaints were received, mainly concerning labour matters. None was related to public corruption or bribery conducts.

12. Other disclosures

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

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Authorisation for Issue of the Consolidated Financial Statements and Directors' Consolidated Report for 2018

At their meeting held on 27 November 2018, pursuant to the requirements of article 253,2 of the Revised Spanish Companies Act and article 37 of the Spanish Code of Commerce, the Board Directors of Parques Reunidos Servicios Centrales, S.A. authorised for issue the consolidated financial statements and consolidated directors' report for the period from 1 October 2017 to 30 September 2018. The consolidated financial statements comprise the documents that precede this certification.

Signed:

Mr. Richard T. W. S. Golding
(Chairman)

Mr. Nicolás Villén Jiménez
(Member)

Mr. Dag Erik Johan Svanstrom
(Member)

Mr. Javier Fernández Alonso
(Member)

Mr. Colin Hall
(Member)

Ms. Ana Bolado Valle
(Member)

Mr. Mario Armero Montes
(Member)

Mr. Carlos Ortega Arias-Paz
(Member)

Ms. Jackie Kernaghan
(Member)