



Parques Reunidos Servicios Centrales, S.A.

Annual Accounts

30 September 2018

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 Annual Accounts

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

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

Report on the Annual Accounts

Opinion

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

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 30 September 2018, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 4 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

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

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



Key Audit Matters

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

Recoverable amount of investments in Group companies (See notes 2 (d), 4 (d), 9, 10 and 17(a))	
<i>Key matter</i>	<i>How the matter was addressed in our audit</i>
<p>As described in the notes to the annual accounts, at 30 September 2018 the Company has recognised non-current investments in Group companies and associates totalling Euros 1,460,160 thousand.</p> <p>The recoverable amount of these investments is determined by Group management, with assistance from independence experts, based on a calculation of the present value of the future cash flows therefrom, by applying valuation techniques, which entails the use of estimates. Management also uses, as a basis for this calculation, the Projections approved by the Board of Directors.</p> <p>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 these investments, the valuation process regarding the aforementioned assets has been considered a key audit matter.</p>	<p>Our audit procedures have comprised, inter alia:</p> <ul style="list-style-type: none">• Understanding the control environment and assessing the design and implementation of the most relevant controls established by Company management with respect to the process of estimating the recoverable amount of investments in Group companies,• Assessing the criteria used by Group management to identify indications of impairment in investments in Group companies,• Assessing the methodology and assumptions used by Company management, with the involvement of our valuation specialists, to estimate the recoverable amount of investments in Group companies,• 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 for calculating the recoverable amount with the Projections approved by the Board of Directors for the Group,• Analysing the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such as the discount rate, the expected future growth rate and future cash flows.



Recoverable amount of investments in Group companies (See notes 2 (d), 4 (d), 9, 10 and 17(a))

<i>Key matter</i>	<i>How the matter was addressed in our audit</i>
	We also assessed whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

Other Information. Directors' Report

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

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

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

Based on the work performed, as described above, we have verified that the directors' report indicates that the information mentioned in a) above has been presented in the consolidated directors' report of the Parques Reunidos Group to which the Company belongs. Also that the rest of the information contained in the directors' report is consistent with that disclosed in the 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 Annual Accounts _____

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

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

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

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

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

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

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

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



- Conclude on the appropriateness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the 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 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.

Annual Accounts and Directors' Report
for the year ended
30 September 2018

(With Auditor's Report thereon)

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

Parques Reunidos Servicios Centrales, S.A.

Balance Sheets

30 September 2018 and 2017

(Thousand Euros)

<i>Assets</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
Intangible fixed assets	5	4,365	4,835
Development		1,499	1,422
Industrial property		5	26
Computer software		2,861	3,387
Tangible fixed assets	6	5,998	3,279
Land and buildings		324	364
Technical installations and other items		2,786	1,695
Property, plant and equipment under construction		2,888	1,220
Non-current investments in Group companies and associates		1,460,160	1,941,786
Equity instruments	9	333,148	333,070
Loans to group companies	10 and 17 (a)	1,053,875	1,541,982
Other financial assets	10 and 17 (a)	73,137	66,734
Non-current investments	10	4	4
Deferred tax assets	15	199	228
Total non-current assets		1,470,726	1,950,132
Trade debtors and other accounts receivable		185,845	181,837
Trade receivables	10	2,008	4,228
Trade receivables with group companies	10 and 11(b)	182,724	177,424
Personnel	10	89	108
Public entities, other	15	1,024	77
Current investments in Group companies and associates	10 and 17 (a)	629,939	11,307
Loans to group companies		628,419	10,016
Other financial assets		1,520	1,291
Current financial assets	10 and 11 (a)	363	284
Prepayments for current assets		823	265
Cash and cash equivalents	4 (f)	14,729	76,780
Total current assets		831,699	270,473
Total assets		2,302,425	2,220,605

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

Parques Reunidos Servicios Centrales, S.A.

Balance Sheets

30 September 2018 and 2017

(Thousand Euros)

<i>Equity and Liabilities</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
Equity	12	1,579,513	1,540,664
Capital		40,371	40,371
Issue premium		1,327,528	1,327,528
Reserves		142,086	88,509
Other shareholder contributions		10,148	10,148
Other equity instruments		906	531
Result for the year		58,474	73,577
Total net equity		1,579,513	1,540,664
Non-current payables		313,435	326,403
Loans and borrowings	13	313,435	326,154
Derivatives	13	-	249
Group companies and associates, non-current	13 and 17 (a)	141,783	121,427
Total non-current liabilities		455,218	447,830
Current payables		18,232	17,891
Loans and borrowings	13	17,973	17,705
Derivatives	13	259	186
Trade creditors and other accounts payable		249,462	214,220
Suppliers	13	2,876	2,578
Suppliers, group companies and short term associates	13 and 17 (a)	231,321	199,245
Other creditors	13	1,418	1,376
Current tax liabilities	14	5,865	6,333
Public entities, other	14	3,309	2,011
Personnel (salaries payable)	13	1,941	1,121
Other current liabilities	13	2,732	1,556
Total current liabilities		267,694	232,111
Total equity and liabilities		2,302,425	2,220,605

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

Parques Reunidos Servicios Centrales, S.A.

**Income Statements
for the years ended
30 September 2018 and 2017**

(Thousand Euros)

	<i>Note</i>	2018	2017
Revenue	16 (a)	95,482	106,044
Services rendered		4,400	4,602
Financial income from holding activity		91,082	101,442
Work done by the company for its assets		1,116	892
Other operating income	16 (b)	27,424	24,341
Non-trading and other operating income		27,424	24,341
Personnel expenses	16 (c)	(12,811)	(10,321)
Salaries and wages		(11,041)	(8,904)
Employee benefits expense		(1,770)	(1,417)
Other operating expenses		(10,757)	(7,461)
External services	16 (d)	(8,881)	(7,470)
Taxes		(25)	(39)
Impairment losses from trading activities	11 (b)	(1,851)	48
Amortisation and depreciation	5 and 6	(2,768)	(2,404)
Impairment and Losses from tangible and intangible assets		-	(36)
Other P&L	16 (e)	(2,635)	(1,377)
Operating result		95,051	109,678
Financial income		2	82
Marketable securities and other financial instruments			
Other		2	82
Financial expenses		(17,041)	(13,863)
Group companies and associates		(6,143)	(2,954)
Other	13	(10,898)	(10,909)
Change in fair value of financial instruments	14	176	399
Exchange differences		8	55
Net financial income/loss		(16,855)	(13,327)
Profit before income tax		78,196	96,351
Income tax	15	(19,722)	(222,774)
Result for the year		58,474	73,577

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

Parques Reunidos Servicios Centrales, S.A.

**Statements of Changes in Equity
for the years ended
30 September 2018 and 2017**

**A) Statements of recognised Income and Expenses
for the years ended
30 September 2018 and 2017**

(Thousand Euros)

	<i>Note</i>	2017	2016
Profit for the year		58,474	73,577
Income and expense recognised directly in equity		-	-
Amounts transferred to the income statement		-	-
Total recognised income and expense		58,474	73,577

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

Parques Reunidos Servicios Centrales, S.A.

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

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

(Thousand Euros)

	Share Capital	Issue premium	Reserves	Other shareholder contributions	Other equity instruments	Result for the year	Total
Balance at 30 September 2016	40,371	1,327,528	53,487	10,148	423	55,022	1,486,979
Recognised income and expense	-	-	-	-	-	73,577	73,577
Transactions with shareholders or owners							
Distribution of 2016 profits	-	-	55,022	-	-	(55,022)	-
Share based payments	-	-	(20,000)	-	-	-	(20,000)
Other movements	-	-	-	-	108	-	108
Balance at 30 September 2017	40,371	1,327,528	88,509	10,148	531	73,577	1,540,664
Recognised income and expense	-	-	-	-	-	58,474	58,474
Transactions with shareholders or owners							
Distribution of 2017 profits	-	-	73,577	-	-	(73,577)	-
Distribution of dividends	-	-	(20,000)	-	-	-	(20,000)
Share based payments	-	-	-	-	375	-	375
Balance at 30 September 2018	40,371	1,327,528	142,086	10,148	906	58,474	1,579,513

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

Parques Reunidos Servicios Centrales, S.A.

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

(Thousand Euros)

	<i>Note</i>	2018	2017
<i>Cash flows from operating activities</i>			
Profit of the year before taxes		78,196	96,351
Adjustments for:			
Amortisation and depreciation	5 & 6	2,768	2,404
Impairment losses on trade receivables	11 (b)	1,851	(48)
Profit/loss on retirements and disposals		-	36
Financial income	10 and 16 (a)	(91,084)	(101,524)
Financial expenses		17,041	13,863
Exchange differences		(8)	(55)
Change in fair value on financial instruments	14	(176)	(399)
Other income and expenses		(1,116)	172
Changes in working capital			
Trade and other receivables		(5,859)	(43,559)
Other current assets		(663)	281
Trade and other payables		34,065	158,533
Other cash flows from operating activities			
Payment of interest		(9,640)	(10,336)
Income tax payments	15	(5,982)	(968)
Cash flows from operating activities		19,393	114,751
<i>Cash flows from investing activities</i>			
Payments for investments			
Group companies and associates		(46,211)	(18,755)
Intangible fixed assets	5	(274)	(926)
Tangible fixed assets	6	(2,450)	-
Proceeds from sale of investments			
Other financial assets		1,291	151
Cash flows from investing activities		(47,644)	(19,530)
<i>Cash flows from financing activities</i>			
Proceeds / (payments) for financial liability instruments			
Loans and borrowings		(13,800)	(1,340)
Group companies and associates		-	(2,927)
Dividend payments and remuneration on other equity instruments			
Dividends	12	(20,000)	(20,000)
Cash flows from financing activities		(33,800)	(24,267)
Net Increase/Decrease in cash and cash equivalents			
		(62,051)	70,954
Cash and cash equivalents at beginning of year		76,780	5,826
Cash and cash equivalents at year end		14,729	76,780

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

Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts****(1) Nature, Activities and Composition of the Group**

Parques Reunidos Servicios Centrales, S.A. (hereinafter the Company or the Parent) was incorporated on 23 November 2006 under the name of Desarrollos Empresariales Candanchú, S.L. On 1 March 2007, it changed its name to Centaur Spain Two, S.L.U. On 27 January 2010 and 30 March 2010, the agreements of conversion to public limited company and of modification of the company name to the current one were formalised respectively in public deeds.

In March 2007, the Company acquired the leisure group Parques Reunidos, and its activity began with that acquisition.

In 23 March 2007, its Single Shareholder approved the modification of the articles of association of the Company, establishing the closing date of its financial year on 30 September of each year. Nevertheless, at its Ordinary General Shareholders' Meeting on 21 March 2018, the decision was made to modify the Company's Bylaws in their article regarding the fiscal year, by establishing the closing date of 31 December for each year. For the correct implementation of the aforementioned change, it was also agreed that the fiscal year started on 1 October 2018 will have an irregular duration and will end on 31 December 2018.

Its registered office is located at Paseo de la Castellana 216, 16th floor, Madrid. Since 29 April 2016, the Company's shares have been listed in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

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

- The promotion, development, construction, installation, and operation of all kinds of businesses and sports and leisure activities, on its own property or on lease, surface right, administrative concession and any other form of assignment of right of use.
- Providing management services, administration, or consultancy services related to the development, strategic growth, and planning of investments to companies in which the Company holds an equity interest, directly or indirectly.
- Advisory services to companies in which the Company holds (directly or indirectly) a share interest, such advice being related to potential investments or acquisitions in the domestic or international market in the sector of management and operation of any kind or any other Sector corresponding to a related activity, antecedent, consequent or in any way related to the aforementioned.
- The holding, administration, acquisition and disposal of transferable securities and corporate shares of companies.

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

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

On 27 November 2018, the Directors have formulated the consolidated annual accounts of Parques Reunidos Servicios Centrales, S.A. and subsidiaries for the year ended 30 September 2018 (28 November 2017 for the year ended 30 September 2017), which show consolidated profits of Euros 13,022 thousand (profits of Euros 11,377 thousand in 2017) and a consolidated net worth of 1,106,143 thousand euros (1,108,778

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Parques Reunidos Servicios Centrales, S.A.

Notes to the Annual Accounts

thousand euros in 2017). The consolidated annual accounts will be deposited in the Mercantile Register of Madrid.

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Parques Reunidos Servicios Centrales, S.A.

Notes to the Annual Accounts

Flotation on the Stock Market

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

Said flotation was carried out as follows:

- a) A capital increase for Euros 525,000 thousand through the issue of 33,870,968 ordinary shares of Euros 0.50 per value each and a share premium of Euros 15 each. The new shares were sold via a subscription offer (see note 12 (a)) for a price of Euros 15.5 per share.
- b) A public offering for the sale of 4,850,000 shares representing 21% of the capital was approved. The shares were sold at Euros 15.5 each, raising a total amount of Euros 75,175 thousand.

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

The Parent closed the share subscription period on 27 April 2016. On 28 April 2016 the public deed was executed, the capital increase closed and the shares were allocated at the offering price of Euros 15.5 per share, with the new shares admitted to trading on 29 April 2016. Consequently, on 30 September 2016, the shares of the Company were admitted for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Within the framework of the aforementioned process, Morgan Stanley & Co. International PLC and Deutsche Bank AG, London Branch were appointed global coordinators. The total expense for these issues amounted to Euros 21,244 thousand, of which Euros 18,425 thousand (without considering the tax impact) was allocated to the public subscription offer and, therefore, recognised directly in consolidated equity (see note 12 (d)) and the remaining Euros 2,819 thousand was allocated to the public offering and, therefore, recognised in the consolidated income statement (see note 16 (e)).

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

(2) Bases for presentation

(a) True and fair view

The annual accounts have been prepared on the basis of the accounting records of the Company in accordance with prevailing legislation and the Spanish General Chart of Accounts to give a true and fair view of the equity and financial position at 30 September 2018 and results of operations, changes in equity, and cash flows for the year then ended.

The Company's Directors expect the 2018 annual financial statements, prepared on 27 November 2018, will be approved at the General Shareholders' Meeting without modification.

(b) Comparison of information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2018 include comparative figures for the previous year, which formed part of the annual accounts for the year 2017 approved by the General Meeting of Shareholders on 21 March 2018.

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Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**(c) Functional and presentation currency

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

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

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

To the extent that there are indications of impairment of investments in subsidiaries, the Company tests, with the help of an independent expert, for impairment of such investments. The recoverable amount is the higher of fair value less costs to sell and value in use. Based on the foregoing, the Company calculates the recoverable amount of cash-generating units (hereinafter "CGUs") as their fair value less costs to sell using cash flow discounting methods. The calculation of the recoverable amount requires the use of estimates by management.

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

The main components of such business plan are the projections of income, operating expenses and CAPEX, which reflect the best estimates available on the expected performance for the Group as a whole and that is transferred to the projections for each of the Group's parks. In this regard, the key business assumption and main management variable defined by the Group is the EBITDA, which is the main figures used by the Group to supervise its business performance.

The Company has drawn up EBITDA projections for the next five years on the basis of past experience, the estimated growth of the sector in each of the countries, taking into account any differences between forecasts made in previous years and the actual figures and the specific prospects of each park. In this respect, according to its degree of fulfilment and future expectations, the Company updates its business plan periodically.

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 similar to the last real period and they are based on past experience, which points to the likelihood of renewal of such contracts.

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Parques Reunidos Servicios Centrales, S.A.

Notes to the Annual Accounts

With regard to wholly-owned parks, the projections have been made, as a general rule, for a period of five years. However, in those cases in which this period does not allow a normalization of EBITDA, it has been considered to extend this term to a maximum of ten years of projection. From that moment, the cash flows consider a terminal value calculated at a growth rate in perpetuity. In the case of concession or lease agreements, as of the fifth year the cash flows are extrapolated until the end of the agreement term (plus any additional extensions considered) at a constant growth rate except for those specific cases in which an expansion CAPEX allows to project growths above the constant growth rate. The growth rates used are in line with the average long term growth rate for the sector and take into consideration the long term prospects for inflation and gross domestic product for each of the countries in which the parks are located (source: 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. Likewise, in the case of the US parks, the calculations of the recoverable value have been performed by an independent expert.

The main assumptions used to estimate the recoverable value were:

- 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 generally estimated at up to 30% of annual EBITDA. When significant investments in new attractions are projected, the CAPEX increase is higher.

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

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

(3) Appropriation of Profits

Appropriation of the Company's profits for the year ended 30 September 2017, in the amount of Euros 73,576,568.53, approved at the General Shareholders' Meeting of 21 March 2018, consisted of the transfer of Euros 53,576,568.53 to voluntary reserves, and Euros 20,000,000 in dividend payments settled 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 Directors and pending approval at the General Shareholder's Meeting, consisted of transferring to voluntary reserves an amount of Euros 38,473,783.97, and paying a dividend of Euros 20,000,000.

(4) Significant Accounting Policies

In preparing its abridged annual financial statements for the year ended 30 September 2018, the Company has applied the main recording and valuation criteria in accordance with the Spanish Chart of Accounts, as follows:

(It continues)

Parques Reunidos Servicios Centrales, S.A.

Notes to the Annual Accounts

(a) Intangible assets

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

- Industrial property Straight-line depreciation over a period of up to 5 years.
- Computer software is measured at acquisition cost and amortised on a straight-line basis over 4 years. Computer software maintenance costs are charged as expenses when incurred.
- The Company capitalises development expenses incurred by specific projects for each activity that meets the following conditions:
 - Costs are clearly allocated, assigned and timed for each project.
 - There is evidence of the project's technical success and economic-commercial feasibility.

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

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

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

(b) Tangible fixed assets

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

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

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

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

	<u>Years</u>
Buildings and other structures	50
Machinery, installations and equipment	10 to 18
Furniture and fixtures	15
Information technology equipment	4
Other tangible fixed assets	10 to 15

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

(It continues)

Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

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

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

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

(c) Leases

The Company has been assigned, as lessee, the right to use certain assets under lease agreements. The Company classifies leases as finance leases when substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee under the terms and conditions of the lease at the start of the lease period, otherwise they are classified as operating leases.

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

(d) Financial instruments

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

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

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

(i) Investments and Trade receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method. Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(ii) Investments held to maturity

Investments held to maturity correspond to bank deposits arranged by the Company. They entail a fixed maturity date, fixed or determinable collection amounts and the Company has the effective intention

(It continues)

Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**

and capacity to hold them to maturity. The measurement criteria applicable to financial instruments classified in this category are those applicable to loans and receivables.

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

(iii) Investments in Group companies

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

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

Investments in Group companies, associates and jointly controlled entities are initially recognised at cost, which is equivalent to the fair value of the consideration given. The cost of investments in Group companies acquired before 1 January 2010 includes any transaction costs incurred.

(iv) Deposits

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

(v) Derecognition of financial assets

Financial assets are derecognised when they expire or when the contractual rights to the cash flows from the financial asset have been transferred and the Company has substantially transferred all the risks and rewards of ownership.

(vi) Impairment of financial assets

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

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

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

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

(vii) Financial liabilities

(It continues)

Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**

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

(viii) Derecognition and modifications of financial liabilities

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

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

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

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

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

(ix) Derivative financial instruments and hedge accounting

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

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

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

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in

(It continues)

Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**

subsequent years in achieving offsetting changes in cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

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

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

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

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

In the case of other hedges, the Company recognises amounts accounted for in other comprehensive income in profit or loss in the same period or periods during which the forecast transaction affects profit or loss and under the same caption of the consolidated income statement.

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

(e) Own equity instruments held by the Company

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

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of

(It continues)

Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**

cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

(g) Foreign currency transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies have been translated into the functional currency at the closing rate.

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

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

(h) Income from services rendered

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

Given the Company's purpose as a holding company, both the dividends and other income derived from financing granted to investee companies, as well as the revenue obtained for the sale of the investments, as long as it is not manifested in the removal of dependent companies, multi-group companies or associated companies, constitute the "net revenues" of the profit and loss account.

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

(i) Income tax

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

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

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

The Parent has availed of the tax regime applicable to groups of Spanish companies as permitted by the revised text approved by Royal Legislative Decree 43/1995 of 27 December, and is the parent of the tax group (see note 15).

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

(It continues)

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

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

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

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

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

(i) Recognition of deferred tax liabilities

The Company recognises all deferred tax liabilities except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(ii) Recognition of deferred tax assets

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

The Company recognises the conversion of a deferred tax asset into a receivable from the Public Administration, when this is required pursuant to the tax laws in force. For this purpose, the withdrawal of the deferred tax asset is recorded, booked to expense for deferred profits tax and the account receivable with payment to the profits tax on current profits. Likewise, the Company recognises the exchange of a deferred tax asset for public debt securities, when the ownership of these is acquired.

The Company records the payment obligation derived from the financial contribution as operating expense with payment to the debts with Public Administration when it is accrued pursuant to the Corporate Income Tax Act.

However, assets arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

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

(It continues)

Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**

To the contrary it is considered probable that the Company has sufficient taxable profits to recover the deferred tax assets, as long as there are temporary taxable differences in sufficient quantity, related with the same tax authority and referring to the same obligated party, the reversal of which is expected in the same FY in which the reversal of the deductible temporary difference is predicted or in FYs in which a tax loss, derived due to a deductible temporary difference, can be compensated by prior or subsequent profits.

The Company records the deferred tax assets that have not been recognised due to exceeding the recovery period of ten years, to the extent that the future recovery period does not exceed ten years counting from the date of closing of the FY or when there are temporary taxable differences in sufficient quantity.

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

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

(iii) Measurement of deferred tax assets and liabilities

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

(iv) Offset and classification

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

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

(j) Provisions

(i) General Criteria

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

The financial effect of provisions, where applicable, is recognised as finance expenses in the income

(It continues)

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statement. Moreover, provisions do not include the tax effect, or estimated profits on asset disposals or withdrawals.

(ii) Provisions for redundancy benefits and restructuring

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

(k) Defined benefit plans

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

The Company recognises defined benefit liabilities in the statement of financial position reflecting the present value of defined benefit obligations at the reporting date, minus the fair value of plan assets at that date. Income or expense related to defined benefit plans is recognised as employee benefits.

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

(l) Defined contribution plans

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

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

(m) Share-based payments for services

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

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

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

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

(It continues)

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

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

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

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

- *Tax effect*

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

In April 2016, prior to the Offer for Admission to trading (see note 1), the sole shareholder, Centaur Nederland, B.V., approved a long-term incentive plan for 2016-2020 to be settled through the delivery of shares in the Company. Beneficiaries were informed of the plan regulations in May of 2016.

According to the Incentive Plan, the delivery of shares is subject to the fulfilment of certain performance conditions, as well as the continued employment in the Company. The Parent has estimated the total obligation derived from these plans and the part of this obligation accrued at 30 September 2018 and 2017 based on the extent to which the conditions for receipt have been met (see note 18 (b)).

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

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

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, which is expected to be within 12 months.
- Liabilities are classified as current when they are expected to be settled within 12 months after the reporting date or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the consolidated annual accounts are authorised for issue.

(It continues)

Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**(o) Transactions between Group companies

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

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

(p) Assets and liabilities of an environmental nature

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

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

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(5) Intangible assets

The movement in the various components of property, plant and equipment in 2018 and 2017 and the related accumulated amortisation was the following:

		Thousands of euros							
		Balance at 30/09/2016	Additio ns	Transfe rs	Balance at 30/09/2017	Additio ns	Disposa ls	Transfe rs	Balance at 30/09/2018
Cost									
	Development	1,155	515	-	158	1,828	522	107	2,457
	Industrial property	98	-	-	-	98	-	-	98
	Computer software	10,079	411	(48)	595	11,037	868	426	12,331
		11,332	926	(48)	753	12,963	1,390	533	14,886
Amortisation									
	Development	(195)	(211)	-	-	(406)	(552)	-	(958)
	Industrial property	(51)	(21)	-	-	(72)	(21)	-	(93)
	Computer software	(5,876)	(1,786)	12	-	(7,650)	(1,820)	-	(9,470)
		(6,122)	(2,018)	12	-	(8,128)	(2,393)	-	(10,521)
value	Net book	5,210	(1,092)	(36)	753	4,835	(1,003)	533	4,365

Additions in 2018 and 2017 primarily reflect the costs incurred in developing leisure parks in shopping centres (MECs or Mall Entertainment Centres) and acquisitions of computer software as part of the upgrading and renovation of the Company's IT systems.

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

		Thousands of euros	
		2018	2017
	Development	174	174
	Industrial property	16	16
	Computer software	5,746	3,714
		5,936	3,904

(It continues)

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Notes to the Annual Accounts

(6) Tangible fixed assets

The movement in the various components of property, plant and equipment in 2018 and 2017 and the related accumulated depreciation was the following:

	Thousands of euros						Balance at 30/09/201 8
	Balance at 30/09/201 6	Additi ons	Transfers	Balance at 30/09/201 7	Addi tions	Transfers	
Cost							
Constructions	691	-	-	691	-	-	691
Machinery, installations and equipment	1,732	878	13	2,623	1,261	97	3,981
Furniture and fixtures	176	-	-	176	-	-	176
Information technology equipment	3,678	-	93	3,771	61	7	3,839
Other tangible fixed assets	1	-	-	1	-	-	1
Property, plant and equipment under construction	2,065	14	(859)	1,220	2,305	(637)	2,888
	8,343	892	(753)	8,482	3,627	(533)	11,576
Amortisation							
Constructions	(287)	(40)	-	(327)	(40)	-	(367)
Machinery, installations and equipment	(1,107)	(142)	-	(1,249)	(191)	-	(1,440)
Furniture and fixtures	(142)	(11)	-	(153)	(6)	-	(159)
Information technology equipment	(3,280)	(193)	-	(3,473)	(138)	-	(3,611)
Other tangible fixed assets	(1)	-	-	(1)	-	-	(1)
	(4,817)	(386)	-	(5,203)	(375)	-	(5,578)
Net book value	3,526	507	(753)	3,279	3,252	(533)	5,998

The increases for fiscal year 2018 and 2017 basically include, the development of new business ideas and group projects for the opening of new entertainment centers that are in progress, as well as the activation of the expenses that contribute to the development of said projects.

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

	Thousands of euros	
	2018	2017
Machinery, installations and equipment	755	652
Furniture and fixtures	113	90
Information technology equipment	3,407	3,084
Other property, plant and equipment	1	1
	4,276	3,827

The Company takes out insurance policies to cover the possible risks affecting its property, plant and equipment. The Parent's directors consider that these policies are sufficient to cover the risks inherent in the Company's activity at 30 September 2018.

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Parques Reunidos Servicios Centrales, S.A.

Notes to the Annual Accounts

(7) Operating Leases - Lessee

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

Operating lease expenses totalled Euros 659 thousand and Euros 386 thousand at 30 September 2018 and 2017, respectively (see note 16 (d)).

The most significant operating lease agreement refers to the Company's main office building in which it conducts its business in Madrid. Said agreement was signed on 26 July 2016 and ends on 30 June 2021, and entails two five-year extensions unless otherwise indicated by the lessee. The annual rent amounts to Euros 539 thousand plus community charges. The lease agreement also provides a grace period until 1 March 2017.

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

	Thousands of euros	
	2018	2017
Up to one year	782	559
One to five years	1,364	1,447
	2,146	2,006

(8) Risk Management Policy

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

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

(i) Credit risk

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

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

The Company considers that the exposure to credit risk of its financial assets at 30 September 2018 is not material.

(ii) Liquidity risk

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Parques Reunidos Servicios Centrales, S.A.**Notes to the Annual Accounts**

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

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

On the other hand, the Company has to face payments derived, mainly, from the usual commercial operations in the development of its activity. The expected results for the coming years, as well as the mechanisms available in the Group of which it is the dominant company (such as cash pooling) guarantee the provision of sufficient cash to ensure liquidity and to meet all payment commitments. Also, as detailed in note 13 of this report, the Company has credit lines that are not available for a significant amount.

Therefore, the Group considers that the liquidity risk is adequately managed as of 30 September 2018.

(iii) Market risk

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

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

In relation to financial liabilities, mainly the syndicated loan, the Company is exposed to the variability of interest rates. However, as indicated in note 14, the Company has entered into an interest rate swap agreement, designed to hedge the interest rate risk of the syndicated loan held as of 30 September 2018.

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

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

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Parques Reunidos Servicios Centrales, S.A.

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(9) Investments in Equity Instruments of Group Companies

The information related to the investments in companies of the group is presented in Annex I. The detail and movement of the cost of investments in equity instruments of group companies in the years 2018 and 2017 is as follows:

Investment	Thousand of euros					Saldo al 30.09.18
	Balance at 30.09.2016	Additions	Disposals	Balance at 30.09.2017	Additions	
Centaur Nederland 3 B.V.	270,510	-	(64)	270,446	-	270,446
Parque de Atracciones Madrid, S.A.U.	58,319	-	-	58,319	-	58,319
Marineland Resort S.A.S.	4,000	-	-	4,000	-	4,000
Mall Entertainment Centre Murcia, S.L.U.	76	-	-	76	-	76
Mall Entertainment Centre Acuario Arroyomolinos, S.L.	-	76	-	76	-	76
Mall Entertainment Centre Temático Arromolinos, S.L.	-	76	-	76	-	76
Lisbon Theme Mall Entertainment Centre, Unipessoal LDA	-	76	-	76	-	76
Sociedad Lakeside Mall Entertainment Centre Limited	-	1	-	1	-	1
Indoor Entertainment Príncipe Pio, S.L.U.	-	-	-	-	75	75
Parques Reunidos Atlántica, S.L.U.	-	-	-	-	3	3
	332,905	229	(64)	333,070	78	333,148

The additions of FY 2018 and 2017 correspond to the establishment of various companies whose purpose is the operation of leisure areas within shopping centres.

In 2018, the company Indoor Entertainment Príncipe Pio, S.L.U., was established with a share capital of 75 thousand Euros, and the company Parques Reunidos Atlántica, S.L.U., was established with a share capital of 3 thousand Euros.

Likewise, the companies Mall Entertainment Centre Acuario Arroyomolinos, S.L.U., Mall Entertainment Centre Temático Arroyomolinos, S.L.U. and Lisbon Theme Mall Entertainment Centre, Unipessoal LDA were established, each with a share capital of 76 thousand Euro, and the company Lakeside Mall Entertainment Centre Limited was established with a share capital of 1 thousand Euros.

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

At 30 September 2018, the Company conducted impairment tests on Parque de Atracciones de Madrid, S.A.U., Centaur Nederland 3 B.V. and Marineland Resort, S.A.S. In this connection, the recoverable value exceeds the book value of the investment, so no valuation adjustments have been made for impairment.

The discount rate used by the Company in the context of the impairment test of its participants is between 8.18% and 23.46% before the tax effect as of 30 September 2018 (7.55% and 15.17% before the fiscal effect as of 30 September 2017). In order to calculate the aforementioned rate, the Company uses the Capital Asset Pricing Model (CAPM) methodology applied to the capital structure obtained from a number of comparable companies listed on the market and adjusted both by the risk free rate of the country where each subsidiary is operating, as per the specific premium associated with each of them. The remaining key assumptions considered in the impairment tests are detailed in note 2 (d).

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

(10) Financial Assets by Category

The classification of the financial assets by category, except for the investments in subsidiaries, as of 30 September 2018 and 2017, is as follows:

	Thousands of euros					
	At amortised cost or cost					
	2018			2017		
Non-current	Current	Total	Non-current	Current	Total	
Investments and Trade receivables						
Loans to group companies (note 17 (a))	1,053,875	628,419	1,682,294	1,541,982	10,016	1,551,998
Other receivables from group companies (Note 17 (a))	73,137	1,520	74,657	66,734	1,291	68,025
Deposits	4	363	367	4	284	288
Trade debtors and other accounts receivable						
Clients from sales and provision of service	-	2,008	2,008	-	4,228	4,228
Trade receivables – group (note 17 (a))	-	182,724	182,724	-	177,424	177,424
Personnel	-	89	89	-	108	108
	1,127,093	815,046	1,942,139	1,608,720	193,351	1,802,071
Total financial assets	1,127,016	815,123	1,942,139	1,608,720	193,351	1,802,071

The carrying amount of financial assets at 30 September 2018 and 2017 does not differ significantly from their fair value.

The amount of finance income on the income statement relating to financial assets with third-parties in 2018 and 2017 amounts to Euros 2 thousand and Euros 82 thousand, respectively. The financial income from the holding activity is included in net revenue (see note 16 (a)).

(11) Investments and Trade Receivables**(a) Current financial assets**

At 30 September 2018 and 2017 this item of the statement of financial position primarily comprised deposits totalling Euros 363 and 284 thousand, respectively.

(b) Trade debtors and other accounts receivable

Details at 30 September 2018 and 2017 are as follows:

	Thousands of euros	
	2018	2017
<i>Company (note 17 (a))</i>		
Current and non-current payables	1,682,294	1,551,998
Clients	182,724	177,424
<i>Not related</i>		
Clients	2,008	4,228
Personnel	89	108
	1,867,115	1,733,758

The Company register a provision amounting to 1,521 thousand euros (290 thousand euros as of September 30, 2017) and whose movement during the year was a provision of 1,238 thousand euros and a reversal of 7 thousand

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euros (48 thousand euros of reversal in 2017). On the other hand, the Company has recorded an expense for losses considered definitively uncollectable totalling 620 thousand Euros due to the renegotiation of a management contract.

(12) Equity

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

(a) Capital

As of 30 September of 2018 and 2017, the share capital of Parques Reunidos Servicios Centrales, S.A., is represented by 80,742,044 ordinary shares represented by book entries of 0.5 euros of nominal value each, belonging to a sole class and series. All shares are fully subscribed and paid-in and grant their holders the same political and economic rights.

As indicated in note 1, the Company's shares were admitted to trading on the Madrid, Barcelona, Bilbao, and Valencia stock exchanges on 29 April 2016. According to public information filed with the Spanish National Securities Market Commission, the members of the Board of Directors control approximately 0.81% of the share capital at 30 September 2018 (0.32% at 30 September 2017).

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

	<u>%</u>
Corporación Financiera Alba, S.A.	20,01
Groupe Bruxelles Lambert (GBL)	20,99

(b) Issue premium

The issue premium is non-restricted, except when, as a result of its distribution, the net equity should fall below the share capital.

In the context of the IPO carried out in April 2016, a capital increase occurred, and the issue premium existing at that moment of 819,463 thousand Euros was increased by an amount of 508,065 thousand Euros.

(c) Legal reserve

At 30 September 2018 and 2017, legal reserves stood at Euros 10,189. That legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies' Act, which requires that companies transfer 10% of their profits for the year to the legal reserve until this reserve reaches an amount equal to 20% of share capital.

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

At 30 September 2018 the Company has appropriated this reserve above the minimum limit established in the revised law of the Capital Companies Act.

(d) Voluntary reserve

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

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

(e) Other shareholder contributions

This heading includes mainly the Exit Bonuses received by members of the Group's management team and a certain number of employees in management positions, which the then Sole Shareholder (Centaur Nederland, B.V.) accepted before the Company's IPO mentioned in note 1.

(f) Other equity instruments

This item reflects the increase in equity resulting from the share-based payment plan detailed in note 4 (m). During 2018, an amount of Euros 375 thousand (108 thousand euros in 2017) was recognised in connection with the first and second cycles (2016-2019 and 2017-2020) of the long-term incentive plan (see Note 18 (b)).

(13) Financial liabilities

The classification of financial liabilities by categories and classes at 30 September 2018 and 2017 is as follows:

	Thousands of euros							
	2018				2017			
	Limit	Current	Non-current	Total	Limit	Current	Non-current	Total
At amortised cost:								
Syndicated loan	345,000	13,800	317,400	331,200	345,000	13,800	331,200	345,000
Revolving credit facility	200,000	-	-	-	200,000	-	-	-
Interests outstanding	-	4,173	-	4,173	-	3,905	-	3,905
Transaction costs	-	-	(3,965)	(3,965)	-	-	(5,046)	(5,046)
	545,000	17,973	313,435	331,408	545,000	17,705	326,154	343,859
Valued at fair value:								
Derivative financial instruments (note 14)	-	259	-	259	-	186	249	435
	545,000	18,232	313,435	331,667	545,000	17,891	326,403	344,294
Trade creditors and other accounts payable								
Suppliers	-	2,876	-	2,876	-	2,578	-	2,578
Suppliers, related entities (note 17 (a))	-	231,321	141,783	373,104	-	199,245	121,427	320,672
Other creditors	-	1,418	-	1,418	-	1,376	-	1,376
Personnel	-	1,941	-	1,941	-	1,121	-	1,121
Other	-	2,732	-	2,732	-	1,556	-	1,556
	-	240,288	141,783	382,071	-	205,876	121,427	327,303

Trade and other payables are measured at amortised cost or cost, which does not differ substantially from fair value. The syndicated loan is measured at amortised cost, its fair value at 30 September 2018 and 2017 being estimated at Euros 330,234 thousand and Euros 347,960 thousand, respectively.

The amount of finance expenses in the income statement in 2018 and 2017, is as follows:

	Thousands of euros	
	2018	2017
Financial expenses based on amortised costs	17,041	13,863
Total	17,041	13,863

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Parques Reunidos Servicios Centrales, S.A.

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a) Loans and borrowings

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

On 13 February 2017, the Company agreed to renew this syndicated loan, implying a reduction of 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.

The loan, whose total amount as of 30 September 2018 amounts to Euros 546,644 thousand (Euros 565,430 thousand in 2017), consists of four tranches that have been taken by the Company (two tranches in euros) and Festival Fun Parks, LLC (two tranches in US dollars). The amount as of 30 September 2018 of the tranches taken by Festival Fun Parks, LLC amounts to Euros 215.445 thousand (Euros 220.430 thousand in 2017). A detail of the tranches of the loan taken by the Company, as of 30 September 2018 and 2017, is as follows:

Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	2018	
					Thousands of euros	
					Undrawn	Drawn down
Tranche A2 (Euros)	Apr 2022	Euribor 6 months + 2.10%	2.24%	124,200	-	124,200
Tranche B2 (Euros)	May 2022	Euribor 6 months + 2.85%	3.10%	207,000	-	207,000
Revolving facility (multi-currency)	Apr 2022	6 month Libor/Euribor + 2.10%	3.40%	200,000	200,000	-
					200,000	331,200

Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	2017	
					Thousands of euros	
					Undrawn	Drawn down
Tranche A2 (Euros)	Apr 2022	Euribor 6 months + 2.5%	2.24%	138.000	-	138,000
Tranche B2 (Euros)	May 2022	Euribor 6 months + 3.25%	3.10%	207.000	-	207,000
Revolving facility (multi-currency)	Apr 2022	6 month Libor/Euribor + 2.10%	3.40%	200.000	200,000	-
					200,000	345,000

At 30 September 2018 and 2017 there were no restrictions on drawdowns of the revolving credit facilities.

The agreement establishes a partial repayment schedule of tranche A2, namely repayment of 10% of the principal on 31 May each year from 2018 until 2021 and repayment of the remaining 60% in April 2022.

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The entire principal of tranche B2 is to be settled in a single repayment on 31 May 2022. Lastly, revolving credit draw-downs must be repaid in their entirety on 30 September of each year.

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

		2018					
		Thousands of euros					
		19/20	20/21	21/22	2022	2023 and thereafter	Total
Syndicated loan		13,800	13,800	289,800	-	-	317,400
		13,800	13,800	289,800	-	-	317,400
		2017					
		Thousands of euros					
		18/19	19/20	20/21	21/22	2022 and thereafter	Total
Syndicated loan		13,800	13,800	13,800	289,800	-	331,200
		13,800	13,800	13,800	289,800	-	331,200

Under the syndicated loan agreement, every six months and year end the Group has to comply with a financial covenant calculated on the basis of its consolidated financial statements or its consolidated annual accounts. The Group Corporate Financial Department carries out a detailed follow-up of compliance with such financial ratios, in order to enable early detection of any potential risk of non-compliance. In each half since the signing of the agreement and at 30 September 2018, the Directors of the Company have confirmed compliance with the following covenant:

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

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

- Personal, joint and several guarantee by Parques Reunidos Servicios Centrales, S.A. and Festival Fun Parks, LLC (including pledge on the shares of the latter). This guarantee is enforceable as soon as any such guarantors should fail to fulfil the commitments of amortisation of principal or payment of interest for the debt tranches drawn down by each. At 30 September 2018, both guarantors are current with the payments and therefore the guarantee has not been enforced and, therefore, the Company has not had to recognise an additional liability pertaining to the debt of Festival Fun Parks, LLC.
- Pledge on the shares of Parque de Atracciones Madrid, S.A.U., Madrid Theme Park Management, S.L.U., Leisure Parks, S.A., Zoos Ibéricos, S.A., Gestion Parque de Animales Madrid, S.L.U., Centaur Nederland 2 B.V., Grant Leisure Group Ltd, Tusenfryd AS, Pleasantville B.V., Marineland SAS, Movie Park Germany GmbH and Centaur Nederland 3 B.V.

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Parques Reunidos Servicios Centrales, S.A.

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

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

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

	Days	
	2018	2017
Average supplier payment period	40	38
Transactions paid ratio	40	37
Transactions payable ratio	35	57
	Amount (thousands of Euros)	
	2018	2017
Total payments made	27,519	23,602
Total payments outstanding	1,090	964

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

(14) Derivative financial instruments

The Company uses interest rate swaps (IRS or fixed rate swaps) to hedge the risk of variations in interest rates on its syndicated loan (see note 13). Details of derivative financial instruments and their corresponding fair values at 30 September 2018, together with the outstanding notional amounts to which they are linked, are provided below. At 30 September 2018 the Company does not apply hedge accounting to these derivatives.

Instrument	Interest rate swap
Fixed interest payable	-0.064%
Variable interest receivable	6-month Euribor
Date arranged	25/05/2016
Start of hedge	30/06/2016
Expiry date	30/06/2019
Notional (thousands)	200,000 (Euros)
Interest payments	Half-yearly (31 March and 30 September)
Fair value of swap (thousands of Euros)	259
Accrued interest payable (thousands of Euros)	-
Total fair value (thousands of Euros)	259

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

To determine the fair value of interest rate derivatives, the Company discounts cash flows based on implicit rates determined through the Euro interest rate curves depending on market conditions at the measurement date.

The amount recognised in the 2018 income statement, due to the change in fair value from the 1 October 2017 through 30 September 2018, amounts to profit of Euros 176 thousand (a negative amount of Euros 399 thousand in 2017), recognised under the heading "Changes in fair value of financial instruments" in the accompanying income statement.

Finally, in 2018, these derivative financial instruments have accrued interest expenses totalling Euros 404 thousand (Euros 320 thousand in 2017), which are recognised under "Finance expenses" in the income statement.

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

Sensitivity	Thousands of euros	
	Result – (Expense) / Income	
+ 0.50 points (rise in the variable interest rate curve)	971	
- 0.50 points (decrease in variable interest rate curve)	(971)	

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

(15) Tax situation

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

	Thousands of euros			
	2018		2017	
	Non current	Current	Non-current	Current
Assets				
Deferred tax assets	199	-	228	-
Personal income tax	-	1,024	-	77
	199	1,024	228	77
Liabilities				
Current tax	-	5,865	-	6,333
Value added tax	-	2,921	-	1,762
Personal income tax	-	238	-	137
Social Security	-	150	-	112
	-	9,174	-	8,344

Pursuant to the revised text approved by Royal Decree Law 27/2014, of 27 November, the Company heads the consolidated tax group comprising Parque de Atracciones Madrid, S.A.U., Zoos Ibéricos, S.A., Parques de la Naturaleza Selwo, S.L., Leisure Parks, S.A., Parque de Atracciones de San Fernando de Henares

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S.L.U., Aquopolis de Cartaya, S.L.U., Madrid Theme Park Management, S.L.U., Gestión Parque de Animales Madrid, S.L.U., Travepark Viajes, S.L.U., Parque Biológico de Madrid, S.A.U., Parques Reunidos Valencia S.A, Mall Entertainment Centre Murcia, S.L.U, Mall Entertainment Center Temático Arroyomolinos, S.L.U y Mall Entertainment Centre Acuario Arroyomolinos, S.L.U., Indoor Entertainment Príncipe Pío, S.L.U. y Parques Reunidos Atlántica, S.L.U.

The profits, determined in accordance with the tax legislation, are subject to a tax of 25% on the base. The corporate income tax for 2018 generated accounts receivable and accounts payable from other companies in the tax consolidation for Euros 6,778 thousand and Euros 20,550 thousand, respectively (Euros 7,443 thousand and Euros 23,374 thousand, respectively, at 30 September 2017) which are included in the balances with Group companies (see note 17 (a)).

In accordance with legislation in force in Spain, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At 30 September 2018 the Company and its subsidiaries located in Spain forming the consolidated tax group have open to inspection by the taxation authorities all main applicable taxes for the last four years.

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

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

In February 2015, Spain's tax authority informed the Company that it was commencing an inspection at the Spanish tax group in relation to the main taxes for the years 2009 to 2012. On 25 November 2016, the Group signed a record of conformity in connection with said tax inspection. The settlement amount contained in those conformity reports led to the adjustment of the tax loss 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 any infringement having been committed, thus ruling out any penalties payable.

In accordance with the corporate income tax returns filed by the companies within the tax group and the estimated consolidated tax return for the year 2018, neither the Company nor the tax group have tax loss carryforwards to be offset against future profits subsequent to the date of entry of each of the companies into the consolidated tax group. Moreover, tax loss carryforwards generated by members of the consolidated tax group prior to the entry of each company into the group in the 2018 and 2017 financial years amount to 48,600 and 50,113 thousand euros (none of which is contributed by the Company).

Law 27/2014 on corporate income tax applicable to Spanish companies was approved on 27 November 2014 and introduces completely new legislation. The Law revokes the revised Royal Legislative Decree 4/2004 of 5 March 2004. The numerous developments contained in this new legislation include the progressive reduction of tax rates, from 28% for the year beginning on 1 October 2015 to 25% from years beginning from 1 October 2016 onwards. Furthermore, a limit of 70% of previous taxable income is established for offsetting carryforwards and the 18-year period for offsetting tax loss carryforwards is replaced by an indefinite period for tax periods starting on or after 1 October 2015. Moreover, on December 2, 2016 Royal Decree 3/2016 introduces a transitory disposition that has established a new limit of a 25% to the offsetting of the carry forwards. This new limit applies to those companies with net revenue higher than 60 million.

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Parques Reunidos Servicios Centrales, S.A.

Notes to the Annual Accounts

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Due to the treatment permitted by fiscal legislation of certain transactions, accounting profit or loss differs from the taxable income or tax loss. The reconciliation of the accounting loss for the years ended on 30 September 2018 and 2017 with the taxable income that the tax group expects to declare after approval of the annual financial statements is as follows:

	2018	2017
	Income statemen t	Income statemen t
Profit before income tax	78,196	96,351
Permanent differences		
Non-deductible expenses	944	126
Taxable accounting income/(loss)	79,140	96,477
Temporary differences		
Originating in prior years		
Amortisation	(114)	(114)
Taxable income/(Tax loss) of the Parent	79,026	96,363
Tax losses contributed by companies forming part of the tax group	(53,333)	(63,452)
Aggregate taxable income/(tax loss)	25,693	32,911
Offset of tax loss carryforwards	(1,513)	(7,606)
Consolidated taxable income/(tax loss)	24,180	25,305
Gross tax at 25%	6,045	6,326
Deductions	(180)	(308)
Adjustments from previous exercises	-	315
Income tax payable	5,865	6,333

Permanent differences in 2018 and 2017 include non-deductible expenses from gifts and penalties, as well as the non-deductible expense in connection with the share-based payment plan (Note 16 (c)).

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The relationship between the income tax expense and profit for 2018 and 2017 is as follows:

	Thousands of euros	
	2018	2017
Profit for the year before tax	78,196	96,351
Tax at 25 %	19,549	24,088
Non-deductible expenses	207	32
Expense due to reduction of deferred tax assets	29	29
Tax effect of offsetting tax loss carryforwards	-	(1,902)
Prior years adjustments	57	539
Other	(120)	(12)
Income tax expense	19,722	22,774

Details of the income tax expense for 2018 and 2017 are as follows:

	Thousands of euros	
	2018	2017
Current tax		
Present year	19,636	24,120
Deferred tax		
Origin and reversal of temporary differences	29	29
Previously unrecognised tax credits applied	-	(1,902)
Recognition of prior years' temporary differences	57	539
Prior years adjustments	-	(12)
	19,722	22,774

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

	Thousands of euros			
	2018		2017	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Assets				
Amortisation and depreciation	798	199	912	228
Total	796	199	912	228

(It continues)

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(16) Income and expense(a) Revenue

A detail of revenue for the years ended 30 September 2018 and 2017 is as follows:

	Thousands of euros	
	2018	2017
Income from services rendered to Group companies (note 17)	1,943	1,547
Income from management services rendered to third parties	2,457	3,055
Financial income from holding activity (note 17)	91,082	101,442
	95,482	106,044

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

(b) Other operating income

The composition of this line item in the income statement for the years ended as of 30 of September 2018 and 2017, is as follows:

	Thousands of euros	
	2018	2017
Services rendered to Group companies (note 17)	24,100	21,159
Income from patronage and exclusivity with third parties	2,832	2,745
Other income with Group companies (note 17)	492	437
	27,424	24,341

"Services rendered to group companies" includes:

- Invoicing to other Group companies of costs incurred by the Company pursuant to the contracts signed between them for the provision of centralised services. Such costs are charged with a margin of 6%.
- Fees billed by the Company in relation to exploitation and use by the Group companies of the intangibles which are property of Parques Reunidos Servicios Centrales, S.A. In this sense, the Company signed with those Group companies the corresponding contracts based on which the Company charges annually a fee. These fees include a margin of 4%.
- Within these services, it is included, reducing this income, the expenses billed to the Company from the Group companies in Spain in relation to sponsorship and marketing services by amount of Euros 2,504 thousands in 2018 (Euros 2,484 thousands in 2017).

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

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Parques Reunidos Servicios Centrales, S.A.

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

	Thousands of euros	
	2018	2017
Spain	9,339	7,805
United States	1,176	1,820
France	1,812	1,896
Belgium	1,200	1,016
Italy	2,856	2,490
Norway	1,706	1,506
United Kingdom	846	859
Denmark	518	496
Germany	3,274	2,108
Argentina	140	140
Netherlands	1,725	1,460
	24,592	21,596

(c) Personnel expenses

A detail of personnel expenses for the years ended 30 September 2018 and 2017 is as follows:

	Thousands of euros	
	2018	2017
Salaries and wages		
Salaries and wages	9,797	7,781
Severance pay	869	951
Share based payments (note 18 (b))	375	172
	11,041	8,904
Employee benefits expense		
Social Security	1,397	1,241
Other social expenses	373	176
	1,770	1,417
	12,811	10,321

(d) External services

A detail of external services for the years ended 30 September 2018 and 2017 is as follows:

	Thousands of euros	
	2018	2017
Leases	659	386
Repairs and conservation	781	676
Independent professional services	2,378	2,251
Transportation	9	2
Insurance premiums	334	83
Bank charges	1,597	1,679
Advertising and publicity	1,444	793
Utilities	29	24
Other services	1,650	1,576
	8,881	7,470

Other services as of 30 September 2018 and 2017 include travel expenses amounting to Euros 896 thousand and Euros 711 thousand, respectively.

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(e) Other P&L

At 30 September 2018, this heading includes various expenses, considered as non-recurring and mainly related to projects carried out by the Business Development Department.

At 30 September 2017, this heading includes various expenses considered to be non-recurring and linked mainly to the review of the conditions of the syndicated loan, as well as due to insurance penalties for certain claims and expenses generated by the tax inspection mentioned in Note 15. Also included is an income of Euros 600 thousand associated with a compensation agreement reached with external advisors.

(17) Related Party Transactions and Balances

(a) Related party balances and transactions

At 30 September 2018 and 2017, balances and transactions with related parties are shown in Appendix II.

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

a. Loans

A summary of the main characteristics of loans granted to Group companies as of 30 September 2018 and 2017, is as follows:

Type	Original currency	% Type of interest (1)	Initial date	Expiry date	Nominal value (thousand)	Thousands of euros		
						2018		2017
						Non current	Current	Non current
Profit Participating Loans								
Parque de Atracciones Madrid, S.A.U.	Euros	(2)	Sept 13	March 19	351,079	-	610,247	558,409
Parque de Atracciones Madrid, S.A.U.	Euros	(3)	Sept 13	Feb 20	130,336	226,263	-	207,072
						226,263	610,247	765,481

(1) The variable interest rate corresponds to the applied as of 30 September 2018 and 2017. Interest accrued each year are not settled but capitalised in the amount of the debt.

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

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

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

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Furthermore, during 2016, after completing the IPO and refinancing (see Notes 1 and 13, respectively), the Company transferred the funds obtained to its subsidiary Parque de Atracciones Madrid, S.A.U. in order for the latter to be able to cancel the syndicated loan that it maintained. As of 30 September 2018 and 2017, the balance of that loan totals 791,515 Euros (758,302 thousand Euros of the principal plus 18,199 thousand Euros due to interest accrued in FY 2017 and 15,014 thousand Euros due to interest accrued in FY 2018) and 776,501 thousand Euros, respectively, and accrues interest at an annual rate of 1.98% in 2018 and 2.4% in 2017. For this same reason, the Company transferred the funds obtained to cancel the tranche of the syndicated loan granted in dollars (13,191 Euros).

Moreover, as of that moment, the Company has become the company that manages the cash pooling maintained by the Parques Reunidos Group companies in Spain. The interest accrued during 2018 associated with the management of cash pooling amounted to 6,143 thousand euros (2,954 thousand euros in fiscal year 2017).

Moreover, the Company maintained loans with subsidiaries as follows:

Subsidiary	Original Currency	Type of interest	Initial Date	Expiry Date	Nominal value (thousand)	Thousands of euro		
						2018		2017
						Non current	Current	Current
Marineland S.A.S.	Euros	Euribor+1,75%	sep-13	jul-20	9.300	9.634	-	9.483
Marineland S.A.S.	Euros	Euribor+2,10%	abr-18	apr-19	2.700	-	2.716	-
Centaur Holding Germany GmbH	Euros	Euribor+3,75%	feb-18	feb-28	25.418	25.997	-	-
Centaur Holding Germany GmbH	Euros	Euribor+2,35%	jul-18	jul-19	77	-	77	-
Festival Fun Parks LLC	USD	Libor+2,35%	sep-18	oct-18	15.278	-	15.318	-
Lakeside Mall Entertainment Centre Limited	Euros	Euribor+2,10%	mar-18	mar-19	60	-	61	-
Centaur Nederland 2 BV	Euros	Euribor+3,75%	apr-18	jan-28	215	266	-	-
Centaur Nederland 3 BV	Euros	Euribor+3,75%	jan-18	jan-28	171	200	-	-
Movie Park Germany GmbHg	Euros	Euribor+2,01%	feb-17	feb-18	3.000	-	-	533
						36.097	18.172	10.016

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

b. Other receivables

The heading "Financial assets, Group Companies" of the accompanying balance sheet includes a receivable pursuant to a payment plan arranged with the subsidiary of the US sub-group to pay various management fee invoices amounting to a total of Euros 7,946 thousand (Euros 7,905 thousand at 30 September 2017). Said payment plan determines the annual payment of invoices corresponding to the fifth year prior to the year underway. At 30 September 2018, said current receivable amounts to Euros 1,520 (Euros 1,291 thousand at 30 September 2017).

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Notes to the Annual Accounts

Moreover, the heading mentioned in the previous paragraph also includes long-term payables and receivables at 30 September 2018, in the amounts of Euros 66,711 thousand and Euros 141,783 thousand, respectively (Euros 60,120 thousand and Euros 121,427 thousand at 30 September 2017), corresponding to the cumulative balance generated by taxable incomes offset between companies belonging to the consolidated tax group which the Company heads.

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

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

The remuneration received by the directors as members of the Company's board of directors, including those who are also members of senior management during 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 697 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	1,902	1,726
Insurance premiums	1	3
	1,903	1,729

On 30 September 2018, the Company has no credit balances with Senior Management (Euros 114 thousand with Senior Management at 30 September 2017). At 30 September 2018 and 2017, the Company has no balances outstanding with the Directors. At 30 September 2018 and 2017 the Company had not extended any advances to the directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the defined contribution plans for senior management detailed in note 18.

The amount of the civil liability insurance of the Directors and Senior Management paid by the Company as Parent of the Group amounts to Euros 64 thousand in 2018 (Euros 67 thousand at 30 September 2017).

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

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

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Notes to the Annual Accounts

(d) Conflicts of interest concerning the directors

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

(18) Employee Information

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

	Number	
	2018	2017
Board members	1	1
Senior management personnel	8	8
Department directors	29	28
Other qualified personnel	44	38
Administrative staff	40	29
	122	104

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		
	Female	Male	Total	Female	Male	Total
Board members	2	8	10	-	6	6
Senior management personnel	3	4	7	3	5	8
Department directors	9	21	30	6	24	30
Other qualified personnel	27	28	55	22	21	43
Administrative staff	17	14	31	18	11	29
	58	75	133	49	67	116

During the year 2018, the Company has two employees with disabilities greater than or equal to 33% (none in 2017).

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

- Defined benefit plans

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

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

- Defined contribution plans

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

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The Company makes annual contributions in the form of the policy premium payments. The amount of these contributions is determined each year by the Company. In 2018, the Company has made policy premium payments to the insurance company in this connection for an amount of Euros 30 thousand (none in 2017).

(b) Long-term incentive plan

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

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

At 30 September 2018, the Company re-estimated compliance with the terms and conditions for both cycles, resulting in 0% compliance for employees and 100% compliance for Directors.

The impact of this plan in 2018 resulted in the recognition of an expense totalling Euros 375 thousand corresponding to the Directors and senior executives of the Company (expense of Euros 375 thousand and Euros 204 thousand in 2017), under the heading "Personnel expenses" of the income statement (Note 16 (c)). The balancing entry has been recognised under other own equity instruments (see note 12 (f)).

(19) Audit Fees

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

	Euros					
	2018			2017		
	KPMG Auditores, S.L.	Other entities affiliated with KPMG International	Total	KPMG Auditores, S.L.	Other entities affiliated with KPMG International	Total
Audit and other assurance services	26,780	-	26,780	26,780	-	26,780
Other services	-	11,000	11,000	-	130,000	130,000
	26,780	11,000	37,780	26,780	130,000	156,780

Other verification services in 2018 correspond to assistance with ICFR documentation, the Risk Management System (RMS) and, in 2017, the tool linked to audit services in relation with SCIIF, of the Risk Management System (SGR) and the associated tool

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

(20) Other contingent liabilities

As of 30 September 2018 and 2017, the Company had provided bank guarantees for the normal course of business in the amounts of Euros 1,035 thousand and Euros 1,044 thousand, respectively. The Company does not expect a material liability to arise as a result of these guarantees.

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(21) Subsequent Events

As of 4 October 2018, the Managing Director of the Parent Company submitted his resignation as Managing Director and member of the Management Board, and that resignation includes all positions that he held in the Company and is effective on that date.

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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	30,800	(17,710)	1,625
Aquopolis Cartaya, S.L.U.	(3)	Unaudited	Water park	100%	2,316	867	1,449	(18)
Parque de Atracciones San Fernando de Henares, S.L.U.	(3)	Unaudited	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)	Unaudited	Bookings	100%	3,023	1,651	1,372	151
Parque Biológico de Madrid, S.A.U.	(3)	Unaudited	Nature parks, botanical gardens and zoos	100%	15,378	5,957	9,421	(201)
Parques Reunidos Valencia, S.A. en liquidación	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)	Unaudited	Dormant company	100%	9,959	10,989	(1,030)	(1,082)
Mall Entertainment Centre Acuario Arroyomolinos, S.L.U.	(3)	Unaudited	(9)	100%	19,751	19,837	(86)	(156)
Mall Entertainment Centre Temático Arroyomolinos, S.L.U.	(3)	Unaudited	(9)	100%	5,478	5,421	57	(14)
Lisbon Theme Mall Entertainment Centre, Unipessoal, LDA.	Portugal	Unaudited	(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.	Belgium	KPMG	Amusement park	100%	203,805	105,453	98,352	1,718
Travel parks, B.V.B.A.	Belgium	Unaudited	Bookings	100%	72	38	33	(16)
BO Sommarland, AS	Norway	KPMG	Water park	100%	3,418	1,360	2,058	1,176
Tusenfryd, AS	Norway	KPMG	Amusement park	100%	34,879	29,566	5,313	3,146
Parkferie, AS	Norway	Unaudited	Bookings	100%	100	87	13	(10)
Centaur Holding France 1, S.A.	France	Unaudited	Holding company	100%	176,573	101,778	74,795	(2,619)
Centaur Holding France 2, S.A.	France	Unaudited	Holding company	100%	131,795	119	131,676	(21)
Delphinus, S.A.	France	Unaudited	Holding company	100%	26,411	5,336	21,075	(29)
Marineland, S.A.S.	France	KPMG	Marine park	100%	58,729	31,255	27,474	(4,566)
SCI Col Vert	France	Unaudited	Land owner	100%	2,674	2,649	25	24
LB Investissement, S.A.	France	KPMG	Water park	100%	2,514	3,910	(1,396)	(526)
Travel parks, S.A.S.	France	Unaudited	Bookings	100%	157	1,086	(929)	(493)
Marineland Resort, S.A.S.	France	Unaudited	Hotel management	100%	11,228	8,895	2,333	(723)
Centaur Holding Italy, S.r.l.	Italy	Unaudited	Holding company	100%	157,162	65,390	91,772	(1,312)
Parco della Standiana, S.r.l.	Italy	KPMG (8)	Amusement park	100%	92,320	16,561	75,759	3,121

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Parques Reunidos Servicios Centrales, S.A.

Details of Subsidiaries
at 30 September 2018

Thousands of euros

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%	1,861	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	1,371	4,808	503
Lakeside Mall Entertainment Centre Limited	United Kingdom	KPMG	(9)	100%	1,753	1,757	(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	74	89	(17)
Centaur Nederland, 2 B.V.	Netherlands	Unaudited	Holding company	100%	354,319	140,851	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 y sociedades dependientes (4)	Netherlands	BDO	(5)	100%	43,658	35,308	8,350	3,292
Centaur Holding US Inc. y sociedades dependientes (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 includes the figures reflecting the assets, liabilities, equity and profit or loss of the consolidated subgroup formed by Pleasantville, B.V., Attractie-en Vakantiepark Slagharen B.V. (previously called Shetland Ponypark Slagharen B.V.), y 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.

(It continues)

Parques Reunidos Servicios Centrales, S.A.

**Details of Subsidiaries
at 30 September 2018**

- (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.

(It continues)

Parques Reunidos Servicios Centrales, S.A.

Details of Subsidiaries
at 30 September 2017

Name	Registered office	Auditor	Activity	Percentage ownership (1)	Thousands of euros			
					Assets	Liabilities	Equity	Profit/(loss)
Parque de Atracciones Madrid, S.A.U.	(2)	KPMG	Amusement park	100%	1,833,524	2,131,633	(298,109)	(63,237)
Zoos Ibéricos, S.A.	(2)	KPMG	Zoo	100%	108,350	47,973	60,377	3,356
Leisure Parks, S.A.	(3)	KPMG	Water parks and cable cars	99.25%	130,647	60,885	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	1,462	1,467	(23)
Parque de Atracciones San Fernando de Henares, S.L.U.	(3)	Unaudited	Water park	100%	1,995	3,063	(1,067)	(438)
Madrid Theme Park Management, S.L.U.	(3)	KPMG	Amusement park	100%	158,086	115,208	42,878	7,519
Travelpark Viajes, S.L.U.	(3)	Unaudited	Bookings	100%	6,734	5,514	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	(9)	100%	2,554	2,484	70	(6)
Mall Entertainment Centre Temático Arroyomolinos, S.L.U.	(3)	Unaudited	(9)	100%	912	841	71	(4)
Lisbon Theme Mall Entertainment Centre, Unipessoal, LDA.	Portugal	Unaudited	(9)	100%	1,361	1,299	62	(13)
Plunimar, S.A.	Argentina	KPMG	Water park	100%	1,018	820	198	(229)
Bobbejaanland B.V.B.A.	Belgium	KPMG	Amusement park	100%	198,263	101,543	96,720	2,015
Travel parks B.V.B.A.	Belgium	Unaudited	Bookings	100%	67	17	50	(11)
BO Sommarland AS	Norway	KPMG	Water park	100%	2,990	823	2,167	403
Tusenfyrd 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

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

Parques Reunidos Servicios Centrales, S.A.

Details of Subsidiaries
at 30 September 2017

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

- (1) Only Parque de Atracciones Madrid, S.A.U., Centaur Nederland 3.B.V. and Marineland Resorts, S.A.S, are direct subsidiaries of the Company. For the rest of the Group companies, the percentage ownership shown reflects indirect ownership.
- (2) Casa de Campo s/n, Madrid.
- (3) In 2017, the Company changed its registered address to Paseo de la Castellana 216, planta 16, 28046, Madrid.
- (4) This 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 Exploitatie Slagharen, B.V.
- (5) Equity investment management firms and operators of a theme park.
- (6) This line includes the figures reflecting the assets, liabilities, equity and profit or loss of the consolidated subgroup of Centaur Holding II United States, Inc., Centaur Holding United States, Inc., Palace Entertainment Holdings, Llc., Festival Fun Parks, Llc. Dallas Speedzone Club, Llc., BR Beverage Company Llc., DD Pacific Investors, Llc., Sea Life Services, Llc., DD Parks, Llc., Oahu Entertainment Parks, LP and Attractions Hawaii, LP.
- (7) Equity investment management firms and operators of theme parks, water parks, zoos and nature parks, and family entertainment centres.
- (8) The statutory audit is carried out by a local audit firm.
- (9) Incorporation in the consolidated Group during 2017.

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

Parques Reunidos Servicios Centrales, S.A.
Detail of balances and transactions with related parties
30 September 2018

	Thousands of euros						
	Balances				Transactions		
	Debtors		Creditors		Income	Expenses	
	Long term debtors	Trade debtors	Long term creditors	Short term creditors	Services rendered	Financial income	Financial expenses
Aquopolis Cartaya, S.L.	133	141	-	(1,052)	68	-	10
Bobbejaanland, BVBA	-	1,261	-	-	1,191	-	-
Bonbon Land, A/S	-	598	-	-	509	7	-
Bonbon RejserDanmark, A/S	-	10	-	-	10	-	-
BØ Sommarland, A/S	-	430	-	-	420	-	-
Centaur Holding Germany, Gmbh	25,997	1,114	-	-	-	578	-
Centaur Holding United States Inc.	6,426	1,520	-	-	1,174	208	-
Centaur Nederland 2, B.V.	266	-	-	-	-	6	-
Centaur Nederland 3, B.V.	200	-	-	-	-	4	-
Event Park, GmbH	-	685	-	-	685	-	-
Festival Fun Park LLC, DBA	-	15,318	-	-	-	40	-
Gestión Parque de Animales Madrid, S.L.	814	2,324	-	(3,553)	886	-	73
Grant Leisure, Ltd.	-	617	-	-	585	-	-
Indoor Entertainment Principe Pio, S.L.U.	-	116	(2)	-	341	1	-
Lakeside Mall Entertainment Center Limited	-	1,661	-	-	587	1	-
LB Investissement, S.A.	-	216	-	-	216	-	-
Leisure Parks, S.A.	21,667	5,102	-	(75,148)	1,516	1,784	2,571
Lisbon Theme Mall Entertainment Centre, Unipessoal, LDA	-	1,434	-	-	236	-	-
Madrid Theme Park Management, S.L.	18,496	5,860	-	(59,331)	4,248	-	554
Mall Entertainment Centre Acuario Arroyomolinos, S.L.	-	10,076	(54)	(3)	487	78	-
Mall Entertainment Centre Murcia, S.L.U.	-	2,790	(368)	(3)	124	17	-
Mall Entertainment Centre Temático Arroyomolinos, S.L.	-	3,326	(6)	(1)	299	4	-
Marineland, S.A.S.	9,634	4,526	-	-	1,410	167	-
Marineland Resort, S.A.S.	-	161	-	-	161	-	-
Movie Park Germany, GmbH	-	2,435	-	(7)	2,327	3	-
Movie Park Germany Services, GmbH	-	137	-	-	137	-	-
Palace Entertainment Holdings, LLC	-	195	-	(2,150)	1	-	-
Parco Della Standiana, S.r.l.	-	4,865	-	(210)	2,459	-	-
Parkferie, A/S	-	24	-	-	24	-	-
Parque Biológico de Madrid	-	43	(461)	(620)	-	15	-
Parques Reunidos Atlántica, S.L.U.	-	2	(1)	-	-	-	-
Parques Reunidos Valencia, S.A.	5,914	-	-	(8,211)	-	-	49
Parques de la Naturaleza Selwo, S.L.	-	464	(1,562)	(3,402)	232	-	105
Parque de Atracciones Madrid, S.A.U.	1,017,778	738,484	(138,376)	(5,746)	1,187	88,168	1,831
Parque de Atracciones San Fernando, S.A.	-	124	(953)	(532)	48	1	-
Plunimar, S.A.	-	864	-	-	140	-	-
Shetland Ponypark Slagharen, B.V.	-	1,748	-	-	1,723	-	-
The Real Live Leisure Comp., Ltd.	-	278	-	-	261	-	-
Travelmix, S.r.l	-	398	-	-	398	-	-
Travelpark Viajes, S.L.	544	207	-	(3,383)	160	-	52
Travelpark, S.A.S.	-	25	-	-	25	-	-
Travelpark, B.V.B.A.	-	9	-	-	9	-	-
Tusenfyrd, A/S	-	1,310	-	-	1,262	-	-
Zoos Ibéricos, S.A.	19,143	1,765	-	(67,969)	989	-	898
	1,127,012	812,663	(141,783)	(231,321)	26,535	91,082	6,143
	nota 17 (a)	nota 11 (b)	nota 13	nota 13	nota 16 (a)/(b)	nota 16 (a)	nota 17 (a)

This appendix forms an integral part of note 17 to the consolidated annual accounts for 2018, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A.
Detail of balances and transactions with related parties
30 September 2017

	Thousands of euros						
	Balances				Transactions		
	Debtors		Creditors		Income	Expenses	
	Long term debtors	Trade debtors	Long term creditors	Short term creditors	Services rendered	Financial income	Financial expenses
Aquopolis Cartaya, S.L.	153	112	-	(923)	55	7	15
Bobbejaanland BVBA	-	1,054	-	-	1,008	-	-
Bonbon Land A/S	-	547	-	(170)	487	-	-
Bonbon RejserDanmark A/S	-	9	-	-	9	-	-
Centaur Holding United States Inc.	6,614	1,291	-	-	1,820	191	-
Centaur Nederland 2 B.V.	-	185	-	-	-	-	-
Centaur Nederland 3 B.V.	-	166	-	-	-	-	-
BØ Sommarland AS	-	316	-	-	305	-	-
Gestión Parque de Animales Madrid, S.L.	712	835	-	(2,693)	663	-	57
Grant Leisure Ltd.	-	597	-	-	532	-	-
Lakeside Mall Entertainment Center Limited	-	756	-	-	484	-	-
LB Investissement S.A.	-	178	-	-	177	-	-
Leisure Parks, S.A.	19.782	2,973	-	(63,905)	1,330	210	965
Lisbon Theme Mall Entertainment Centre, Unipessoal, LDA	-	748	-	-	354	-	-
Madrid Theme Park Management, S.L.	15.385	4,651	-	(46,879)	3,412	86	605
Mall Entertainment Centre Acuario Arroyomolinos, S.L.	-	2,432	(7)	(3)	442	-	3
Mall Entertainment Centre Murcia, S.L.U.	-	3,930	(7)	(3)	267	-	1
Mall Entertainment Centre Temático Arroyomolinos, S.L.	-	482	(6)	(1)	-	-	1
Marineland S.A.S.	-	11,120	-	-	1,530	158	-
Marineland Resort S.A.S.	-	163	-	(12)	163	-	-
Movie Park Germany GmbH	-	2,617	-	-	1,984	33	-
Movie Park Germany Services GmbH	-	125	-	-	125	-	-
Palace Entertainment Holdings LLC	-	154	-	(1,552)	-	-	-
Parco Della Standiana S.r.l.	-	2,221	-	-	2,157	-	-
Parkferie AS	-	39	-	-	39	-	-
Parque Biológico de Madrid	-	28	(359)	(253)	-	28	-
Parques Reunidos Valencia, S.A.	5.708	-	-	(8,282)	21	-	6
Parques de la Naturaleza Selwo, S.L.	-	389	(1,724)	(4,046)	179	5	74
Parque de Atracciones Madrid, S.A.U	1,541,982	144,094	(118,512)	(4,334)	1,103	100,703	137
Parque de Atracciones San Fernando, S.A.	-	498	(812)	(51)	49	8	39
Plunimar, S.A.	-	725	-	-	140	-	9
Shetland Ponypark Slagharen B.V.	-	1,509	-	-	1,460	-	-
The Real Live Leisure Comp. Ltd.	-	341	-	-	326	-	-
Travelmix, Srl	-	334	-	-	334	-	-
Travelpark Viajes, S.L.	498	231	-	(3,221)	183	13	62
Travelpark S.A.S.	-	26	-	-	26	-	-
Travelpark B.V.B.A.	-	9	-	-	8	-	-
Tusenfryd A/S	-	1,206	-	-	1,161	-	-
Zoos Ibéricos, S.A.	17,880	1,640	-	(62,917)	810	-	980
	1,608,714	188,731	(121,427)	(196,245)	23,143	101,442	2954
	note 11 (b)	note 11 (b)	note 13	note 13	note 16 (a)/(b)	note 16 (a)	

This appendix forms an integral part of note 17 to the consolidated annual accounts for 2018, in conjunction with which it should be read.

Parques Reunidos Servicios Centrales, S.A.

Directors' Report

2018

1 Business performance and situation of the Group.

The evolution of the businesses and situation of the Company, as head of the consolidated Group, is directly linked to the evolution of its subsidiaries.

The main financial magnitudes of the Group are then adjusted by the comparable exchange rate in order to eliminate effects that could distort the comparability of the 2018 period with respect to 2017.

For this, a perimeter of the homogeneous Group is shown. In this sense, the result of incorporating the company Event Park GmbH (Belantis) for the year 2018 as well as the result of the Teleférico de Rosales (included in the company Leisure Parks, SA) both for the year 2018 and for the year 2017 is excluded from the comparison, given that such cableway was reverted to the Madrid City Council since January 1, 2018.

The reconciliation for the year 2018 is as follows:

€ MM	Income	Ebitda
Annual accounts for the year 2018	583.1	173.6
Event Park GmbH	(10.90)	(3.3)
Teleférico de Rosales	(0.5)	(0.1)
Exercise 2018 comparable	571.7	170.2

Based on these criteria, below, we show in the following table the main financial magnitudes of the group homogenized for their comparability:

Group			
€ MM	2017	2018	Var.
Visitors ('000)	19,206	19,526	1.7%
Total Income Per Capita ⁽¹⁾	29.1	29,3	0.7%
Per Capita Income	15.5	15.7	1.3%
Income Internal Consumption Per Capita	11.8	11.7	(0.8%)
Other Income Per Capita	1.8	1.9	5.6%
Total Incomes	558.6	571.7	2.3%
EBITDA ⁽²⁾	167.9	170.2	1.4%
% margin ⁽³⁾	30.0%	29.8%	

Calculation method:

- (1) Total Income Per Capita = Total Income (in euros) *1000/Visitors
(2) EBITDA = Operating profit / (Loss) depreciation expenses – Net impairment losses and disposal of non-current assets – Valuation of traffic provisions – Other results
(3) % margin = EBITDA / Total Income

During this year, the Group has achieved growth in all regions. Positive results have been achieved in the key investment projects, highlighting the extensions of Warner Beach in Parque Warner (Spain) and Mirabeach in Mirabilandia (Italy). Likewise, it has broken the record of selling annual passes with a growth of 16.1%.

The overall impact of these circumstances has been an increase of 2.3% in revenues, due to the increase in the number of visitors with respect to 2017 by 1.7% along with the increase in per capita income of 0.7%, and an increase of 1.4% in EBITDA.

The company, in its policy of supporting the Group's parks, will continue to carry out R & D & I studies in order to develop new commercial channels to improve the quality of the offer in the Group's parks, as well as the search for new lines of business that allow the Parques Reunidos Group to achieve greater expansion to reinforce its position as an international leader in the leisure parks sector.

2 Research and development.

During fiscal year 2018, the Company continued developing research and development projects internally in the area of computer applications, as well as in the new business model in shopping centers (Mall Entertainment Centers) and management contracts.

3 Own shares.

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

4 Financial Instruments.

To hedge against the risk of interest rate fluctuations in the syndicated loan, in 2016 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 amount recorded at 30 September 2018 on the P&L account amounts to Euros 235 thousand, under "Changes in the fair value of interest rate derivatives" in the income statement for 2018. These derivative financial instruments have accrued interest totaling Euros 404 thousand, which are recognized under "Finance expenses" in the consolidated income statement.

5 Subsequent events.

As of 4 October 2018, the Managing Director of the Parent Company submitted his resignation as Managing Director and member of the Management Board, and that resignation includes all positions that he held in the Company and is effective on that date.

6 Risk policy and management.

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

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

(i) Credit risk

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

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

The Company considers that the exposure to credit risk of its financial assets at 30 September 2018 is not material.

(ii) Liquidity risk

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

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

On the other hand, the Company has to face payments derived, mainly, from the usual commercial operations in the development of its activity. The expected results for the coming years, as well as the mechanisms available in the Group of which it is the dominant company (such as cash pooling) guarantee the provision of sufficient cash to ensure liquidity and to meet all payment commitments. Also, as detailed in note 13 of this report, the Company has credit lines that are not available for a significant amount.

Therefore, the Group considers that the liquidity risk is adequately managed as of 30 September 2018.

(iii) Market risk

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

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

In relation to financial liabilities, mainly the syndicated loan, the Company is exposed to the variability of interest rates. However, as indicated in note 14, the Company has entered into an interest rate swap agreement, designed to hedge the interest rate risk of the syndicated loan held as of 30 September 2018.

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

In relation to price risk, the Company is exposed to the impact that a significant fall in sales of the companies of the Parques Reunidos Group may entail in the income from services rendered to group companies (see note 16 (b)) because These revenues depend on the volume of sales of the same, which have a

stable behaviour. In this sense, the Parques Reunidos Group applies policies aimed at increasing revenues in all branches and maximizing profitability in the parks.

7 Dividend Policy.

The company's objective is to distribute dividends of between 20% and 30% of the Group's Net Profit, once the impact of non-recurring effects has been eliminated. On March 21, 2018, the General Shareholders' Meeting approved the distribution of a dividend amounting to 20 million euros, which was settled in the second half of July 2018.

8 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
Average supplier payment period	40
Transactions paid ratio	40
Transactions payable ratio	35
	Amount (thousands of Euros)
	2018
Total payments made	27,519
Total payments outstanding	1,090

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

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

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

9 Other aspects

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

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

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

One of the fundamental cornerstones supporting this commitment is the Fundación Parques Reunidos (the "Foundation"), created in 2010. The Foundation is a private non-profit organization whose purposes can be summarized as the defense of the environment and biodiversity, the promotion of sustainable development and

sustainable use of resources, the conservation of the natural heritage (particularly regarding endangered species and those threatened with extinction), the protection of children and the defense of the democratic principles of encouragement of tolerance and values, focusing its efforts on social awareness of such matters.

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

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

10 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.

On the other hand, the Non-Financial Information State corresponding to Parques Reunidos Servicios Centrales, S.A. that should form part of the management report of the Company in accordance with Royal Decree 18/2017, dated November 24, is not presented as a section of this management report because said information is included in the consolidated management report of Parks Reunidos Servicios Centrales, SA and subsidiaries for the year ended September 30, 2018, attached to the consolidated annual accounts that will be deposited together with said consolidated management report in the Mercantile Registry of Madrid.

Parques Reunidos Servicios Centrales, S.A.

**Authorisation for Issue of the Annual Accounts and
Directors' 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 Directors of Parques Reunidos Servicios Centrales, S.A. authorised for issue the Annual Accounts and Directors' Report for the period from 1 October 2017 to 30 September 2018. The Annual Accounts 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)