Parques Reunidos Servicios Centrales, S.A. and susbidiaries

Condensed Consolidated Interim Financial Statements

31 March 2017

(With Independent Auditors' Limited Review Report thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)

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

Limited Review Report on the Condensed Consolidated Interim Financial Statements

(Translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)

To the Shareholders of
Parques Reunidos Servicios Centrales, S.A., at the request of the board of directors

Report on the Condensed Consolidated Interim Financial Statements

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Parques Reunidos Servicios Centrales, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the statement of financial position at 31 March 2017, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes for the six-month period then ended (all condensed and consolidated). Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Company are responsible for the preparation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying condensed consolidated interim financial statements.

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the six-month period ended 31 March 2017 have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that these condensed consolidated interim financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying condensed consolidated interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 30 September 2016. This matter does not modify our conclusion.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated interim directors' report for the six-month period ended 31 March 2017 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the condensed consolidated interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the condensed consolidated interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the condensed consolidated interim financial statements for the six-month period ended 31 March 2017. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Parques Reunidos Servicios Centrales, S.A. and subsidiaries.

Paragraph on Other Matters

This report has been prepared at the request of the board of directors in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(*Signed on original in Spanish*)

Gustavo Rodríguez Pereira

6 June 2017

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017
(Thousands of euros)

ASSETS	Notes	31.03.2017	30.09.2016
Tangible fixed assets	4	889.580	877.303
Goodwill	5	644.384	640.631
Intangible fixed assets	4	421.085	427.841
Non-current financial assets	7 a)	2.339	44.414
Deferred tax assets	12	60.478	48.756
Total non-current assets		**2.017.866**	**2.038.945**
Inventory		25.192	23.852
Trade debtors and other accounts receivable	7 b)	20.368	27.999
Current income tax assets		2.087	663
Other current financial assets		177	-
Other current assets		6.858	6.544
Cash and equivalents		57.475	109.951
Total current assets		**112.157**	**169.009**
Total assets		**2.130.023**	**2.207.954**

LIABILITIES AND NET EQUITY	Notes	31.03.2017	30.09.2016
Share Capital		40.371	40.371
Issue premium		1.327.528	1.327.528
Other reserves		(287.781)	(268.925)
Other global P&L		40.542	28.961
Accumulated income attributable to Parent Company shareholders		(65.441)	3.910
Net equity attributable to Parent Company shareholders		**1.055.219**	**1.131.845**
Non-controlling interests		437	472
Total net equity	8	**1.055.656**	**1.132.317**
Financial liabilities with credit institutions	9 a)	568.795	560.670
Financial lease creditors	6 b)	57.917	53.453
Deferred tax liabilities		233.587	246.925
Provisions	11	10.570	11.447
Other non-current liabilities	7 a)	10	43.847
Total non-current liabilities		**870.879**	**916.342**
Financial liabilities with credit institutions	9 a)	92.369	32.993
Other financial liabilities	9 d)	20.000	-
Financial lease creditors	6 b)	3.701	4.918
Trade creditors and other accounts payable		63.350	109.734
Current income tax liabilities		-	1.911
Other current liabilities	10	24.068	9.739
Total current liabilities		**203.488**	**159.295**
Total liabilities and net equity		**2.130.023**	**2.207.954**

The attached explanatory notes form an integral part of the condensed consolidated interim financial statements for the six month period ending 31 March 2017

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.
AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
AT 31 MARCH 2017 AND 31 DE MARCH 2016
(Thousands of euros)

PROFIT AND LOSS	Notes	31.03.2017	31.03.2016
Ordinary income	14 a)	105.813	102.302
Other ordinary income	14 b)	-	5.000
Supplies		(10.808)	(10.665)
Employee remuneration expenses	14 e)	(62.755)	(60.967)
Amortisation expenses	4	(33.083)	(29.579)
Net losses from impairment and disposal of non-current assets	5	(10.053)	(13)
Valuation of traffic provisions		(2.188)	(176)
Other operating expenses	14 c)	(60.590)	(60.027)
Other P&L	14 f)	(5.625)	(16.736)
Operating Profit / (Loss)		**(79.289)**	**(70.861)**
Financial income		1.525	140
Financial expenses	14 d)	(15.876)	(45.337)
Exchange differences		115	1
Pre-tax Profit / (Loss)		**(93.525)**	**(116.057)**
Corporate Income Tax		28.058	26.267
Profit / (Loss) for the year		**(65.467)**	**(89.790)**
Profit/(loss) for the year attributable to:			
Parent Company shareholders		(65.441)	(89.813)
Non-controlling interests		(26)	23
		(65.467)	**(89.790)**
Basic Profit / (Loss) per share (expressed in euros)		*(0,81)*	(1,92)
Diluted profit / (loss) per share (expressed in euros)		*(0,81)*	(1,92)

The attached explanatory notes form an integral part of the condensed consolidated interim financial statements for the six month period ending 31 March 2017

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT
31 MARCH 2017 AND 31 MARCH 2016
(Thousands of Euros)

					Other reserves			Other global P&L					
					Of the Parent Company		Reserves			Cumulative profit			
	Share Capital	Issue premium	Other shareholder contributions	Other equity instruments	Reserves (legal and voluntary)	Negative balance in previous year	in consolidated companies by global integration	Exchange differences	Valuation adjustments	attributable to Parent Company shareholders	Total	Non-controlling interests	Total net equity
Balance at 30 September 2015	**23.436**	**819.463**	**337**	**-**	**7.930**	**(11.920)**	**(280.054)**	**29.887**	**-**	**20.103**	**609.182**	**850**	**610.032**
Consolidated global result for the six month period ending 31 March 2016	-	-	-	-	-	-	-	3.771	-	(89.813)	(86.042)	23	(86.019)
Operations with owners and shareholders													
Distribution of results in 2015	-	-	-	-	59.119	-	(39.016)	-	-	(20.103)	-	-	-
Other movements (note 15 c))	-	-	4.500	-	-	-	-	-	-	-	4.500	-	4.500
Balance at 31 March 2016	**23.436**	**819.463**	**4.837**	**-**	**67.049**	**(11.920)**	**(319.070)**	**33.658**	**-**	**(89.813)**	**527.640**	**873**	**528.513**
Balance at 30 September 2016	**40.371**	**1.327.528**	**10.148**	**423**	**53.487**	**(11.920)**	**(321.063)**	**29.185**	**(224)**	**3.910**	**1.131.845**	**472**	**1.132.317**
Consolidated global result for the six month period ending 31 March 2017	-	-	-	-	-	-	-	11.357	224	(65.441)	(53.860)	(26)	(53.886)
Operations with owners and shareholders													
Distribution of results in 2016	-	-	-	-	35.022	-	(31.112)	-	-	(3.910)	-	-	-
Dividends (note 9 d))	-	-	-	-	(20.000)	-	-	-	-	-	(20.000)	-	(20.000)
Issue of share-based remuneration to employees (note 8 e))	-	-	-	942	-	-	-	-	-	-	942	-	942
Acquisition of shares from external partners (note 2 e))	-	-	-	-	-	-	(1.500)	-	-	-	(1.500)	-	(1.500)
Other movements (note 10)	-	-	-	-	-	(2.208)	-	-	-	-	(2.208)	(9)	(2.217)
													-
Balance at 31 March 2017	**40.371**	**1.327.528**	**10.148**	**1.365**	**68.509**	**(14.128)**	**(353.675)**	**40.542**	**-**	**(65.441)**	**1.055.219**	**437**	**1.055.656**

The attached explanatory notes form an integral part of the condensed consolidated interim financial statements for the six month period ending 31 March 2017

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF GLOBAL P&L
FOR THE SIX-MONTH PERIOD ENDING
31 MARCH 2017 AND 2016
(Thousands of euros)

	Notes	31.03.2017	31.03.2016
Profit / (Loss) for the year		**(65.467)**	**(89.790)**
Other Global P&L			
Conversion differences in financial statements of businesses abroad	8 f)	11.357	3.771
Cash flow hedges	9 c)	363	-
Tax effect	9 c)	(139)	-
Other global P&L for the year, net of tax		**11.581**	**3.771**
Total Global P&L for the year		**(53.886)**	**(86.019)**
Total Global P&L attributable to:			
Parent Company shareholder		(53.860)	(86.042)
Non-controlling interests		(26)	23
		(53.886)	**(86.019)**

The attached explanatory notes form an integral part of the condensed consolidated interim financial statements for the six month period ending 31 March 2017

PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.
AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS
AT 31 MARCH 2017 AND 31 MARCH 2016
(Thousands of euros)

	Notes	31.03.2017	31.03.2016
Operating cash flow			
Profit / (Loss) for the year		(65.467)	(89.790)
Adjustments to P&L			
Amortisation	4	33.083	29.579
Net losses from impairment and disposal of non-current assets	5	10.053	13
Variation of provisions		(3.855)	(2.219)
Financial income		(1.525)	(140)
Financial expenses		15.876	45.337
Exchange differences		(115)	(1)
Income tax		(28.058)	(26.267)
Adjusted Profit / (Loss) for the year		(40.008)	(43.488)
Working capital variations			
Inventory		(1.340)	(960)
Trade debtors and other accounts receivable		6.462	1.757
Other current assets		(314)	10
Trade creditors and other accounts payable		(39.229)	(33.582)
Other current liabilities		16.537	8.525
Cash generated from operations		(57.892)	(67.738)
Payments of income tax		(2.869)	(5.246)
Net cash generated from operating activities		**(60.761)**	**(72.984)**
Investment activity cash flows			
Interest received		101	140
Payments for acquisition of intangible and tangible fixed assets	4	(31.092)	(32.835)
Net cash from investment activities		**(30.991)**	**(32.695)**
Cash flow from financial activities			
Receipts from debts with credit institutions		58.489	70.673
Payments from debts with credit institutions		(5.534)	-
Payment of interest		(10.251)	(39.301)
Acquisition of shares from third parties	2 e)	(1.500)	-
Net cash from financial activities		**41.204**	**31.372**
Net Increase (Reduction) in cash and equivalents		**(50.548)**	**(74.307)**
Cash and equivalents on 1 October		**109.951**	**151.064**
Effect of exchange differences on cash		**(1.928)**	**(4.553)**
Cash and equivalents on 31 March		**57.475**	**72.204**

The attached explanatory notes form an integral part of the condensed consolidated interim financial statements for the six-month period ending 31 March 2017

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Explanatory Notes on the Condensed Consolidated Interim Financial Statements for the six-month period ending 31 March 2017

(1) General Information

Parques Reunidos Servicios Centrales, S.A. (hereinafter, Parques Reunidos, the Company or the Parent Company) was incorporated on 23 November 2006 under the name of Desarrollos Empresariales Candanchú, S.L. On 1 March 2007 its name was changed to that of Centaur Spain Two, S.L.U. On 27 January 2010 and 30 March 2010 the agreements of conversion to public limited company and modification of the company name to the current one were formalised respectively in public deeds. In accordance with article 13.1 of the Public Limited Companies Act, the Company has been entered in the Registry of Companies as a Single Shareholder Company.

On 23 March 2007, its Single Shareholder approved the modification of the articles of association of the Company, establishing the closing date of its financial year on 30 September of each year. In March 2007, the Company acquired the leisure group Parques Reunidos, having begun its activity following such acquisition. Its business address is Paseo de la Castellana 216, planta 16 in Madrid.

Parques Reunidos Servicios Centrales, S.A. is the Parent Company of a Group (hereinafter, the Group) formed by subsidiaries whose main activity is the exploitation of amusement parks, animal parks, water parks and, in general, leisure facilities. The breakdown of the companies in the Group included in the consolidation and information thereon can be found in Annex I of the financial statements of 30 September 2016.

As of 29 April 2016, the Company shares have been traded on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia. As a result of the Stock Market flotation described below, the Company has ceased to have its former single shareholder status.

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. Said flotation was carried out as follows:

a) Capital increase of Euros 525,000 thousand via the issue of 33,870,968 ordinary shares of a nominal value of Euros 0.50 each, offering new issuance shares via an Initial Public Offering Offering at a price of Euros 15.5 per share.

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

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

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

Lastly, within the context of the flotation process and thanks to the funds obtained therefrom, the Group restructured its financial debt, cancelling the bonds issued in the United States and the existing syndicated loan, having agreed on a new syndicated loan.

(2) Bases for presentation

The Condensed Consolidated Interim Financial Statements pertaining to the six-month period ending on 31 March 2017 were authorized on 6 June 2017 by the Directors of the Parent Company. The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and do not include all the information required for the financial statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU); therefore, these Condensed Consolidated Interim Financial Statements must be read and interpreted in conjunction with the consolidated financial statements of the Group pertaining to the financial year ended 30 September 2016. However, explanatory notes have been included to explain significant events and transactions in order to understand the changes in the Group's financial situation since the last consolidated financial statements for the financial year ended on 30 September 2016.

a) Accounting Principles and bases for presentation applied in the consolidation

The accounting principles and valuation criteria applied in the preparation of these Condensed Consolidated Interim Financial Statements do not differ from those applied in the financial year ending 30 September 2016, described in the Group's consolidated financial statements pertaining to the financial year ending on that date.

The local currency of all the Group's companies is its working currency, the Euro, except for the subsidiaries located in the United States of America, United Kingdom, Norway, Denmark and Argentina. The interim financial statements of Group companies expressed in currencies other than the Euro have been converted into Euros as is stated in the consolidated financial statements for the financial year ending on 30 September 2016.

The closing date for the interim financial statements of the Group companies used to prepare these Condensed Consolidated Interim Financial Statements is 31 March 2017, except for the subsidiaries belonging to the American subgroup, Centaur Holding II Estados Unidos Inc., whose closing date is 19 March 2017. However, in accordance with what is allowed in the IFRS-EU, the interim financial statements of the American subgroup have not been adjusted, as the impact thereof on these Condensed Consolidated Interim Financial Statements is not significant.

b) Comparison of information

As required by the IFRS-EU, the information included in the Condensed Consolidated Interim Financial Statements for the six-month period ending 31 March 2017, is presented for comparative purposes along with the information pertaining to the six-month period ending 31 March 2016, except for the consolidated statement of financial position which includes, as comparative figures, those pertaining to 30 September 2016, the closing date of the Group's financial year.

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

The accounting estimates and relevant opinions applied in the preparation of these Condensed Consolidated Interim Financial statements have been the same as those applied by the Group in its consolidated financial statements for financial year ending 30 September 2016.

At least once a year, the Group carries out an impairment test on goodwill and, in the event of detecting evidence of impairment, of the tangible and intangible assets for calculation of the recoverable value thereof.

During the period of six months ending 31 March 2017, the Group has performed an analysis of new events which has yielded evidence that the recoverable value calculated in the impairment test carried out at the close of financial year ending 30 September 2016 should be updated. As result of this analysis, impairment indicators have been identified in the American Sandcastle, Sacramento and San José parks, with the update carried out by the Management of the Group of the impairment test on such parks on the date of these Condensed Consolidated Interim Financial Statements having shown an impairment in the goodwill allocated to each of these parks (see note 5). The justifications of the assumptions used in the impairment test performed during the period of six months ending 31 March 2017 are:

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

The fair value hierarchy according to IFRS 7 calculated in these estimates is Level 3.

a) EBITDA projections up to 5 years

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

The Group has made its EBITDA projections for the three American parks, with the abovementioned impairment indicators, for the next five years based on past experience, on estimated growth rates for the sector in the US, having taken into account the differences between the forecasts of previous years and the actual figures as well as the specific outlook for each park.

b) Projected years and growth rates

For US parks, as of the fifth year (last year of business plan) the cash flows consider a terminal value calculated on the EBITDA multiples method.

c) Discount rates

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

i. The long term public debt yield as the referential risk free rate.

ii. A deleveraged "beta" and the average leverage of the sector (debt ratio), obtained from comparable companies.

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

iv. An "alpha" ratio, representing an additional risk premium taking into account other aspects such as the size and lack of existing liquidity in the country.

v. The cost of the debt after tax, calculated as the yield from Moody's BAA rated corporate bonds.

Main impairment test assumptions

The main assumptions used in the three American parks in order to estimate their recoverable value have been:

- Annual compounded average growth rate of EBITDA of 4.5 %.

- Fixed asset investments (CAPEX) are generally estimated to be between 15 and 25% of the annual EBITDA, considering recurring investments in attractions or expansion of existing areas scheduled for the coming years. When significant investments in new attractions are projected, the CAPEX increase is higher.

- The discount rate after tax used in the impairment test has been 8.5 %.

In the calculation of the terminal value the method of multiples has been used, applying a multiple of 10 times the EBITDA. In addition, despite the fact that the estimates made by the Company Directors have been calculated on the basis of the best information available on 31 March 2017, it may be the case that future events will require the modification thereof in coming years. In accordance with IAS 8, the effect on the consolidated financial statements of the modifications which, as the case may be, should arise from the adjustments to be made in the following years would be applied prospectively.

d) Standards and interpretations applicable to this period

For the six-month period ending on 31 March 2016, there are no relevant standards issued by the International Accounting Standards Board (IASB) in addition to those contained in the financial statements for financial year ending 30 September 2016.

In addition, as is mentioned in the consolidated financial statements for the financial year ending 30 September 2016, the Group has not applied any standard prior to its entry into force. With regard to such standards, the Group expects a significant impact only from IFRS 16, mainly with regard to future obligations of existing leases, which is currently being analysed. However, taking into consideration the complexity of the analysis and existence of many contracts in the countries in which the Group operates, the analysis of this standard has not been completed by the date of preparation of these Condensed Consolidated Interim Financial Statements.

e) Changes in the composition of the Group

In the preparation of these Condensed Consolidated Interim Financial Statements, the Company has consolidated its investments in all Group companies. The breakdown of the companies in the Group included in the consolidation and the information related thereto is included in Annex I of the consolidated financial statements of 30 September 2016.

During the first six months of the period ending 31 March 2017, two new subsidiaries have been added to the scope of consolidation: Mall Entertainment Centre Acuario Arroyomolinos, S.L.U. and Mall Entertainment Centre Temático Arroyomolinos, S.L. These companies have had no activity during the six-month period ending 31 March 2017. The Company expects their opening during the next financial year.

In addition, on 19 December 2016, the subsidiary Parque de Atracciones Madrid, S.A. has acquired the shares of the subsidiary Parques Reunidos Valencia, S.A. which had been in the hands of minority shareholders, for Euros 1,500 thousand.

f) Seasonal nature of the transactions during the period

Given the nature of the activities carried out by the Group, its operations are highly seasonal, which affects the interpretation of these Condensed Consolidated Interim Financial Statements pertaining to the six-month period ending 31 March 2017, compared to the annual financial statements for the full year of 12 months ending on 30 September. The seasonal nature of the activities is due to the significant drop in the number of visitors to the Group's parks during the winter as a result of the weather conditions, which leads to significantly lower sales and results in the interim six-month period compared to those for the full year ending 30 September. For this reason, it is important that these Condensed Consolidated Interim Financial Statements are read and interpreted in conjunction with the consolidated financial statements pertaining to the financial year ending 30 September 2016.

As a result of the aforementioned seasonality, at 31 March 2017 the Group's working balance is negative by Euros 91,331 thousand (positive by Euros 9,714 thousand at 30 September 2016). In this regard, the Group Directors consider that there is no doubt as to compliance with the going concern principle, given that this fact is due to the seasonal nature of the business and is not indicative, in and of itself, of any alteration whatsoever in the normal future performance of the Group. In addition, in accordance with the cash flow generation estimates for the financial year ending 30 September 2017, the Directors expect these to be higher than those for the financial year ended 30 September 2016.

g) Relative importance

In accordance with IAS 34, for the determination of the information to be disclosed in the Explanatory Notes, the relative importance thereof in regard to these Condensed Consolidated Interim Financial Statements has been taken into consideration.

(3) Earnings per share

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

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

	31.03.2017	31.03.2016
Profit / (loss) for the year attributable to Parent Company shareholders (in thousands of euros)	(65,411)	(89,813)
Weighted average of ordinary shares in circulation	80,742,044	46,871,076
Basic earnings / (loss) per share (in euros)	**(0.81)**	**(1.92)**

On 7 April 2016 the number of shares in circulation to date doubled, going from 23,435,538 shares to 46,871,076 shares. As a result thereof, in accordance with IAS 33 and in order to make a comparative calculation, the earnings per share in the six-month period ending 31 March 2016 the doubling of such shares has been considered – i.e. 46,871,076 shares instead of the 23,435,538 shares in circulation during that time, as was calculated in the financial statements for the year ended 30 September 2016.

As mentioned in note 8 (e), in April 2016 the previous Single Shareholder approved a 2016-2019 Long Term Incentive Plan based on share payments. The impact of this Plan on basic and diluted earnings per share is not significant as of March 31, 2017.

(4) Intangible and tangible assets

During the six-month period ending 31 March 2017, the Group has acquired assets for a total amount of Euros 26,469 thousand, of which most – Euros 19,739 thousand – corresponds to new attractions in parks in Europe, mainly Warner, Movie Park and Slagharen.

The amortisation cost for the six-month period ending 31 March 2017 has been of Euros 13,472 thousand in intangible assets (Euros 11,513 thousand at 31 March 2016) and of Euros 19,611 thousand in tangible assets (Euros 18,066 thousand at 31 March 2016). Furthermore, the exchange differences in the six-month period ending 31 March 2017 have amounted to Euros 11 million, approximately.

In addition, on 31 March 2017 the Group has tangible fixed assets purchase commitments amounting to Euros 76,645 thousand.

(5) Goodwill

The movements in goodwill are as follows:

	Thousands of euros
Balance at 1 October 2016	640,631
Value impairment	(9,204)
Exchange differences	12,957
Balance at 31 March 2017	**644,384**

Impairment in value pertains to the goodwill assigned to the parks of Sandcastle, Sacramento and San José located in the USA (see note 2 c)).

The exchange differences pertain to the effect of the fluctuation in the exchange rate used to convert goodwill in countries with a working currency other than the Euro, namely, the USA.

(6) Leases and concession agreements

a) Operating leases and concession agreements

At 31 March 2017 and 30 September 2016, the minimum future payments due under the operating leases and non-cancellable concession agreements are broken down as follows:

	Thousands of euros	
	31.03.2017	**30.09.2016**
Under one year	10,312	10,138
Between two and five years	38,611	37,509
More than five years	163,741	154,097
	212,664	**201,744**

The total expenses in operating leases and fees for administrative concessions have amounted, at 31 March 2017 and 31 March 2016, to Euros 7,117 and 6,666 thousand, respectively (see note 13 d)).

b) Financial leases

A breakdown of the nature of the assets classified as under financial leases, at 31 March 2017 and 30 September 2016, basically pertaining to the financial lease of the assets of the Warner Park in Madrid entered into on 28 February 2007, is as follows:

	Thousands of euros				
	Land	**Constructions**	**Plant, machinery and tools**	**Other tangible fixed assets**	**Total**
Cost at 31.03.2017	15,744	21,917	19,618	191	57,470
Accumulated amortisation at 31.03.17	-	(913)	(2,920)	(63)	(3,896)
Net accounting value at 31.03.17	**15,744**	**21,004**	**16,698**	**128**	**53,574**
Cost at 30.09.2016	15,744	21,917	19,618	191	57,470
Accumulated amortisation at 30.09.16	-	(694)	(2,219)	(48)	(2,961)
Net accounting value at 30.09.16	**15,744**	**21,223**	**17,399**	**143**	**54,509**

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

	Thousands of euros					
	31.03.2017			30.09.2016		
	Minimum payments	Interest	Present value	Minimum payments	Interest	Present value
Up to one year	3,701	-	3,701	4,918	-	4,918
Between one and five years	22,928	(6,582)	16,346	19,920	(6,085)	13,835
More than five years	109,896	(68,325)	41,571	111,687	(72,069)	39,618
Minus current share	(3,701)	-	(3,701)	(4,918)	-	(4,918)
Total non-current	**132,824**	**(74,907)**	**57,917**	**131,607**	**(78,154)**	**53,453**

At 31 March 2017 and 30 September 2016 the long term expiry of financial lease debts is as follows:

	Thousands of euros					
	31.03.2017					
	2018	2019	2020	2021	2022 and following	Total
Financial lease	3,419	3,444	3,469	6,015	41,571	57,917
	3,419	**3,444**	**3,469**	**6,015**	**41,571**	**57,917**

	Thousands of euros					
	30.09.2016					
	2017	2018	2019	2020	2021 and following	Total
Financial lease	3,999	3,615	3,267	2,954	39,618	53,453
	3,999	**3,615**	**3,267**	**2,954**	**39,618**	**53,453**

(7) Financial Assets

a) Non-current financial assets

At 31 March 2017 this heading basically includes long term deposits and securities.

At 30 September 2016, this heading mainly included- and amounting to Euros 48,687 thousand – the debt receivable from Ciudad de las Artes y las Ciencias, S.A. (hereinafter, CACSA) for services provided under the contract as operator of the Parque Oceanográfico de Valencia entered into by the subsidiary Parques Reunidos Valencia, S.A. In addition, by virtue of this contract, the aforementioned subsidiary held accounts payable with CACSA amounting to Euros 41,369 thousand, included in the heading "Other non-current liabilities" in the consolidated statement of financial position at 30 September 2016.

During financial year 2014, the subsidiary Parques Reunidos Valencia S.A. presented a court claim for the net debt receivable from Ciudad de las Artes y las Ciencias, S.A. On its part, during 2015, CACSA responded, on the one hand confirming the amount outstanding but, on the other, presenting a counterclaim to Parques Reunidos Valencia S.A. for payment of Euros 40.4 million for alleged default of its maintenance and conservation obligations, as well as for default of its alleged obligation to add orca whales to the park. On the basis of the analysis performed by its legal advisers, the Directors of Parques Reunidos Valencia, S.A. considered that the counterclaim lodged by CACSA was unfounded. In addition, on 30 September 2016 the Group recognised a value impairment in the account receivable of Euros 11,120 thousand.

On 30 November 2015 the preliminary hearing took place in which the court decided on the admission of evidence in the case. Although both parties appealed against the court's ruling, the date of the trial was set for 8 and 9 November 2016. Subsequently to the close of the financial year ended 30 September 2016, notification was received of the expert report valuing the cost attributable to the subsidiary for the maintenance and conservation obligations of the Company at Euros 3,061 thousand. Therefore, at 30 September 2016, the Group recognised a provision for this amount (see note 11).

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

In accordance with the aforementioned agreement, Parques Reunidos Valencia S.A. in liquidation has settled all debit and credit balances with CACSA, along with provisions recognised. The main effect thereof on the consolidated income statement of the six-month period ending 31 March 2017 has been the reversal of the provision amounting to Euros 3,061 thousand mentioned above (see note 14.f)).

In December 2011, the owner of the land where the US Park "Mountain Creek" was located, exercised the early cancellation option of the operating lease agreement entered into with the Group, scheduled for 2030. In accordance with the terms of the lease agreement and the calculation made by the Group, the latter should receive compensation from the owner amounting to USD 9,500 thousand, based on the result obtained by the park in the last year. However, based on the analysis carried out by the Directors and senior advisers, this amount has been gradually reduced, recognising the pertaining loss due to bad trade credits in the consolidated income statement of recent years. In 2016, the arbitrator designated in this dispute determined the compensation amount to be of Euros 5,157 thousand (USD 5,775 thousand).

During the six-month period ending 31 March 2017, the Group has received updated information of the financial situation of the owner of the land who, according to the Group's legal advisers, is going bankrupt. Based on the new information available, the Group has recognised a loss associated with the amount receivable recognised at 30 September 2016 under "Non-current financial assets" in the consolidated statement of financial position at that date amounting to Euros 5,147 thousand (see note 14.f)).

b) Clients from sales and provision of service

This heading includes amounts due at 31 March 2017 for which the Group has not made any provision for insolvencies whatsoever due to no significant changes having taken place in the debtor's credit rating and the amounts being deemed recoverable. The analysis of the age of the financial assets due for which no provision has been recognised at 31 March 2017 and 30 September 2016 is as follows:

	Thousands of euros	
	31.03.2017	**30.09.2016**
Maturity in less than 180 days	3,407	5,608
Maturity between 180 and 360 days	509	293
Maturity over 360 days	1,328	366
	5,244	**6,267**

(8) Net Equity

The composition and movement in net equity are shown in the consolidated statement of changes in net equity which forms part of these Condensed Consolidated Interim Financial Statements.

a) Capital subscribed

At 31 March 2017 the share capital of Parques Reunidos Servicios Centrales, S.A. is represented by 80,742,044 ordinary book entry shares each of a nominal value of Euros 0.5, belonging to the single class and series. All shares have been fully subscribed and paid up and grant the same political and economic rights to their holders.

Shareholdings above 10 % of the share capital of the Company reflected in the registered public information at the National Securities Market Commission at the closing date of these Condensed Consolidated Interim Financial Statements are as follows:

	%
Arle Capital Partners Limited	26.76
Alba Europe SARL	14.83
Barclays Bank PLC	10.71

Capital management

For the purposes of capital management measuring, the indicator used by the Group is the financial leverage ratio at 31 March 2017 and 30 September 2016, calculated as follows:

	Thousands of euros	
	31.03.2017	**30.09.2016**
Gross debt		
Debt with credit institutions (note 9 a))	661,164	593,663
Financial leases (note 6 b))	61,618	58,371
	722,782	652,034
Treasury assets		
Cash and other equivalents	(57,475)	(109,951)
	(57,475)	(109,951)
Total net debt	**665,307**	**542,083**
Total net equity	**1,055,656**	**1,132,317**
Financial leverage	**0.63**	**0.48**

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

In addition, most of the financial debt used by the Group matures in May 2022 (see note 9 a)) and provides sufficient time, in the opinion of the Directors of the Parent Company, to carry out the corporate transactions which, along with the generation of cash from the Group's operations, will enable the level of debt to be balanced prior to maturity thereof.

As a result of the seasonal nature of the business, the Group makes treasury forecasts systematically for each business unit and geographical region in order to assess their needs. This liquidity policy followed by the Group ensures fulfilment of the payment obligations acquired without having to resort to obtaining funds under onerous conditions, allowing the Group's liquidity position to be continuously monitored.

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.

c) Other reserves

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

The net equity of the Company and of some of the subsidiaries which is eliminated as part of the consolidation process includes reserves which, given their nature, are restricted according to the terms established in the legislation applicable to each case. Among such cases are the legal reserve of the subsidiaries in Spain, Italy, France, Argentina and Belgium and the restatement reserve arising from the application of Royal Decree Law 7/1996 to Spanish subsidiaries, amounting to Euros 6,095 thousand at 31 March 2017 (same amount at 30 September 2016).

d) Other shareholder contributions

This heading mainly includes the recognition in 2016 of Euros 9,811 thousand in relation to the Exit Bonuses that the then Single Shareholder approved prior to the flotation mentioned in note 1.

e) Other equity instruments

This heading includes the increase in net equity as a result of the long term 2016-2019 Incentives Plan approved by the previous Single Shareholder.

f) Other global P&L

Exchange differences mainly pertain to the conversion to Euros of the financial statements of the US subgroup, whose working currency is the US Dollar.

Value change adjustments include the net amount of their tax effect on the variation of value of the financial derivative held by the Group and classified as a cash flow hedging instruments up to 30 September 2016 (see note 9.c)).

(9) Financial liabilities

a) Financial liabilities with credit institutions

The composition of "Financial liabilities with credit institutions", both current and non-current, at 31 March 2017 and 30 September 2016, is as follows:

	Thousands of euros							
	31.03.2017				30.09.2016			
	Limit	Current	Non-current	Total	Limit	Current	Non-current	Total
Valued at amortised cost:								
Syndicated loan	588,753	23,550	565,203	588,753	577,229	23,089	554,140	577,229
Revolving credit	200,000	44,007	-	44,007	200,000	-	-	-
Other bank loans	-	1,324	12,586	13,910	-	910	13,285	14,195
Credit facilities	45,295	14,481	-	14,481	43,414	-	-	-
Interests outstanding	-	8,789	-	8,789	-	8,239	-	8,239
	834,048	**92,151**	**577,789**	**669,940**	**818,414**	**32,238**	**567,425**	**599,663**
Syndicated loan fees	-	-	(6,970)	(6,970)	-	-	(5,323)	(5,323)
Revolving credit fees	-	-	(2,024)	(2,024)	-	-	(1,874)	(1,874)
Valued at fair value:								
Derivative financial instruments	-	218	-	218	-	755	442	1,197
	834,048	**92,369**	**568,795**	**661,164**	**818,414**	**32,993**	**560,670**	**593,663**

The fair value of the syndicated loan at 31 March 2017 is of Euros 630,475 thousand (Euros 582,879 thousand at 30 September 2016). The estimated fair value is Level 2 based on the fair value hierarchy established in IFRS 7.

Other bank loans include a loan entered into by the subsidiary Parque Biológico de Madrid, S.A., whose outstanding balance at 31 March 2017 amounts to Euros 5,910 thousand (Euros 6,195 thousand at 30 September 2016), maturing in 2025 and accruing an annual variable interest rate of Euribor + 5.5 %. Moreover, it also includes a loan with an outstanding balance at 31 March 2017 and 30 September 2016 is of Euros 8,000 thousand, entered into by the subsidiary Marineland Resort, S.A.S. maturing in 2027 and at a fixed annual rate of 3.8 %.

At 31 March 2017 and 30 September 2016, several Group companies have credit facilities amounting to Euros 245,295 and 243,414 thousand, respectively. These credit facilities are extended every year. The drawdowns made by 31 March 2017 are mainly due to the seasonal nature of the Group's activities and the temporary cash requirements of some of the parks.

At 31 March 2017 and 30 September 2016 the long term maturity of the debts with credit institutions is as follows:

	31.03.2017 Thousands of euros					
	2018	2019	2020	2021	2022 and following	Total
Syndicated loan	23,550	23,550	23,550	23,550	471,003	565,203
Other bank loans	1,324	1,396	1,418	1,460	6,988	12,586
	24,874	**24,946**	**24,968**	**25,010**	**477,991**	**577,789**

	30.09.2016 Thousands of euros					
	2017	2018	2019	2020	2021 and following	Total
Syndicated loan	23,089	23,089	23,089	484,873	-	554,140
Other bank loans	1,296	1,360	1,427	1,427	7,775	13,285
	24,385	**24,449**	**24,516**	**486,300**	**7,775**	**567,425**

b) <u>Syndicated loan and revolving credit</u>

On 1 April 2016 the Parent 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 new funding was used for (i) the repayment of the 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 the new financing as well as that obtained from the flotation Initial Public Offer and Sales Offer (see note 1) and (ii) towards the payment of fees, commissions and expenses associated with the new financing.

On the other hand, a new revolving credit line was used to finance the working capital needs of the Group (including capex investments and permitted business acquisitions).

On 13 February 2017, the Company agreed a novation of this syndicated debt, which means a reduction in o 40 basis points in the interest rate spread applicable to the debt and an extension up to 11 months in the maturity schedule thereof, depends on the tranches.

Below is a breakdown of the syndicated loan, at 31 March 2017 and 30 September 2016:

				Thousands of euros 31.03.2017		
Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	Undrawn	Drawn down
Tranche A1 (Dollar)	May 2022	6 month Libor + 2.10%	3.36%	104,000	-	97,501
Tranche A2 (Euros)	May 2022	6 month Euribor + 2.10%	2.10%	138,000	-	138,000
Tranche B1 (Dollar)	May 2022	6 month Libor + 2.85%	4.11%	156,000	-	146,252
Tranche B2 (Euros)	May 2022	6 month Euribor + 2.85%	2.85%	207,000	-	207,000
Revolving credit (multi-currency)	May 2022	6 month Libor/Euribor + 2.10%	3.40%	200,000	155,993	44,007
					155,993	**632,760**

				Thousands of euros 30.09.2016		
Tranche	Year of maturity	Nominal rate	Effective interest rate	Limit in original currency	Undrawn	Drawn down
Tranche A1 (Dollar)	Sept 2021	6 month Libor + 2.5%	3.65%	104,000	-	92,892
Tranche A2 (Euros)	Sept 2021	6 month Euribor + 2.5%	2.75%	138,000	-	138,000
Tranche B1 (Dollar)	Sept 2021	6 month Libor + 3.25%	4.36%	156,000	-	139,337
Tranche B2 (Euros)	Sept 2021	6 month Euribor + 3.25%	3.46%	207,000	-	207,000
Revolving credit (multi-currency)	Sept 2021	6 month Libor/Euribor + 2.5%	2.71%	200,000	200,000	-
					200,000	**577,229**

At 31 March 2017 and 30 September 2016, there are no restrictions on the revolving credit drawdowns.

The agreement establishes a partial amortisation schedule for tranches A1 and A2, with 10% of amortisation of principal on 31 May of financial years 2018 to 2021, and the remaining 60% to be amortised in May 2022. On its part, the total amortisation of tranches B1 and B3 is set as a single repayment to be made in April 2022. Finally, every drawdown against the revolving credit must be repaid on the last day of its interest period.

The syndicated loan also requires fulfilment, semi-annual and at the end of the year, of a covenant financial ratio calculated on the consolidated financial statements or consolidated financial accounts of the Group. The Group Corporate Financial Department carries out a detailed follow-up of compliance with such financial ratios, in order to enable early detection of any potential risk of non-compliance. In each semester since the signing of the original agreement in April 2016 and at 31 March 2017, the Directors of the Company have confirmed compliance with the following covenant:

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

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

- Personal, joint and several guarantee by Parques Reunidos Servicios Centrales, S.A. and Festival Fun Parks, LLC (including pledge on the shares of the latter). This guarantee is enforceable as soon as any such guarantors should fail to fulfil the commitments of amortisation of principal or payment of interest for the debt tranches drawn down by each. At 31 March 2017, both guarantors are current with the payments and therefore the guarantee has not been enforced and, therefore, the Company has not had to recognise an additional liability pertaining to the debt of Festival Fun Parks, LLC.
- Pledge on the shares of Parque de Atracciones Madrid, S.A.U., Madrid Theme Park Management, S.L.U., Leisure Parks, S.A., Zoos Ibéricos, S.A., Gestion Parque de Animales Madrid, S.L.U., Centaur Nederland 2 B.V., Grant Leisure Group Ltd, Tusenfryd AS, Pleasantville B.V., Marineland SAS, Movie Park Germany GmbH and Centaur Nederland 3 B.V.
- In addition, the following subsidiaries have furnished a personal guarantee: Parque de Atracciones Madrid, S.A.U., Madrid Theme Park Management, S.L.U., Leisure Parks, S.A., Zoos Ibéricos, S.A., Gestion Parque de Animales Madrid, S.L.U., Centaur Nederland 2 B.V., Grant Leisure Group Ltd, Tusenfryd AS, Pleasantville B.V., Marineland SAS Parco della Standiana SRL, Movie Park Germany GmbH and Centaur Nederland 3 B.V.

c) <u>Derivative financial instruments</u>

The breakdown of derivative financial instruments included in the consolidated statement of financial position on 31 March 2017, is as follows:

	Thousands of euros		
	Current	**Non-current**	**Total**
Assets			
Interest rate hedges	177	631	808
Liabilities			
Interest rate hedges	218	-	218

The Group hedges against the risk of interest rate fluctuations in the syndicated loan using interest rate swaps (IRS). These financial instruments have been classified as Level 2 according to the rank established in IFRS 7.

The Group has designated the hedge operations pertaining to 31 March 2017, having performed the pertaining prospective and retrospective effectiveness tests. Such tests have shown that the hedges are ineffective in the case of the IRS in the tranches in euros and the IRS in the tranches in US dollars.

The amount recognised in the profit and loss statement for the first half of financial year 2017, with regard to the variation in fair value from 30 September 2016 to 31 March 2017, is of Euros 1,424 thousand.

In addition, these derivative instruments have accrued interest amounting to Euros 223 thousand which are included in the heading "Financial expenses" in the consolidated income statement for the period.

d) <u>Other financial liabilities</u>

On 16 March 2017 the General Meeting of Shareholders approved the distribution of dividends amounting to Euros 20 million, which is settled in the second half of July 2017.

(10) Other current liabilities

Certain parks in the Group sell annual passes and season tickets. Both are posted as non-accrued income at the time of the sale and recognised over the period during which they are valid, in proportion to the valuation per capita of the visits in the period.

During the six-month period ending 31 March 2017, the Group has recognised Euros 2,208 thousand pertaining to non-accrued income on 30 September for visits pertaining to annual passes to take place during the first quarter of financial year 2017.

(11) Provisions

Non-current provisions at 31 March 2017 and 30 September 2016 mainly refer to the obligations to meet all the labour-related commitments of the Group with regard to its US employees pertaining to health systems and other, as well as provisions for potential third party obligations arising from litigation in progress.

At 30 September 2016, this heading included the provision relating to the legal dispute with CACSA amounting to Euros 3,061 thousand, which has been reversed in the six-month period ending 31 March 2017 (see note 14 f)).

In 2010, the group company Parco de la Standiana S.R.L. (Italy) received a claim for termination of a contract with Indiana Mistery Criações Temáticas ltda. During the six-month period ending 31 March 2017, the court issued a ruling ordering the company to pay a total of 913,000 Brazilian pesos (Euros 275 thousand) plus interest and court fees. Considering the interest and the updated rate of exchange, the legal advisers have estimated the final amount of the claim to be Euros 1,019 thousand, for which a provision has been made by 31 March 2017. The judgment was appealed on March 11, 2017, and there is no obligation to pay as long as the appeal was not resolved.

(12) Income tax

According to the legislation in force in Spain, taxes cannot be deemed to have definitively settled until the returns presented have been inspected by the tax authorities, or a prescription period of four years has elapsed. At 30 September 2016, the Parent Company and the rest of subsidiaries located in Spain which form part of its tax consolidation group had all the main taxes applicable to them from the last four tax years open to inspection. With regard to the US subgroup, the years 2002-2015 and 2004-2015 are open for inspection by the Federal and State tax authorities respectively. As for the rest of the entities in the Group, the years as established in their pertaining local jurisdictions are open for inspection.

As is mentioned in the consolidated financial statements for 30 September 2016, on 25 November 2016 the Group signed conformity reports the tax inspection carried out by the AEAT regarding the main taxes for the years 2009 to 2012 of the Spanish subsidiaries. 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 actuarial inspection did not consider any infringement having been committed, thus ruling out any penalties payable.

In accordance with the Corporate Income Tax returns presented by the companies in the Spanish tax group, with the result of the tax inspection mentioned in the previous paragraph and with the consolidated tax return of 2016, as a whole, the Group has tax loss carryforwards for the consolidated group to be offset against potential future tax benefits amounting to Euros 6,275 thousand.

On the other hand, within the tax group of which the Parent Company is the leading entity, certain companies have tax loss carryforwards generated prior to their entry into the tax group amounting to Euros 50,546 thousand, in addition to the amount mentioned earlier, and which can only be offset against positive results generated individually.

As of 31 March 2017, the Group has updated its analysis on the existence of sufficient estimated future tax benefits to offset the tax loss carryforwards mentioned, as well as other deferred tax assets. In this regard, the Group has prepared a three-year business plan for the Spanish companies in the tax group, as this is the period during which the Group considers the estimates made to be the most reliable. The business plan is based on the estimated book profit, in line with the budget and business plans approved by the directors of the Group, and subsequently includes the permanent or temporary differences of each of the Spanish companies in the tax group, which mainly pertain to the limit on deductibility of expenses and amortisation.

Based on these tax projections, the Group has recognised deferred tax assets in the consolidated statement of financial position at 31 March 2917 amounting to Euros 3,036 thousand pertaining to tax loss carryforwards and of Euros 3,750 thousand for financial expenses that are not deductible in previous years.

On its part, at 31 March 2017 the US subgroup has Federal and State tax loss carryforwards of Euros 155 and 165 million respectively (USD 165 and 175 million respectively). Under the heading "Deferred tax assets" in the statement of consolidated financial position at 31 March 2017 and 30 September 2016, the Group has posted all of the losses to be offset in this subgroup as they consider that their recovery is likely in accordance with the estimates made of tax results in future years.

(13) Commitments and contingencies

At 31 March 2017, the Group has guarantees in Spain, United States, Italy and Norway amounting to Euros 9,949 thousand (Euros 13,012 thousand at 30 September 2016) stemming from the contractual guarantees required in the ordinary course of business. These guarantees are mainly related to the administrative concessions of Spanish parks.

Below is a Condensed of the types of guarantee per country, the amounts, the guarantor and the beneficiaries at 31 March 2017:

Type	Country	Thousands of euros	Guarantor	Beneficiary
From park exploitation contracts	Spain	2,944	Financial entities	Municipal entities
Social Security	Spain	131	Financial entities	Social Security Treasury
Counter-guarantees	Spain	1,575	Financial entities	Financial entities
Licences Parque Warner	Spain	3,737	Financial entities	Warner Bros
Other	Spain	61	Financial entities	Several
Inherent to business contracts	Italy	534	Financial entities/insurance companies	Several
Tax-related	Norway	366	Financial entities	Tax authorities
Other	Norway	39	Financial entities	Several
Rental (*)	Germany	543	Financial entities	Several
Social Security	Germany	19	Financial entities	Several
		9,949		

(*) of the total amount, there is an amount of Euros 401 thousand which is also guaranteed by PRSC (Spain) and, therefore, included in the "Counter-guarantees" heading.

The Directors consider that no significant liabilities will be generated for the Group as a result of the aforementioned guarantees. In addition, as is stated in note 9, to guarantee fulfilment of the obligations arising from the syndicated loan, the Group has issued guarantees on shares and stocks of certain companies in the Group.

At 31 March 2017 and 30 September 2016, the Group has acquired insurance policies to cover against risk of damage to property, loss of profit and civil liability, as well as obligations with employees. In the opinion of the Directors of the Parent Company, the insured capital covers the abovementioned assets and risks.

Occasionally the Group is involved in litigation related to its ordinary course of business. At 31 March 2017 and 30 September 2016 there are legal contingencies regarding the Group's participation in a number of legal proceedings, whose result, in the opinion of the Directors and their legal advisers, individually or as a whole, would not have a significant adverse effect on the Group's consolidated income statement. As a result, the Group has provisions in the parks in the US subgroup due to injuries sustained by visitors as well as labour claims from former employees.

(14) Income and expenses

a) Ordinary income

The breakdown of the balance of this heading in the consolidated income statement for the six-month period ending 31 March 2017 and 31 March 2016 is as follows:

	Thousands of euros	
	31.03.2017	31.03.2016
Income from tickets	54,853	57,369
Income from food services	19,778	19,400
Income from merchandising	5,709	6,373
Games and gaming machines	7,934	7,712
Parking income	4,932	3,527
Sale of hotel packages	1,776	1,857
Exclusivity income	2,641	2,515
Other income	8,190	3,549
	105,813	102,302

b) Other operating income

On 3 October 2015, the French park Marineland suffered considerable flooding which caused great damage. However, the insurance company has covered a large share of the damage as well as loss of profits in accordance with the terms and conditions of the insurance policy, through a payment of Euros 5 million in January 2016. In this regard, under the heading of "Other operating income" in the consolidated income statement pertaining to the six-month period ending on 31 March 2016, the Group has recognised a payment of Euros 5,000 thousand in relation to loss of profits.

c) Other operating expenses

The composition of the heading "Other operating expenses" of the consolidated income statement for the six-month period ending 31 March 2017 and 31 March 2016 is as follows:

	Thousands of euros	
	31.03.2017	**31.03.2016**
Advertising and propaganda	7,319	7,978
Leases and rental (note 6)	7,117	6,666
Utilities	12,347	12,461
Repairs and conservation	8,887	7,983
Taxes	4,873	5,204
Guarding, cleaning and gardening	3,885	3,567
Independent professional services	5,471	6,273
Insurance premiums	4,614	3,887
Other expenses	6,077	6,008
	60,590	60,027

Other expenses, at 31 March 2017, mainly includes royalties amounting to Euros 3,388 thousand (Euros 3,426 thousand on 31 March 2016).

d) Financial expenses

The financial expenses for the six-month period ending 31 March 2017 mainly includes the interest on the syndicated loan amounting to Euros 11,206 thousand (Euros 45,337 thousand for the six-month period ending 31 March 2016).

e) Employee remuneration expenses

The composition of this heading in the six-month period ending 31 March 2017 and 31 March 2016 is as follows:

	Thousands of euros	
	31.03.2017	**31.03.2016**
Salaries and wages	49,417	48,214
Social Security	11,487	12,061
Severance pay	213	169
Other social expenses	1,638	523
	62,755	60,967

The average number of employees in the Group in the six-month period ending 31 March 2017 and 31 March 2016 is of 4,800 and 4,661, respectively.

During the six-month period ending 31 March 2017, only one of the Directors has been an employee of the Parent Company.

f) Other income and expenses

Other income and expenses mainly includes, in the six-month period ending 31 March 2017, expenses amounting to Euros 5,147 thousand due to the long term debit balance held by the Group with Mountain Creek (see note 9 a)) and income pertaining to the reversal of the provision made in connection with the legal dispute with CACSA amounting to Euros 3 million (see note 11).

The six-month period ending 31 March 2016 mainly included expenses of Euros 6,389 thousand for the advice on the Initial Public Offering and the new financial structure, Euros 4,500 thousand related to the Exit Bonus approved by the previous Single Shareholder (see note 15 c)) and Euros 3,197 thousand arising from damages sustained during the Marineland floods. In addition, it included income of Euros 3,197 from the compensation received from the insurer to cover the cost of damage to tangible fixed assets and other expenses relating to the adaptation of the Marineland park to enable its reopening.

(15) Related Party Balances and Transactions

a) Related party balances and transactions

The related party balances and transactions in the six-month periods ending 31 March 2017 and 31 March 2016 refer, exclusively, to Group Director and Senior Management personnel remunerations.

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

The remuneration received during the six-month periods ending 31 March 2017 and 31 March 2016 by the Directors as members of the Board of Directors of the Parent Company, including those who are also Senior Management members, has been as follows:

	Thousands of euros	
	31.03.2017	**31.03.2016**
Fixed remuneration	662	425
Variable remuneration	88	218
Other	5	30
	755	**673**

The remuneration received during the six-month periods ending 31 March 2017 and 31 March 2016 by the Senior Management members (different from those who are also members of the Board of Directors, whose remuneration has been shown earlier), have been as follows:

	Thousands of euros	
	31.03.2017	**31.03.2016**
Salaries and wages	935	637
Insurance premiums	6	7
	941	644

On 31 March 2017, the Company has credit balances with Senior Management amounting to Euros 91 thousand (Euros 44 thousand at 31 March 2016). At 31 March 2017 and 2016, the Company has no balances outstanding with the Directors. On the other hand, at 31 March 2017 and 2016, the Company has not granted advances or commitments by way of pension funds, and other similar items to Directors or Senior Management personnel.

c) Long term incentive plans

In April 2016, prior to the Initial Public Offer, the Offer for Sale and the Admission to Trading (see note 1), the Single Shareholder Centaur Nederland, B.V. approved, for several Senior Executives of the Group and Directors of the Company, the implementation of a 2016-2020 long term incentive plan payable by way of Parent Company shares. This Plan consists of two share delivery cycles, each with a measurement period of three years. At the start of each cycle, a number of shares is allocated to each beneficiary on the basis of his salary level, as well as the estimated compliance with conditions of permanence and estimated degree of achievement of certain financial targets. The first cycle (Cycle 2016/2019) began on 1 May 2016 (valuation date) and the second cycle (Cycle 2017/2020) began on 1 January 2017.

The expense recognised in the six-month period ending 31 March 2017 for this Plan has amounted to Euros 942 thousand, the counterpart has been posted as "Other own equity instruments" (see note 8).

In addition, during 2016 the members of the management team of the Group and a certain number of employees in management positions in the Group received an Exit Bonus that was accrued as a result of the admission to trading of the Company. As for the group of employees in management positions in the Group, the Exit Bonus was established at an amount equal to 1 % of the capital gains received by the Single Shareholder for the sale of his shares in the flotation. In relation to this Exit Bonus, the Group recognised a provision in the interim consolidated statement of financial position for the six-month period ending 31 March 2016 of Euros 4.5 million. At 30 September 2016, as is mentioned in the financial statements for the year ending on that date, an amount of Euros 9,811 thousand was recognised in the consolidated income statement in relation to this Exit Bonus paid in June 2016. Taking into account that the payment of these bonuses has been fully assumed by Centaur Nederland, B.V. (Single Shareholder of the Company until its flotation), the Group recognised a shareholder contribution to the consolidated net equity for this item on 31 March 2016.

(16) Financial Information by segment

The Management of the Group supervises the performance of the group's operations and makes strategic decisions based on geographical segmentation. On this segmentation, the Group has identified the following operating segments: "United States", "Spain" and "Rest of the World". The holding activities of the Parent Company, as well as the activities carried out by the central offices of the Group (offices in Spain and in the United States) not attributable to any of the specific operating segments, are included in the segment "Central Offices- Non-Operating". The Group's Management considers that this segmentation is in line with that of other groups in the sector.

Annex I attached hereto includes segmented information of the six-month period ending 31 March 2017 as well as the comparative information for the six-month period ending 31 March 2016.

(17) Risk policy and management

At 31 March 2017, the financial risk targets and policies of the Group are consistent with those described in the consolidated financial statements pertaining to the year ending 30 September 2016.

Annex I

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Information by segment for the six-month period ending 31 March 2017 and 31 March 2016

	Thousands of euros									
	United States		Spain		Rest of the world		Non-Operating Headquarters		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Income (a)	32,925	31,783	29,762	30,529	38,031	41,738	5,095	3,252	105,813	107,302
Supplies	(2,889)	(2,729)	(3,407)	(3,432)	(4,512)	(4,504)	-	-	(10,808)	(10,665)
Fixed expenses (b)	(46,557)	(46,581)	(25,460)	(25,390)	(38,558)	(38,664)	(12,770)	(10,359)	(123,345)	(120,994)
Amortisation and depreciation (c)	(9,826)	(6,120)	(4,572)	(5,803)	(4,100)	(5,502)	(24,638)	(12,167)	(43,136)	(29,592)
Variation in traffic provisions	(353)	(55)	(756)	(4)	(1,103)	(117)	24	-	(2,188)	(176)
Other results	(585)	(906)	2,455	(119)	(1,399)	(2,376)	(6,096)	(13,335)	(5,625)	(16,736)
Operating profit / (loss)	(27,285)	(24,608)	(1,978)	(4,219)	(11,641)	(9,425)	(38,385)	(32,609)	(79,289)	(70,861)
Net financial expenses (d)	1,446	(508)	(3,743)	(678)	(9,553)	(9,046)	(2,385)	(34,964)	(14,236)	(45,196)
Profit / (Loss) before taxes	(25,839)	(25,116)	(5,721)	(4,897)	(21,194)	(18,471)	(40,770)	(67,573)	(93,525)	(116,057)
Corporate Income Tax	-	(3,255)	3,564	3,116	(1,847)	1,027	26,341	25,379	28,058	26,267
Profit / (loss) for the year	(25,839)	(28,371)	(2,157)	(1,781)	(23,041)	(17,444)	(14,429)	(42,194)	(65,467)	(89,790)
Non-controlling interests	-	-	(26)	23	-	-	-	-	(26)	23
Profit / (loss) for the year attributable to the shareholders of the Parent Company	(25,839)	(28,371)	(2,131)	(1,804)	(23,041)	(17,444)	(14,429)	(42,194)	(65,441)	(89,813)
Additions to tangible and intangible fixed assets	6,177	12,874	4,435	2,510	14,230	15,020	1,627	1,147	26,469	31,551
Amortisation and depreciation (c)	(9,826)	(6,120)	(4,572)	(5,803)	(4,100)	(5,502)	(24,638)	(12,167)	(43,136)	(29,592)
Total assets	713,363	705,267	699,354	731,332	657,501	730,281	59,805	41,074	2,130,023	2,207,954
Total liabilities	118,498	115,695	223,315	249,781	60,346	64,671	672,208	645,490	1,074,367	1,075,637

(a) Includes the headings "Ordinary Income" and "Other operating income".
(b) Includes the headings "Employee remuneration expenses" and "Other operating costs" in the consolidated income statement.
(c) Includes the headings "Amortisation expenses" and "Net impairment losses and disposal of non-current assets" in the consolidated income statement.
(d) Includes the headings "Financial Income", "Financial Expenses" and "Exchange differences" in the consolidated income statement.

This Annex forms an integral part of note 16 of the Condensed Consolidated Interim Financial statements for the six-month period ending 31 March 2017, with which it must be read.

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Management Report for the six-month period ending 31 March 2017.

1. Business performance and situation of the Group

The main financial figures of the Group are presented removing any effect that might distort the comparability between periods such as the exchange rate effect; for this reason, the same currency rate has been applied to the figures in both periods (the rate applied is that pertaining to the first semester).

Therefore, the reconciliation of income and EBITDA for the six-month period ending 31 March 2016 is as follows:

	Thousands of euros	
	Income	**EBITDA**
Six monthly interim statements on 31 March 2016	107.3	-24.4
Impact of exchange rate	-1.3	-1.0
Comparable six monthly interim statements at 31 March 2016	106.0	-25.4

The table below shows the main financial figures for the group:

	Thousands of euros		
GROUP	**31/03/2017**	**31/03/2016**	**Variation**
Visitors (000's)	3,441	3,525	-2%
Total Income Per capita	30.7	30.1	2.2%
Total Income	105.8	106.0	0%
EBITDA	-28.3	-25.4	-12%
% margin	-27%	-24%	

The results at Group level have been significantly affected by the Easter effect, which in financial year 2017 has fallen completely in April (second half of the year) whereas in the previous year it fell in March and therefore its effect was included in the first half of the previous year.

Despite the Easter calendar effect, which has meant that the number of visitors in the first half of 2017 is lower than that of the same period the year before, the income is in line with that of the previous year thanks to an increase in the per capita income of 2.2 %, the success of events organised outside of the high season (Halloween and Christmas), the significant improvement in presales and sales of annual passes.

2. Business performance by geographical area

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

Spain

	Thousands of euros		
SPAIN	**31/03/2017**	**31/03/2016**	**Variation**
Visitors (000's)	1,493	1,484	1%
Total Income per capita	19.9	20.6	-3.1%
Total Income	29.8	30.5	-3%
EBITDA	0.9	1.7	-48%
% margin	3%	6%	

The Spanish parks are the ones that have most suffered the Easter calendar effect mentioned earlier. However, it is worth highlighting both the success of Halloween and Christmas campaigns and the significant increase in the sales of annual passes thanks to the special commercial actions organised in the first half of the year (Black Friday, Cyber-Monday, Father's Day and so on) In addition, an improvement in the operating leverage in the period has been achieved.

Rest of Europe

	Thousands of euros		
RoE	**31/03/2017**	**31/03/2016**	**Variation**
Visitors (000's)	1,282	1,327	-3%
Total Income Per capita	29.7	30.0	-1.0%
Total Income	38.0	39.8	-4%
EBITDA	-5.0	-2.0	-151%
% margin	-13%	-5%	

With regard to Rest of Europe segment it is worth mentioning:

- The success of the Halloween campaigns, particularly in Germany, Italy and first time in Norway. Extension of events both in terms of days and opening hours.

- The improvement works carried out in the accommodation facilities in the Slagharen park in the previous year have resulted in increased income per capita and a higher number of visitors during the first half of 2017.

- Increase in sales of annual passes.

- Improvement of operating leverage.

- However, this generalised improvement has been partially affected by the poor results of the animal park located in Argentina given the adverse economic situation of the country.

United States

	Thousands of euros		
UNITED STATES	**31/03/2017**	**31/03/2016**	**Variation**
Visitors (000's)	666	714	-7%
Total Income Per capita	49.4	45.5	8.7%
Total Income	32.9	32.5	1%
EBITDA	-16.5	-17.9	8%
% margin	-50%	-55%	

Revenues and EBITDA in line with the previous year. Nothing remarkable considering the reduced weight of the semester in the total of the year (15%)

Central Offices – non-operating

	Thousands of euros		
CENTRAL OFFICES - NON-OPERATING	**31/03/2017**	**31/03/2016**	**Variation**
Total Income	5.1	3.3	56%
EBITDA	-7.7	-7.2	-7%
% margin	-151%	-220%	

The drop in EBITDA is mainly due to an increase in the operating expense due to the new situation of the company as listed company since last April 2016.

Foreseeable strategy and performance of the Group

✓ The main lines of action that have supported organic growth are the following:

- Success of the commercial strategy carried out by the Group to drive the sale of annual passes and presales, in order to mitigate the risk arising from adverse weather conditions and seasonality, having reached a record in these sales.
- Extension of the season via events such as Halloween and Christmas.
- Pricing policy designed to maximise income per capita in ticket sales.
- Multiple initiatives implemented to drive consumption inside the parks.
- International brands introduced in catering activity.
- The planned investment programme for the year is going according to schedule: new attractions opening in the high season, virtual reality developments in parks like Warner and Kennywood, expansion projects in Warner Beach and accommodation in Slagharen Park.

- ✓ Management Contracts:
  - Opening of Motiongate and Bollywood in Dubai.
  - Opening of Dragon Park and Thypoon in Vietnam.
- ✓ Mall Entertainment Centers: worth mentioning not only the projects agreed but also the advanced negotiations under way to close additional projects.
- ✓ Acquisitions: The Group continues to seek opportunities to acquire parks with potential for operating improvements to strengthen the existing portfolio.

3. Research and Development

During 2017, the Group continues to internally develop R&D&I projects, mainly in the area of software applications as well as the new business model in shopping malls (Mall Entertainment Centers).

4. Own Shares

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

5. Financial Instruments

The Group hedges against the risk of variations in the interest rate of the syndicated loan using fixed rate interest rate swaps (IRS). These financial instruments are classified as Level 2 according to IFRS 7.

These transactions are designed to hedge against fluctuations in the Euribor floating rate (for tranches in Euros) and Libor floating rate (for tranches in USD) of the funding being hedged.

The Group has hedge transactions on 31 March 2017, having carried out the pertaining prospective and retrospective effectiveness tests on that date. As a result thereof, the hedges are ineffective in the case of the IRS for Euro tranches and of the IRS in the USD tranche.

The amount recognised in the consolidated income statement of the first semester of 2017 due to the variation in fair value from 30 September 2016 to 31 March 2017 is Euros 1,424 thousand.

In addition, these derivative instruments have accrued interest amounting to Euros 223 thousand, included under the heading "Financial Expenses" of the consolidated income statement for the period.

6. Risk policy and management

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

The management of the Group's financial risk is centralised in the Corporate Financial Department. This Department has the necessary mechanisms to control, according to the structure and financial position of the Group and the economic variables of the context, the exposure to the variations in interest and currency rates, as well as the risks of credit and liquidity, using, if necessary, occasional hedge transactions and establishing, if deemed necessary, the pertaining credit limits and setting credit insolvency provisions policies.

Below is a description of the main financial risks and the Group's policies to counteract them:

Currency risk

The Group is exposed in a very limited way to exchange rate fluctuations as almost all of the transactions of the companies that make up the Group are carried out in their working currencies. The presentation currency of the Group is the Euro, but some subsidiaries use other currencies, mainly the US dollar, the Danish krone, the Norwegian krone and the pound sterling. As a result of the fluctuations in exchange rates of foreign currencies, the financial statements of the Group are subject to fluctuations due to the conversion of the financial information in currencies other than the euro.

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

	Millions of euros	
	2017	**2016**
Appreciation of 5 %	-1.7	-1.7
As % of consolidated result for the year	2.7%	1.9%
Devaluation of 5 %	1.6	1.5
As % of consolidated result for the year	-2.4%	-1.7%
Appreciation of 10 %	-3.7	-3.6
As % of consolidated result for the year	5.6%	4.0%
Devaluation of 10 %	3.0	2.9
As % of consolidated result for the year	-4.6%	-3.3%

Credit risk

The main financial assets of the Group are cash and other equivalent liquid assets as well as trade and non-trade debtors. Generally, the Group holds its cash and equivalents with institutions with a high credit rating.

The Group does not have a significant concentration of credit risk with third parties due to the fact that a large part of the income is in cash and that the distribution of risk is among a large number of customers with short collection periods. The only significant debtors at 30 September 2016 were Ciudad de las Artes y las Ciencias, S.A. (a public company, owner of the Oceanográfico de Valencia), with whom it has reached an agreement in the first semester of 2017 and settled the amount outstanding, and the owner of the Mountain Creek park, having made a provision for this debt in the period.

Liquidity risk

The various acquisitions that have taken place in recent years have been carried out using suitable financing structures. However, these structures are associated with the fulfilment of certain commitments with the financial institutions providing the funding, and therefore the monitoring of compliance therewith is a very important task.

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. On 31 March 2017 and 30 September 2016 the Group has not identified any non-fulfilment whatsoever of the financial ratios it has undertaken to achieve with the financial institutions providing the loans.

The exposure to adverse situations in the debt or capital markets may hinder or prevent the hedging of the financial needs required for the proper development of the Group’s activities and its Strategic Plan.

At 31 March 2017 and 30 September 2016, several Group´s companies had credit facilities amounting to a total of Euros 245,295 and 243,414 thousand, respectively. These credit facilities are extended annually. The drawdowns made at 31 March 2017 are mainly due to the seasonal nature of the Group’s activity and the temporary cash requirements in some of the parks.

On 13 February 2017, the Company agreed a novation of this syndicated debt, which means a reduction in o 40 basis points in the interest rate spread applicable to the debt and an extension up to 11 months in the maturity schedule thereof, depends on the tranches.

At 31 March 2017 and 30 September 2016 the long term maturity of the debts with credit institutions is as follows:

	31.03.2017 Thousands of euros					
	2018	2019	2020	2021	2022 and following	Total
Syndicated loan	23,550	23,550	23,550	23,550	471,003	565,203
Other bank loans	1,324	1,396	1,418	1,460	6,988	12,586
	24,874	**24,946**	**24,968**	**25,010**	**477,991**	**577,789**

	30.09.2016 Thousands of euros					
	2017	2018	2019	2020	2021 and following	Total
Syndicated loan	23,089	23,089	23,089	484,873	-	554,140
Other bank loans	1,296	1,360	1,427	1,427	7,775	13,285
	24,385	**24,449**	**24,516**	**486,300**	**7,775**	**567,425**

Interest rate risk

With regard to its financial assets and liabilities, the Group is exposed to interest rate fluctuations which could have an adverse effect on results and cash flow.

In accordance with the information requirements of IFRS 7, the Group has performed a sensitivity analysis of the potential interest rate fluctuations which might occur in the markets in which it operates. On the basis of these requirements, the Group estimates that an increase of 0.50 b.p. in the interest rates to which each of the loans in the Group's financial debt are referenced would imply and increase in the financial expense thereof of Euros 1,993 thousand in the first semester of 2017 (Euros 3,656 thousand in 2016). However, the Group has interest rate swaps designed to hedge against variations in the interest rates of the syndicated loan.

7. Dividend Policy

The Group aims to distribute dividends between 20 %-30 % of the Net Profit of the Group, once the impact of non-recurring effects has been eliminated. On 16 March 2017, the General Meeting of Shareholders approved the distribution of dividends of Euros 20 million, which is going to be paid out in the second half of the July 2017.

Events subsequent to year end

There have been no significant events subsequent to year end that might affect the figures at 31 March 2017.

8. Personnel

The average workforce of the Group at 31 March 2017 is 4.800 employees (4.661 at 31 March 2016) of which 2.266 are women (2.250 at 31 March 2016).

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 organisation whose purposes can be summarised as the defence of the environment and biodiversity, the promotion of sustainable development and sustainable use of resources, the conservation of the natural heritage (particularly regarding endangered species and those threatened with extinction), the protection of children and the defence of the democratic principles of encouragement of tolerance and values, focusing its efforts on social awareness of such matters.

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

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

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Authorisation for Issue of the Condensed Consolidated Interim Financial Statements and Management Report for the six-month period ending 31 March 2017

At their meeting held on 6 June 2017, pursuant to the requirements of article 253.2 of the Revised Spanish Companies Act and article 37 of the Spanish Code of Commerce, the Directors of Parques Reunidos Servicios Centrales, S.A. authorise for issue the condensed consolidated interim financial statements and management's report for the six-month period ending 31 March 2017. The condensed consolidated interim financial statements are comprised of the documents that precede the six separated certification by each member of the Board.

Signed:

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Mr. Peter James Long
(Chairman)

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Authorisation for Issue of the Condensed Consolidated Interim Financial Statements
and
Management Report for the six-month period ending 31 March 2017

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Signed:

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Mr. Félix Fernando Eiroa Giménez
(Chief Executive Officer)

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

**Authorisation for Issue of the Condensed Consolidated Interim Financial Statements
and
Management Report for the six-month period ending 31 March 2017**

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Signed:

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Mr. Dag Erik Johan Svanstrom
(Member)

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Authorisation for Issue of the Condensed Consolidated Interim Financial Statements
and
Management Report for the six-month period ending 31 March 2017

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Signed:

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Mr. Nicolás Villén Jiménez
(Member)

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

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Signed:

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Mr. Javier Fernández Alonso
(Member)

Parques Reunidos Servicios Centrales, S.A. and Subsidiaries

Authorisation for Issue of the Condensed Consolidated Interim Financial Statements and Management Report for the six-month period ending 31 March 2017

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Signed:

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Mr. Colin Hall
(Member)

DECLARATION OF DIRECTORS' RESPONSIBILITY

The members of the Board of Directors of Parques Reunidos Servicios Centrales, S.A. ("**Parques Reunidos**" or the "**Company**") on its meeting held on 6 June 2017, and according to article 119 of the reinstated text of the Spanish Securities Markets Act approved by Royal Legislative Decree 4/2015 of 23 October as well as to article 11.1 b) of Royal Decree 1362/2007 of 19 October, declare that, as far as they are aware, the Summarized Annual Accounts of the Company, corresponding to the financial semester ended 31 March 2017, drawn up by the Board of Directors on the referred meeting of 6 June 2017 and prepared in accordance with the applicable accounting principles, offer a true and fair image of the equity, the financial situation and the results of the Company and the companies within the consolidation taken as a whole, and the interim management report includes an accurate analysis of the required information.

Madrid, 6 June 2017

Mr. Peter James Long Chairman	Mr. Félix Fernando Eiroa Giménez Chief Executive Officer
Mr. Dag Erik Johan Svanstrom Member	Mr. Nicolás Villén Jiménez Member
Mr. Javier Fernández Alonso Member	Mr. Colin Hall Member